

Dark Side of Box-Office Obsession

As opening day collections and business figures become marketing planks for movies, it's hurting people lower down in the Bollywood food chain

Shephali Bhatt

Vishek Chauhan is extremely anxious about the Christmas break. The last week of December is the most lucrative period for the Indian film industry, he says. Chauhan owns a cinema in Bihar's Purnia district and manages about seven across the state. This is generally the time the entire country, in holiday mode, flocks to cinemas.

Two movies are due for release around this time: Shah Rukh Khan and Anushka Sharma-starrer *Zero* on December 21, and Ranveer Singh and Sara Ali Khan's *Simmba* on December 28. That should make single-screen cinema owners like Chauhan happy. But more isn't the merrier for these exhibitors.

When big-banner movies are released consecutively, these exhibitors fear a clash with distributors – individuals or firms that own rights to sell a producer's film to exhibitors (single-screen and multiplex owners). The distributors of *Zero*, for example, may not want to reduce their shows per screen to accommodate *Simmba* the following week. Similarly, exhibitors suspect *Simmba*'s distributors may demand all the shows in a day. The negotiations are yet to begin but a lot of single-screen cinemas are assuming they'll end up playing only one of the two movies and lose out on the prospective business from the other, and that too in a crucial week.

In the business chain of producer-distributor-exhibitor, the single-screen cinema owners are often caught in a squeeze. The only irony here is that this vanity-fuelled mad scramble to get more and more screens and shows is leaving the industry with fewer single-screens than ever before.

According to the latest EY report, there's been a 30% drop in the number of single screens in India since 2009. Coincidentally, 2009 was the year that opening figures began to gain prominence, with *3 Idiots* clocking a record opening of ₹13 crore – the highest in the industry till then. Next year, *Dabangg* made news for breaking this record by netting ₹14.5 crore on opening day.

TL;DR

- Digitisation in ticketing and film projection equipment has improved accuracy of box-office collection figures by up to 70%
- Majority of single screens still don't have digitised ticketing software
- Producers often inflate gross collection figures to maintain hype
- Distributors arm-twist single-screen owners to buying combo deals to brag about the number of screens netted



Soon, opening collections became the it thing. Last month, *Thugs of Hindostan* broke all opening records at the box office with a collection of ₹50 crore. The next day, however, the collections dropped about 45%. Analysts said the movie would lose momentum in the coming weeks, and that's exactly what happened. Stories abound about exhibitors from certain territories demanding half of their money back from distributors: exhibitors sometimes have to pay an upfront amount for a movie. The movie closed at just above ₹150 crore at last count. Rumours that the actual numbers were close to ₹140 crore started doing the rounds on the industry grapevine. Numbers became the it thing again. Only this time, people within the industry and outside, were questioning their accuracy and, most of all, their relevance.

So, how are these numbers arrived at? The short answer: it is more an art than science.

Before the release of a film, trade analysts look at the response to trailers and songs. They ask distributors and exhibitors the number of screens a movie will run on – a key factor to ascertain opening-day collections. In many cases, the bookings happen until the night before the release date. Additionally, analysts tweet the movie posters and trailers to suss out public interest and keep talking to

"In 1981, I had booked *Silsila* for Novelty Cinema in Lucknow. More people queued up outside the cinema than inside. The audience threw coins at the screen when songs played. No one shared box-office collection. There was no way to find it out"

Brijesh Tandon, film distributor

non-industry folks to determine the movie's fate on opening day. Lastly, the advance booking numbers are taken into consideration. The word of an estimated opening figure goes out in the market. Distributors leverage their clout and this estimated figure to get the best deal from exhibitors. "The producer and distributors decide how many screens they want to target for a movie depending on its genre," says Nandu Ahuja, SVP-theatrical (India) at production and distribution company Eros International. If it's a big-banner movie aimed at the masses, getting the maximum number of screens or shows becomes critical for the distributor to get the maximum money out of the movie and to demonstrate the strength of their network. While multiplexes are too big to be arm-twisted, single-screen exhibitors often become prey to the strategies deployed to ensure these numbers are looking up.

