



“People are missing the experience of visiting a cinema”: Kapil Agarwal, UFO Moviez



In this post lockdown interview, Kapil Agarwal, JMD, UFO Moviez, talks about the current scenario and the future. He believes it will take a lot of effort to get people back to theatres

In 2019, 1,833 films were released in Indian multiplexes and single-screen theatres. In other words, more than 150 films were released in a month. In 2020, everything has come to a standstill because of the Coronavirus

pandemic. Cinema halls were asked to pull their shutters down much before the nationwide lockdown. Two months have already gone by, and it will take a few more (months) for large screens to find an audience.

Kapil Agarwal, JMD, UFO Moviez, believes that it will take a lot of effort to get people back to theatres. However, the good thing, according to him, is that people are really missing the experience. Launched in 2005, UFO Moviez is a digital cinema distribution platform. It uses satellite technology to enable theatres across India to screen movies on the day they're released. In FY19, its revenue from operation stood at Rs 616.9 crore.

In this interview under the section 'Post Lockdown', Agarwal talks about the current scenario and the future.

What is the current state of your industry and for how long will it stay the way it is?

Today, the film industry revenue stands at zero. This is a business where people have to congregate in huge numbers. And since we're fighting a disease that spreads due to human touch and we're talking about social distancing, cinema halls were the first to close and, I think, will be the last to open. Even if the lockdown is lifted on May 3, 2020, it does not mean that cinemas will open. Our estimate is that if the lockdown is not extended and everything else goes as per plan, cinemas may start again from the end of June, certainly not before that.

"Once the cinemas open, people won't immediately start buying tickets. It will take a lot of effort from everybody in the business to bring people to theatres." Kapil Agarwal

Do you think people will start visiting cinemas immediately once they open?

Once the cinemas open, people won't immediately start buying tickets. It will take a lot of effort from everybody in the business to bring people to theatres. People will be scared to even step out, and once they start doing that, they will only visit places they trust. It will take at least three months after the cinemas open to get the fear out of people. One thing that we have gathered so far is that people are missing the experience of visiting a cinema, and are willing to go back.

How will you do that?

First and foremost, we will have to establish that we are safe and this is where we need to spend the next three months. The multiplexes have already announced that they will sell alternate seats, and schedule screenings in a manner that ensures limited gathering. We will need to sanitise all the multiplexes and keep the workers well protected. Work has already started on that (front). After all that is done, it will depend on the movies that are releasing. Unless big movies are released, people won't visit cinemas.

"We need consumers to visit cinemas first, for the advertisers to show any interest." Kapil Agarwal

Will marketing play a critical role? What will change in terms of the way you communicate?

Yes, marketing will play a big role and you will have to do the 'halla-gulla', but before that, we need to act and ensure that the cinemas are actually safe. Also, you will find a lot of players in the industry diverting their B2B spends towards B2C communication. We at UFO Moviez, for example, have an advertising contract with 4,000 screens across India, and our revenues from advertising in FY19 stood at Rs 237 crore. A lot of our advertising was directed towards the agencies and advertisers. But now, we will divert it to B2C as we need consumers to visit cinemas first, for the advertisers to show any interest.

How do you see the market behaving differently from what it used to be?

What happens is that the content owners, depending on the scale of the movie, ask for an advance. So, to get the digital rights for a week, you will have to pay an advance of Rs 1.5 lakh-Rs 4 lakh. And then, you will get the license to screen the movie at your cinema. Now after being out of business for more than six months, nobody will have the money to pay advance. And, content owners will be reluctant to give rights without an advance because there is no clarity on whether they will get returns. Because we have the technology, we can ask the producer to give license for a day and we can collect money from the cinemas on a daily basis, or per show basis. So, you will pay me one day, I will give you the right for that day and then after you have collected the money, you will transfer it to me and I will give you the right to screen for another day. I think this is the time for the next level of innovation.

Internally, how do you see things changing?

We are a 1,300-people strong team and haven't laid off a single person yet, including third party associations. At the same time, internally, we need to reorient ourselves. Our dependence on one business is high and, therefore, we need to find out if we can use our resources, offices, various teams in some other

way. Our workforce can supplement other organisations. For example, we have an advertising sales team which can provide assistance to those that depend on advertising... Actually, we have thrown a challenge to the entire team to come up with ideas on how we can reduce that dependence on one business.

How long will it take for the film business to return to normalcy?

My estimation is that it will be by October-November. By that time, we will see crowds in cinemas again. It is the (festive) Diwali period when big movies are scheduled for release and once that happens, we will see things changing.