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Changing Times: Big Screen Getting Streamed

Vikas Rajpopat

Research Scholar,

A.D. Sheth Department of Journalism & Mass Communication,
Saurashtra University, Rajkot

Dr. Nitaben Udani

Associate Professor & Head,

A.D. Sheth Department of Journalism & Mass Communication,
Saurashtra University, Rajkot



Let's keep first thing first. What is over the top media? “An over-the-top (OTT) media service is a media service offered directly to viewers via the Internet. OTT bypasses cable, broadcast, and satellite television platforms; the types of companies that traditionally act as controllers or distributors of such content.”¹

After the arrival of internet in our lives, things changed drastically. OTT media services are changing the way we consume entertainment. Leading Indian news channel Zee News states the reasons why we are seeing boom in OTT platforms.

“The main reason OTT platforms have become so popular is that viewers can directly access these platforms on the go. Since you can access these platforms from your mobile or laptop, you don't need to find a television to watch your favorite TV show.

All you need is a stable internet connection, and you are good to go. OTT content is delivered to your hardware devices through the internet, and there is no hassle for cable connections or broadcasting channels. “²

If we recall the days of motion on screen, the fascinating thing was not just the moving pictures but also the giant screen. The relation between film and big screen is like that of synonym of each other. We also have seen changing times of cinema starting from silence on the screen, the colorlessness (black and white films) to sound playing major role to give movie audience an experience to colors. The technological advancement in terms of visual special effects (VFX) has also expanded the horizons of both- film makers and audiences. When the small screen i.e. television has started to be the part of household, Britannica notes the effect of it on films.

“The film industry believed that the greatest threat to its continued success was posed by television, especially in light of the Paramount decrees. The studios seemed to be losing their control of the nation's theatres at the same time that exhibitors were losing their audiences to television. The studios therefore attempted to diminish television's appeal by exploiting the two obvious advantages that film enjoyed over the new medium—the size of its images and, at



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a time when all television broadcasting was in black and white, the ability to produce photographic colour. (In the 1952–53 season, the ability to produce multiple-track stereophonic sound joined this list.)”³

As its stated in the book ‘Film Facts’ (formerly called “The Guinness Book of Movie Facts and Feats”) by Patrick Robertson, The first full-length feature film shown on television was “Police Patrol” (US 1925). It was transmitted in six daily episodes by W2XCD Passaic, NJ, from April 6-11, 1931. But contrary to the speculations, when the idiot box, television has started to air films, the flicks being watched in cinema hall were not affected greatly. The long history of television transmitted films i.e. watching movies at home instead of in cinemas is long. But with the 21st century, we are witnessing watching movies anywhere and that too on a smallest screen.

“OTT television, usually called online television, Internet television or streaming television, remains the most popular OTT content. This signal is received over the Internet or through a cell phone network, as opposed to receiving the television signal from a terrestrial broadcast or satellite. Access is controlled by the video distributor, through either an app or a separate OTT dongle or box, connected to a phone, PC or smart television set. By mid-2017, 58 per cent of US households would access one in a given month and advertising revenues from OTT channels exceeded those from web browser plug-ins.”⁴



Films in Theatre V/S Films on Television V/S Films on OTT

Cost:

The biggest difference is that of cost. To watch a film in theater is expensive while television and OTT are fairly cheaper than theatres.

Convenience:

The convenience plays the major role when it comes to OTT. Apart from scheduled show time – both in cinema hall and in television- one can not watch the film. OTT gives that freedom of anytime and anywhere.

Quality & Experience:

The technical quality in terms of audio and video of cinema theatre gives us the hope that at least theatre will be the first choice of ‘class’. This larger than life visual screens and audio gives the experience that television and OTT cannot bring to the people.

Privacy:

Theatre gives you mass and collective experience while TV and OTT give you privacy. More than television, OTT is private and personal experience.



