AN EXPLORATORY INSIGHT ON THE MARKETING STRATEGY OF COMPANIES LIKE PVR AND WIKIPEDIA TO REMAIN PROFITABLE ENTITIES UNDER ADVERSE WORLD CONDITIONS

Sarah Ghosh

Shri Ram Millennium School Noida

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ABSTRACT

The research has indicated that two different business entities have survived various external economic conditions due to their innovativeness, and diverse methods of ensuring continuous capital investment in their various ventures. One is completely dependent on big capital investment, while the other is surviving on small voluntary donations.

Keywords: Voluntary donations, linkage effect, diverse strategies, OTT, market share, marketing history, marketing transformation, mass production, value proposition.

Research Question: An attempt would be made to understand how the above companies are run such that they not only remain afloat but also make a profit. Given the extent of competition both internally and externally and adverse world conditions; how have these companies changed strategies? Is there a ‘one size fits all’ model? Do these companies follow different ways in which they achieve success? Are there lessons to be learned from them? All the above questions will be researched in the course of this paper.

1. Introduction:

Marketing strategies are an extremely important aspect of business success. If the 1990s belonged to the customer then subsequently technology has transformed choice and in turn has transformed the marketplace. The result of this is the emergence of a new marketing paradigm not a ‘do more’ marketing that simply increases the volume of sales based on the past but one that is based on experience and represents a once and for all attempt by a salesperson. Marketing transformation is driven by enormous power and ubiquitous.

Technology is so pervasive that it does not make any sense to distinguish between technology
and non-technology business as the ones that exist are technology companies.

Marketing is an on-negotiable aspect of every business, in recent times digital marketing has taken up a major space for a company the reason being that it has allowed brands to reach their target audience at a much lower cost and with a higher conversion rate. This has essentially developed due to the evolution of technology. Traditional marketing became a secondary option for new-age businesses, the moment digital marketing was introduced.

Figure 1: The four different eras of marketing history

Source: Cynosura Consulting

Marketing evolved through four stages:

1. Production era; This is synonymous with companies who mass produce products in the hope of selling them to as many people as possible. The main aim of companies was to make products cheaply and efficiently such that the companies could make a profit. The time frame of this period was from the 1860s to the 1920s. The belief during this time was ‘If you build it they’ll come’.
Figure 2: Mass production

Source: Chisel Labs

2. Sales era; This is a period from the 1920s to 1940s during this time more and more companies were competing for customers. The competitive landscape had started to evolve and new companies were trying to take market share from established businesses. The main goal during this time was to sell as many units as possible.

Figure 3: Sales era marketing

Source: DSFM.in
3. Marketing era; This is a period when it is important to understand the customer so that the product or service suits them and sale happens on its own. This type of marketing strategy ideally results in a customer who is ready on his own to buy. This period holds the key for achieving organisational targets which consist of being more effective and smart than the other competitor sin the determination to achieve the satisfaction of the needs and wants of the market. The difference between selling and marketing is essentially that selling focuses on the needs of the seller while marketing focuses on the needs of the buyer.

The marketing orientation era is from the 1940s to 1970s this involves identifying what customers need and effectively customizing activities that address these needs. It is from here that the marketing concept evolved.

**Figure 4: Marketing era**

![Figure 4: Marketing era](image)

Source: The Power Business School

4. Marketing company era; This period began to take shape in the 1990s and is to date a prominent part of the marketing ecosystem. It required understanding the needs of the target customers and effectively customising marketing strategies to address these needs.

The rise of digital marketing has been meteoric .In the early 1990s, only a small fraction of the people had access to the internet. Today more than half of the world’s population is online.
2. Definition

Presently the era is one of digital marketing. The strategies seem to have gone through many stages in understanding the relationship between the producer and the seller. If initially the emphasis was on the seller, today with the widespread use of data, internet facilities, and cheap mobile phones, the emphasis is on the buyer. The aim is to satisfy the buyer and convince him/her of the importance of buying the product.

A marketing strategy contains a company’s value proposition, brand messaging data on target customer demographics, and other high-level elements. They normally cover the 4 P’s of marketing:
- Product
- Price
- Place
- Promotion

**Figure 7:4 P’s of Marketing Mix**

![4Ps of Marketing Mix](image)

Source: BYJU’S

The value proposition of a company essentially means what the product is all about, and this is what it communicates to the consumer:

- That is what the company stands for
- How it operates
- Why does it deserve their business

**Figure 8: Value Proposition**

![Value Proposition](image)

Source: Investopedia
This is outlined in a marketing plan where a specific type of marketing activities that the company undertakes is spelled out. Normally, these plans are for the long term. However, there are specific logistical details of campaigns that are adopted to achieve long-term goals.

The main goal of a marketing strategist is to always attain a sustainable competitive advantage over its rivals in understanding the needs and wants of its consumers. This is something that is continuously and effectively adopted in all its campaigns whether print, social media, or digital. It is market research that helps achieve all of the above.

