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WEEKLY ADVERTISING, MEDIA & MARKETING NEWS



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**BRAND
FRIDAY**

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IN-CINEMA ADVERTISING WHY THE BIG SCREEN BECKONS

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BY DIPALI BANKA

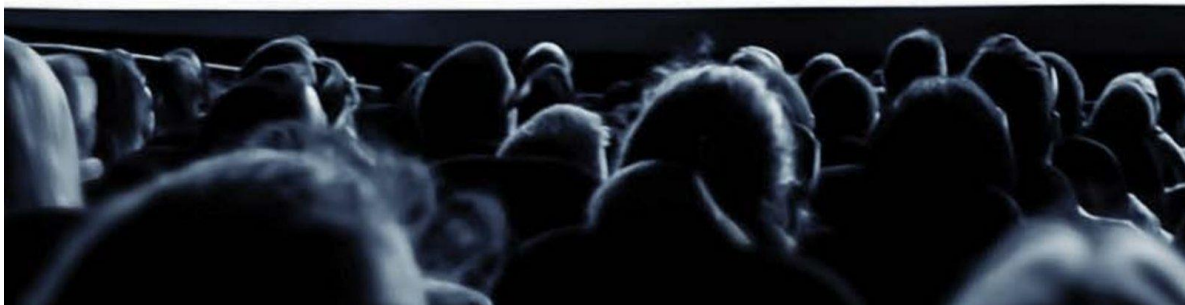
Kattappa ne Babubali ko kyun mara?" probably that's the question which will lead most of us to the cinema halls when *Babubali II* releases this month-end. Brands are eager to be part of the answer and hence there has been a massive rise in in-cinema advertisements for this mega blockbuster movie. With more than 40 million hits on the promo trailer, *Babubali II* has all initial signs of a mega blockbuster. Cinema chains are making as much business as they would during a Diwali or a Christmas season. The cost for a video ad ranges from Rs 3,000 per week in Tier II multiplexes to Rs 15,000 per week in metros with most of their inventory already sold. According to industry sources, at least 200 brands (small and large) are likely to have cinema campaigns during this mega blockbuster release.

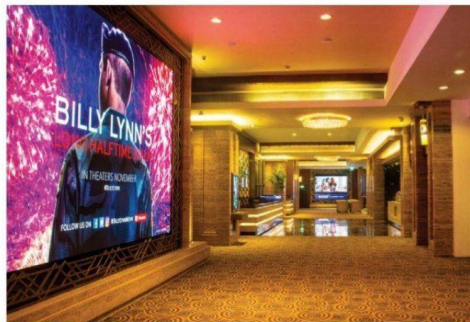
Once a poor brand's media vehicle running on slides to an evolved audio visual form which can be a great fit in a brand's ATL mix, in-cinema advertising has come a long way. But does it

make sense for brands to use in-cinema advertisement only during big ticket releases? What have been the structural changes in this medium over the last couple of years and what are the issues that still keep this medium away from the overall media plan?

A GEO-TAGGING FORMAT FOR ATL MEDIUM

Along with a captive audience with an open frame of mind, today in-cinema advertising also offers a brand the option to block a particular movie or take the genre of the movie and be relevant to that particular audience. Moreover, in-cinema advertising can today tell you exactly which store, which mall or which theatre you want to advertise in and that is the closest one can get from an Above the Line (ATL) advertising perspective, says **Jiten Mahendra, Vice President, Marketing, Max Fashion India**. "In-cinema advertising along with Digital and Radio, is a classic combination for targeting youth. Radio gives you the call to action, in-cinema gives you the





II. To recover this money and also ride the popularity of Bahubali among advertisers, cinema chains are prepared to charge a premium from advertisers in order to place ads during Bahubali II screenings. "The average occupancy of theatres doesn't change much over a period. They make more money by charging higher ticket prices rather than increasing the number of seats. So cost per reach for your cinema campaign might go up if you choose to advertise only during the screening of *Bahubali II*. Also, there will be a huge ad clutter, especially during the first two weeks of release," says **Samir Chaudhary, Co-founder of The Media Ant**, which provides detailed information on advertising touch-points.

