Report on

"Analysing the changing trends of Bollywood"

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Executive Summary

Bollywood has become a face of India for the rest of the world. Brand "Bollywood" has established itself as the most accredited brand of the world on grounds of both quality film production and customer satisfaction.

With maximum number of films being produced accredited under its belt time and again it has proved to be centre of attraction for foreign actors and actresses to be a part of this saga. Similarly we have seen a plethora of foreign investors specially media companies like Disney and others taking special interest for this industry. Its viewership is not confined to south Asian Hindi speaking countries but has crossed the natural boundaries which is indubitably a matter of pride and respect.

The aim of the project was to construe the trend analysis involved in the marketing strategies by the industry by virtue of which the it has enabled customer satisfaction. The study highlights how modern thought leaders has used a differentiated model of communication within and India to subside the cost of communication and yet have high degree of brand equity.

The study also brings into limelight the strength & weakness, opportunities & threats of the various past, current and future trends.

Overall this study provides a comprehensive analysis of the marketing strategies and focuses on the various issues related to the respective matter.

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Certificate

This is to certify that the Project Report titled " Analysis the changing trends of Bollywood " is a bonafide work carried out by Mr.Victor Chakraborty of MBA 2012-14 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfilment of the requirement for the award of the Degree of Masters of Business Administration.

Dr. Richa Mishra   Prof. P. K. Suri

Signature of Guide   Signature of Head (DSM)

Place:

Date: Seal of Head

Certificate

I, Victor Chakraborty, student of MBA 2012-14 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Summer Internship Report on "Analysis the changing trend of Bollywood" submitted in-partial fulfilment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

Name of the student

Place:

Date:

<center><u>Acknowledgement</u></center>

It is a great pleasure that I am presenting this project report on "Analysis the changing trends of Bollywood"

I gratefully acknowledge my profound indebtedness towards my esteemed guide Dr. Richa Mishra for her invaluable guidance, excellent supervision and constant encouragement during the entire duration of the project work.

I express our sincere thanks to Prof.P.K.Suri, Head of Department, Delhi School of Management, DTU for providing me the best possible help.I am also thankful to all the faculty members of Delhi School of Management, Delhi Technological University, Delhi.

And last but not the least I am heartily thankful to our batch of 2014, my fellow students of Delhi School of Management and everyone related directly or indirectly with the project for their support and encouragement throughout my work.

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Chapter: 1

Introduction to Project

1.1 Purpose of Project

This study helps us to decipher the changing trends of marketing strategies of the Bollywood keeping in consideration of the dynamic changes taking place in socio-economic and political factors of viewers. The thesis will explore the strengths, weaknesses, opportunities and threats of the current marketing strategies. The research provides rigorous analysis that enables one to construe the reason how value augmentation takes place by revitalization of the integrated communication strategies which thereby enables sustainability of the movie industry by fulfilment of customer satisfaction in an immaculate manner.

This study helps to:

- Evaluate the existing trends of marketing strategies used by Bollywood.
- Construe the macro and micro factors affecting the logistics.
- Comparison with global parameters.
- Pinpoint areas of improvement.

The project so was conducted in three phases with the following aims:

Phase 1: Developing a general understanding of the current marketing trends

Phase 2: Understanding and critical analysis of various factors

Phase 3: Conclusions and recommendations.

1.2 Limitations:

- ➤ The study involves only two months period.
- ➤ The research was basically done with secondary data as available.
- ➤ The study is conducted considering the prevailing conditions which are subject to change in the future.

1.3 Methodology:

The research was conducted primarily studying the reports published by distinguished organizations and their comparative analysis.

1.4 Structure of the Report:

The project report starts with an introduction which contains a panoramic view of the history and thereby existing trends and characteristics of the Bollywood industry. Then we do critical analysis of marketing mix.

This is followed by discussions and conclusion of the project. This includes suggestions and recommendations for solving the management decision problem based on the results of the analysis as well as the learning from the project. The report ends with an overall conclusion after which the references are given.

Chapter 2

Introduction to Bollywood

2.1 Introduction:

Bollywood is the Hindi-language film industry based in Mumbai (Bombay), Maharashtra, India. The term is often incorrectly used to refer to the whole of Indian cinema; however, it is only a part of the total Indian film industry, which includes other production centres producing films in multiple languages. Bollywood is the largest film producer in India and one of the largest centres of film production in the world.

The naming scheme for "Bollywood" was inspired by "Tollywood", the name that was used to refer to the cinema of West Bengal. Dating back to 1932, "Tollywood" was the earliest Hollywood-inspired name, referring to the Bengali film industry based in Tollygunge, Calcutta, whose name is reminiscent of "Hollywood" and was the centre of the cinema of India at the time.

2.2 History:

Raja Harishchandra (1913), by Dadasaheb Phalke, is known as the first silent feature film made in India. By the 1930s, the industry was producing over 200 films per annum. The first Indian sound film, Ardeshir Irani's Alam Ara (1931), was a major commercial success. There was clearly a huge market for talkies and musicals; Bollywood and all the regional film industries quickly switched to sound filming.

The 1930s and 1940s were tumultuous times: India was buffeted by the Great Depression, World War II, the Indian independence movement, and the violence of the Partition. Most Bollywood films were unabashedly escapist, but there were also a number of filmmakers who tackled tough social issues, or used the struggle for Indian independence as a backdrop for their plots.

In 1937, Ardeshir Irani, of Alam Ara fame, made the first colour film in Hindi, Kisan Kanya. The next year, he made another colour film, a version of Mother India. However, colour did not become a popular feature until the late 1950s. At this time, lavish romantic musicals and melodramas were the staple fare at the cinema.

Golden Age

Awaara (1951) featuring Raj Kapoor became an overnight sensation in South Asia, and found success abroad in the Soviet Union, East Asia, Africa, and the Middle East.

Following India's independence, the period from the late 1940s to the 1960s is regarded by film historians as the "Golden Age" of Hindi cinema. Some of the most critically acclaimed Hindi films of all time were produced during this period. Examples include the Guru Dutt films Pyaasa (1957) and Kaagaz Ke Phool (1959) and the Raj Kapoor films Awaara (1951) and Shree 420 (1955). These films expressed social themes mainly dealing with working-class urban life in India. Some of the most famous epic films of Hindi cinema were also produced at the time, including Mehboob Khan's Mother India (1957), which was nominated for the Academy Award for Best Foreign Language Film, and K. Asif's Mughal-e-Azam (1960). Madhumati (1958), directed by Bimal Roy and written by Ritwik Ghatak, popularised the theme of reincarnation in Western popular culture.

While commercial Hindi cinema was thriving, the 1950s also saw the emergence of a new Parallel Cinema movement. Though the movement was mainly led by Bengali cinema, it also began gaining prominence in Hindi cinema. Early examples of Hindi films in this movement include Chetan Anand's Neecha Nagar (1946) and Bimal Roy's Do Bigha Zamin (1953). Their critical acclaim, as well as the latter's commercial success, paved the way for Indian neorealism and the Indian New Wave.

Ever since the social realist film Neecha Nagar won the Grand Prize at the first Cannes Film Festival, Hindi films were frequently in competition for the Palme d'Or at the Cannes Film Festival throughout the 1950s and early 1960s, with some of them winning major prizes at the festival.

Modern cinema

In the late 1960s and early 1970s, romance movies and action films starred actors like Rajesh Khanna, Dharmendra, Sanjeev Kumar and Shashi Kapoor and actresses like Sharmila Tagore, Mumtaz and Asha Parekh. In the mid-1970s, romantic confections made way for gritty, violent films about gangsters and bandits. Amitabh Bachchan, the star known for his "angry young man" roles, rode the crest of this trend with actors like Mithun Chakraborty, Anil Kapoor and Sunny Deol, which lasted into the early 1990s. Actresses from this era included Hema Malini, Jaya Bachchan and Rekha.

Some Hindi filmmakers such as Shyam Benegal continued to produce realistic Parallel Cinema throughout the 1970s, alongside Mani Kaul, Kumar Shahani, Ketan Mehta, Govind Nihalani and Vijaya Mehta. The 1970s saw the rise of commercial

cinema in the form of enduring films such as Sholay (1975), which solidified Amitabh Bachchan's position as a lead actor.

During the late 1980s and early 1990s, the pendulum swung back toward family-centric romantic musicals with the success of such films as Qayamat Se Qayamat Tak (1988), Maine Pyar Kiya (1989), Dil (1990), Hum Aapke Hain Kaun (1994) and Dilwale Dulhania Le Jayenge (1995), making stars out of a new generation of actors (such as Aamir Khan, Salman Khan and Shahrukh Khan) and actresses (such as Sridevi, Madhuri Dixit, Juhi Chawla and Kajol). In that point of time, action and comedy films were also successful, with actors like Govinda and actresses such as Raveena Tandon and Karisma Kapoor appearing in popular comedy films, and stunt actor Akshay Kumar gaining popularity for performing dangerous stunts in action films in his well known Khiladi (film series) and other action films. Furthermore, this decade marked the entry of new performers in arthouse and independent films, some of which succeeded commercially, the most influential example being Satya (1998), directed by Ram Gopal Varma and written by Anurag Kashyap. The critical and commercial success of Satya led to the emergence of a distinct genre known as Mumbai noir, urban films reflecting social problems in the city of Mumbai.

The 2000s saw a growth in Bollywood's popularity in the world. This led the nation's filmmaking to new heights in terms of quality, cinematography and innovative story lines as well as technical advances in areas such as special effects, animation, and so on.Some of the largest production houses, among them Yash Raj Films and Dharma Productions were the producers of new modern films.

The Hindi film industry has preferred films that appeal to all segments of the audience, and has resisted making films that target narrow audiences. It was believed that aiming for a broad spectrum would maximise box office receipts. However, filmmakers may be moving towards accepting some box-office segmentation, between films that appeal to rural Indians, and films that appeal to urban and overseas audiences.

2.3: Marketing in Bollywood: Then and Now

Marketing of movies has come a long way from the years of Raja Harishchandra and Alam Ara. Traditionally marketing and publicity represented only five to ten percent of a film's success (**Mazumdar 2003)** at the box office but today it determines up to fifty percent of a film's success. Now every release has an improved marketing strategy in place. An industry like Hollywood has already mastered the art of movie making and marketing but Bollywood catching up at a rapid pace. **(Gill 2009)**

Raja Harishchandra used newspaper advertisements, handbills and publicity booklets to market the movie. Early years after Raja Harishchandra saw the emergence of posters as the main source of marketing a movie. Posters were usually hand painted on canvas and then used as the design source for printing on cheap paper . Since then, the emergence of television, the transformation of urban space, the expansion of Internet and the arrival of newer technologies have made their mark on Bollywood, determining both its aesthetic impulse as well as marketing strategies**.(Mazumdar 2003)**

Here on we will see how Bollywood has marketed movies through different new media tools.

Promotion through Internet

1. Movie promotion websites

Movie promotion on the internet has come up as the most important tool of marketing as the consumer here has more control over exposure to material than they do over television. They can actively choose which website they wish to visit and when, while off-web audience members are at the mercy of media schedules **(Gallagher, 2001).**

Zufryden (2000) conducted research focusing on the development and empirical testing of a variable mathematical model approach for predicting a film's box-office performance as a function of film website activity, as well as other relevant explanatory variables. The study results support the idea that a film website may provide an effective means to promote and maintain film awareness as well as influence site visitors' intention to see a new film.

The movie promotion websites are designed to spark interest in two kinds of audience - (i) regular movie goers who want basic information regarding the show timings, theatre locations and ticket prices, and (ii), hard core movie fans who are on the lookout for behind the camera information.

Almost every movie today has an official website launched much before its release. The cost involved in creating these websites is negligible and when we compare its usage to television, newspaper, and magazine ads we realise that websites, once

launched, continue to stay forever, even after the movie is out of the market and serve as a continual promotion ground. These websites have attractions like games, downloadable wallpapers, screensavers, ringtones, trailers, interviews, trivia and online merchandize sale. Jaane Tu Ya Jaane Na (2008) a small budget musical romantic comedy targeted at the youth was a major success online. The homepage www.jaanetu.com was very appealing in appearance with youthful graphics. The movie tied up with MSN India and came up with Bollywood's first eye-blaster technology based advertisement. It used a concept where the male lead comes 'alive' to interact with the user. He walks on the website while you work, he looks around then knocks on your screen (asks for attention), dances to the tune of one of the songs from the movie and then walks back into the advertisement. This advertisement ended up having click-through-rate (CTR) of 2.8% when the average CTR of banner advertisements is 0.8% **(Mulchandani, 2008).**

Such innovative techniques are being used to make the promotion websites more interesting.

