Movie Consumption Methods In- And Out Of Home

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ABSTRACT: *While movie theatres and in-home movie watching still play a large part in the movie lifecycles, we could also say that we live in the new age of digital multimedia. Movie distribution as a whole is going through major changes in both consumption and in the general methods of how the customers garner information. While the greatest challenge of the industry is often perceived to be piracy, as the markets are shifting more and more towards value based models, the new competitors arriving in the field of streaming service providers are starting to threaten even the free download sites' popularity.*

This paper aims to analyze movie watching methods and habits, be it the traditional methods of in- and out of home consumption (through television and movie theatres) or the other alternatives (which offer possibilities for both main methods) in the form of downloaded (legal and illegal) and streamed movie content. The later generally sits on the strong base of technological advances as more and more smart devices and increasing streaming quality standards are becoming available to the consumers.

KEY WORD: *consumer behavior, movie consumption, streaming, piracy*

I. Introduction

Movie theatres and the in-home movie watching provided by "home cinema" generally play a large part in movie lifecycles. On another note, we could say that we live in the new age of digital multimedia where movie distribution is going through major changes as well as the general methods of how the customers garner information (or try to measure the value of a certain title), especially when it comes to the internet (Deák, 2008). While the greatest challenge of the industry is often perceived to be piracy, as the markets are shifting more and more towards value based models, the new competitors arriving in the field of streaming service providers are starting to threaten even the free download sites' popularity. The latter is achieved through by focusing more on accommodating to the changing demands and offering competitive alternatives instead.

This paper aims to analyze movie watching methods and habits, be it the traditional methods of in- and out of home consumption (through television and movie theatres) or the other alternatives (which offer possibilities for both main methods) in the form of downloaded (legal and illegal) and streamed movie content. The later generally sits on the strong base of technological advances as more and more smart devices and increasing streaming quality standards are becoming available to the consumers.

II. Methodology

While the paper serves a mainly theoretical approach, several secondary data has been collected and analyzed to observe the factors that affect certain in- and out of home movie consumption aspects.

To this end we have collected data from the Hungarian Central Statistical Office ("Központi Statisztikai Hivatal" – KSH) and the National Media and Infocommunications Authority ("Nemzeti Média- és Hírközlési Hatóság" – NMHH).

All the while we also took a look on internet piracy and its effects on consumers for which we have used the data from torrentek.info, which collected information from Hungarian privately operated torrent websites, which included user and connection data, torrent data and other activities.
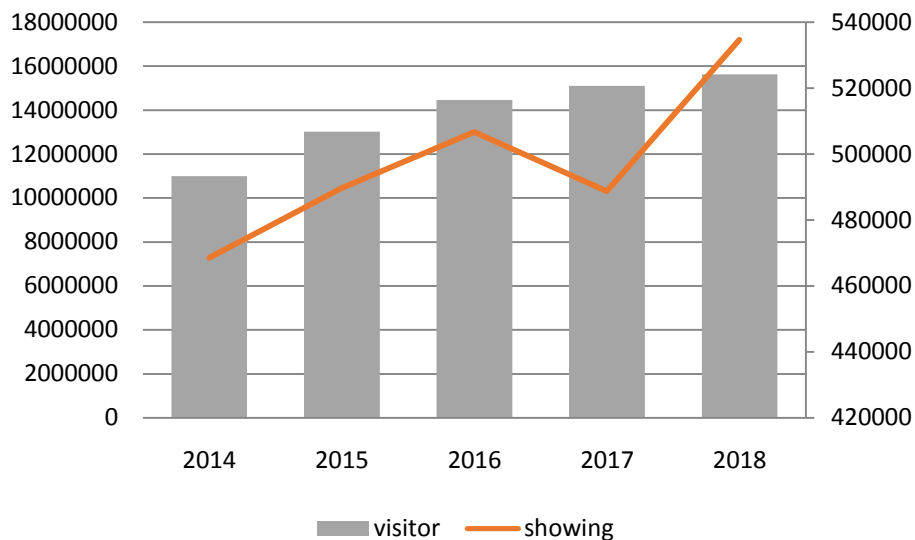
III. Movie Theatres