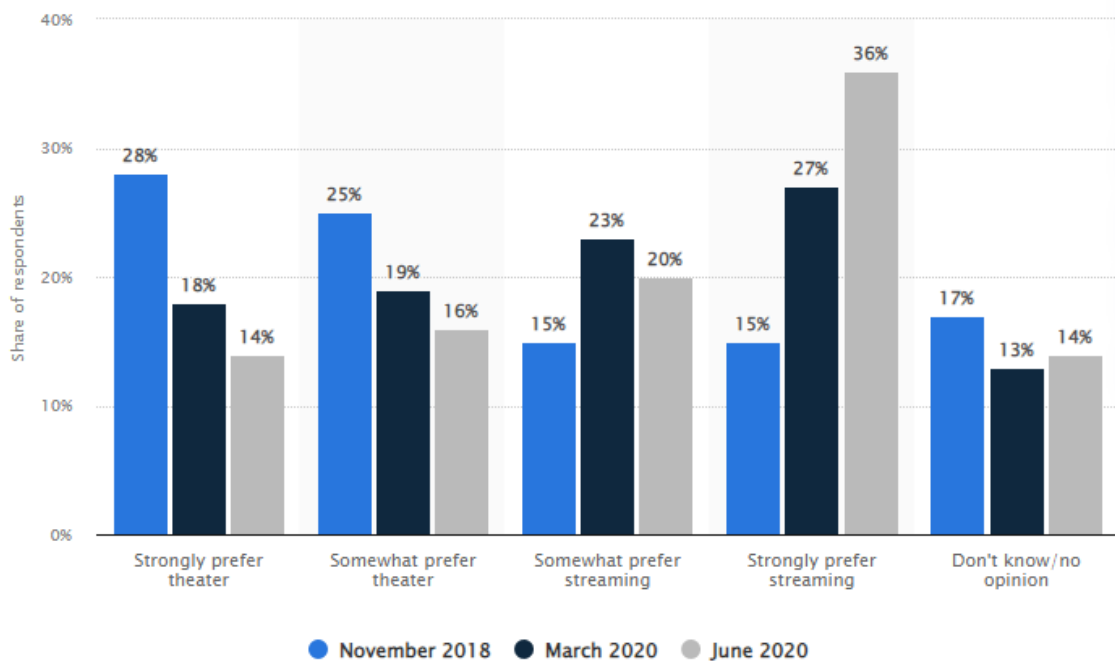
Availability:

The newly released film can take a week or 2 to reach to television set or OTT (the time changing in this regard as we are witnessing exclusive OTT releasing/streaming) but once it's there on OTT, there is convenience and anytime availability of the content.

Apart from the differences in theatre, television and OTT, there are striking similarities and they are – the stimulation power of the content.

We can understand the booming market of OTTs with a few studies, surveys and statistics available in the public domain.

Preference for watching a movie for the first time at a theater instead of via a streaming service in the United States from November 2018 to June 2020