Chauhan has seen single-screen owners



Calculation

THEN Till early '90s, distributors sent opening collection figures from their territories via telegram; analysts received these figures from sources. Entertainment tax differed in each state, which made calculations tougher

NOW Distributors collate data digitally and send a daily collection report



Accuracy

THEN Overall box office figures were speculative as there was no way to verify data provided by exhibitors to distributors

NOW Data from multiplexes and exhibitors with digitised ticketing systems made box-office figures up to 70% accurate; digital service providers also share numbers to tally some data

Opening collection

THEN Opening-day figures weren't relevant until 2008-09; movies ran in one cinema for weeks



NOW Estimated opening figures revealed at the end of release day; the number gained prominence after movies like *3 Idiots* and *Dabangg* did well in 2009-10

Cost of running a film

THEN Until the mid-2000s, producers paid ₹50,000-₹60,000 per print to film processing labs; this led to high print cost

NOW Significantly reduced; producers pay visual print fee of ₹20,000 per property (theatre/multiplex), or ₹500 per show to digital service providers

Same-day release

THEN Till the early 2000s, films were first released in big cities; shuttling of reels between neighbouring theatres was common to make the most of each print

NOW Release across the country commonplace; films digitised so no extra time or labour is required to transfer prints

Additional revenue

THEN Overseas collection, cassettes, CDs



NOW TV and digital broadcasting rights

Distributor network

THEN Each of the 14 cinema territories had 15-20 distributors; some had 25-30



NOW Since 2006-07, pan-India corporate distributors have gained prominence; only 4-5 individual distributors active per circuit

Box office obsession

THEN People often under-reported collections to evade taxes



NOW Box-office figures are key to marketing and promotional strategy; analysts discouraged from reporting dismal opening figures



“Consumers don't get influenced by box-office numbers. These figures are for the stakeholders because it is a vanity business. Success or failure is very public. Even the actor's driver would know if a film has flopped”

◀◀ Kamal Gianchandani, CEO, PVR Pictures

aren't in until then, these, too, are extrapolated. Over the years, analysts have developed their own hacks to arrive at near-accurate figures.

Mohan does it by visiting all the multiplexes around his office in Mumbai's Andheri West suburb every Friday. Between 10 am and 12 noon, his observations of PVR Icon at Inifiniti Mall, PVR ECX at Citi Mall and Cinepolis at Fun Republic Mall give him an idea of audience footfall on an opening day. From 6 pm, he starts a three hour exercise of calling up 60 to 70 distributors and exhibitors. No pleasantries are exchanged. Everyone's in a hurry and wants to talk about just one thing: “How much business the film has done so far.”

Veteran trade analyst Komal Nahta's formula is to ask certain specific questions to exhibitors, like “are women coming to the theatre on opening day?” Most women don't go to cinemas by themselves on a weekday. They come with their families, which means more footfalls, he says, explaining his strategy.

Nahta admits he doesn't have his own point of view on films anymore. Over the years, he has acquired the point of view of a paying audience. “I note the points in the film that made me laugh during the trial runs and special screenings.” On opening day, he asks exhibitors if the audience laughed at the same jokes. “If the answer is in the affirmative, I often tell the producer ‘bas ab aap chaddar odhke so jao’ (now you can relax).”

These are techniques he has perfected over the years. In 1994, *Hum Aapke Hain Koun* had released in a new cinema in Gandhinagar. “I took someone from my team and we stood on either sides of the hall. I had asked him to note if people cried at a particular point. Five seconds into that scene, everybody in the theatre was sobbing or moist-eyed. We looked at each other. We were crying, too,” says Nahta, who runs a trade magazine called *Film Information*.

Trade analysis, he says, doesn't rest on mathematics alone. At this point, it simply cannot. Multiplex chains like PVR, Inox, and Cinepolis that own close to 3,000 screens in India have digitised ticketing sys-



getting the short end of the stick in such cases. Sometimes distributors have forced exhibitors to book two or more of their upcoming movies or lose the opportunity to exhibit the latest one.

Even two decades after the advent of multiplex chains in India, single-screens still form the majority of the cinema universe. Of the 10,000-odd movie screens in India, 6,700 are single screens. For movies like *Satyamev Jayate*, which did ₹90 crore worth of business, 70% of earnings came from single screens, says trade analyst Atul Mohan, who also publishes a trade magazine called *Complete Cinema*. They may not command the price points of a multiplex, but single screens form a critical part of overall box-office figures.