2. Blogs

Blogs offer the ability to connect with the audience in a unique and personalized manner where everything from brand promotions to new product ideas can be effectively communicated. In recent times Bollywood celebrities have turned towards blogging to promote their movies.

Aamir Khan, one of Bollywood's biggest superstars, is credited to start this fad, when he launched his blog www.aamirkhan.com in the year 2007 which became an instant hit. Aamir Khan regularly updates his blog with the mention of his daily incidents and experiences but more subtly, he utilises it to promote and market his movies.

3. SNSs

The audience is no longer content to be merely viewers and consumers of information provided by the Web; rather they are increasingly taking an active part in creating their lives online. A way by which users accomplish this is by participating in SNSs such as MySpace.com, Facebook.com, and Orkut.com. A survey was done by AC Nielson to find out the internet usage habits of Indians between the ages of 13 to 35. The study revealed that users spend an average of nine hours per week on the internet for personal purposes, out of which; approximately 25% to 75% of time was spent on SNSs . It has become a major trend in Bollywood to ride the waves of SNSs. Most of the production houses set up official communities for a movie before its release. These communities have promo clippings, song previews, wallpapers and other downloadable materials. SNSs are the best platform for users to exchange opinions and discuss the movie, thereby increasing the awareness.

What's Your Rashee (2009) came up with a very creative application in Facebook that drew a lot of attention. The lead actress in the movie plays twelve different characters depicting twelve different zodiac signs. Hence a horoscope application

with twelve zodiac signs was launched in Facebook. The application required the user to answer a set of questions about their personal preferences and choices. On submitting the answers, it showed a list of people who are not in their friends list but had similar preferences. The user could add them if he or she wanted.

4. Mobile Phones

With the number of mobile subscribers rising each day, mobile service providers are fledging the market with their offerings. Until more recently, the primary ways to market a movie through mobile phones would have involved offering songs, wallpapers or ringtones download but with the rising competition in the market, the consumer is now even provided with movie based applications, games, videos and news alerts.

When Veer Zaara (2004) released in India, one of the service providers had an application where the automated voices of the stars of the movie were answering calls if you missed it.

5. Games

When Bollywood entered the gaming industry, it was a step in the direction of making more money. Today, more and more movies are marketed with an official game, mostly on mobile phones.

Downloading Bollywood games on mobile phones costs anywhere between Rs 50 ($1.05) to Rs 150 ($3.12) per download. On an average a movie game registers 7,000 to 10,000 downloads with the more popular ones touching even 25,000 downloads ("Bollywood Mobile Game Industry", 2006, Mar 8). Bollywood stayed away from games being launched on other platforms but when FX Labs Studios, India's largestgame developer, launched a PC 3D game based on Ghajini, new doors opened. The game generated a lot of buzz and provided the additional publicity for the movie. With an even price of Rs 199 ($4.15) it attracted a lot of buyers. To make the game playing experience as authentic as possible, the developers recreated movie locations and scenes in the 3D world and the players got a firsthand chance to play as the main protagonist. With the success of games based on Om Shanti Om, Rab Ne Bana Di Jodi, and Ghajini, the marketers who brought this tool into play are already gearing up for new frontiers. With the rural market still untouched by this phenomenon, there is a positive market waiting to be tapped there. Though, still at a very juvenile stage, experts think that this segment is all set to expand in the coming days.

Analysis

Steps involved -

3.1 Industry Analysis:

➤ World production of feature films for theatrical release- 2005:2011

	2005	2006	2007	2008	2009	2010	2011
Number of feature films produced	4,818	5,284	5,760	6,454	6,475	6,548	6,573
Number of countries	81	79	85	89	93	82	76

Note: * Professional films made with commercial exhibition as the main objective (Nigerian films are not included).
Source: UNESCO Institute for Statistics, July 2013.

Figure 1: Trend of film production

➤ Top 10 film producers in the world.

Rank	Country	2005	2006	2007	2008	2009	2010	2011	Average increase from 2005-2011
1	India	1,041	1,091	1,146	1,325	1,288	1,274	1,255	21%
2	USA	699	673	789	773	751	792	819	17%
3	China	260	330	411	422	475	542	584	125%
4	Japan	356	417	407	418	448	408	441	24%
5	UK	106	107	124	279	313	346	299	182%
6	France	240	203	228	240	230	261	272	13%
7	Rep. of Korea	87	110	124	113	158	152	216	148%
8	Germany	146	174	174	185	216	189	212	45%
9	Spain	142	150	172	173	186	200	199	40%
10	Italy	98	116	121	154	131	142	155	58%
World share of Top 10		65.9%	63.8%	64.2%	63.2%	64.8%	65.8%	67.7%	

Source: UNESCO Institute for Statistics, April 2013.

Figure 2 : Top film producing countries

➢ Analysis of top 30 movies world wide

2010 rank	Title	Origin	Genre	Weighted score	Language	3D
1	Avatar	USA/GBR	Fantasy, adventure, action	399	English	Yes
2	Harry Potter and the Deathly Hallows: Part 1	GBR/USA	Fantasy, adventure	290	English	No
3	Shrek Forever After	USA	Animation	290	English	Yes
4	Inception	USA/GBR	Action, adventure, mystery	284	English	No
5	Alice in Wonderland	USA	Fantasy, adventure	272	English	Yes
6	The Twilight Saga: Eclipse	USA	Fantasy, adventure	208	English	No
7	Toy Story 3	USA	Animation	184	English (Spanish)	Yes
8	Clash of the Titans	USA	Fantasy, adventure, action	104	English	Yes
9	Iron Man 2	USA	Sci-fi, adventure, action	69	English (Russian)	Yes
10	Sex and the City 2	USA	Comedy, romance, drama	68	English	No
11	Prince of Persia: The Sands of Time	USA/GBR	Fantasy, adventure, action	61	English	No
12	Despicable Me	USA	Animation	48	English	Yes
13	How to Train Your Dragon	USA	Animation	34	English	Yes
14	Sherlock Holmes	GBR/USA/DEU	Action, adventure, crime	34	English	No
15	Tangled	USA	Animation	33	English	Yes
16	The Chronicles of Narnia: The Voyage of the Dawn Trader	USA/GBR	Fantasy, adventure	27	English	Yes
17	The Karate Kid	USA/CHN	Action, drama	23	English (Chinese)	No
18	Step Up 3D	USA	Romance, musical, drama	22	English	Yes
19	Robin Hood	GBR/USA	Adventure, action	21	English (French)	No
20	Salt	USA	Action, crime, mystery	20	English (Russian/ Korean)	No
21	My name is Khan	India	Drama, romance, thriller	18	Hindi/Urdu/English	No
22	Alvin and the Chipmunks: The Squeakquel	USA	Animation	15	English	No
23	Grown Ups	USA	Comedy	14	English	No
24	The Princess and the Frog	USA	Animation	13	English (French)	No
25	Elite Squad: The Enemy Within (Tropa de Elite 2 - O Inimigo Agora É Outro)	Brazil	Action, drama	10	Portuguese	No
26	Five Minarets in New York (New York'ta Bes Minare)	Turkey	Drama	10	Turkish/ English	No
27	Lapland Odyssey (Napapiirin sankarit)	FIN/SWE/IRL	Comedy, drama, romance	10	Finnish	No
28	Le clandestin (Al Khattaf)	Morocco	Comedy	10	Arabic	No
29	Mission London	BGR/GBR/HUN/ MKD/SWE	Comedy	10	English/ Bulgarian (Russian/ Serbian)	No
30	Women in temptation (Ženy v pokušení)	Czech Republic	Comedy, romance	10	Czech	No

Figure 3 – top 30 movies analysis

Source – UNESCO institute for Statistics. July 2013

- Top 15 countries with the highest number of feature films produced for theatrical release, by market share (admissions) and national film support (average for 2005-2011)

		Average production (2005-2011)	Level of production*	National film support
1	India	1,203	Very high	No
2	USA	757	Very high	Indirect
3	China	432	Very high	Yes
4	Japan	414	Very high	No
5	Russian Federation	292	Very high	Yes
6	France	239	Very high	Yes
7	United Kingdom	225	Very high	Yes
8	Germany	185	High	Yes
9	Spain	175	High	Yes
10	Republic of Korea	137	High	Yes
11	Italy	131	High	Yes
12	Argentina	108	High	Yes
13	Mexico	94	High	Yes
14	Brazil	89	High	Yes
15	Bangladesh	88	High	Yes

Notes: * "Very high": 200 feature films produced per year; "High": 80-199 feature films produced per year.
Source: UNESCO Institute for Statistics, July 2013 and Roque González (2012).

Figure 4 – rank of top countries with level of production and Govt. aid to the industry

All time box office revenue of the highest grossing Bollywood movies worldwide (in million U.S. dollars)
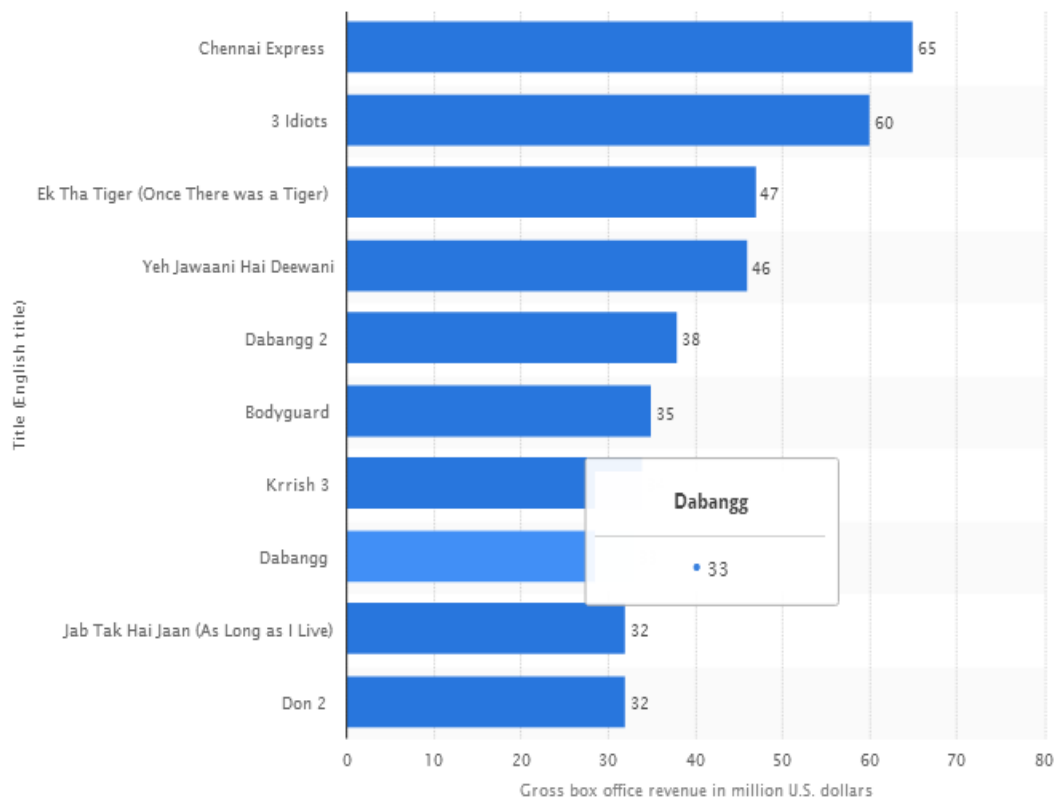

Figure 5 – Highest grossing Bollywood movies – Dhoom 3 being at the top, grossed ($83.56 million) worldwide . Source- UNESCO institute for Statistics, July 2013

