



Bollywood going global, Shahrukh Khan more popular than Tom Cruise

31 Dec, 2007, 1034 hrs IST, Nandini Raghavendra, TNN

A year ago, Shahrukh Khan was asked how he felt about a report that 3.2 billion people knew him, while only 2.7 billion across the world knew Tom Cruise. Replying with his trademark humility, Khan pointed out that Cruise still made more money thanks to Hollywood's marketing and pricing power. "So there, we do fall short," he had said.

But, recent indications show that King Khan will have less room to complain in the years to come. Bollywood cash flow has just begun to build up in tandem with its effort to build global scale and reach. And last month, there was an opportunity to gauge the current market appeal of both Khan and Cruise. Lions for Lambs, directed by Robert Redford and starring Tom Cruise and Meryl Streep released about the same time as Om Shanti Om (OSO), directed by Farah Khan and starring Shahrukh Khan and debutante Deepika Padukone. Cruise's movie, which had consumed \$35 million in production, garnered \$10.3 million in 45 markets on its opening weekend. Khan's movie, also his home production, grossed \$19 million worldwide in its opening weekend.

But the most thumping show of the rising might of Indian films came Tamil Superstar Rajinikanth's Sivaji, which collected between Rs 100-150 crore worldwide — the highest for any Indian film so far. While OSO and Sivaji are just like oases in a desert, they show that Indian movies have it in them to be global offerings.

Bollywood is sure to make a determined bid to narrow its revenue gap with Hollywood, experts say. Advances in digital technology have brought down the cost of prints — a big cost element — by as much as 90%. That has made it easier for Indian film producers to put out many more prints for distribution. So a movie like OSO is today able to release with a simultaneous print run of 1,400, of which 500 are digital.

One reason is the improving economies of scale. Multiplex cinemas are spreading across the nation, even in smaller towns. In fact, multiplex halls average Rs. 150 per movie. "With increased prints come more collections, especially in the Bombay circuit, Central Province and Central India," says Rajesh Mishra, chief operating officer, UFO Moviez, which has installed digital outfits in 903 cinemas across 23 states. Digital distribution has raised revenue per film. If the last year's big ticket films were sold in the range of Rs 4-6 crore to distributors for Bombay, the territory with the highest earnings, the tag has gone up to Rs 11 crore this year. This can only increase considering industry estimates that the reach of multiplexes is going to increase from 400 to 2,000 by 2011.

The spread of Internet and mobile phone usage, coupled with the Indians' everlasting passion for music, will ensure new media revenues grow for Bollywood. Digital music revenue is expected to touch Rs 3,601 crore by 2009, compared with Rs 450 crore in 2005, according to a PwC study. More and more firms are tapping this potential. For instance, Eros Entertainment derived 11% of its April-September total revenue from new-media opportunities.

"Our industry is already 70% of the way there with the existing content. The balance 30% will come with better distribution, smarter marketing and astute positioning," Aditya Shastri, CEO of production house People Pictures, said. "It is the firms which are investing in content that will succeed in the long run."

Over the last decade, Indian entertainment firms have significantly ramped up distribution, setting up offices across key markets in UK and the US. The trend started with Yashraj Films' Dilwale Dulhania Le Jayenge. For instance, Karan Johar's last film Kabhie Alvida Na Kehna may have failed to set the domestic box office on fire, but was still able to net close to 70% of its Rs 120 crore collections from overseas.

Even small-budget productions are now realizing the value of high-blitz marketing. Entertainment firms are putting their money where their mouth is - with average marketing spends going up to 20-30% of a film's budget. Fortunes are often determined in the first three days of a film and generating sufficient excitement is now an essential part of the strategy. So a film like Khosla Ka Ghosla, which was made on a modest budget of just above Rs 2 crore, spent another two-thirds of that amount on marketing the film. The result: it raked in as much as Rs 22 crore in collections. "For a small film, you have to believe in the content and market it with out-of-the-box or innovative strategies, as it does not have a big star cast to support it," says Siddharth Roy Kapur, CEO of UTV Movies.

Of course, not everyone is convinced that the big global push is going to be easy. "I feel that the concept of Indian films storming the mass Western markets is a bit simplistic and wishful thinking at this stage. The effort to penetrate a different culture has to be sustained... I am not sure how many of our media companies are willing to or even capable of doing that," says Jaideep Sahni, the writer behind such successful new-age Hindi films like Chak De, Bunty aur Babli and Company.

PwC puts Hollywood's turnover at \$35 billion, growing at 4-5% a year. On the other hand, India's film industry is worth \$2.1 billion, growing at 16%. Hollywood's size, even at a low single-percentage point growth, will make it difficult to play the catch-up game. Also, the export of movies could become less attractive with each bout of increase in the value of rupee vis-a-vis the US dollar.

Yet many of the country's entertainment firms modeled on Hollywood studios are going all out to win the world. They have spread across the entire entertainment pie, from cinema to television, (like UTV) new media to distribution, (like Eros) some even exhibition (like Adlabs), world wide distribution, home video as well as the internet (like Rajshri Films). Now they are also waking up to the potential of regional cinema. The growing scale and more transparent style makes it somewhat easier to raise money-and take bigger bets on a portfolio of films.

As these changes unfold, whether SRK retains his star power long enough to see his blockbusters clock revenues rivaling his Hollywood counterparts remains to be seen. But clearly, a new star is rising on the global entertainment firmament. And this Indian blockbuster will certainly be worth watching.