However, **Anand Vishal, VP Sales, INOX Leisure Limited**, thinks the cost to reach out to an audience during a blockbuster film is cheaper than advertising during a regular film. "In the last couple of years, the advertising rates have increased at the rate of 12-15% YOY. Also putting things in perspective, the blockbuster movie rates are designed differently from a regular film. This is because the blockbuster films cater to a larger audience base and the cost to reach out to an audience during a blockbuster film is cheaper. By and large, we consume approximately 12-13 minutes of inventory per show and that's designed in such a way that the consumer gets the best cinematic experience between the feature film and the commercial ads played on the big screen."

"It's true that the nature of the medium is skewed towards big ticket launches; hence, the rate card is primarily based on standard, blockbuster and mega releases. However, considering the success of sleeper hits - movies that surpassed expectations critically and commercially - brands are quite wary of this fact, hence they wouldn't like to lose out on the viewership due to a sudden spurt in audience admissions," says **Gautam Dutta, CEO of PVR Cinemas**.

As television channels become fragmented, in-cinema advertising is becoming more effective for brands. The fashion brand Manyavar has been a great example. A pioneer in the ethnic wear segment, the market-share of Manyavar has been growing by 20-25% annually and in-cinema advertising has been a major focus for the brand in its growth journey.

"Today, our long term deals contribute more than 40% of the overall advertising revenue and 60% is targeted for retail activity attracting small to big films," states INOX's Vishal.

DIGITAL CINEMA CHANGES INDUSTRY DYNAMICS

Digitization of screens has brought about a revolutionary change in the way in-cinema advertising is being sold in India. The biggest structural change has been the aggregation of screens, either through the growth of the multiplex chains or digital cinema players such as the Qube Network and UFO Moviez. This has enabled investment in sales infrastructure and manpower. Digital cinema is now fast transforming the positioning of cinema as a media touch-point by establishing credibility and traction in the advertiser's and media planner's minds and budgets.

"In India CPTs (cost per thousand) of cinema advertising are much lower than Television when compared with other countries. For example in the US, the CPT of cinema advertising is almost three times that of Television. This makes the platform a cost-effective medium to engage with the audience and generate a greater brand recall," says **Girish Menon, Director and Head, Media & Entertainment at KPMG India**.

"We are observing a growing acceptance of in-cinema advertisement as a media platform. In-cinema advertising has been

thematic feel of it and Digital (Facebook and YouTube) is the new age medium. These three together give you far better reach than a Print and Radio put together. And all of them are very cost-effective," says Mahendra, while explaining ad spends of Rs 12 crore on in-cinema advertising in the year 2016-17.

ADVERTISING DURING BLOCKBUSTER RELEASES

Does it make sense for brands to advertise during blockbuster releases? "Depending on the categorization of the movie, brands would want to be present in theatres where the film is playing. So, it is the movie that takes the lead. Normally, blockbuster movies have immense traction with the clients. And it stands to reason that such movies get screened in the best of cinema chains," says **Sanjeev Goyle, CEO, Rural & OOH, IPG Mediabrands India**.

Cinema halls are paying a huge royalty fee to screen *Bahubali*





CINEMA IN NUMBERS

India is the biggest cinema market in the world with

1,000
movies

released annually and clocking more than

1.93
million

movie-goers annually



India is also an **under-screened market** with six screens per million population as against **123** in the USA, **87** in France, **60** in UK and **23** in China

IN-CINEMA ADVERTISING: STRUCTURAL CHANGES

Proliferation of multiplexes in the exhibition space growing at a rate of **8-9% annually**

Consolidation of multiplex business along with aggregation of single cinema inventory by UFO Movies & Real Image has made it easier for brands and agencies to liaison

With nearly 100% digitization of screens:

Volume of ad inventory has increased

Digitization allows simultaneous screening in various theatres along with geo-targeting and multilingual support for ads; brands can log and monitor the quality and frequency of their commercials

Cinema advertising constitutes 1% of the total advertising revenue pie

The number of in-cinema advertisers have grown from **50-100 in 2010** to more than **2500 in 2016**



growing at a robust rate of ~25% over the past few years and is expected to grow at a similar pace for the next few years. The number of advertisers has grown from around 50-100 in 2010 to more than 2,500 in 2016," adds Menon.