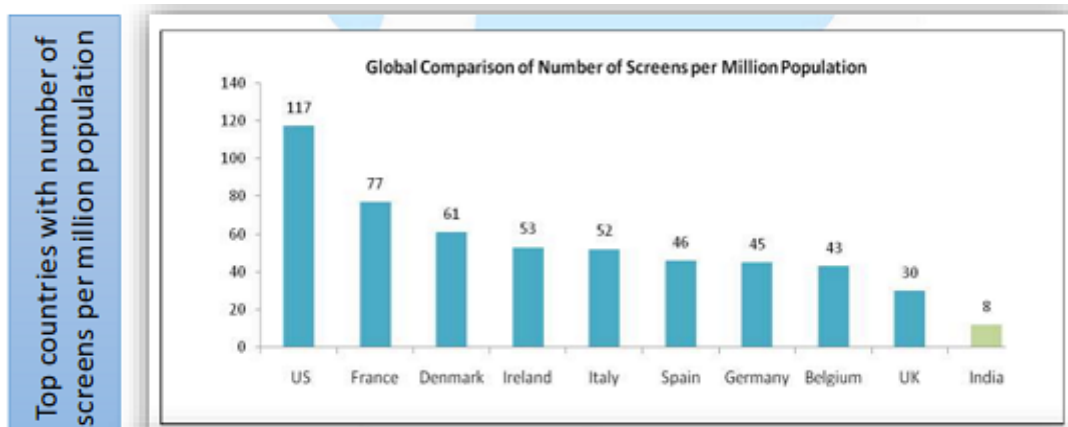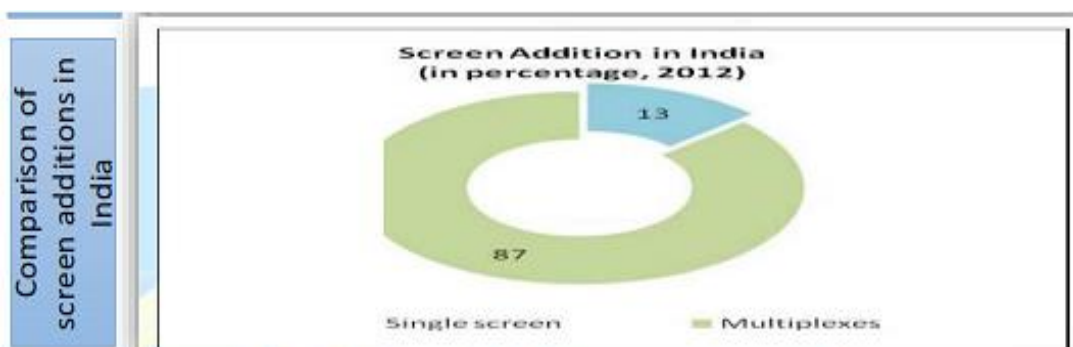| Key Takeaways |
|---|
| In the year 2011, most of the movies in Global top 30 belonged to Hollywood production houses. "My name is Khan" was the only Indian movie in top 30 grossing movies. Indian movies were mostly clustered around social themes while the Hollywood production houses produced movies with diversified themes. Indian film industry is highly fragmented due to multilingual interests among the people with Bollywood dominating the the trends across all years. The dominating genres within the top 30 list were animation, action, adventures and comedy. In 2011, out of 30 top movies, 17 were distributed by top distributors of Hollywood In the year 2012-13, India lead all other countries with maximum movie releases worldwide. In same year, India also topped the list of viewership among all the countries in the world. The average movie ticket price in India is $.69 which is quite low compared to the international price of $6.7. In Hollywood, the non-ticket revenues were major contributor to the Overall revenue but In Bollywood nearly 60% of the revenue came from ticket sales. In 2012-13, Hollywood releases accounted for 41% of the world film revenue |

Figure 6

Figure 7

Rank	2005		2011	
1	USA	5.27	Iceland	5.24
2	Iceland	5.19	USA	4.59
3	Australia	4.54	Singapore	4.56
4	Singapore	3.78	Australia	4.20
5	India	3.74	Ireland	4.06
6	Rep. of Korea	3.31	France	3.89
7	Spain	3.25	Aruba	3.81
8	France	3.23	Rep. of Korea	3.56
9	United Kingdom	3.04	United Kingdom	3.08
10	Norway	2.90	Luxembourg	2.74

Average number of admissions per year

Source: UNESCO Institute for Statistics, July 2013.

Figure 7

County Government support to film industry

		Average production (2005-2011)	Level of production*	National film support
1	India	1,203	Very high	No
2	USA	757	Very high	Indirect
3	China	432	Very high	Yes
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11	Italy	131	High	Yes
12	Argentina	108	High	Yes
13	Mexico	94	High	Yes
14	Brazil	89	High	Yes
15	Bangladesh	88	High	Yes

Figure 8

Source- UNESCO Institute for Statistics, July 2013

Key Takeaways
• India has only 8 screen per million people as compared to the US, which led the list in 2013 with 117 screen per million people.
• Even though trend to watch movies in theatres has been on the rise in the country, in 2012 only 13 digital screens were added per 100 hundred screens in the country.
• US and Britain topped the world film industry with maximum number of the digital screens.
• Even though India has been producing maximum numbers of movies in the world, unlike US and China, there is no direct or indirect support from the Indian government to the movie industry.
• In 2011, Iceland topped the list in average visits by a person per year to a theatre.

3.2 Diversity of languages in Indian cinema

Multilingualism is a dominant reality in India, which has 23 official languages, of which English is preponderant in terms of official business. Indian cinema incarnates this phenomenon, since film production is conducted in about 30 languages. The largest regional film industries, which are primarily related to the main linguistic groups (Hindi, Tamil, Telugu, Bengali, Marathi, Kannada, Oriya and Malayalam), are supported by their respective states. Therefore, beyond the Hindi and Urdu film industry based in Mumbai, commonly known as Bollywood, other major regional film industries are blossoming – Tamil (Kollywood), Telugu (Tollywood) and Malayalam (Mollywood). In addition, films coming from the regional industries are distinguished from those of Bollywood by their stories and themes, which evoke the culture of their region. The Tamil film industry is the second largest in India after Bollywood. In 2005, revenue from the Tamil film industry was assessed at US$100 million.
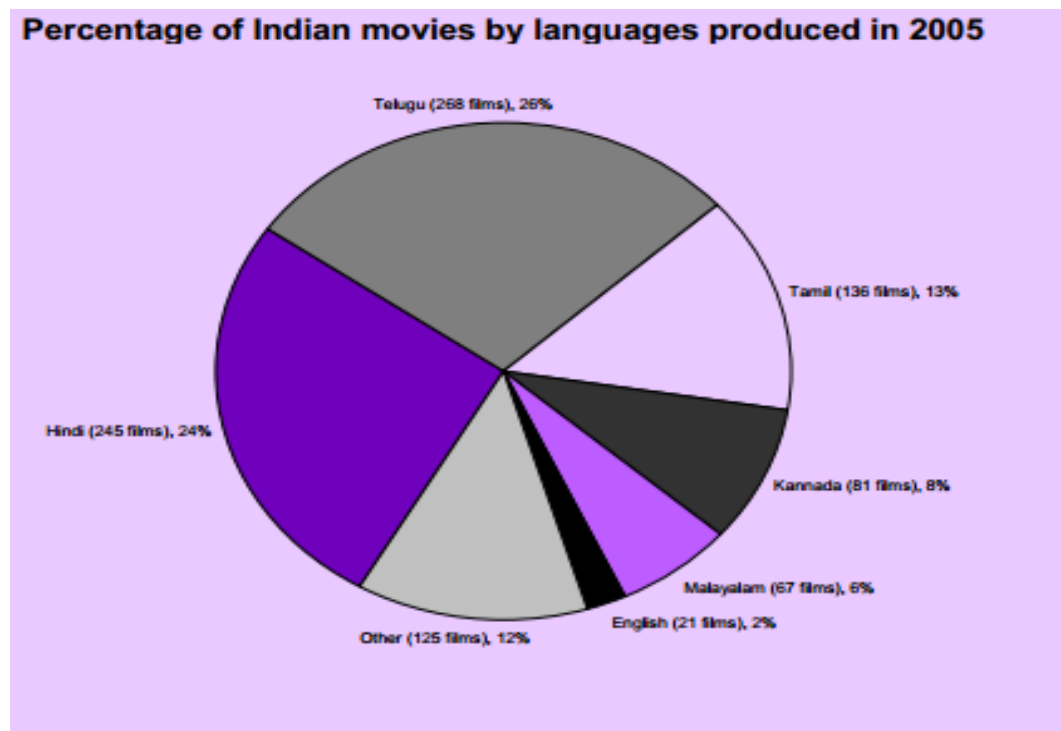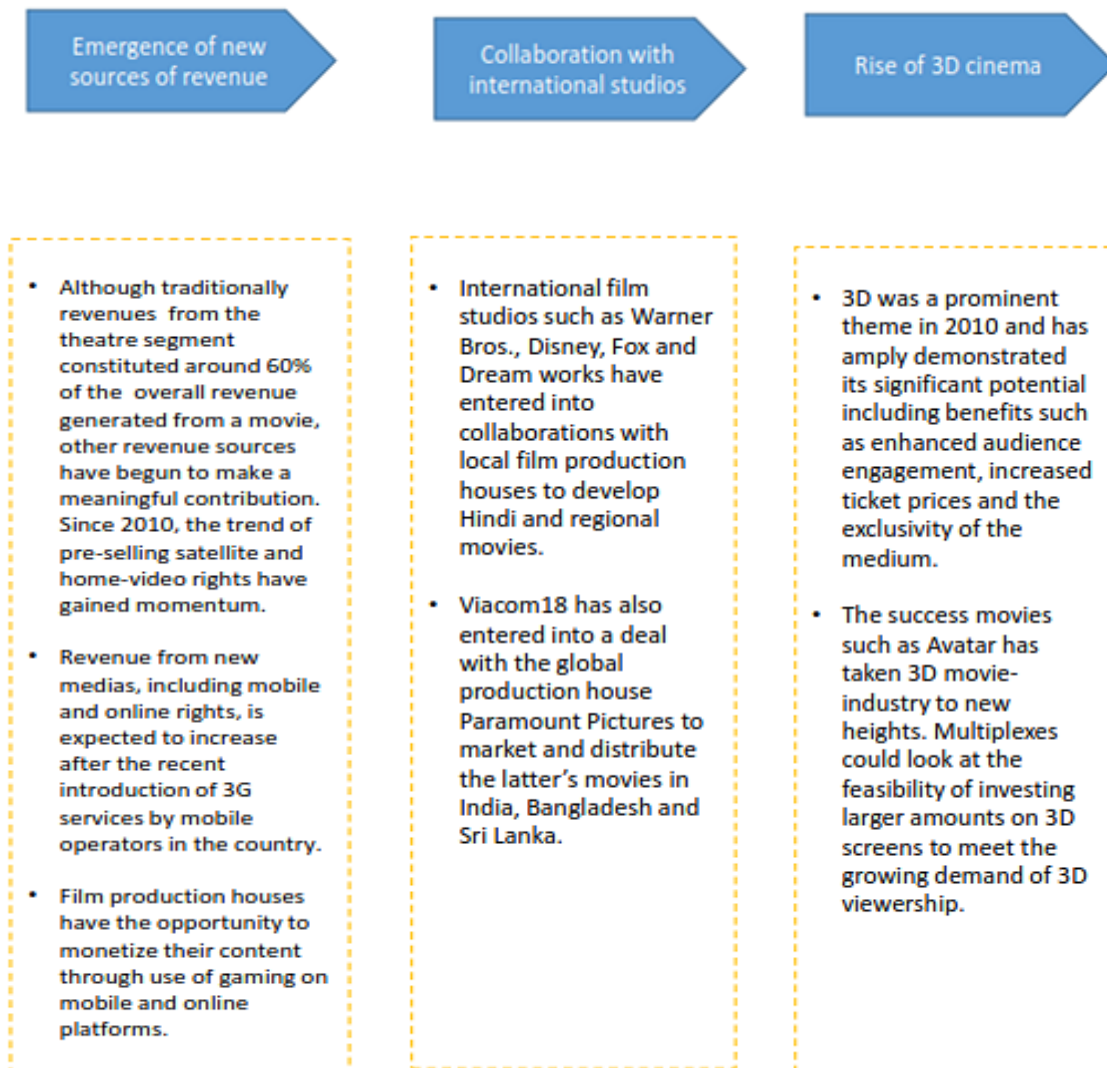

