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ancerscrewsspotboys Five Force Model Analysis Hindi Film Industry
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Date: Remarks: Five Forces Analysis It helps the marketer to contrast a
competitive environment. It has similarities with other tools for
environmental audit, such as PEST analysis, but tends to focus on the single,
stand alone, business or SBU (Strategic Business Unit) rather than a single
product or range of products. Five forces analysis looks at five key areas
namely the threat of entry, the power of buyers, the power of suppliers, the
threat of substitutes, and competitive rivalry. The threat of entry Economies
of scale e. g. the benefits associated with bulk purchasing. * The high or low
cost of entry e. g. how much will it cost for the latest technology? * Ease of
access to distribution channels e. g. Do our competitors have the distribution
channels sewn up? * Cost advantages not related to the size of the company
e. g. personal contacts or knowledge that larger companies do not own or

learning curve effects. * Will competitors retaliate? * Government action e. g. will new laws be introduced that will weaken our competitive position? * How important is differentiation? e. g. The Champagne brand cannot be copied. This desensitises the influence of the environment. * This is high where there a few, large players in a market e. g. the large grocery chains. * If there are a large number of undifferentiated, small suppliers e. g. small farming businesses supplying the large grocery chains. * The cost of switching between suppliers is low e. g. from one fleet supplier of trucks to another. The power of buyers The bargaining power of customers is described as the market of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes. * Buyer concentration to firm concentration ratio * Degree of dependency upon existing channels of distribution * Bargaining leverage, particularly in industries with high fixed costs * Buyer volume * Buyer switching costs relative to firm switching costs * Buyer information availability * Ability to backward integrate * Availability of existing substitute products * Buyer price sensitivity * Differential advantage (uniqueness) of industry products The threat of substitutes * Where there is product-for-product substitution e. g. email for fax Where there is substitution of need e. g. better toothpaste reduces the need for dentists. * Where there is generic substitution (competing for the currency in your pocket) e. g. Video suppliers compete with travel companies. * We could always do without e. g. cigarettes. The power of suppliers. * The power of suppliers tends to be a reversal of the power of buyers. * Where the switching costs are high e. g. Switching from one software supplier to another. * Power is high where the brand is powerful

e. g. Cadillac, Pizza Hut, Microsoft. * There is a possibility of the supplier integrating forward e. g. Brewers buying bars. * Customers are fragmented (not in clusters) so that they have little bargaining power e. g. Gas/Petrol stations in remote places. Competitive Rivalry * This is most likely to be high where entry is likely; there is the threat of substitute products, and suppliers and buyers in the market attempt to control. This is why it is always seen in the centre of the diagram.

Hindi Film Industry (Bollywood) Brief Hindi Film Industry, popularly known as Bollywood; is based in Mumbai, Maharashtra. Raja Harishchandra (1913), by Dadasaheb Phalke, was the first silent feature film made in India. By the 1930s, the industry was producing over 200 films per annum. The first Indian sound film, Ardeshir Irani's Alam Ara (1931), was a major commercial success. * Bollywood is the largest film producer in the world. They produce roughly 1000 movies a year. * Hollywood only produces 500 and Japan produces 400 movies a year. * The Bollywood industry had revenue of US\$ 2.5 billion in 2008, and has been growing at approx. 9% a year. The revenue is expected to reach US\$ 4.1 bn by 2013. Bollywood is a single word with different people with respective roles constituting it. *

Actors: Are those males & females who act in the film. They can be further categorised as — * Lead actors / actress * Junior artist * Supporting cast *

Directors: Are those technical personalities who visualises the story and direct the flow the same. * Producers: They pool in their money to get the films done. Each and every aspect financial aspect of the movie is taken care by them. * Singers/Musicians: They lend their melodious voices and music to actors to support the movie with songs and music. * Technicians: Behind the camera people who help in various activities during the making of a film.

Hindi films are of two varied different nature — * Commercial — commonly considered as the ' masses ' cinema * Art — subject based caters to a particular segment of a society Hindi film industry earns its revenue from various sources — audience, events, in-film advertising. All these aspects affect the revenue generated to some or the extent, but the large part is concentrated through audience / box office collections. Therefore, the major emphasis has always been given to box office success of a film. A total of 3.6 billion tickets and earned revenues (theatre tickets, DVDs, television etc)for Bollywood is of \$1.3 billion. An average Bollywood film is budgeted at \$1.3 million. India has a substantial domestic market for its films because of its huge population of 1.1 billion. International investors have begun to realise that production costs in India are a fraction of their domestic costs and that there is little difference in their production quality.