"India has approximately 9,000 screens that deliver close to 3.3 billion tickets, out of which 2,000 are multiplex screens which would roughly deliver around 30 crore tickets. The balance 3 billion tickets come from 7,000 single screens. This is where digital technology companies come into play," says **Siddharth Bhardwaj, Chief Marketing Officer & Head of Enterprise Sales, UFO Movies** which has a network of 3,700 screens across the country including around 750 multiplex screens.

Digital technology companies replace analogue projectors with digital ones, setting up different arrangements with the cinema owners. In many cases, they are co-owned, in some cases the cinema owners allow rentals to the digital supplier and to subsidize this rent, they offer ad inventory to these technology companies. The revenue generated from this inventory is shared with the theatre owners, the ratio is again based on the agreed arrangements.

"There are some States where the monthly reach of cinema is at par or more than the top-tier TV channels. We are now in the

midst of a move towards the segmentation of audiences, and to that end, are setting up a sub-network within our 4,000 screens of the top 400 multiplex and premium screens called the Qube Premiere Network, which will be offering a more premium offering to clients," says **Harsh Rohatgi - President of Digital Cinema for Qube Cinema Technologies Pvt Ltd.**

"Each brand is in a different stage of advertising, of maturity when it comes to using cinema as an advertising medium. But what we have typically seen is brands first come and test cinema by choosing to be part of a big movie because that's when ROIs are at the maximum. And then, once they slowly gain confidence, they choose more of such movies and expand to different geographies. But the leap of faith is largely taken by the brands themselves and not by agencies," says Bhardwaj.

WHY DO PLANNERS SHY AWAY FROM IN-CINEMA ADVERTISING?

If we look at the cinema advertising pie in 2016, it was 1% or Rs 523 crore, out of the total advertising spends of Rs 49,490 crore, according to the Pitch Madison Advertising Report 2017. It is a miniscule part of the entire media plan. Most of the brands



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IN-CINEMA SCREEN ADVERTISING REVENUES FOR FY 2016-17



Source: Company Results

categorize cinema advertising as an outdoor or a tactical medium and the mandate is largely left to the brand manager or the local territory manager.

Also, planners find it difficult to sell this medium to a brand as the KRA (Key Result Areas) of a planner is based on CPRP (Cost Per Rating Point) and TVR (Television Viewer Rating). Now, the grey area in this medium is a proper measurement matrix. Monitoring is not institutionalized, the way a BARC or a TAM works for Television. That makes it difficult for a brand which is purely driven by processes and not by customers. "Digitization of cinema and multiplexes has helped it grow. Despite it being more organized than in the past, it is still treated as an unorganized medium," says **Neelkamal Sharma, COO Buying, Madison Media Group**.

Clients require footfalls or categories of consumer who would view a movie. The current measurement system doesn't give out segmentation. Data on reach is scarce, leaving planners to go with their gut feel. "Monitoring is quite a challenge in in-cinema advertising, as it doesn't fall under the purview of broadcasting/ audience monitoring tools like in Television. So, measurement and analysis of impact is usually tenuous," says **Jitin Paul, Chief Marketing Officer of Bharti AXA Life Insurance**.

AVAILABILITY OF AUDIENCE MEASUREMENT SYSTEMS: OPPORTUNITIES & CHALLENGES

OPPORTUNITIES

- On-screen advertising provides undivided attention of captive audience, off-screen promotions allow brands to leverage theatre premises like lobby, washrooms, interactive zones, etc.
- Lower ad rates
- Flexibility to extend ad duration to 30-60 seconds
- Flexibility to target a captive audience in the desired region
- Very little clutter, huge mass following; gives high income captive audience
- Recall of cinema advertising is eight times more powerful as compared to Television advertising
- In India CPTs (cost per thousand) of cinema advertising are much lower than Television when compared with other countries
- Proliferation of multiplexes in the exhibition space growing at a rate of 8-9% annually
- South India is a great market to tap for in-cinema advertising

CHALLENGES

- Absence of a credible audience measurement system
- Execution is still a lot manual
- Occupancy is based on performance of the movies, show timings and weekday/ weekend shows
- Categorization is missing in single screen theatres
- Media ecosystem is yet to be made aware of all the innovations and possibilities that cinema advertising brings to the table
- Need for increase in the number of screens and multiplexes across the country