Figure 8

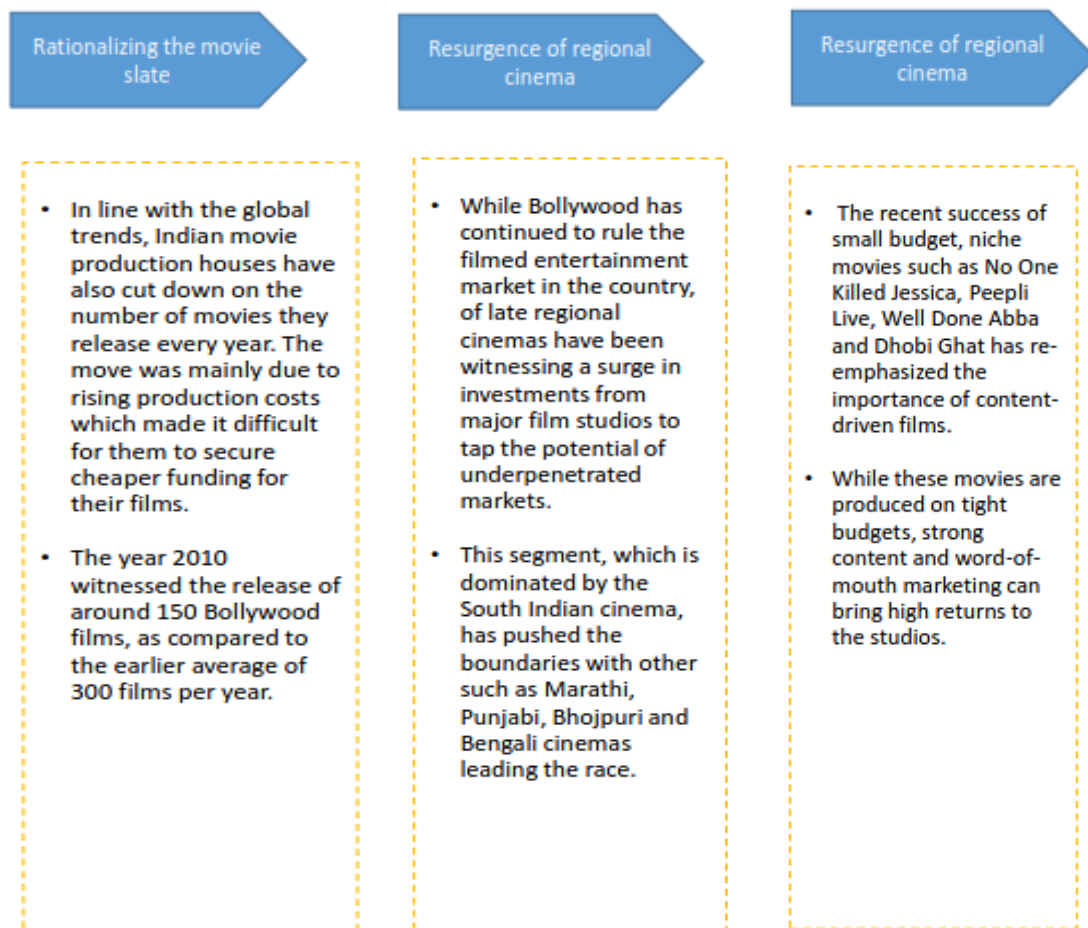Source: Focus 2007, World Film Market Trends, European Audiovisual Observatory.

Chapter 4

Trends in Bollywood

4.1 Recent trends are favouring Indian Cinema in diversification and technology use -

Emergence of new sources of revenue	Collaboration with international studios	Rise of 3D cinema

Emergence of new sources of revenue

- Although traditionally revenues from the theatre segment constituted around 60% of the overall revenue generated from a movie, other revenue sources have begun to make a meaningful contribution. Since 2010, the trend of pre-selling satellite and home-video rights have gained momentum.

- Revenue from new medias, including mobile and online rights, is expected to increase after the recent introduction of 3G services by mobile operators in the country.

- Film production houses have the opportunity to monetize their content through use of gaming on mobile and online platforms.

Collaboration with international studios

- International film studios such as Warner Bros., Disney, Fox and Dream works have entered into collaborations with local film production houses to develop Hindi and regional movies.

- Viacom18 has also entered into a deal with the global production house Paramount Pictures to market and distribute the latter's movies in India, Bangladesh and Sri Lanka.

Rise of 3D cinema

- 3D was a prominent theme in 2010 and has amply demonstrated its significant potential including benefits such as enhanced audience engagement, increased ticket prices and the exclusivity of the medium.

- The success movies such as Avatar has taken 3D movie-industry to new heights. Multiplexes could look at the feasibility of investing larger amounts on 3D screens to meet the growing demand of 3D viewership.

Rationalizing the movie slate	Resurgence of regional cinema	Resurgence of regional cinema
• In line with the global trends, Indian movie production houses have also cut down on the number of movies they release every year. The move was mainly due to rising production costs which made it difficult for them to secure cheaper funding for their films. • The year 2010 witnessed the release of around 150 Bollywood films, as compared to the earlier average of 300 films per year.	• While Bollywood has continued to rule the filmed entertainment market in the country, of late regional cinemas have been witnessing a surge in investments from major film studios to tap the potential of underpenetrated markets. • This segment, which is dominated by the South Indian cinema, has pushed the boundaries with other such as Marathi, Punjabi, Bhojpuri and Bengali cinemas leading the race.	• The recent success of small budget, niche movies such as No One Killed Jessica, Peepli Live, Well Done Abba and Dhobi Ghat has re-emphasized the importance of content-driven films. • While these movies are produced on tight budgets, strong content and word-of-mouth marketing can bring high returns to the studios.

4.2 Technology trends and outside support to the different film industries –

India is still far behind in the technology used in the movie making and exhibition.

SWOT analysis -

Strength
• **Large number of domestic audience -** In 2011, Bollywood sold 3.6bn tickets which is higher than Hollywood (2.6bn tickets) • **Faster growth -** Bollywood is growing faster(12.1%) than even Hollywood(5 - 6%). • **Cheap ticket price –** The ticket price of Indian film industry is least. Like, according to the estimates Bollywood movie tickets($.69) are much cheaper than those of Hollywood movies. • **Well established in Countries with large numbers of NRI –** Bollywood's long presence in countries where Indians migrated during the colonial period either as indentured workers or for trading, education and other purposes further extends the market scope. • **Show case of Indian culture -** Indian Movies has been the window to the sacred Indian culture and this aspect always has been a audience attracting mantra in the international markets. Ex. The success of the   family Movie "Ham apka Ha kon'

Weakness
Less accessibility – Indian film industry has less accessibility to western markets   **Failure for large movies** - Bollywood produce nearly 1000 movies every year out of which 50% of the movies are never released and of the remaining releases more than 90% are face failures.   **Weak domestic distributors-** Absence of well known international distributors and home studios to market the movies globally.   **Lack of diversity in themes** - Most of the Bollywood movies are clustered around social themes.   **Lack use of good technologies in the production stages** - This is the stage where Hollywood surpasses Indian film industry.   **Lack of financial support unlike Hollywood**.

Opportunities
100% FDI in film industry - 100% foreign direct investment (FDI) in the sector has made the Indian film market attractive for foreign investors and production houses.   **Increase in awareness** - Increase in awareness about the Bollywood as many Universities in North America and Europe started offering courses on Bollywood and Indian cinema.   **Increase in number of screens -** India had just 12 screens per million people as compared to the U.S. with 117 screens per million people. This gap, as observed, indicated the room for growth available to the industry.   **Recognition of Bollywood as industry -** Indian Government recognises Bollywood as a critical industry making it easy for production houses to obtain cheap loans from financial institutions.   **Pending of Optical disc law** - In future, the possibility of "Optical Disc Law" designed to address the need for regulating piracy at the manufacturing stage can lead to wonders for the revenue leakage problem.

Threat
Taxation policies for films - The dual taxation policy in the market is a major concern for the new players.   **Threat from Hollywood**. Currently the Hollywood films market share in India is 35% and has been growing on regular basis.   - Threats from other form of entertainment such as IPL, Home entertainment etc   **Strong censorship-** Threats from strong censorship systems as the taste and culture of the people living outside India can be very different.   **Disturbed cost structure** - Industry professionals complained that "there is too much money and too many people chasing limited amount of talent." This, inturn, created "a 'price bubble' and 'unrealistic expectations', with worseningeffects on the cost structure   **Threats from Chinese Cinema** - Nearly 2017, Chinese Cinema will surpass the Hollywood cinema with maximum revenue. So, in global expansion, Chinese cinema can be large competitor.

Chapter 5

Objective

5.1 S M A R T Test-

Selection criteria for the objective
1. Specific –   • The target is to achieve 25% growth worldwide in the first year with an increased marketing expenditure of 10%.   • From 3rd year onward 20% growth per year is targeted.   **2. Measurable** –   • Bollywood is currently growing at the rate of 12.1%. We have assumed that our marketing plan will nearly double the growth in first year and later will stabilize it 20% *yoy* growth.   **3. Actionable** –   • Experience from few successful movies in the overseas market like "My name is Khan" will help realize the goal of the 25% growth in first two year.   **4. Reasonable** –   • There is large untapped market outside India. So, it is easy to achieve the targeted market growth   **5. Time** –   • Time for the strategy has been estimated to be applicable for more than 5 years. 2year(25%growth) + 3years(stabilized growth of20% every year)

objectives

Increase in oversea revenues
- Increasing the footfall
- Increasing other sources of revenue apart from ticketing.
- Increasing the repeat consumption while adding to new customer groups.

Increase appeal for the customers
- Establishing Indian movies as best form of entertainment
- Increasing customer engagement for the films
- Changing perception of audience with regards to the content and intelligence level of Indian movies.
- Increasing the reach of Indian movies to international audience beyond Indian diaspora.

Reducing additional challenges
- Huge loss due to piracy of movies
- Language barriers
- Budgetary challenges
- Fragmented overseas audiences
- Fighting against the perception of Indian movie among global audience
- Release window challenge

5.2 Segmentation, Targeting and Positioning -

Segmentation	According to age group			
	5-13	**14-24**	**25-39**	**Above 40**
Targeting	• This segment consist of kids before puberty • kids prefer cartoons, action movies as compared to other genres.	• This segment consist of teenagers and young adult • This segment prefers thrillers, action, crimes, romantic comedies and fantasies	• This segment consist of adult people • Serious thrillers, mysteries, suspense, social, corporate movies etc.	• This segment consist of middle aged group and old aged people • This segment likes social (family oriented), political, mythological movies
Positioning	Movies of their choice with fun, knowledge and creativity. Recent example – Animation movies	Movies not only fitting to their pocket but also according to their interest and aspiration.	Movies that can watch with whole family	Movies with the social themes and good music

Segmentation	According to Nationality		
	NRI	**South Asian**	**Others**
Targeting	• Segment consist of people of Indian origin residing in different part of world • Prefer Indian movies due to origin, preference towards famous actors with massive public appeal.	• This segment consist of people from Pakistan, Bangladesh, Thailand, Malaysia etc. • Preferred Hindi movies due to cultural and language similarity	• This segment consist of the remaining overseas residents. • This segment doesn't have a special preference but movies related to Indian cultural can attract them.
Positioning	Movies representing Indian culture	Movies of same culture, brotherhood and language	Movie equally good Hollywood

Key Takeaways
• Different age groups have different kind of preferences.
• Some Movies can be targeted to kids of initial age like cartoon, animated movies.
• Most movies should be targeted to age group 14-24 as this group has diversified preference for different themes.
• Indian cinema has strong need to diversify for other genre apart from social to attract global audience.

Marketing Mix –

5.3 Product -

Product structure

- Theme of the most of Indian movies has been social – "love, family, drama and comedy". Average duration of the Indian movies is between 2 to 2.5 hrs.

- Product is offered to a large fragmented audience having difference preference according to the region, language and taste.

- Some of the movies are released in the different languages to suit different audience (sometimes as large as 20 languages).

- Music is as essential part of the Indian movies.

- Bollywood take 6 month in producing a movie and 18 months in execution.

- In most of movie, technology used is archaic and simple. Though there are recent examples where movies have started using modern technology.

- Lack of skill set to produce high quality movie.

- Indian movies are perceived to be of long duration and less intelligible.

- Lack of technology in movie production which creates a barrier to attract audience habitual to high technology movies.

- Shortening of the release window has forced movies to target maximizing their revenue in initial weeks of the release.

- Indian movies lack diversity as most of movies are borne out of social themes

- Most of the hit movies have been dominated by a few famous actors. Till now the top 10 grossers starred only three famous 3 heroes Salman Khan, Sharukh khan and Amir Khan.

- As per the Reserve bank of India (RBI) guidelines, banks can take exposure of up to a maximum of 50 per cent of the total production cost of a film

- Dealing with the product problems during each stage of movie making.

- Outsourcing of technological needs

- Collaboration with Hollywood to increase the skill set.

- Diversification of the movie themes for producing niche movies and use of overseas shooting locations

- Moving up the value chain through vertical integration

- Main – Focus individually on each stage of product design with involvement of a dedicated marketing team

- Increase the customer engagement through various process and mechanisms.

The product basically "the Indian Films" lack in their scope and reach, primarily due to budgetary constraints and lack of access to technology. Moreover, the risks are also high.