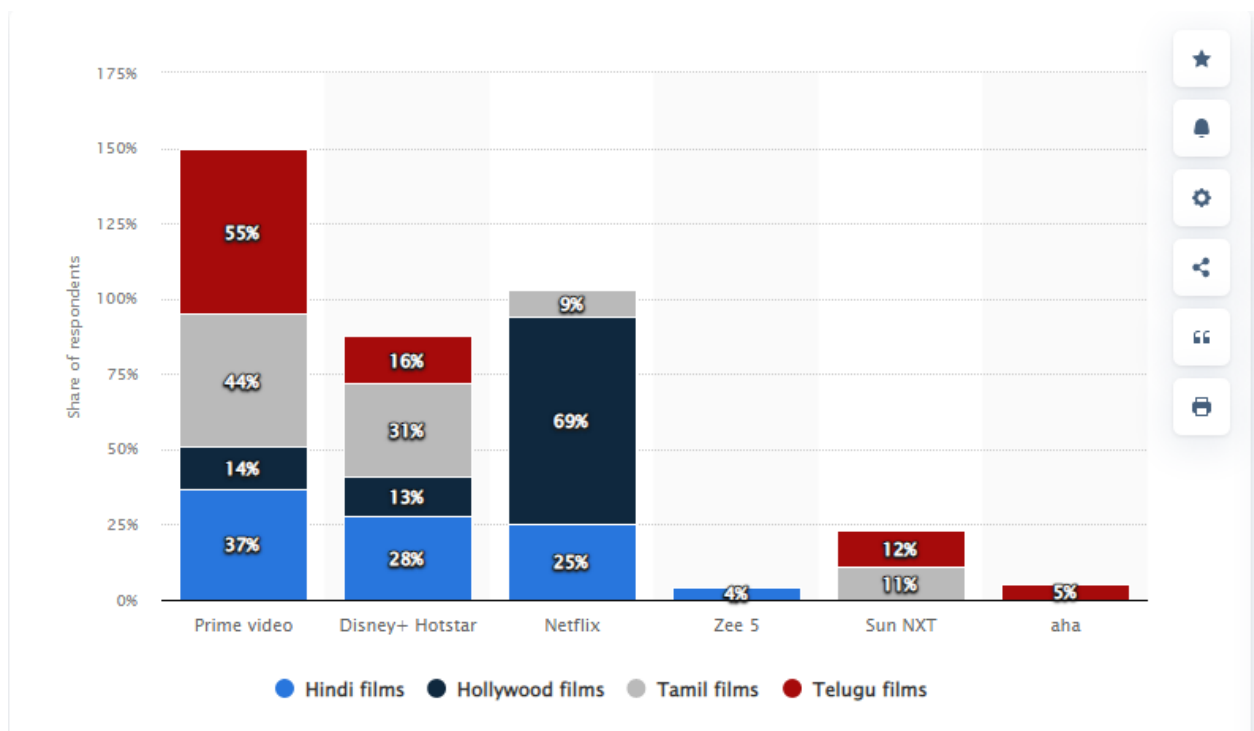
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“According to a study held in June 2020, just 14 percent of adults said that they strongly preferred seeing a movie for the first time in a theater, and 36 percent said that they would much rather stream the film at home than visit a cinema. Preferences for watching a new release in a cinema instead of via a streaming service in the United States changed significantly between 2018 and 2020, signaling a shift in consumer behavior and potentially a risk for movie theaters in the country. Also important to note is the effect of the coronavirus on consumer confidence. There was a drop in the share of movie fans willing to visit cinemas between March and June 2020, likely the result of consumers fearing the risk of infection and feeling more comfortable viewing movies in the safety of their own home.” 5

The Indian history of OTT platforms is not that old. First documented OTT platform entry in India started with BigFlix which was started by Reliance Entertainment in 2008. The other big players of OTT markets like Zee and Sony entered in 2013 while Hotstar started its operations in 2015. In India, the rise of regional language OTT platforms is work in progress.

