

The cinemas strategy

Business



As courageous works to diversify its brand by venturing into new markets, based on a cost leadership strategy, the company must be selective with which markets they look to enter. The core competencies of the firm such as cost reducing automation, yield management and leveraging commerce may be effective in the airline industry but will struggle in the cinema market, evident by the fact that the Milton Keynes Theater shut down In 2006.

Reviewing cleanliness's go to market strategy In 2003 the company faced some difficult barriers In gaining a competitive advantage.

As with asset, cinemas was seeking to Implement a radical pricing strategy and " no frills" service. However, with movie goers brand recognition and high quality entertainment are keys for long term survival and the cyclamens strategy Is a complete change from what consumers are use to. To reduce the threat of buyers cyclamens must find ways to nurture the new process by Increased marketing on the benefits of the variable pricing structure and the " bring your own" philosophy.

cinemas also faces a high threat from suppliers. First run blockbusters are an essential factors for competitive parity in the cinema market.

Distributors gain a large share of income generated through box office sales and the fixed fee proposition of cinemas could affect that revenue. Although the cinemas strategy seeks to targets low-income families that rarely attend movies because of the high prices they will be challenged in negotiating prices until they develop that market. Entry barriers also prove to be an obstacle for cinemas.

To create brand loyalty and recognition the company must find away to expand its operations which requires larger capital investments, roughly 10-15 million to set up new multiplexes.

Substitutes are another high threat area for cinemas. The value that cinemas offers can be easily diminished by the options of DVD rentals, DVD sales, TV and online streaming videos. With vertical integration an organizations strategy must be aligned with its resources and objectives. courageous may not find success in the cinema market they have refined their strategy to focus more on DVD rental and sales.

Red Box has implemented a similar strategy of automation and cost reduction In the US and has been able to achieve competitive advantages and reduce threats from suppliers, buyers and rivals.