5.4 Pricing –

Decreasing the risk of distributor by increasing the role of producers, distributors and exhibitors in deciding the price of the ticket.
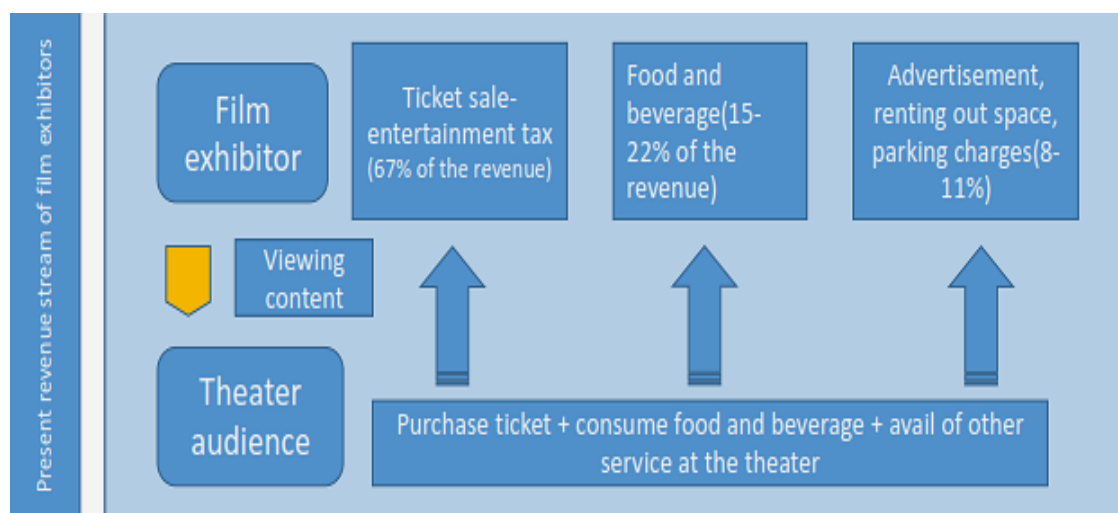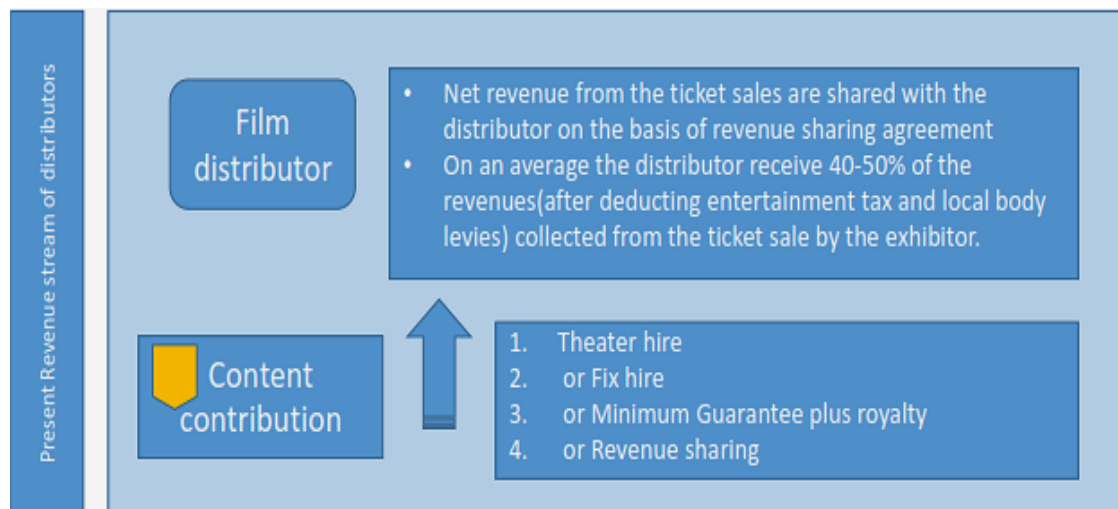
Takeaways
• Pricing is decided at the two ends - one between the distributors & the producers and other between the distributors & the exhibitors.
• Increase the involvement of distributor in preproduction and production stages of movies.

- In most of these cases the producers don't have direct control over the pricing though they indirectly impact the overall revenue streams

- In that way, principles of dynamic pricing and value addition pricing (Increase in price after hit collection) adds to the benefits different parties differently.

- In some cases, the distributors purchase the distribution rights well in advance of the release of the film while in most cases lately, the same is on a revenue-share basis with the producer. In case of International distributor it is always good to sell the distribution rights in the advance.

- There is no scientific basis for the determination of the amount payable towards distribution rights; this poses a huge risk in case a film does not do well at the box office

5.5 Place -

Criteria for deciding the country to launch the movie:

a. **No. of Screen –**
   - Numbers of screens per million people determine infrastructural development and habit of people visiting the cinema hall.
   - Exception - China, where population factor dominates over number of screens.

b. **Income Level –**
   - In Economic definition, the income level determine the amount and time people spend in leisure activities like movie watching.
   - Examples are US, Canada, Japan that has high level of box office admissions.

c. **No. of movies launched per year –**
   - Numbers of the movie launched per year in a country show people interest towards watching movies and profitability options in the film industry of that country.
   - Exception is Nigeria where more than 1000 non- official movies are released.

d. **Presence of target audience and population –**
   - High population and Presence of the targeted population in a particular country make entry in that country advantageous
   - Presence of targeted audience can be checked by the demographic census.

e. **Infrastructure –**
   - Infrastructure like presence of road, transport and overall development decide the feasibility of people to visit Cinema halls.

- Examples are African countries where people feel barrier in visiting cinema hall due to lack of infrastructure.

f. Language –

- Regional language is one the prime criteria for making movie successful in a country
- Hollywood launched movies dubbed in regional language in the countries with higher sale potential.

g. Environment and Policies –

- Tax, policies and environment create barrier and support to launches a movie in a country.
- Like India's recent 100% FDI policy will attract foreign investors.

Some of the countries like Pakistan, Nepal, Sri Lanka, Bangladesh, Myanmar, Afghanistan are always considered as countries to launch a Bollywood movie due to cultural and language similarity.

5.5.1 Most advantageous locations to launch Bollywood movies

Figure 9 – Favourable locations for Bollywood movies to be launched.

Asia-India, China, Hong Kong, Taiwan ,Philippines, Singapore, Thailand, Indonesia, Malaysia.	Latin America- Argentina, Brazil, Chile, Mexico, Peru, Venezuela
Middle east – UAE, Qatar, Lebanon, Israel, Kuwait, Bahrain	
Countries with special consideration- Pakistan, Afghanistan, Sri-Lanka, Bangladesh, Nepal, Myanmar.	Africa- South Africa, E, Morocco, Algeria, Egypt, Tunisia

| Australia- Australia | North America- United State, Canada |

| Europe- UK , Spain, Italy, France, Germany, Russian federation |
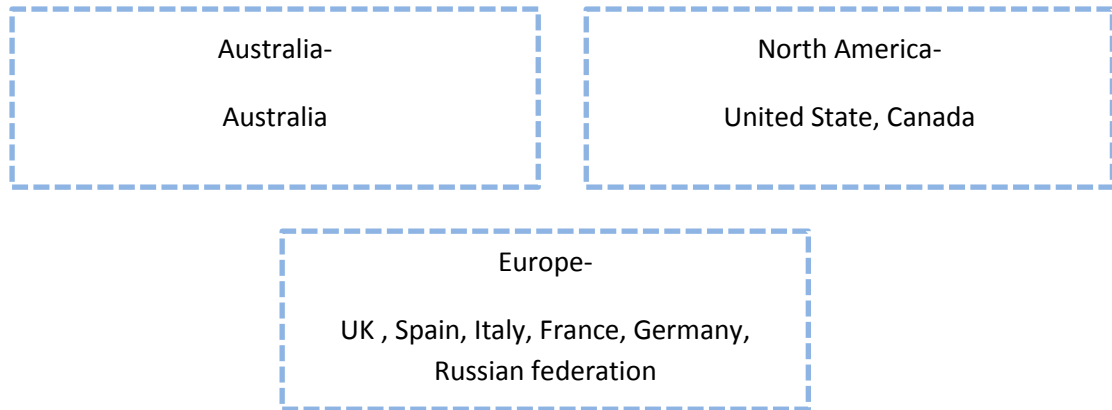
5.6 Promotion -

5.6.1 360 degree promotional mix

Possible channels	Channels Examples
Online	Search engine optimization, Pay per click campaign, Social media campaign, Affiliate marketing, Shopping channel management, Mobile marketing, Video marketing, Email marketing, Display advertisement, Online PR and article marketing
Promotional tour	• Television, radio, and print media interviews by actors, producers, • key personnel make appearances in major market cities or participate remotely via "satellite" or telephone.
Digital	Mobile marketing via text message. Online marketing via email, Digital broadcasts at public places, TV advertisements, Radio announcement and advertisement
Publishing	Ads in Newspaper, Magazines, posters
Licensing & Merchandising	•Promotional giveaways: branded drink cups, toys, or food combinations at fast food chains •Paid co-branding and co-advertising
Theme park	• Hiring dedicated section in amusement park • It is a later stage phenomenon mainly due to high associated costs
Board Games and Toys	Movie character toys, Board games based on the story of Movie
Video games	The video games based on the theme, story of movie
Theatrical	Trailers, Film poster, Slides show(old), Standees, Cardboard 3d displays
Home entertainment	Advertisement in TV, Radio and other media of home entertainment

Possible channels	Movies examples
Online	Use of viral marketing by inception, paranormal activity, snake in a plane(2006),
Promotional tour	Recent phenomenon in Bollywood used by Sharukh khan during the promotion of Chennai express, Ra-one
Digital	Marketing of 'Avengers Assemble' in Africa
Publishing	Advertisement in famous magazine like people, Entertainment weekly, star, life and style etc.
Licensing & Merchandising	•Paid co-branding (*Eragon* in *American Chopper*), or co-advertising **(Aston Martin and James Bond films)**
Theme park	Scheduled to open in 2014, The Wizarding World of Harry Potter is the world's first centrally themed amusement park
Board Games and Toys	Sharukh khan toys based on his movie Ra-one
Video games	Android based game before movie to promote 'Chennai express
Theatrical	Common and essential phenomenon used by all movie maker
Home entertainment	Common phenomenon in Bollywood

5.6.2 Example of 360 degree promotional mix –

Chennai Express -

Chennai Express, directed by Rohit Shetty and produced by UTV Motion Pictures and Red Chillies Entertainment, features a stellar cast, including the elegant Deepika Padukone and India's biggest superstar, Shah Rukh Khan. Given the big budget nature of the film, expectations ran high. Right from the outset, the Chennai Express digital team, headed by Shailja Gupta, was very clear about using social media as the focus of their marketing strategy. In addition to reaching out to as many people as possible, the objective of their social media strategy was to build campaigns that would capture people's imagination and translate the increased social media traffic into getting more people to come to theatres.

The following key factors contributed to this decision:

(a) The fact that both stars have loyal fan followings on social media

(b) The lively cultural discussions about the differences in lifestyles in North and South India

(c) As the film was to be released on a major holiday (Eid-ul-Fitr), social media traffic was expected to be high.

- **Using Social Media -**

On the importance Social Media use for film marketing Shailja Gupta, Chief Digital Strategist Chennai Express says, "Shah Rukh Khan is a truly global Indian brand, and his intellect and charm has earned him the love and respect of millions of loyal fans worldwide. For a movie that is as much about a resurgent, multicultural, modern India as it is about the universal language of love, social media presented the perfect medium for engaging fans across geographies and cultural boundaries, while presenting an unbeatable ROI on the marketing dollars"

- **Analytics and Big Data -**

Technology played a big role in figuring out what fans liked, and what was going through the sieve. Big Data analytics, a variety of in-house and off-the shelf tools and our unique approach based on the 4A model of engagement provided Actionable Insights to the social media marketing team. However, these insights needed to be culturally and contextually relevant, and to achieve this, the team had to keep an ear on the ground and understand every nuance before providing recommendations! While the overall marketing strategy is important, the key lies in observing social media trends and creating campaigns on the fly in response to these trends. This is more art than science, and technology, at best, is an enabler.

- **Cross-pollination of Social Networks -**

While Twitter is the engine for viral content, Facebook is the more personal platform, where word of mouth recommendations work better. Chennai Express' campaigns were designed in such a way that users of one social network were often asked to go to another one for the next stimulus. For example, the innovative video-based game "Rahul meets Meena" used movie clips hosted on YouTube, was deployed on Facebook, and took user inputs from Twitter.