Now, box-office figures aren't a new phenomenon. They have existed since the time of *Alam Ara*, India's first sound film, released in 1931. For decades, though, they were a part of the conversation within the trade. “Even till the early '90s,” trade analyst Amod Mehra recalls, “some distributors used to sent opening collection figures from their respective territories via telegrams.” Analysts like him received these figures from various sources, including exhibitors and distributors, and collated them manually to arrive at a gross collection figure. This was shared with newspapers for their Sunday editions.

These days, the opening collection is announced by producers and analysts at the end of the day of release itself, in a bid to add to the promotional buzz of the movie and to ensure the hubbub lingers longer, aiding in higher collection. Since the last show's numbers

“If I announce their movie's poor opening figures, some producers take it personally. Weeks later, I do it to their rivals, they call me 'honest'. Someone else's pain becomes their balm”

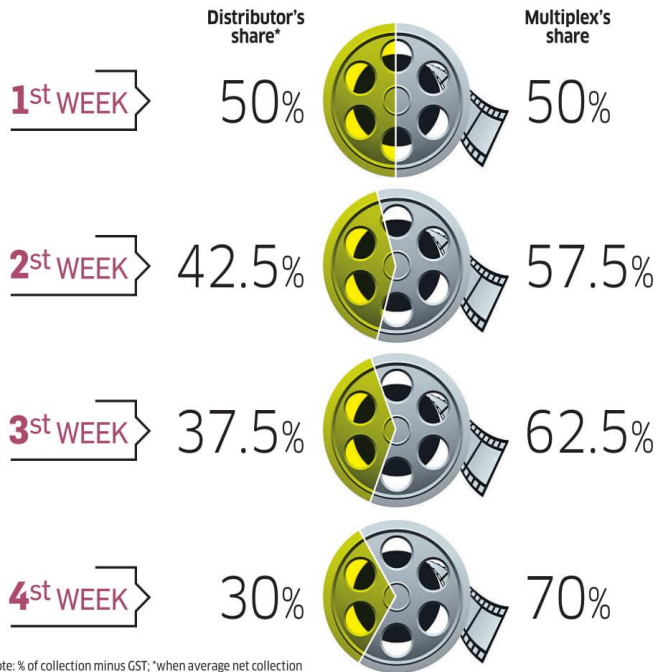
▶▶ Komal Nahta
film trade analyst



NITIN SONAWANE

SEAL THE DEAL

Distributors work with producers either on the basis of revenue sharing or a minimum guarantee and royalty (commission on extra income). Distributors work with single-screen owners, too, on either of the two terms. However, there's a flat net-revenue-share model between distributors and multiplexes



Note: % of collection minus GST, *when average net collection from multiplexes is in the range of ₹10 crore to ₹75 crore. Distributor's percentage share goes up if the film does exceptionally well
Source: Exhibitors & distributors

tems. So, their box-office figures are updated and shared with distributors in real time. But more than half the single-screen universe is not yet digitised. Everyone makes an estimate of the collections using numbers collated from certain sections.

Analytics companies like comScore have access to ticketing data across 3,000 screens, including multiplex and single screens. They reflect 50%-70% of the Hindi film universe, says Rajkumar Akella, MD-theatrical, comScore India. Then there are digital service providers like UFO that provide tech support to 5,000 screens. "We share playback log with the producer or distributor. It shows how many shows were played at each theatre, which provides additional data for number crunching," says Pankaj Jaysinh, COO of India operations at UFO Moviez. All these processes have made the system a lot more transparent.

There's a hitch, though. While there's a flat net-revenue-share model between distributors and multiplexes, a lot of distributors work with single-screen owners on a minimum guarantee basis. In this system, single-screen exhibitors have to pay a set amount in advance to distributors irrespective of the future ticket sales. Of the 300-odd single screens in Bihar, Chauhan says, a lot of exhibitors still follow the minimum guarantee model. Even if a movie flops, the distributor gets minimum guarantee from single-screen operators and a share of revenue from digitised cinemas. "But the overall number doesn't give a true picture of the box office because a lot of single screens end up incurring losses," Chauhan adds.

One way or another, many stake-

holders inflate figures almost on a weekly basis because it's a vanity business for them. Often producers announce gross figures when the industry internally looks at post-tax net collections – the industry pays 28% GST. Kamal Gianchandani, CEO of PVR Pictures, says: "The stakeholder's success or failure is all very public. Even an actor's driver would know if his film has flopped." When figures announced by produc-

ers and analysts don't match, conflicts arise.