Ever since its initial appearance, movie theatres have been continuously high in popularity, which has only been met by certain special forms of entertainment, such as the classical theatre and opera, mainly due to their difference in broad appeal and the aiming for different segments of consumers. The real first threat on movie theatres came in the appearance of the television (with an initial drop of attendance in movie theatres after the debut of TV-s in the consumer homes), but ultimately these two mass entertainment mediums were able to function on the same market. This was attributed to the fact that while the television was targeting the homes of people, the movie theatres were on the opposite end; offering entertainment for the consumers out of

their homes, all the while combining the movie experience with a social aspect as well (Faár, 2007). Jarvie (1978) in his research on the American movie market has also pointed out that due to the effects of television, both the demographics and general awareness of the movie goers changed after the 1950-s: the people attending the screenings were from an ever younger group, who gave more thought to their choices (selecting certain titles to watch, instead of mass consumption). All the while this also meant that their visitations have decreased in number, became more occasional in nature. The work of Vidra (2006) studying the Hungarian youth has shown that movie theater attendance was primarily a social experience for them. This dominated both the watching of the actual movie and all the consequential consumption (fast food before or after the movie or the beverages and snacks purchased in the movie theatre).

After several years of fluctuations, the Hungarian cinema attendance has been on the rise again, new releases can boast steadily increasing viewer counts (and due to the continuously increasing ticket prices, even higher ticket sale revenues), which can be observed in Figure 1. The Y axis is showing both the number of visitors (on the left side) and the number of showings in the movie theatres (right side).

**Figure 1: The number of visitors and showings in Hungarian movie theatres**

Data Source: NMHH (2019)

In the past years however, single screen movie theatres have had a really hard time keeping up the pace with the multiplexes located in shopping malls (the latter usually offering higher convenience level, multiple showing room and room for visitors, while also utilizing newer technology in their projection devices (KSH, 2007)). This has resulted in having more than half of all film screening in the capitol, while smaller towns have experienced a continued recession.

The vast majority of movie goers come from the younger generations (while the attendance of other age groups is gradually decreasing) and most of them favor American-made movies in their selection (NMHH, 2019). An interesting tidbit regarding the common negative comments on 3D showings is that judging by the more detailed numerical data of the years of 2014 and 2015 (also released by NMHH), it shows that for movies that were shown in both 2D and 3D formats the moviegoers have actually preferred the latter by a large margin. As the box office leading hit of the year 2015, *Star Wars: The Force Awakens* have had close to 900 thousand people buy tickets in theatres, and around 60% of them have chosen the 3D presentation.

All the while the specifically art focused movie theatres have successfully increased both their number of performances and audiences in the past years, which may be observed on Figure 2. Once again, the Y axis is showing both the number of visitors (on the left side) and the number of showings in the movie theatres (right side).

Figure 2: The number of visitors and showings in Hungarian "art movie theatres"
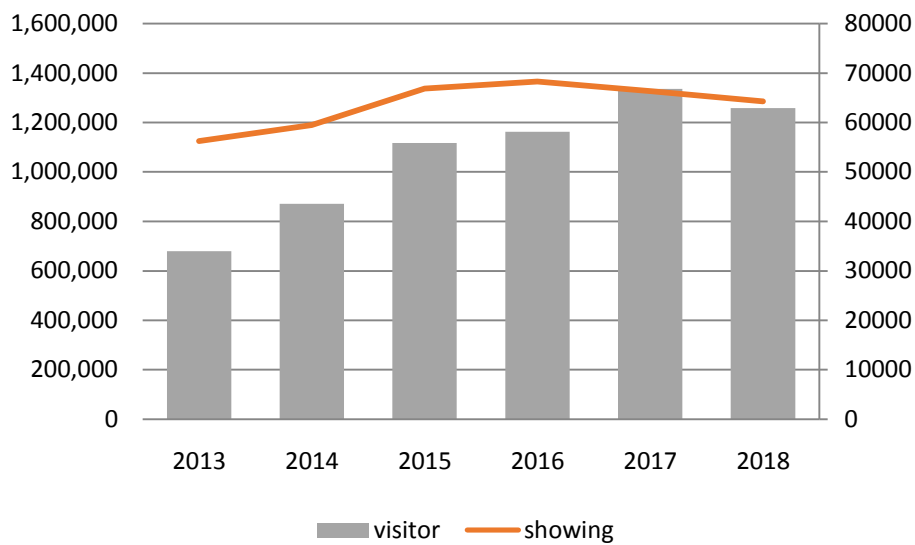
Data Source: NMHH (2019)

An interesting aspect of movie theatres that are classified as "art movie theatres" is that, unlike their name would entail, they do not only show art movies (or pictures associated with film events, festivals or regarded among national film assets). Among the published statistics the commercial movies that also garner large crowds in other general movie theatres are also appearing, often accounting for large margins of the visitor numbers for each respective theatre.