- **Mobile Strategy -**

In today's world, a mobile strategy is very critical and impossible to overlook. A good strategy should encompass native apps, games and SMSes. In a bid to capture the imagination of casual gamers and increase the film's pre-release buzz, 'Chennai Express: Escape from Rameshwaram', the movie's official game, was launched on multiple platforms well before release day.

In a country like India with high mobile but low internet penetration, Shailja aims to reach out to the common man through a unique "permission-based SMS marketing" initiative – a targeted 100 million fan base will get regular updates and tweets from Shah Rukh Khan on SMS, once they register for the service through a simple "missed call". "The 20 additional characters between a tweet and an SMS provide ample marketing opportunities!"

- **Twitter strategy –**

Chennai Express related tweets generated over 1 billion cumulative impressions and the total number of tweets across all hashtags was over 750 thousand over the 90-day campaign period.

Chennai express has made Twitter history in India as the first film to be listed in the top trends for more than 10 consecutive days. It has also become the first Indian film in twitter history to trend at **worldwide no 1** with two separate hashtags **#ChennaiExpress** and **#ChennaiExpressWeekend.**

- **Snapshot of Trends –**

Innovative hashtags were pivotal to the Twitter strategy. Upcoming public holidays like Eid, India's Independence Day and Raksha Bandhan, movie based buzzwords, viral content like the Lungi Dance, successful international releases and box office numbers were all used in creating hashtags. Each hashtag was supported separately in trends, on the premise that each had its own milestones and identity and cumulatively could help the movie campaign to spread. The success of this strategy is amply demonstrated by the fact that not a day went by during the entire campaign period that a Chennai Express related hashtag wasn't at the top of the Indian trending charts, and often at the top of the world's trending topics.

Major Trends	
#ChennaiExpress	The official hashtag
#ChennaiExpressArrives	The movie campaign launch hashtag
#CE100crin3Days	Celebrating Box Office collections of 100 crores landmark reached in 3 days
#200croreExpress	Celebrating the 200 crores BO milestone
#AzaadiExpress	Honoring India's Independence Day
#ChennaiExpressDobara	Encouraging fans to watch the movie twice
#LungiDance	The viral dance hashtag
SRKTips	Contest launched on twitter by the official handle
ChennaiExpressLive	Live Facebook chat hosted by Shah Rukh Khan
FamilyExpress	Encouraging the entire family to watch the movie together

Other Trends
#PartyExpress
#ChennaiExpressWeekend
#RecordExpress
#RakshaBandhanExpress
#RahulAt40
#UnstoppableExpress
#RepeatExpress

- **Website -**

Shailja was very clear that for a film to be converted into a brand, it is vital for it to have a standalone identity. Although there was a school of thought that believed that the rise of social media made websites redundant, Shailja stuck to her conviction that a website was essential for brand building. This belief paid off, as the Chennai Express website, which was completely integrated with social media sites, was highly appreciated and proved invaluable in creating high recall value for Chennai Express.

- **Browser-based Games -**

Lots of people still feel more comfortable playing on a big screen than on a mobile especially in a work environment where users while taking a reak surf the we on their desktops. The Chennai Express website had 7-8 different games, which were also adapted for use on mobiles and social media sites. This seamless cross platform integration helped the audience to engage more.

- **Trailer Launch Innovation -**

This was an exciting digital innovation and took the Twitter world by storm. For the first time ever a movie used Twitter to engage users and give them live redemption. Users were required to Tweet their comments to make a train move over a virtual rail line from Mumbai to Rameshwaram. The more the tweets, the faster the train moved and as soon as the train reached Rameshwaram, the trailer was released to the eager fans. This gave fans a real sense of involvement and achievement, while creating an amazing buzz around the trailer launch.
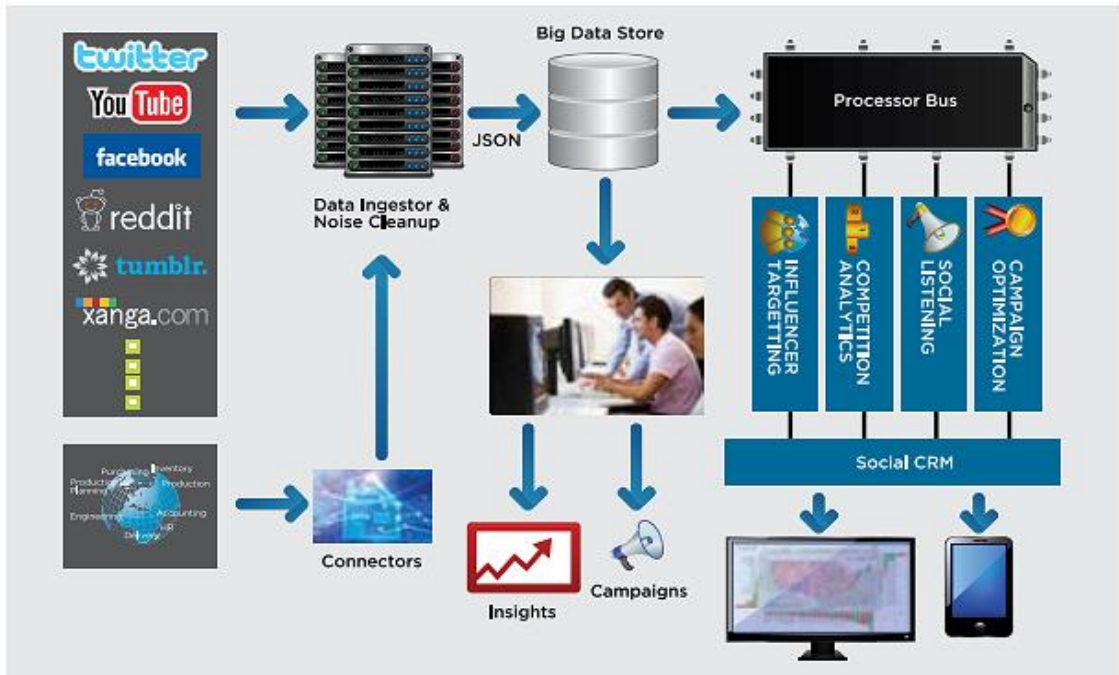
Figure 10 - Blend of technology in 360 degree marketing strategy

Chapter 6

Recommendation

6.1 Tapping exponentially growing China market through collaboration –

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Why Chinese Market ?

- By 2012 China became the second largest consumers of feature films in the world in terms of box office viewership. During the same period, the US market was stagnated.

- If this trend continues, China will surpass the USA as the world's Number 1 film market by 2020 especially due to China building 10 screens on an average a day.

- In fact, between 2005 and 2011, box office in China grew on average by 43% per year (50% over the 2008-2011 period), while the cinema market in the USA grew by just 2.2% annually.

- While admissions grew on average by 15.6% annually in China between 2005 and 2011, in the USA markets saw at an annual average decrease of - 1.4%

- The growth in admission occurred despite the dramatic increase in ticket prices in China during this period. The average admission price in China multiplied 3.5 times, an increase of 253% between 2005 and 2011, whereas the average ticket price in the USA increased by only 23.8%.
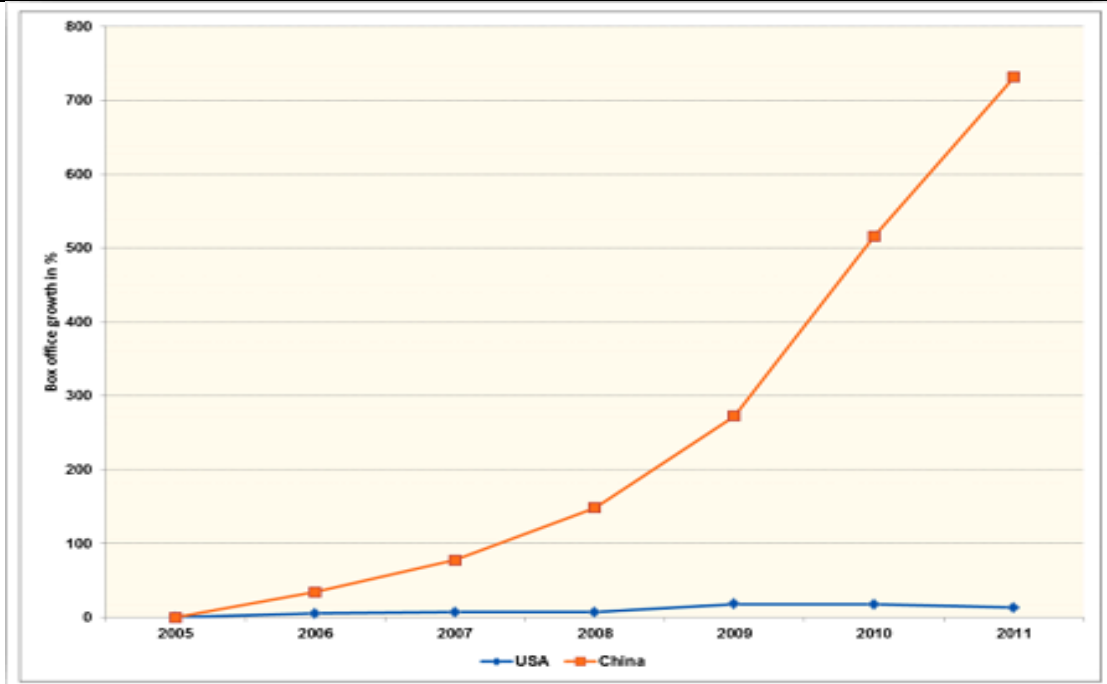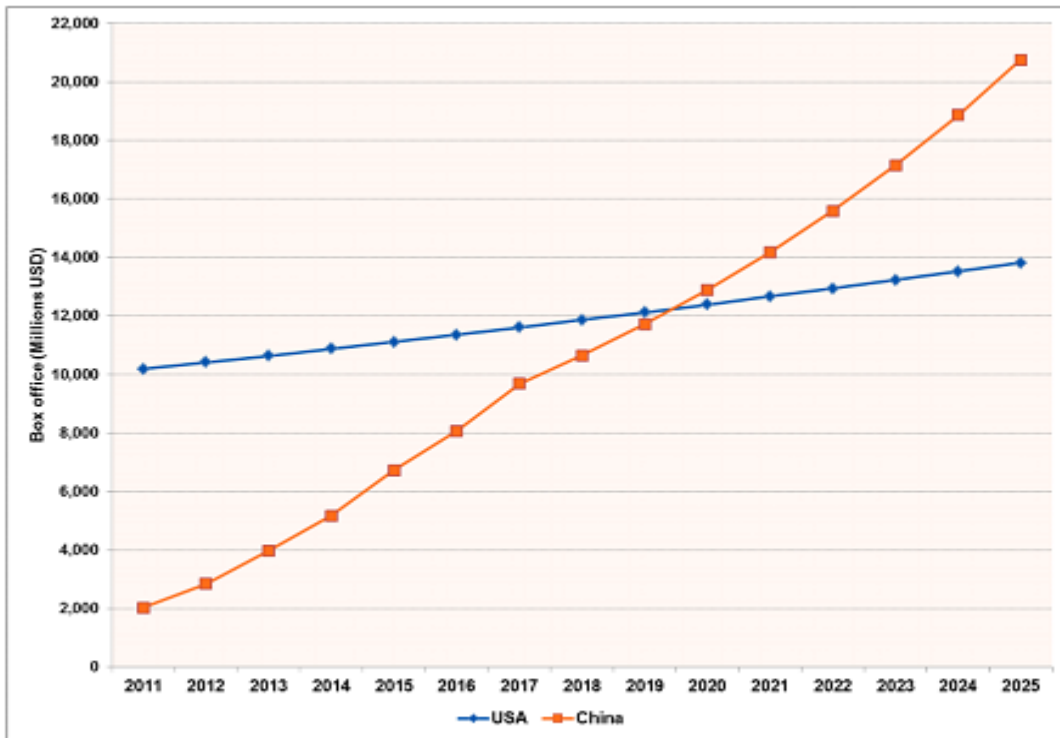
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Figure 11- Comparison of Annual box office revenue of China and Hollywood

Source: UNESCO Institute for Statistics, July 2013.

Figure 12- Comparison of expected growth trends of China and Hollywood

Hindrances in collaboration

- To protect the local players, the State Administration of Radio, Film and Television ("SARFT") imposes a quota of foreign movies to be allowed in China each year — in February 2013, the number was increased from 20 to 34 — and movie theatres are rewarded financially for showing local films.

