

 **MEDIA**

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Expert call takeaways: Industry staging a swift recovery

- **Media industry seeing robust recovery as consumers are returning to theatres in large numbers and spending more**
- **Recent announcements of consolidation in the sector may help reduce rentals for premium spaces and also increase pricing power**
- **OTT platforms generally help the market by offering more incentives to content creators but cannot substitute for a theatre experience**

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We hosted Amit Sharma, MD of Miraj Entertainment. Key takeaways:

Robust recovery underway: The media and entertainment industry witnessed a robust recovery in Mar-Apr'22 with both Bollywood and regional content (including dubbed) performing well across India. New content, along with pent-up demand, is drawing large audiences. Not only are consumers paying high prices for tickets, but they are also spending more on food & beverages (F&B). Average ticket price (ATP) has increased by 20-25% and F&B spending is up 30-35%. However, advertising revenue will take around 2-3 quarters to recover. In terms of cost inflation, the recent increase in ATP and spends per head (SPH) can absorb the higher costs.

Expansion on track: The content pipeline is strong for the coming months and the industry has the capacity to launch ~350 screens this financial year. India remains an underpenetrated market by global standards. Multiplexes form just 30-35% of overall screens. Despite having the largest movie industry in the world, India has one of the lowest theatre availability levels per capita. Also, ATP is less than US\$ 3 against US\$ 7-8 in other big global markets.

Proposed PVR-Inox merger positive for the industry: A key benefit from the PVR-Inox deal could be a correction in real estate rentals. The merger can also increase pricing power for exhibitors and push up advertisement revenue by 30-35%. With the increased cash flow, exhibitors can also look to enter into movie production. The merger may encourage further consolidation in the industry.

OTT benefits content creators but cannot replace theatre experience: Over the top (OTT) services are good for the overall industry as they offer another revenue stream for content creators. With this, content creators can recoup 35-40% of costs even before movie release, which reduces their dependency on box office revenue. OTT platforms have also helped regional content get pan-India viewership. However, they cannot substitute the big-screen theatre experience which is more of a community-based, emotive experience. In a more generalised form, OTT competes for TV series while films are best suited for larger screens.



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