IV. In-Home Movie Consumption

The greatest change in the in-home movie watching was brought by the digital revolution. Digital compression and data transfer technologies have conquered the everyday lives of people, making a wide range of new possibilities and methods of cultural consumption available to all general societies. From the viewpoint of movies this started with the lightning-quick adaptation of DVD technology (Lobenwein and Pápai, 2000), then later on through the appearance of the Blu-ray technology, both of which brought on many new technological advances to the everyday consumers. Apart from the new compression methods, due to the ever growing storage capacities provided a constantly increasing quality level of picture and sound. The 480p resolution of the DVD-s, once deemed of having crystal clear picture, overtaking the VHS tapes is only a fragment of the quality that we can observe in the newer releases. While sound quality is an often neglected attribute, Sandberg (2019) has pointed its importance as well, noting that a low quality sound can often be even more distracting to the viewer than a similarly low quality picture quality.

The second wave of change which still has effects on current days came with the dynamic spread of unlimited broadband internet connection. The fast rate of adaptation was further aided with technological and price based competition between various broadband providing services as well as the popularity of internet access provided by various mobile data plans. Thus most of the consumers have been exposed to a wide spectrum of accessible and affordable multimedia content. As a further result of the spread of digital multimedia we can witness that a large chunk of the available entertainment content is now actually created by the users themselves, which through a sudden burst of popularity blindsided even the movie industry itself. We can see many consumers slowly move their primary movie watching over from the movie theatres into their homes and other devices, though it must be highlighted that this phenomenon runs a similar course as the appearance of the television once did, not affecting the numbers of movie theatre visitors (as the different methods of consumption satisfy different consumer needs, thus once again making a harmonious coexistence possible). In accordance to these changes we could see major shift in movie distribution as well, especially regarding the opportunities of the internet (Deák, 2008; Gaustad, 2019), many of which can still be felt currently. With the constantly evolving quality standards both the legal and illegal – pirated – movie has had huge gains. We can see constant improvement – often reaching similar or even greater quality to the currently leading Blu-ray editions – offered in both the downloadable and also the video streaming technology. The latter of which has the added benefit of not wasting any time of the user by waiting on downloads, any accessible movie is available for instant watching.

V. Alternatives For In- And Out Of Home Movie Consumption

Both computers and even more the various portable screen smart devices (phones, tablets etc.) play a huge role in the current movie watching (and also acquiring) trends. The use of these devices has made it possible to the consumers to spend the off-times of long traveling, daily commute or other unused moments by watching movies. It should be noted however that there is not full agreement on the merits of experiencing a movie this way, for example the renowned director, David Lynch has been quite vocal on his view that a phone screen cannot replace either a television set or the movie theater screens (Birchall, 2009).

Both the movie and tv series providing streaming companies with years of experience and exposure (Netflix, Hulu, HBO etc.), both the new entrants of this area (Google, Amazon, Apple and Disney) aim the inurement that their offerings are lag-free and of high quality as a top priority when it comes to in- or out of home movie consumption. The aforementioned compression methods play a key role in their applications as well as the adaptive streaming technology, which always seeks to provide the best possible quality, according to the available bandwidth. Furthermore, numerous new challenges have come into perspective, invoked by the changing consumer behavior and habits. Among these we can find the development of searching and recommendation systems that aid the exploration of the constantly emerging new contents. These systems place a high priority on their fast (instant) feedback of results as well as their optimization on a global scale user base, all with their own unique devices and languages. The globalized scale also means that there is a need for localized content, catering to the local tastes and customs as well as localized interfaces for browsing and searching. About 40% of the total user base of Netflix for example does not use the English language when searching for titles or phrases to explore new content (Lamkhede – Das, 2019).