- Prior to distribution in Chinese theatres, all screenplays in China must be approved by SARFT, a media agency directly under the control of Chinese government.

- In 2009, SARFT issued a directive highlighting 31 categories of contents that are prohibited online, including violence, pornography, and other content that may "incite ethnic discrimination or undermine social stability".

Collaboration strategy to overcome hindrances

- Involving collaboration with the Chinese in initial part of the movie making process (from story development to distribution) as the foreign movies with the domestic collaborations are allowed to be launched in China.

- This collaboration can be in the form of hiring actors from China, Hon kong, Taiwan or shooting some part of movie in Chinese location.

- **Strength of Indian Movie-** Indian movies complies with the content allowed in china which is devoid of violence, Pornography etc.

6.2 Outsourcing of production technology –

Technological Outsourcing can improve the quality of films with a reduction in cost associated

Increase in Higher Budget Movie in recent years show the potential of using expensive technology in next few year
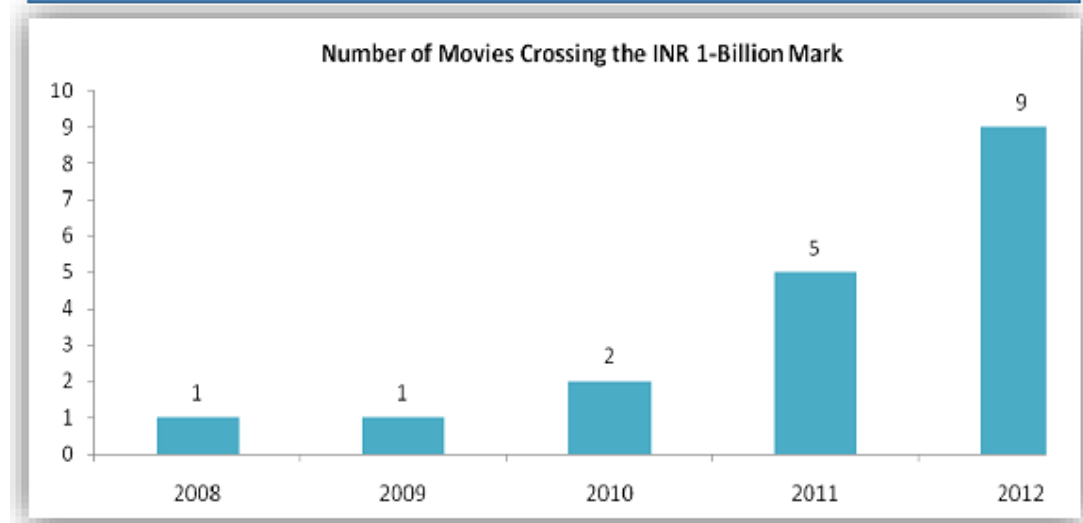
Number of Movies Crossing the INR 1-Billion Mark

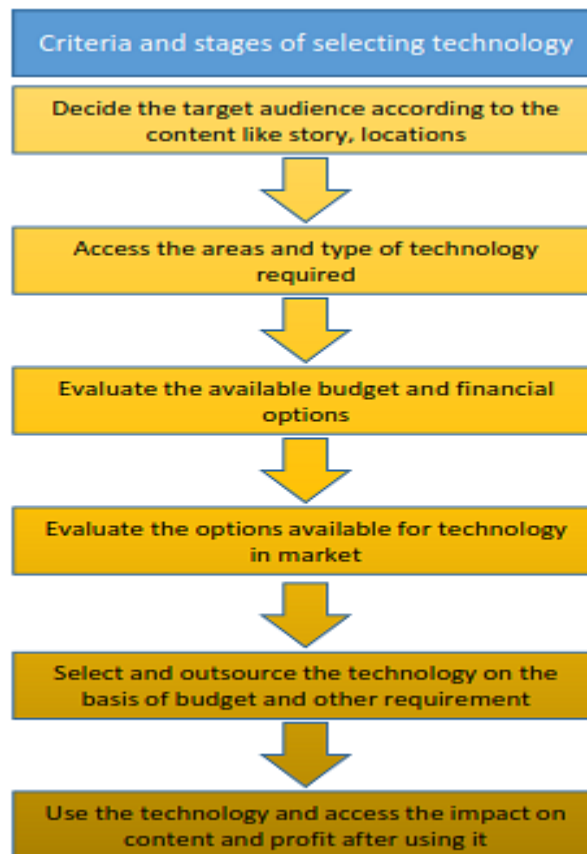Figure 12 – Technological outsourcing and trend of high budget movies.

Figure 13 – Criteria for selection of technology

Trends of VFX technology

- In recent times, there has been a significant growth in the number of VFX companies operating in India.
- According to estimates, there are more than 40 major domestic VFX companies catering to domestic and international clients.
- Currently, India accounts for only around 10% of the total animation and VFX outsourcing pie. However, there is room for growth and the amount of work coming to India from Hollywood is on the rise.
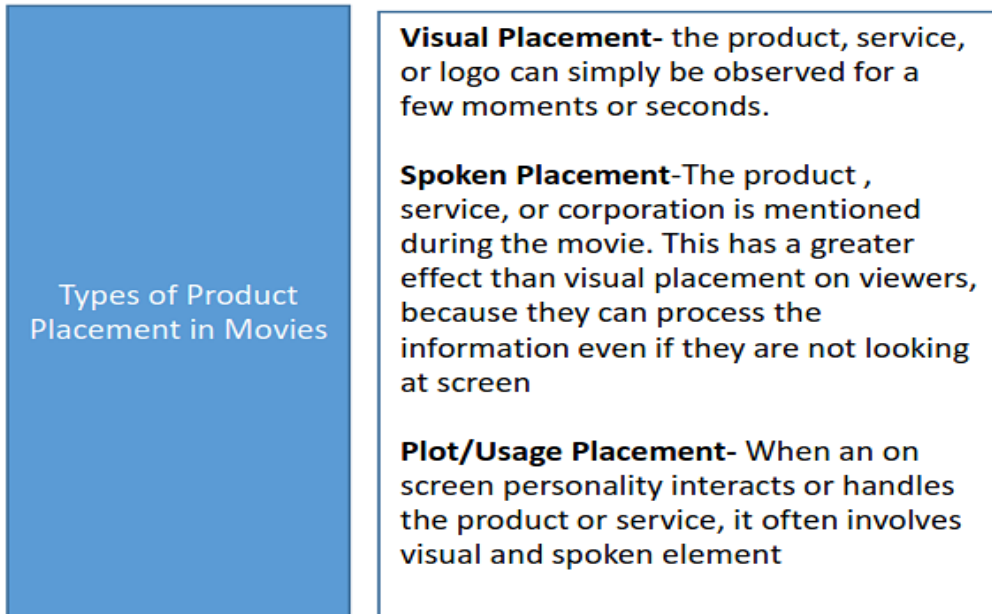
Pros	Cons
• It will help the Indian movies to get rid of the persona of technologically poor movies • It can attract the international audience which is habitual to watching movie with high technology and best resolution • It will help the Indian movie diversify in other genres such as action, thriller, science fiction etc.	• It can increase the cost of production. • Over use of the technology can decrease the value put upon the content of the movie. • Over use of technology can create a disconnect from the home audience, habitual to socially dominated movies.

6.3 Association with the International brand as product placement

Product placement is a way of promoting a company or a product by using movies and other types of media to advertise the product or company

Types of Product Placement in Movies	**Visual Placement-** the product, service, or logo can simply be observed for a few moments or seconds. **Spoken Placement-**The product, service, or corporation is mentioned during the movie. This has a greater effect than visual placement on viewers, because they can process the information even if they are not looking at screen **Plot/Usage Placement-** When an on screen personality interacts or handles the product or service, it often involves visual and spoken element

.

Pros	Cons
• It offers brand association with big stars at relatively low cost and for longer periods of time. • Men are more tolerant to product placements. • 71% of Indian consumers think that product placement is a good way of informing consumers about products and services. • 85% of consumers understood product placement as a medium to generate revenue by film makers. • Choosing the right movie for product placement can guarantee the effective reach to the potential targets. • Moreover, exposure to product placement in movies cannot be avoided (zapping is not possible, unlike for television advertisements).	• Limited appeal- Movies do not allow detailed advertising like informing target market of the features of the product. • Women are less tolerant to product placement. • If the placement is not realistic it may cause irritation to audience. • 50% said that product placement was unrealistic. • Use of competing products in the same movie with opposite images. For example a movie on a murder case in which the Pepsi logo is used noticeably as background in the scenes that show "the bad guys" and, on the other hand, Coca Cola strategically placed on scenes that show the so called "good guys"

6.4 Collaborate with the international distributor –

Indian movies have faced awareness problem among the international audience. In that case, the use of the international distributor can not only increase the reach of the movie but also create awareness among the international audiences.

Indian Distributor

- Indian distributor have strong home network base but they lack the requisite international presence.

- There is not a single Indian distributor in the list of top 10 distributors in the world.

- Still some distributors provide finance from the film production to the exhibition stage.

International distributor

- Top 5 international studios have more than 80% of market share in the distribution space

- Strong international presence

- Top international distributors are well established and have had good experience in movie distribution of all genres.

Top Indian Distributor
- Eros Entertainment
- Yash Raj films
- Big Picture
- Balaji Telefilms
- Reliance Media works
- PVR Cinema

World Top 5 distributors(studios)
- Warner Bros
- Paramount
- Sony/Columbia
- Buena vista
- Universal

Pros	**Cons**
• The strong international presence of top distributors can help in increasing the geographic reach of movies by simultaneous launch of the movie in different parts of the world • The experience of the distributors can be used to design as effective marketing strategy.	• Hiring international distributors will necessarily add to the cost of movie production and eat away from the revenue share of producers. • There is a higher opportunity cost due to the greater bargaining chips in the hands of such dirstributor.

Success story of Chennai express

- The success is associated with the its connection with the Utv, a strong International distributor.
- The movie has been released in 50+ countries at once
- The movie was block buster in Pakistan

Success story of My Name is Khan

- The success is associated with an aggressive strategy put in place by Fox Searchlight, which has the film's global distribution rights. It released the movie in a record 64 countries over a period of time and dubbed it in Italian, Russian, German, Spanish and Chinese, among others.
- My Name is Khan is among the top ten in weekend box office collections in — — South Korea

6.5 Advance strategy to deal with the piracy

Impact of Piracy

- The Indian film industry is significantly impacted by online piracy. A study undertaken by Motion Picture Distributors Association (MPDAI) has put India among the top ten countries in the world, where online piracy is at its peak

- Piracy—the illegal copying and distribution of movie, represents an estimated loss to music and movie companies of up to $180 million a year in India
- Except India, there are stringent laws against Piracy in other countries

a. Domain Seizures - U.S. Government – having been intensively lobbied by the MPAA and RIAA – is prepared to act against sites by seizing their domains.

b. Forcing ISPs to block sites - In a number of cases in the last few years, the IFPI and MPAA have attempted to have "The Pirate Bay" banned or blocked in a number of countries including Italy, Denmark, Ireland and the Netherlands with varying success

c. Cutting off donations and payment processing –

- As demonstrated by the recent withdrawal of service from WikiLeaks by MasterCard and PayPal, pressure applied in the right places by the right people can have powerful results.
- In 2010 significant numbers of private "Bit Torrent" sites also reported problems with their donation accounts at PayPal.

d. Pressure on webhosts –

- Companies that provide hosting for Bit Torrent and other file-sharing sites can expect to come into the spotlight in the near future.

- This pressure technique has been used by Dutch anti-piracy group BREIN for several years already and has sealed the fate of hundreds of smaller Bit Torrent sites.

e. Public awareness –
  - Public education campaigns are typically considered the first line of defence against piracy.
  - For example, filmmakers started putting a short commercial at the beginning of each disc equating buying a pirated copy of a DVD to shoplifting.

- First time the Fox as distributor took new steps to keep 'My name of Khan' prints out of the hands of movie thieves. To prevent hijacking of copies heading to theatres, a Fox Star employee accompanied every analogue reel released in theatres in India and abroad.

- The studio also hired antipiracy agencies across India that worked with local police to raid illegal DVD making facilities in the days following the film's release.

Pros

- If some of these measures become successful, these can decrease the loss from piracy.

- It can increase the foreign investment of those investors, who refrain from the industry due to high level of piracy in India.

Cons

- It is quite difficult to find single method of curbing piracy, so the effectiveness of these measure can be questioned.

- The cost of these measure can increase the overall budget of the movie.

