

Imax resources case study

Business



In addition, firms in the industry rely on vertical integration for growth, which increases their size gap relative to IMAX. Emerging technologies are both helping and hindering the industry.

The ease of online piracy is allowing more consumers to access films for free on their computer in the comfort of their own homes, rather than paying to see them in theatres. However, certain technologies such as cheaper HAD and AD cameras allow for companies in the industry to continue efforts to reduce their costs.

The economic conditions have a large effect on profitability in the industry, as consumers will spend less money on entertainment activities during economic recessions. IMAX's competitive advantage began when it was founded as the only company worldwide involved in all the aspects of large format films. Over the years, they have maintained their competitive advantage through profuse Research ; Development- even being awarded an Academy Award for their advancements and innovation in the industry.

IMAX's main sources of revenues were long-term theatre system leases and the ensuing maintenance agreements, film production and distribution.

And theatre operations. Theatre leases were generally 10-20 years and renewable by the customer. As part of their leases, IMAX consulted their customers on theatre design, supervised installation, trained theatre staff, and maintained the system. IMAX integrated a two-pronged strategy to maintain its growth by opening IMAX within multiplexes and releasing Hollywood films in IMAX.

Although IMAX has never chosen to market their films aggressively, they created a unique brand image by locating in prestigious venues and helping pioneer the “edutainment” genre. Recently, IMAX entered into partnerships with MAC and Regal Entertainment to screen IMAX films in multiplexes using its MIX technology, which enabled IMAX and theatre owners to invert traditional theatres to IMAX format.

IMAX has a competitive advantage over other companies for many reasons. Firstly, their resources are perceived as valuable.

Customers are willing to pay the added costs of viewing a film in IMAX because of the effects they are guaranteed, including higher quality audio, special effects, and image resolution. IMAX resources are considered rare because consumers are not able to get the experience of IMAX films elsewhere. Their organizational resources are not possessed by their competitors, which establish the second element of a competitive advantage. IMAX's resources are difficult to imitate which is key to competitive advantage.

They are able to constrain their competition because they are the only company in the industry who has the ability to provide the “IMAX experience”. There is a support organization put in place to support a valuable, rare and difficult-to-imitate product experience to ensure maximum benefit utilization of current resources. Recommendation We recommend that due to the growing desire of the consumers to see major blockbuster hits in IMAX theatres, IMAX should seek out some of the large studios in efforts to bring new and exciting films to the IMAX screen.

Although we believe that they should branch out to new partners and studios, it is essential for IMAX to maintain full selection rights in order to not distort their brand name with less stimulating movies. By maintaining this distinction, IMAX will propel them to being the golden standard in the industry. In addition, due to their recent partnership with MAC/Regal, we believe that IMAX can thrive in the industry, while still remaining its own entity.

These partnerships give IMAX access to the commercial multiplexes, which eliminates the need to be acquired to gain access.