

ADVANCES IN FOOD AND BEVERAGE BUSINESS IN MULTIPLEXES - A CASE STUDY OF PVR CINEMAS IN PUNE

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Increasing number of screens in Multiplexes is resulting in increased competition in a Modern Business of Multiplexes in India. Earlier this business was more famous for stale popcorn, sticky floors and unsteady seats, where it was difficult to believe the luxury and ambience that is offered today, while watching famous movies at multiplexes. The modern multiplex doesn't come cheap. Although it tends to offer complete stadium seating (for unobstructed views) and ear-shattering digital sounds, it totally is able to generate only 50% total revenues. At any multiplex it is most important to offer luxury cinematic experience which should start with perfect location in city, valet parking, escort by doorkeeper till leather reclining seats and offering a qualitative Food and Beverage facilities.

In India PVR has aggressively expanded to maintain its Leadership position in the Multiplex Business by screen count (close to 550 screens – 25% of the industries capacity) and presence in 47 cities across 17 states. A PVR cinema is the India's first multiplex opened at Saket in South Delhi in 1997.

A chronology of some key events since the Company was incorporated are set forth below:

1995: PVR was originally incorporated in 1995, as Priya Village Road show, a joint venture between Priya Exhibitors Private Limited and Australian exhibition chain Village Road Show Limited.

1997: PVR opened India's first Multiplex in 1997 at Saket, New Delhi.

2003: First Company in India to go for private equity investment.

2004: Opened 11 screened multiplex at Forum mall Bangalore, also launched India's first Gold Class Cinemas at

Bangalore, first PVR Plaza under Heritage Flagship.

2007: New sub brand PVR Premiere

2008: Milestone of 100 screens.

2011: Mark of 150 screens. Introduced new concept in cinema viewing, Director's Cut: A Seven Star Movie Viewing Experience.

2012: Reached 200 screens mark, became number one Cinema chain in India by acquiring Cinemax. Also became India's first fully digital Cinema Chain. New sub brand PVR ECX introduced in Mumbai.

2013: 400 screens mark.

2014: Acquired 100 cinema property milestone.

2015: Awarded as most trusted Cinema display brand.

2016: Reached 500 screens mark, acquired DT Cinemas.

2017: 553 screens across India.

PVR accounts 30 % of Hollywood box office collection in India and over 20% of Hindi Films. Box office makes up 66% to PVR's revenue, while food and beverage 23% and advertising contribute 11%, "Globally the revenue pie of multiplex is similar" according to Mr. Ajay Bijli-Chairman and Managing Director of PVR Cinema. All these figures prove there is a major role of hospitality in success as well as revenue earning of any multiplex.

As a part of hospitality service offered in multiplex as soon as one settle down to watch a movie and as the movie begins, the theatre staff walks in with a notepad in hand to take food orders. Now a day's food menu offered at multiplexes is expanding which includes even main course - meal size dishes, most moviegoers now don't feel to stop at food court before or after the show. Multiplex owners have realized that

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customers "Movie going experience" can be more than just happens on Big Screen. There was a time when going out for movie also included stopping for dinner before or after the show. But in last few years multiplexes have modified their menus to the extent that they are now at par with restaurants in terms of quality and variety.

PVR has a menu with 100-120 food items, including Sushi and Drinks. Their menu isn't limited to popcorn and sandwiches but have classified into sections like, 'with finger', 'with fork' and for Gold class food items like shrimp rolls, salmon, hand tossed pizzas, sigri murgh tikka, kebabs, hot dogs, idly, chaat and desserts. According to Chef Mayank Tiwari-PVR theatre chain's chef, the food is served inside the theatre; should not have a strong aroma. The idea is to provide facilities of restaurant in cinema hall and to ensure that the food is convenient to eat while watching a movie. This way the guests don't need to wait at food courts before or after the movie.

Food prices depend on location. Moviegoers do not mind spending on food if the quality is at par with the quality of Restaurants. In PVR, which have a Gold Class section, the price of food items is significantly higher than that in the premiere class and the dishes are also different.