In 2012, Government has permitted 100% foreign direct investment (FDI) in the advertising sector through the automatic route and the government has also liberalised the conditions for 100 % FDI in the film industry.

This FDI investment can attract the international investors to invest in Indian film industry.

6.6 International investments

Why International investor should invest in Indian film industry?
1. 2013, Indian film industry has ranked one in the total admission per year.
2. Indian cinema topped the world with maximum movie release in 2012.
3. Indian film industry ranked 5th in total revenue earned in 2013.
4. Indian Film industry is growing more than 12% which is 2 nd highest after China.
5. The ticket price of Bollywood movies is least in the world($.60 per ticket)
6. Indian cinema can diversify quickly from its social themes to other geners
7. Indian cinema is accompanied with the third highest screen count in the world
8. As per admission in theater per year criteria, India ranks 5 th

.

Pros

- This Investment can solve the problem of lack of skill set in Bollywood industry.

- This investment can increase the investment of foreign players in technology which further can enhance the quality of Indian movies.

- This collaboration can increase the international audience due to increase in the awareness created by the international players.

- FDI can also help in increasing the numbers of screens in India from a current level of 12 per 100000.

- Biggest thing these investor can bring is the knowledge and experience of producing big budget films.

- This policy can bring investment in Digital screens and 3D screens in India.

Cons

- This investment can dilute the share of the Bollywood by increasing Hollywood share in the domestic market which is currently at 35% of the total.

- Indian movies are known to have high impact on the Indian culture. The Indian culture can be diluted due to collaborations with foreign production houses.

- This investment can impact the regional language media like southern film industry.

- This investment can increase the price of the ticket in Indian market.

Chapter 7

Action Plan

7.1 **Movie development**

The period when project begun. It can include development of the story idea, the writing of a script, assembly of the key creative team and/or the building of the financial plan/players.

Who are involved ?

- Producer, Writer and sometimes Director

- Studio/Network/Broadcaster

- Financial Backers or Investors

- Entertainment Lawyers

- Casting Agents

- Locations Managers

What are the steps involved ?

- Writer is contracted by Producer(s) to write a treatment and/or script.
- Writer writes and refines the script in consultation with Producer(s), Director and Studio/Network/Broadcaster.
- Producer(s) secure(s) project's finances.
- Budget and schedule are approximated.

Current –

As compared to Hollywood which takes 3 to 5 years, Bollywood takes nearly 6 to 12 months to undergoes this step.

- Funding for Bollywood films often comes from private distributors and a few large studios. Indian banks and financial institutions were forbidden from lending money to movie studios. However, this ban has now been lifted. As finances are not regulated, some funding also comes from illegitimate sources, such as the Mumbai underworld
- The script writing is dominated by few famous writers.
- Casting managers is decided after the finalizing of the script and Budgeting, who can decide actors from a long list of Current Suggested Changes contacts he has.
- Most of themes are based on social genre- love, family and drama.
- There is no role of Director and assistant director in deciding in location, script and other development processes.

Suggested Changes

- Increase the time period from 6-12 months to 1 to 2 years so that enough time can be taken to decide the best script
- Decide the target audience after completion of the scripts.
- Approach the foreign investors. As recently, the 100% FDI has been allowed through automatic route, there is high possible of getting good funding from foreign investors in case of good script.
- Work with the casting agents in selecting the actors of the movie. In case of good script and foreign investor, it will be easy to higher the new talent.
- Explore the new locations with the internationally renowned location managers as locations also have impact on the global audience.
- Hiring Director and Assistance director in this stage can give him some time to analyze the scripts, locations etc.

Marketing channels strategy

- Define your films target audience
- Identify your film audience in terms of age and life style
- Identify reasons why the audience should watch your film
- Create a promotional website for your film
- Identify your prospective audience –where they can be found online and offline
- Identify list of magazines, news papers, TV channels which your possible audience read and view

Impact assessment

- Increase in the quality of the movie due to increase in the window period in selecting story line, Producer and director and location.
- Diversification of the content due to prior targeting in the development stage.
- Success in finding the big financer due to good content and director and producer of the movie.
- Control of the length of the movie according to the target audience

Variance Control

Expected variation

- Selection of the script not fitting to the target audience
- Selecting wrong director and cast director
- Selecting inappropriate location, actors, and writers
- Rise of some legal issues

Variance control measure

- Build an alternative strategy in the initial phase to over the problem this these.
- Look for good financer who can tolerate the financial burden due increase in cost as the result of change in strategy.
- Try to solve the problem by adjusting with the existing structure but it is not possible then redefine the target audience or changing the director, writer, cast director can solve the problem
- Consult with the legal expert to mitigate the legal issues

Time for assessment

- According to the period of 2 to 3 year, First assessment should be after 3 month as early assessment can lower down the loses.
- Second and third assessment after 1 and 2 years

7.2 Pre-production

The period where the project/production begins to hire the crew, opens a production office and prepares to shoot the project.

Who are involved ?

- Office Staff
- 1st Assistant Director (1st AD)
- Casting Agent/Casting Director
- Heads of the technical departments (known as Department Keys)

What are the steps involved ?

- Casting begins
- Script is rewritten
- Establishing and opening a Production Office
- Location and Technical scouting
- Hiring of crew
- Constructing set(s)
- Co-ordinating transportation requirements, selecting props and co-ordinating costumes
- Production Manager establishes the budget
- Production Schedule is solidified by the 1st AD

Current –

- In Indian case this period last for 8 to 12 weeks
- The hiring of the director and assistant director happen in this case.
- Most of the execution of the development stage take place in place. The execution window for this stage is really small in case of Indian movies.
- The technological part decided in this stage. Except a few movies, Indian producers don't give to much importance to technology due to lack of funding.
- Production budget decided in this phase.

Suggested Changes –

- Increase the window of the period so that perfect execution of the development part can be take place in this step.
- Look for the technology outsourcing with in the given budget.
- Production and promotional budget both should be decided in this phase.

Marketing channels strategy –

- Efforts to utilize tracking methods to your website
- Change your website so that you get more viewers
- Based on your viewer's feedback redefine your film's message
- Install a hook and redefine the story line to make it unique
- Position your movie so that it touches the heart of your target audience
- Generate traffic to your website through search engine optimization
- Do research and find out most efficient keyword relevant to your audience

Impact Assessment –

- Perfect execution of the decision taken in Developmental stage
- Identification of variance in the developmental stages and control of variances in this stage
- Examples-check for the length, budget and other sources of finance

Expected variation

- Hiring of Non-cooperative staff
- Legal issue again
- Increase in cost while application of strategy.
- Missing of marketing strategy

Variance Control Measure

- Hire staff from trusty contractor who supply the temporary employees for the movies. For legal matter, consult to legal advisor regularly.
- Observe for the marketing strategy from time to time to avoid this step.
- Comply with the allocated fund to lower the chance of increasing cost due to variance
- Start deciding the technology in this step in order to find a chance of better suppliers

Time for assessment

Short duration of this step allow only one inspection in the middle of the stage(after 2 weeks)

7.3 production

This is the period where the project/production is filmed.

Who are involved ?

- Producer(s)
- Director
- Studio/Network/Broadcaster
- All Departments
- All Performers and Extras

What are the steps involved ?

- The project is shot. (The shooting of a film is only one part of the process. When the shooting
- Stops, there is still much work for the creative team to do.)
- Publicity materials are generated.

Current

The amount of time taken depends on the size of the project.

- The shooting can take place on location or in a studio. A full-length feature film can take up to 3 months to shoot while a half-hour television series episode can take as little as 4 days. Principal photography typically lasts 4 – 10 weeks
- This is the phase where most of the funding required for the movies making process.

Suggested Changes

- Restriction over the cost should be monitor.
- Use of the advance promotional channels like promotional tour, interview at the shooting location.
- There have been many example where many movies have been failure in this stage due to overshooting of the cost. Ex.*Sahara*cost over $241 million to make, due in part to exorbitant production costs. It took in $122 million, usually enough to be successful. However, in this case, this accounted for barely over half of its expenses.

Example 2 -In 2012, Disney said that it expected losses of $200 million on*John Carter*; at that time the film had made only $234 million worldwide, far short of the $250 million budget plus worldwide advertising

Marketing strategy

- Redesign your content strategy based on key word research
- Find out how content can be embellished through audio, video and text
- Design and create a content strategy based on your film story and relevant key words
- Work out timeline regarding how and in what sequence you will deliver the contents

Impact Assessment

- Check for the content of the movie according to the set parameters in the early stage
- Control the time variance as it can increase the cost of production
- Use of 360 marketing channels
- Increase in the product awareness among the target audience

Expected variation

- Unable to find the appropriate technology
- Increase in the cost due to lengthening of the duration.
- Lower down of quality due to mistakes

Variance control measure

- The quality issue due to mistake can be avoided by the involvement of the producer, director and Distributor in this stage as all of these can give different prospective to mitigate problems.
- Check for the delays to avoid chances of increasing cost.
- In order to avoid the technology issues, start looking for good technology in the pre-production stage only.

Time for assessment

Regular assessment in the interval of one month to mitigate the quality issues

7.4 Post - production

Who are involved ?

- Producer(s)
- Director
- Studio/Network/Broadcaster
- Post Production Supervisor
- Picture Editors
- Sound Editor, Foley Artist
- Music Supervisor and Composer
- Film Processing Labs
- Marketing and Distribution

What are the steps involved ?

- Film is edited
- Music is composed and added to film
- Sound is edited
- Visual effects are generated
- Film is prepared for Distribution
- Marketing and promotional materials are developed and produced

Current

- Music and visual effects are also composed during this time and added to the film. Marketing and publicity materials are generated. This period can last from 4 –12 weeks*
- This is the stage where movie is design according to the targeted audience.
- Film making stage where most of the technology is use.

Suggested Changes

- The selecting the duration and content of the movie according to target audience.
- May be the variant like short duration movie for Global audience, can be consider.
- Use of technology to fulfill the demand of target audience

Marketing Strategy

- Word of mouth buzz for your film
- Create a database of 30 publications and media platforms which is read or viewed by your audience
- Release low cost ads to ensure targeted traffic to your film website
- Utilize social network
- Reach the blogging community

Impact Assessment

- Check the duration and content of the movie according to the target segment
- Use of advance technology will attract the large base of the audience
- The variant of the movie will cater to the demand of different type of customers

Expected variation

- Non-availability of the technology.
- Again quality issue during the editing of sound.
- Bad visual effect and absence of good marketing strategy

Variance control measure

- The technology require for editing, mixing and create best visual effect should be decided in the pre-production process.
- Again involvement of distributor, producers, director and ensure the quality required to maintain

Time for assessment

Regular assessment in the interval of 10 days to ensure the quality.

7.5 Distribution

The period where the project/production is distributed and/or sold.

Who are involved ?

- Producer(s)
- Distribution Companies
- Entertainment Lawyers
- Studios/Networks/Broadcasters
- Theatres
- Film Festivals
- Film Commissions
- Publicists
- Media

What are the steps involved ?

- Subtitles for international release are generated
- Performers' contract terms are enforced
- Continued production of promotional/marketing materials (trailers, advertising, merchandising and posters)
- Completion of commitments to investors and rights holders

Current

- This period usually lasts 6 –12 months
- In most of the case, the movies are distributed by the Indian distributors, who don't have the enough reach in the international market.
- High involvement of the Movie's star, director, Producer

Suggested Changes

- Launch the movie simultaneously in all the world to prevent piracy. Ex. Slumdog millionaire was launched in India after a long time of launched Hollywood. Till then the movie was seen by the Indian Audience through the pirated movie.
- Decrease the execution period due to increase the profit and lowering the further cost involved due to distribution.
- Use the internationally established distributor to ensure the wider reach
- My name is khan and recent Chennai express is the best example getting global success by using international distributor

Marketing Strategy

- Work out detailed launch strategy in several slots with timeline
- Send copies of your movies to popular website and trigger favourable review
- Create and execute an email marketing campaign
- Create long term engagement with your probable audience and utilize your database to create excitement about your film

Impact Assessment

- Increase in the reach of target audience due to well established international distributors
- Increase in the awareness of the movie due to use of 360 degree promotional and distributional strategy.
- Prevention of piracy due to simultaneous release of the movie

Expected variation

Inability of the distributor to sustain the financial burden which can create the collapse of whole movie.

•Bad marketing strategy

Variance control measure

- Go for best well established internationally renowned distributor.
- Involve the distributor while production and post production to ensure his views regarding target audience.
- Ensure the proper marketing strategy to increase the chance of success

Time for assessment

Per day evaluation is require as success or Failure of movies always decided in few initial days

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