Marketing research is an equally important aspect as the ground reality is visible and passed on to the strategist who actively in corporate it in its endeavour to achieve the branding and high positioning of the product that they are attempting to launch or to reposition an older product.

**Figure 9: Market Research**

![Market Research](source: Research methodology net)

The result of a marketing strategy is that it determines the most productive channels and the investment required which would eventually lead to increasing revenue for the company. A marketing campaign may work on increasing spending by existing customers and or increasing the product's overall market share. A high customer share is high profits as marketing cost is low as they already exist for the company. An attempt is therefore to gain the trust of the customer and make them completely loyal to your brand.

3. Impact of competition on PVR

PVR (Priya Village Roadshow) began in 1997, the company was founded as a joint venture between an Australian company Village Roadshow, and Priya exhibitors. It was a 60:40 joint venture and it was the first in India to introduce the concept of multiplex. The actual story began in 1955 before the joint venture (JV) of 1997 when Ajay Bijli sensed an opportunity to bring a new level of entertainment to India.
India embarked on the process of liberalisation in 1991. This provided an opportunity for several grown businesses to think beyond the ‘box’ and take advantage of the liberalisation and globalization that India had set its sights on. Bijli’s journey started with the renovation of a single-screen cinema in Delhi namely PVR Anupam Saket. He transformed the theatre adding comfortable seats, air conditioning, and a state-of-the-art sound system. The theatre became a resounding success and a popular destination for moviegoers. In 1997 PVR opened its first multiplex which offered multiple screens along with a range of food and beverage options, providing the moviegoer with an immersive watching experience.

In November 2002, Village Roads how liquidated its investment and PVR was now wholly and solely owned by Priya Exhibitors. The company not only expanded in its provision of various types of seats (Goldclass, Director’s cut, etc.) but diversified geographically as well as to countries like Sri Lanka and UAE (United Arab Emirates).

Figure 10: PVR Cinemas

From movie screening, the company added production and distribution of films, along with the business of advertisements in theatres. It also dealt in the sale of food and beverages, and ticket bookings. Their involvement in the production of ‘gourmet popcorn’ is available not only in PVR theatres but also on airlines and railways.

PVR’s growth path was helped by its early entry in to the NCR multiplex market, problems started occurring when other multiplexes started appearing on the scene. It worked relentlessly to consolidate its position through many mergers and acquisitions.

The challenges that are being faced are:

- Rise of the OTT (Over The Top) platforms
- Post-covid cinema experience

The rise of the OTT is a problem for all cinema holders. PVR and Inox were the early entrance in the multiplex scenario, which resulted in PVR’s revenue increasing from Rs.274 crores in 2010 to Rs. 3284 crores in 2020 achieving a growth of 42% over this period.

OTT platforms seize the opportunity to offer on-demand video content to a large and growing audience, challenging the traditional cinema industry. It offered benefits such as:

- Convenience
- Flexibility of time
- Cost-effectiveness
- Zero travel time

As multiplexes were attempting to compete with this challenge, the Covid-19 pandemic struck resulting in the prolonged closure of multiplexes and a significant loss of revenue, profitability, and liquidity. The OTT platform gained even more popularity during the pandemic as people were forced to stay home.

**Figure 11: Revenue of PVR Cinema**

![Figure 11](source: Investing.com)
As the OTT platforms offered an alternative to movie theatres, it has become increasingly difficult for multiplexes to regain their market share. As the two major multiplexes-PVR and Inox have merged as one, it is hopeful that they will be able to revitalise their operation with increased strength and flexibility. There have been attempts by all cineplexes to try and give value for money. Cheaper tickets are available for weekdays and morning shows, only to attract audiences to the theatre and help in their once-in-a-lifetime experience. Besides this, the availability of popcorn and other food combos may help in attracting people to the theatre.

The most important factor that will get people to watch movies is if good movies are being produced. This is the only factor that will help multiplexes regain their lost glory.


Wikipedia, a free content online encyclopaedia, was written and maintained by a community of volunteers. It began its first edition on the 15th of January 2001, two days after the domain was registered. It grew out of Nupedia, a more structured free encyclopaedia, as a way to allow easier and faster drafting of articles and translation. The technological and conceptual background of Wikipedia was made by Rick Gates in 1993 and the concept of a free-as-in-freedom online encyclopaedia was proposed by Richard Stallman in 1998. The main idea behind this was that no central organisation should control editing. This was in contrast to Microsoft Encarta and Encyclopaedia Britannica. Wikipedia was initially imagined as a place to draft articles and ideas for eventual publishing in Nupedia, but it overtook this and became a space and home for the final product at a global level in hundreds of languages inspiring a wide range of other such references.