Porter's 5 Force Model Analysis

- * Threat of New Entrants There are a number of new entrants in the industry every year. The number reaches to almost 10-20 every year of which only 1% is able to survive the hard core competition of the industry. The new entrants have a fear of being accepted i. e. will they be accepted or not... will the audience appreciate their work... will any director / actor be ready to work with them... will any big names be ready to associate themselves with the newcomers... all these factors lead to a minimised entry of newcomers to the Hindi film industry.
- * Bargaining Power of Suppliers Film making is corely based on money, i. e. if you have the finance you can go ahead else, the door is closed. Earlier, the directors were highly dependent on the businessmen or underworld mafia for money to produce a film. But with new reforms, banking & financial institutions are now pooling in their

money in film making. Apart from them, there are now big production houses in the fraternity either owned by actors, director or early producers which are ready to pool in their money for film. All these have lent the new talent to try their luck at least once in the industry. * Power of Buyers As for any industry, customers are the powerful end in film industry as well. Here, we term them as viewers or audience. If your audience does not watch your movie, then you do not have box office collections and you are gone. Film industry involves high risk, yet on the same time can generate huge revenues as well. It is said that, Customer is king pin of a business, you have to know who your customer is, but in Film making; though you know your target audience but you cannot determine the revenues. Sometimes you expect a lot but none happens; sometimes you don't expect and a miracle happens. * Availability of Substitutes Seeing the recent development in Indian scenario, I can say that the biggest threat to Hindi film industry is from the regional and English film industry (dubbed versions). Today, people like to watch English movies due to several reasons — short duration, no songs, no fairy tales, etc. As for as regional movies are concerned they are also able to attract a good number of audience either because of the storyline or the technology. These substitutes sometimes lead to a fallback of the Hindi films. But yes, even today the power of Hindi films is much more so the affect is still less. * Competitive Rivalry There is a great competition in the industry, competition to remain at the top of the mind of the audience. There is a constant struggle among the various categorical talents to grab the awards and 1st position. Be it director, actor, choreographer, singer, composer, or anybody else everyone wants his / her name to be registered on Top of Mind of audiences.

In fact, the overall films compete with each other to stay at the top.

Implications * Hindi Film Industry Bollywood being the creative field has limited entry barriers to the new talent. Moreover it is the legacy of Bollywood families that have their new generations stepping in the industry. With such a great opportune and a great receptive power of audience worldwide the new comer has a great chance of stability. The suppliers end being oligopolistic and the number of buyers increasing with the Indian population and worldwide acceptance the hold on industry gets better. Yes, there is competition in the industry with the existing players which are already a big names in their fields and with the new entrants to be able to gather more and more acceptance within / out the industry. * New Entrant When a newbie enters the market, he / she may / not get applause. The reasons being — * Talent, Audience Expectations, Media, Background, Current Scenario All these factors have to be taken care of when someone starts anew in the industry. Personal talent is must while entering a creative field like Hindi film industry. No matter, what your background is talent is the foremost requirement of this industry. In past, we have examples like such, Rajeev Kapoor son of the great Raj Kapoor was a failure. People expect a lot; even from film fraternity masses have huge expectations, say, a good story, brilliant character play, fine cinematography, and others. Missing on even one can lead to disaster for the new entrant in the industry (Gulal by Vishal Bhardwaj was a huge success at box office; Pyaar Impossible was a disaster due to some technical faults). Recommendations I would recommend the new entrant to polish up the respective skills of interest and then enter the danger zone. One needs to handle media effectively rather than smartly,

because smartness may lead to dump holes. Since this is the creative field so, one can merely have theoretical knowledge but yes in such a field stability comes with talent and time. Bibliography * Marketing Management by Philip Kotler * Wikipedia. com * Bollywoodcountry. com (IANS) * Study on Bollywood by International Business Development * Britannica Encyclopaedia * Marketing. about. com