VI. Movie Piracy

Online piracy is regarded by most as the greatest threat of the internet. The illegal obtaining and watching of movies long precedes the digital era. On its own, the seductive power of the forbidden fruit or being in the wrong is also an old concept; thus we could see the low success rates of campaigns aiming to stop people from pirating movies – such as the various warning messages attached to legally obtained movies, like "do not steal movies, stealing is a sin". Often times we can find these attempts to backfire on their original intention, rather inducing annoyance and anger in the viewer who paid for said film (Bushman – Stack, 1996).

Pirated movies may have numerous advantages on their own, but most emphasis is placed on the transactional utility, meaning the price of access (which is connected with the need of consumers to make a "good deal" in their purchases). We can also list accessibility utility as well as the obtainment of content that is unavailable in legal methods (Bodó – Lakatos, 2009). The home-brew copying of certain movies for example were the only way for them to spread among consumers in the era of VHS (and we can see a similar trend nowadays in North-Korea, where USB drives are used to smuggle movies, TV shows and other media content across the southern border). Many consumers are actually induced to piracy by the intent to stand up against the industry as a whole (facing the large multinational companies as the everyday common folk). As a result to digital evolution, we can see the storage and collection utilities for the pirated movies as well, as digital contents do not take physical space, thus are easy to be cumulated (Hennig-Thurau et al., 2007).

In Hungary with the continuous spread of broadband internet connections, we may also observe the constantly increasing traffic of the various download websites. To emphasize this point we can observe the changes in the user base of the major Hungarian torrent websites. As we can see on Figure 3., apart from small fluctuation, all sites show a steady increase in their number of users – albeit their progress is slow, especially in comparison with the single largest site, called nCore which towers among all the rest, even in the attached figure. Additionally it should be highlighted with these data that Hungarian torrent sites usually work in a private manner, meaning the only way to gain access to them is by obtaining an invite from another user or administer. They also might induce user number limits from time to time as a mean to artificially decrease the rate of gaining new members.

Figure 3: User base of Hungarian private torrent sites
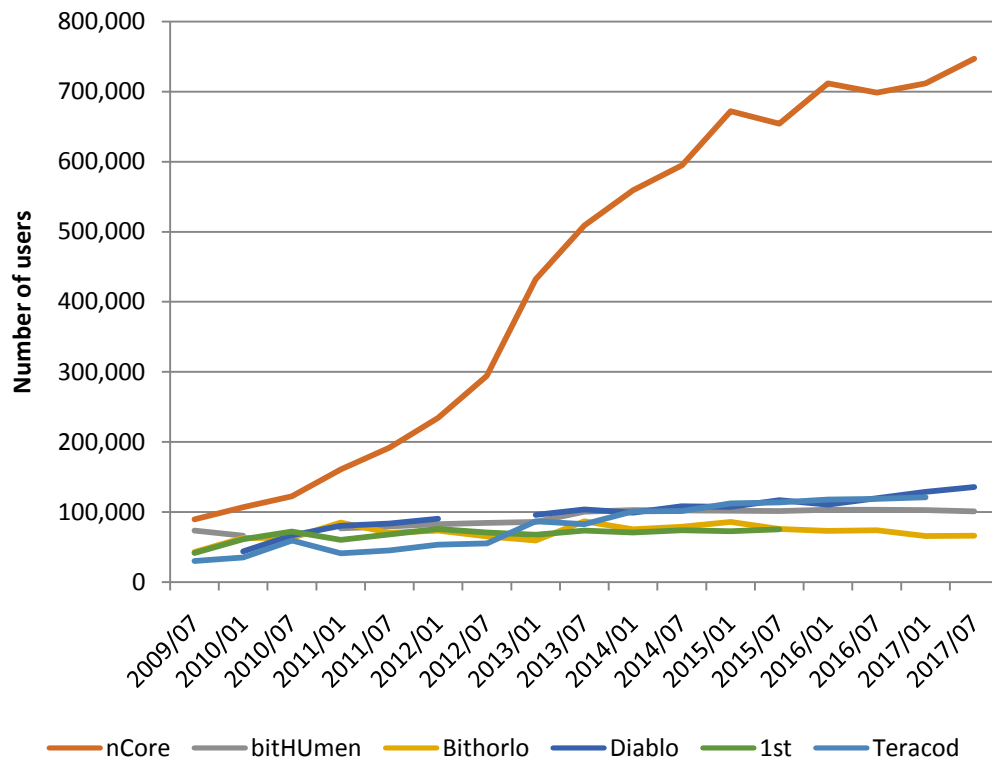
Data Source: torrentek.info (2017)