Preferred OTT platforms to watch movies in India in 2020, by language





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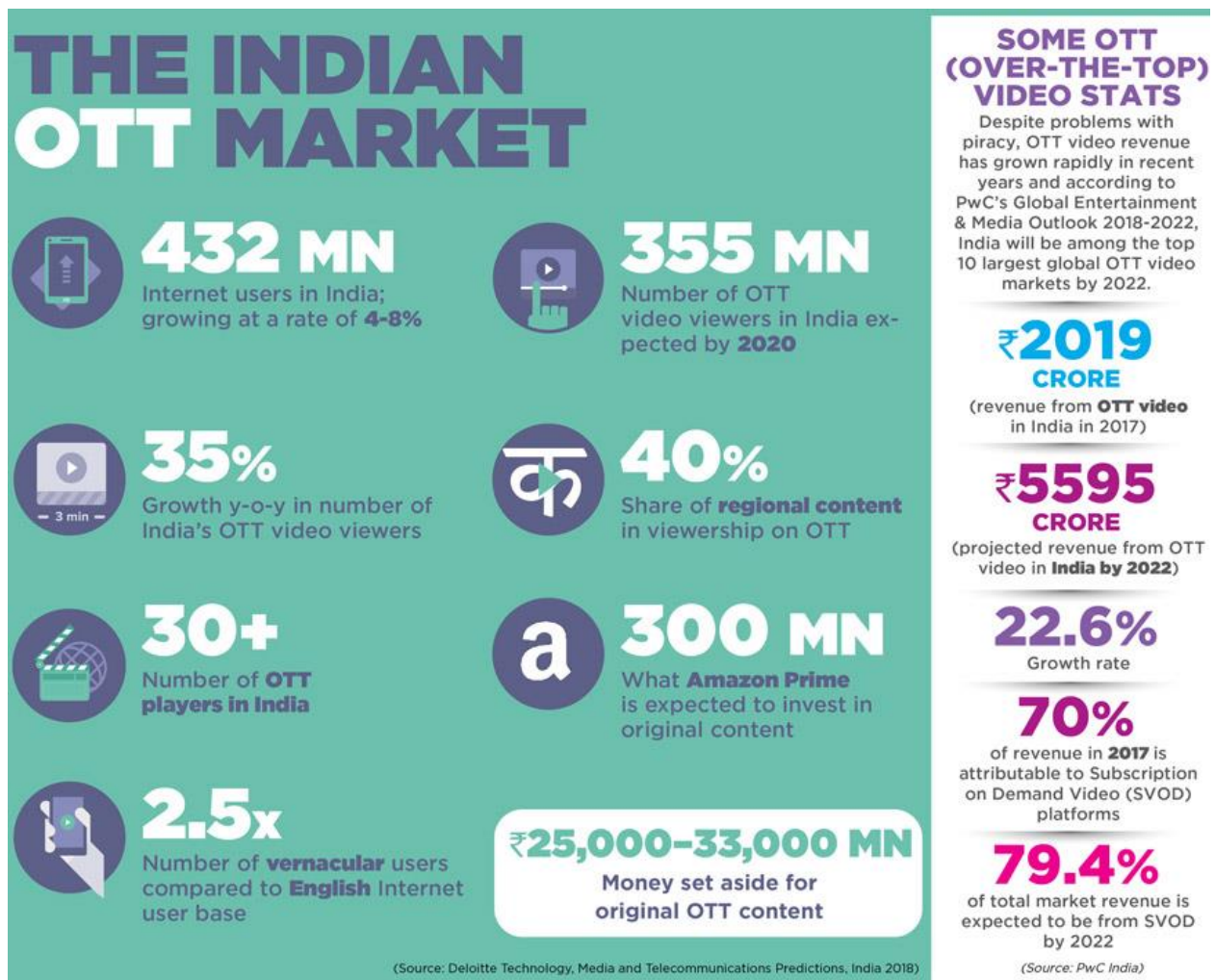
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India is known for being huge market for almost all the segments. China and India are the world's leaders in terms of population but China is not as open as India when it comes to global players to penetrate.

Following statistics of PWC India indicate huge opportunities lying in India as well as the penetration of OTTs in India.





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The numbers are in millions as far as internet users and numbers of OTT videos viewing are concerned. The fast rate of its growth and the number of already subscribers and OTT video audience simply suggests us the decline in the number of people going to cinema halls.

“Not only is streaming growing in popularity while theaters are shrinking, but streaming is far more profitable, especially for studios with their own streaming platform. Disney's industry record-shattering box office performance in 2019 brought the company just over \$11 billion, with Disney movies accounting for 80% of 2019's biggest hits. But those heights are hard to achieve on a yearly basis due to release schedules of big blockbuster IP franchises, with the stars aligning in 2019 so seven of Disney's movies - *Captain Marvel*, *Avengers: Endgame*, *Aladdin*, *The Lion King*, *Toy Story 4*, *Frozen II*, and *Star Wars: The Rise of Skywalker* - grossing over \$1 billion (and *Avengers: Endgame* setting the all-time record at \$2.8 billion). Meanwhile, Netflix's yearly revenue first eclipsed \$11 billion in 2017 and has only grown since, posting nearly \$25 billion in revenue in 2020. Disney+ revenue, of course, exceeded the pandemic box office in 2020 and won't only do so again in 2021, but also exceed its record 2019 box office haul as well.”⁶

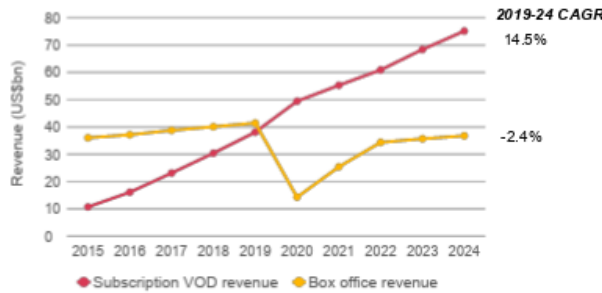
The numbers for OTT were in rising mode and outbreak of Covid 19 pandemic world over fueled its rise.



