



The Impact of OTT Platforms on Traditional Cinema Chains, a Case Study of PVR INOX VS Netflix

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ABSTRACT:

The rise of Over-the-Top (OTT) platforms like Netflix has disrupted the traditional cinema industry, posing significant challenges for movie theatres like PVR INOX. This paper explores how the advent of streaming services has reshaped the dynamics of cinema viewing, focusing on the shift in consumer preferences and the resulting impacts on cinema chains' revenues. Through a case study of PVR INOX and Netflix, the research examines how traditional movie theatres are adapting (or failing to adapt) to the competition posed by digital platforms. This study not only highlights the changing nature of media consumption but also presents strategic insights that could help cinemas navigate the challenges brought on by the OTT revolution.

Introduction:

The entertainment landscape has witnessed a major shift in recent years, driven largely by the rise of OTT platforms such as Netflix. These platforms have fundamentally altered how we consume content, offering viewers instant access to a vast array of movies and TV shows on demand. Meanwhile, traditional cinema chains like PVR INOX have found themselves grappling with declining audiences, reduced foot traffic, and dwindling revenues as consumers opt for the convenience of home viewing. This paper delves into the evolving relationship between OTT platforms and traditional cinema chains, using PVR INOX as a case study to explore the broader effects on the industry. By analysing both the opportunities and threats posed by this digital shift, the paper aims to offer insights into how cinemas can adapt to stay relevant in a rapidly changing media environment.

Objectives of the Study:

1. To investigate how the rise of OTT platforms like Netflix has impacted the revenue and profitability of traditional cinema chains such as PVR INOX.
2. To explore the changing preferences and behaviours of moviegoers, highlighting the factors that have led to the rise of OTT consumption over traditional cinema visits.
3. To propose actionable strategies for traditional cinema chains to thrive in the age of digital streaming, including potential innovations in their business models.

Scope of the Study:

1. **Geographical Focus:** While the study examines the Indian cinema market (specifically PVR INOX), it also draws comparisons with global OTT players like Netflix to provide broader context.
2. **Consumer Behaviour Analysis:** The research explores shifts in consumer behaviour, including the motivations behind the growing preference for OTT platforms over traditional movie theatres.
3. **Business Model Comparison:** The paper compares the business models of traditional cinema chains and OTT platforms, focusing on differences in revenue generation, audience engagement, and content delivery.

Statement of the Problem:

1. **Declining Audience Numbers:** Movie theatres like PVR INOX have witnessed a steady decline in cinema attendance as consumers increasingly prefer the ease and flexibility of OTT platforms.
2. **Financial Strain on Cinema Chains:** The shift to streaming services has led to a drop in box office revenue, posing financial challenges for traditional movie theatres that rely on ticket sales and concessions.
3. **Competition for Content and Viewership:** The rise of OTT platforms not only competes with cinemas for audience attention but also offers original content and an accessible viewing experience that traditional theatres cannot easily replicate.

Significance of the Study:

1. **Guidance for Cinema Industry Stakeholders:** This paper offers valuable insights for cinema operators and stakeholders, helping them understand the impact of OTT platforms on their businesses and guiding them in developing strategies to remain competitive.
2. **Consumer Behaviour Insights:** By understanding the reasons behind the shift in consumer preferences—from cinema visits to OTT streaming—this study contributes to a deeper understanding of current trends in media consumption.
3. **Strategic Recommendations:** The paper suggests practical steps that traditional cinemas can take to adapt to the changing entertainment landscape, ensuring they continue to offer value to audiences and stay relevant in the digital age.

Limitation of the Study:

1. **Market-Specific Focus:** This study is primarily focused on the Indian market, particularly the PVR INOX chain, limiting the generalizability of the findings to other regions with different cinema and OTT consumption behaviors.
2. **Short-Term Analysis:** The research primarily examines short-term industry trends, potentially overlooking longer-term shifts in consumer habits and technological developments.
3. **Limited Internal Data Access:** Given the lack of direct access to proprietary data from PVR INOX or Netflix, the analysis relies largely on publicly available information, which may not fully reflect the internal strategies of these companies.

Conclusion:

The impact of OTT platforms like Netflix on traditional cinemas has been transformative, shifting the way people consume entertainment. Cinemas like PVR INOX are struggling to retain their relevance as audiences flock to digital streaming services that offer convenience, affordability, and a wider array of content. However, this shift presents an opportunity for innovation, with cinema chains having the potential to reinvent their offerings and leverage technology to enhance the customer experience. While the future of cinema may involve a hybrid model—combining elements of both traditional and digital platforms—it's clear that cinemas must evolve to survive in this new landscape. Ultimately, this research highlights the importance of adaptation and strategic thinking in the face of industry disruption, providing a roadmap for cinema chains to navigate the challenges ahead.