40% of the overall profit of cinema halls comes from food and beverages while cinemas are expanding their menus and hiring hospitality staff to give customers a wholesome experience; they also make significant profits from it. Cinemas have to share ticket sale profits with the films' production houses, but they get to keep almost all the profit from selling food and drinks.

For every ticket sold, a cinema hall gets only 25% of the profit, while for food and a beverage, the profit is around 50%. Without food and beverages, there would be no theatre business. The food business in cinemas is better than in a restaurant, because in a restaurant, you can't ask your customer to leave after they are done eating. But in cinema halls, they won't stay after the movie."

Cheap shows mean high F & B sale. One goes for a movie expecting to buy the ticket for Rs. 250, but due to slashed rates, the ticket is for just Rs. 90. Most people will spend it on Food & Beverages. It is experienced by Cinema hall managers and staff that food orders are higher during cheap shows.

A PVR cinema, which is a pioneer in multiplexes in India, has wisely devised its strategies to make most of the opportunities to score in this area. The recent multiplex opened at Kumar Pacific Pune offers complete reclining seats and Butler service at the theatre. Opening up a multiplex in mall has its own advantage as clients tend to spend more time and money, in shopping, relaxing, spending quality time with family and friends. Multiplexes and malls

is a symbiosis which is beneficial for both. In case of the recent advancement in Food and Beverage Service offered at PVR, Kumar Pacific Mall, Pune is trend setting in Pune city. The PVR at Kumar Pacific Mall Pune also offers small screens accommodating from 30 to 50 pax with full reclining seats and menu on order with full butler service. As a value addition it also provides mobile chargers, news papers and reading glasses on demand. This means you can book the whole show with family and friends and enjoy a home theatre experience. The success of the previous has boosted another similar outlet at Senapati Bapat Road in Pune.

According to Mr. Anup Yadav, HR Head of PVR ICON, Senapati Bapat Road, Pune there are challenges which the food and beverage service faces at the newly opened PVR at Pune. Presently all breads offered on menu are imported from Thailand in frozen form and only sauces are made freshly in house in the kitchen. The challenge is regarding the uninterrupted supply as currently there is no dealer in Pune who can import, store and deliver to PVR as per the requirement. Hence the kitchen has to depend on Mumbai for the supply of breads. Another challenge they have to face is the care and maintenance of machinery used as all these equipments are imported from USA and repairing is not possible in India.

PVR at Pune also receives foreign guests and they compare the service with the standards abroad which includes service of liquors at the multiplexes. As the clients are aware that the multiplex has a full-fledged kitchen, the chef also receives personalised orders from communities having specific dietary restrictions. The customer demand has thus shaped the food and beverage service at PVR Pune.

Soon one won't be surprised, to find the guest to check the food and beverage menu offered at the multiplex before buying a movie ticket. The customer today demands not only a good movie experience with ambience and aesthetics, but a complete meal experience along with entertainment. Ultimately a customer spends more money on food and beverage than the entertainment which is a movie.

Elaborate food and beverage service, pleasant meal experience, exotic food served as per order, while enjoying the entertainment is the recent advancement set up by PVR cinema in Pune city. Currently as it is not faced by any competition the company may enjoy monopoly in the segment. But one has to be cautious as the competition might grow in near future, and return on investment may be low. As, was the case, in Chicago, USA, where the competition with multiplexes became so fierce that some multiplexes have to battle to pay their bank loans.

Pune which is a cultural hub of Maharashtra offers many entertainments, cultural and social activities. The PVR now boasts of setting a new trend in Food and beverage service at multiplexes in Pune to add to the enjoyable movie experience.

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Personal interview with Mr. Anup Yadav H.R. Manager and Ms.. Tanushree Assistant H.R. Manager PVR Pune.

Annexure: Copy of recent Menu Card offered at PVR, Kumar Pacific Mall, Pune