All the while as a 2009 study has pointed it out, free to access content often actually increase the interest in the cultural products, ultimately widening the market (Oberholzer-Gee – Stumpf, 2009). This result served to predict the current situation as well, meaning that movie distributors had to find different solutions in accordance with the new age of cultural consumption habits. Learning from the example of the music industry, more and more are offering competitive alternatives to the illegal downloads, while halting their previous attempts to minimize their losses (and fight an uphill battle against piracy) and instead focusing on a service oriented value creation.

VII.   Outlook And Conclusions

Previously the various online movie sales systems had to face numerous challenges. The most trouble came in the form of the high per unit price of downloading a given movie legally, which originated in its VOD (Video on Demand) nature of digitally purchasing and downloading single titles from a greater selection. The price for such VOD was often the same as obtaining said movie in a traditional brick and mortar store, even though the physical carrier and all of the related expenses disappeared from the equation (Bodó – Lakatos, 2009; Layton, 2014). All the while the purchased good – without the presence of physical carrier – was chained to the service provider, thus the digital ownership became conditional in the heads of the consumers, as even though they were the owners of the content, but they could only access it through the service providers platform and only until said platform was operating (and ownership transfer of these digital goods to other consumers was no longer possible).

As VOD systems slowly started to fade out to be replaced by the streaming services working on a monthly access fee, due to the popularity of the latter the Hungarian attention also started to garner around them and their range of offerings and localization especially (Hanula, 2014). Most of the complaints in the current systems (especially for the Hungarian market leaders HBO GO and Netflix) are revolving around not reaching the catalog numbers of the American counterparts (HBO GO for example constantly changes the available content that is not directly produced by HBO, thus subscribers can only access movies that are also shown on the TV version as well, while Netflix was bound by agreements with local stations made prior to its nationwide introduction in 2016 (Varga, 2016)). Apart from the narrower content list, we could also see a major lagging behind on the field of localization, however most content providers started to pay more attention to providing Hungarian content in their releases. This was mainly directed on the creation of Hungarian subtitles and dubs, but also in the inclusion (and sometimes even production) of Hungarian made movies and TV series. HBO is in

a leading position in this regard, with various contents produced directly for the Hungarian market, which is only a future possibility for Netflix (Varga, 2019).

While Hungary is still only in the introductory phase for the streaming providers, looking out on the international stage we should also highlight the saturation of the online streaming space. As Disney arrived on the market as a quasi new entrant, it quickly started to annul the previous broadcasting agreements (Evens – Donders, 2018) and started to regain control of its content (ABC, Fox, Marvel, Star Wars etc.) and preparing the launch of the Disney+ streaming service. Soon it was followed by Warner who partnered up with HBO and also the television channels NBC and CBS, by their creation of NBC Peacock, and CBS All Access services, respectively. As new entrants on the market we could see the arrival of Amazon Prime, YouTube Premium and Apple TV+ (all of whom had major companies of different industries, who can use their power originating in their size and material resources to bypass the entry barriers of entering a new market), which aimed to both create new original content and to make exclusivity deals with previous movies and TV shows (Lindsey, 2016). All the while we may expect further expansion and even more original content from the long domineering Netflix, as well as the newfound partnership of HBO-Warner (which resulted in its rebranding to HBO Max). Due to the slow saturation of digitally distributed content both the service providers and the consumers will be in a difficult position. While the former do not publicly worry and trust in the retention power of their own contents (Varga, 2019), the situation gets more complex for the consumers. The previously unified and comfortable access was slowly interchanged by the far-reaching, differently handled content sources and platforms, all of which including their own separate subscription models for their services. By the appearance of the numerous alternatives, which induce an overall more expensive, complicated and fragmented market with difficulties to access certain content may ultimately lead the consumers back to the illegal acquisition channels.

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