

GLOBALIZATION or GLOCALIZATION

- *Nisith Takia*

The big boys have arrived!! The Hollywood studios are flaunting their muscle and power in the Indian entertainment space. They are here to stay like any other global auto manufacturer or the soft drink companies.

On the flip side, with the plans to become a dominant participant in the entertainment space, Reliance Anil Dhirubhai Ambani Group's Big Entertainment gets into a joint venture with Hollywood director Steven Spielberg. The investment outlay of US\$825 million will be split into equity and debt. The movies will be globally distributed by Disney while the Indian Territory will exclusively remain with Reliance Big Entertainment. A great business mix!

A small production company, Rising Star Entertainment almost finished shooting for their film starring Martin Sheen, Mishca Barton and Kal Penn. So is the globalization really here with the Indian entertainment industry? Or are these freak occurrences and Indian entertainment is still committed to the local and the NRI audience?

This is the question that has been addressed in the FICCI FRAMES events over the several years in the years. The entertainment industry is desperately making efforts to go global. If not so much for the businessmen of this industry, the content has already gone global. The current success of Slumdog Millionaire is a true example of global acceptance of Indian content. And so are Monsoon Wedding and the ever lasting classic, Gandhi. The only thing is that these films are not exactly directed by traditional Indian film directors.

In an industry already marked by significant changes in recent years, the combination of studio presence, new digital distribution modalities and evolving audience consumption habits, there is a huge challenge to the traditional Media and Entertainment (M&E) business models. It also could herald the beginning of a radical transformation that will redefine the whole co system. Creation, Aggregation and Distribution of content and the high cost of making big star films necessitates the exposure to a larger breadth of audience across the globe.

Changing and evolving factors

While content is the key factor that will facilitate globalization of the Indian films, the other very critical component to this is the global business connect. Accessibility and the promotion and marketing of Indian content globally are very miniscule compared to the marketing budgets of Hollywood films. The total Indian entertainment export is a meager US\$500 to US\$600 million compared to this summers US\$1 billion spent globally by the Hollywood studios only on the promotion of their movies hitting the screens. The whole landscape is different. While we proudly release 1200 prints, a typical studio film has over 10000 prints released worldwide. In Russia alone, Harry Potter and the Order of the Phoenix was released in over 534 screens.

The Hollywood studios maybe here and one would like to believe that they would be the strongest agents of migrating Indian content globally. But from what we have observed so far, they are producing similar kind of films, with a strong presence in Bollywood and largely ignoring the regional cinema. They have so far not helped the content to migrate across the traditional Indian audience globally. So far we have not seen a merger of Hollywood creative talent and the global markets, but only exploitation of the revenue stream that is traditional to the Indian film markets.

Revenues from film industry, valued at about US\$1.75 billion in 2006, are forecast to nearly double to \$3.4 billion by 2010, according to estimates by PricewaterhouseCoopers.

For the Indian content to go global, the most critical component missing is the business link. US market is the Holy Grail for theatrical revenues in the overseas market. An Indian film in the US is missing from the theaters where a typical studio film is released. The number of prints is far too low compared to its Hollywood counterpart.

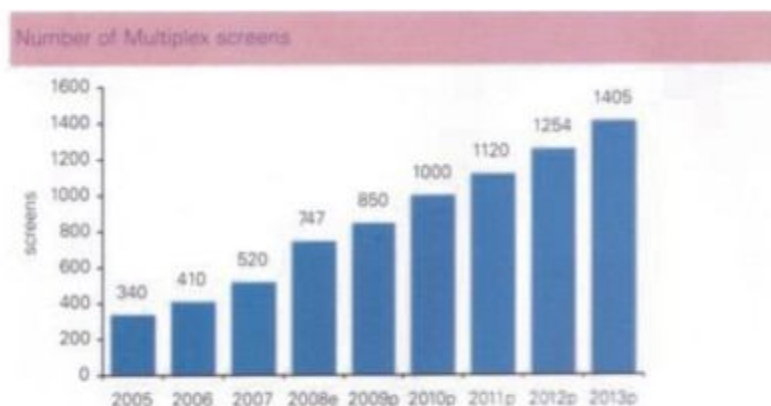
The producers have to work hard on content that is palatable to the global audience. It would be wise to have a separate edit for the foreign release. The song and drama saga is not what the world may want to view, unless it's a musical. Strong content that is very honest to its characters and story would always work.

The advantage of movies is that the images help to tell the story. Films from countries like Iraq, Afghanistan, Spain, Korea, Hongkong, France, etc have worked very well globally. People all over the world have same emotions and with probably different ways of expressing them. Today the world has shrunk a lot. While the cultural and traditional differences do remain, the contemporary world is converging to a common lifestyle. Also the television has brought a single world concept closer than one may realize.

So what steps is India taking to globalize the second largest number of film producer in the world? Or should we ask if we are taking any steps? But the changes in the industry are largely visible. Production is getting bigger and corporatized. Several large Indian competitors have entered the foray and are giving it a strong structure in terms of process, management and deliveries. Financial models are evolving continuously and better financial management and even profit sharing of revenue streams is being encouraged. This helps in reducing the basic cost of the film.

Exhibition has taken a huge step forward. The moviegoers experience has changed in the last few years drastically. Multiplexes are springing across the nation. Studio collaboration is on the rise. Audience is getting more matured and exposed to movies and entertainment from various parts of the world. Their expectations are aligning towards what we may believe is global content. All factors seem to be preparing India towards globalization. Animation is another sphere where content can be tailored to the world market. The genesis of most of the animation studios is with the largest competitors of the world. Outsourcing has been the primary business of most animation studios in India and they have been only exposed to working with global content. This has naturally nurtured a globally accepted creative mindset.

Multiplex expansion in India



Source: Industry Interviews, KPMG Analysis

Domestic box office collections are likely to continue to remain the dominant

All pointers seem to move towards a one world content creation. Will India be able to create a Slumdog or Gandhi that needs to be seen? Assuming the content is created, but for it to be exploited

globally, the most critical component is the business connect. Will we be able to initiate content with the production, distribution and exhibition globally? The future is not very far. So local content marketed globally is the key to globalization of Indian movies. GLOCALIZATION.

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