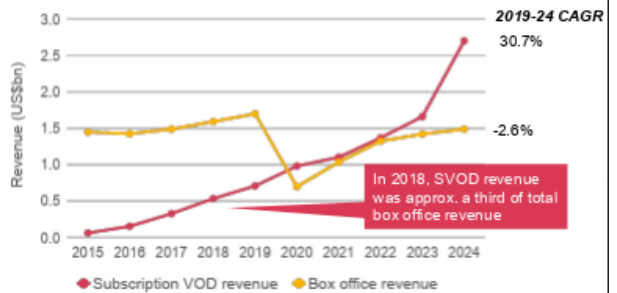
Deep dive: OTT video

OTT to gain as cinema falter; SVOD revenue to overtake box office spend in 2020

Global SVOD vs box office revenue, 2015-2024 (US\$bn)



India SVOD vs box office revenue, 2015-2024 (US\$bn)



SVOD slides past box office

- COVID-19 has accelerated OTT platform adoption
- A key tipping point will be reached in 2020 when SVOD revenue will overtake box office spend. This event highlights the speed at which OTT platforms have been accepted by consumers.
- OTT to benefit from the closure of cinemas, as some film studios choose to fast-track new releases to home video platforms.

Note: 2019 is the latest available data. 2020-2024 values are forecast projections.
Source: PwC Global Entertainment & Media Outlook: 2020-2024, www.pwc.com/outlook

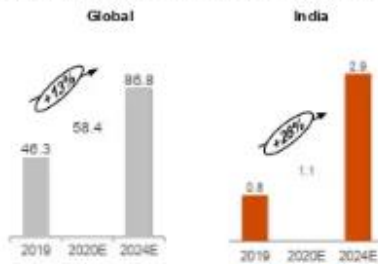
According to various studies, following are identified as the reasons for Future of OTT growth in India:

- OTT freebies weapons in telecom wars
- Increasing rural demands
- Tapping the audiences of Tier 2 and tier 3 cities
- Growth in Media literacy and acceptance of technology
- Growing availability of Regional content
- Cost and time convenience
- The ease for advertisers to measure the money being used in advertisements and results deriving

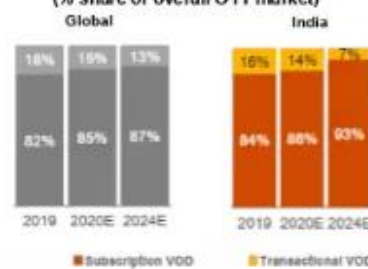
Deep dive: OTT video

India is the fastest growing OTT market at 28.6 % CAGR ; to become the sixth-largest market in 2024

OTT video segment revenue 2019-2024 (US\$ Bn)



Subscription VOD vs transactional VOD (% share of overall OTT market)



- India's OTT market to overtake South Korea, Germany and Australia and become the sixth-largest market in 2024.
- OTT video growth is coming from both inside and outside the home as Internet-connected devices proliferate, notably new smartphones and connected TVs.

- Subscription VOD will be the prime driver of revenue, increasing at a 30.7% CAGR from US\$708mn in 2019 to US\$2.7bn in 2024
- The new at-home environment has led to the rise of new direct-to-consumer apps, local 'bite-sized' entertainment platforms and user-generated content (UGC) formats.

Source: PwC Global Entertainment & Media Outlook 2019-2024. www.pwc.com/outlook

Amidst the rising OTT platforms and declining theatre going audience, co-existence is the ideal situation. OTT, being another avenue for films while the presence of theatres and audience also preferring cinema halls to watch films would bring 'paradiso' for 'cinema'.



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