Analyst Mehra says he has pointed out such discrepancies in several cases and paid the price for it, too. "Once an actor locked me inside his vanity van and asked what it will take for me to not be so harsh on his movies." This was after Mehra had remarked how a print ad for the actor's film's opening figure (₹30 crore) was released the morning after its release. "This happened a decade ago. It would have taken at least two days to book inventory, approve the creative, et al. How on earth were they able to get an ad in print so fast?" he asks.

Nahta had to lodge a police complaint about a heated exchange with a distributor after he reported poor box-office collections for Dhirajlal Shah's 1999 drama film *Hu Tu Tu*. In fact, he doesn't remember a single celebrity he hasn't had a conflict with because of his line of work. In this industry, however, there are no permanent enemies or friends. "If I announce their movie's poor opening, some producers take it personally. Weeks later, when I do it to their rivals, they call me 'honest'. Someone else's pain becomes their balm," he says.

Revenue Model

If a movie tanks, like in the case of *Thugs of Hindostan*, multiplexes reduce its shows and play a movie that is doing better. The negotiations to switch movies happen in good faith between producers, distributors and exhibitors. Of the 200 Hindi movies Cinepolis releases in a year, only 20 make 80% of the collections, says Devang Sampat, director of the multiplex chain. "For every *Thugs*, there is a *Stree* and a *Badhai Ho*. One movie doesn't change the business or our life," he says. The single-screen that gets into a revenue-share model with a distributor doesn't get deeply affected either. But those who pay minimum guarantees to distributors bleed. In the past, Shah Rukh Khan and Salman Khan have made news for returning a portion of exhibitors' money for their movies that didn't do well.

"In a year, we only get 4-5 movies meant for the masses. They ruin it for us by releasing 2-3 on the same day or consecutive weeks. Many distributors do not compromise on the number of shows and threaten to not give their film altogether"



Vishek Chauhan
single-screen exhibitor, Bihar

Single-screen halls also don't have a ready replacement movie should the first one fail. "Once you choose to take one distributor's movie over another, the latter gets into a punishing mode and refuses to sell his movie to you. It's their way of showing power," an exhibitor says on condition of anonymity. Single-screen exhibitors don't always get to decide what they can run in their own cinemas.

Things weren't always this gloomy, says Brijesh Tandon, originally from Lucknow, who began distributing movies in the Delhi-UP circuit in the late '90s. In cities like Delhi, film reels were released area wise back then – say, one for Connaught Place cinemas and another for Chandni Chowk. Distributors had motorcycle-borne agents to transfer reels from one theatre to another, saving the print cost per film. Movies used to run for months. "*Hum Aapke Hain Koun* ran in Meerut's Nandan Cinema for 65 weeks," he says. "It was a remake of Rajshri Productions' earlier film *Nadiya Ke Paar*, a small film that also ran for 50 weeks," he adds.

Then came the multiplexes, the corporate distributors with pan-India presence and the ₹100 crore films. The obsession with figures led to the fight for shows. And single screens succumbed.

At one point, there used to be 25-30 single-screen theatres in Lucknow. Now, there are barely five, says Tandon. More than 800 single-screen theatres have shut down in UP, he adds. Bihar's single screens are facing similar issues, says Chauhan. Single screens won't survive more than 10 years if things continue like this, he adds.

Box-office figures are fairly accurate now, says Tandon, a sexagenarian who has given 40 years of his life to this business. "People can only exaggerate to a certain extent."

It's not misreporting, but the obsession with box-office numbers that is the problem. It can have serious consequences. When Nahta was dealing with the distributor of *Hu Tu Tu*, his mother overheard their exchange and had a panic attack. "She had to be hospitalised," he says.

Tandon recalls a simpler time when there was more fun than fight in this business. "In 1981, I had booked *Silsila* for Novelty Cinema in Lucknow. More people queued up outside the cinemas than inside. The audience threw coins at the screen when songs played. No one shared box-office collections, there was no way to find out the numbers." ■



"Even on Thursday night you don't know how many cinemas a movie has got. In rare cases, deals happen until Friday morning. I make 60-70 calls to distributors & exhibitors within 3 hours every Friday evening. No pleasantries are exchanged. Everyone's in a hurry"

Atul Mohan, film trade analyst

shephali.bhatt@timesgroup.com