Figure 12: Wikipedia

The important factor in this reference was the use of volunteers, Wikipedia’s co-founder Jimmy Wales said that this concept came to him when he was a graduate student. This concept “has its roots in the techno-optimism that characterized the internet at the end of the 20th century. It helped that ordinary people could use their computers as tools for liberation, education, and
enlightenment” (The Economist)

As it is a voluntary organisation, it is funded primarily by donations from millions of individuals around the world. It does not encourage advertisements as its primary aim is to be a nonprofit, consensus-seeking, democratic, board-run organisation. This means that advertisers do not have any say in the running of this product. Wikipedia headquarters are in San Francisco. The cost of this portal has server costs, administration costs, staff costs, and more. According to Statista, it claimed over 40 billion page views every month throughout 2021. The Wikimedia Foundation, which is the parent foundation of Wikipedia, clarified that the total operating budget accounts for $150 million in spending. The bulk of this expenditure goes towards what they call the ‘programmatic ratio’. This includes all aspects of the platform’s development, such as statistical infrastructure, platform evolution, and brand awareness. Almost 25% of the budget goes towards the ‘Thriving movement’. This is an attempt by Wikimedia to increase Wikipedia’s usage in underserved communities. For example, translation support and classroom trainers for all these communities.

This organization is transparent in indicating that it exceeded the planned revenue target in previous years, as well as in the current year indicating that they run on a deficit and they dip into their reserves.

A lot of critics of this organization believe that a large portion of the movement’s money is being spent by the “chapters” (These chapters are national or subnational not-for-profit organizations created to promote the interests of Wikimedia projects globally by members of the movement. They are largely legally independent of the Wikimedia Foundation and agree with the foundation following acceptance by the affiliations committee (earlier known as the chapters committee). They have no control over the foundation website. They organise regional conferences, outreach, and global events, such as Wikimania. In August 2019, there were 40 recognised Wikimedia chapters in 38 countries.

**Figure 13 a and b:**

![Image of Wikipedia Affiliates Committee and Map]

Source: Meta.wikipedia.com
Wikipedia is entirely dependent on donations that are made to the organisation, the whole concept as has been indicated above is governed by Wikimedia. Since the start of COVID-19, a dedicated global network of volunteers has been creating, updating, and translating Wikipedia articles with vital information about the pandemic. Every time the site opens, there is a tab that states ‘donate now’. The whole funding is based on millions of small donations from Wikipedia readers, which are collected through email campaigns and annual fundraising banners on various sites and its sister projects.

Figure 14: Wikipedia Merchandise


A tiny slice of the website’s total revenue is from merchandise. In recent years the fundraising drive by Wikipedia sparked heated debates among social media users, some of whom questioned whether one of the world’s most popular websites needed donations to stay afloat. Since it went online in 2001, it has grown beyond the boundless online library of information it is today and has left behind a distinct cultural imprint. For millions across the world, the website is the first stop for answers to some of one’s most pressing questions.

People started getting alarmed when a red and white banner began to appear across the top of every Wikipedia page earlier this year asking for donations, to keep the site up and running. This led to heated debates about whether the site needed that money. One way is also to run advertisements on the site, but the ‘Wiki-community’ is challenging the Wiki Foundation’s right to run fundraising ads. They have added a disclaimer, stating that the advertisements that it runs are only related to its missions and values and that it is doing this to help the organisation run and grow. It is stated that volunteer contributions to Wikipedia increased during COVID-19 mobility restrictions, as the dependence on online modes of work, research, and other factors increased exponentially. There was a huge global volunteer community that responded to their...
increased donation. It has been stated that in 2019, users around the world visited Wikipedia 530 million times and editors ‘voluntarily’ contributed over 870 thousand edits to one of Wikipedia’s language editions. Research has indicated that volunteer contribution significantly increased during the covid-19 crisis and the Wikipedia editor community, not only generated many more edits but also acquired many more new comers than in recent history, demonstrating the resilience of this online community in the face of adverse conditions.

**Figure 15: Revenue of Wikipedia**

![Chart of Wikipedia's Revenue](source: Statista)

Source: Statista

5. **Lessons to be learned from the diverse strategies**

PVR and Wikipedia are two companies that are completely different in the manner of:

- Audience
- Sales and Revenue
- Future Plans
Looking at the type of audience that each one of them caters to, one finds that they are different from each other. Both of them cater to an increase in knowledge, whether it is in the form of an entertaining movie or it is researching a particular area/ topic of concern.

The type of people who search on Wikipediasites have complete faith in the quality of knowledge that the site puts up. In the case of PVR, research indicates that it is completely dependent on the type of movies that are being produced and thus screened. Their revenue is largely dependent on the entertainment movie industry. In the last few months, with the release of big-budget popular films, PVR’s revenue has increased many fold. The fact that the public watches movies on big screens leads to linkage effects concerning buying popcorn and other food items, which further increases the firm's revenue. The main underlying issue in this case is the dependency on entertainment in the movie industry. On the other hand, when Wikipedia is concerned, there seems to be a continuous rise in the number of people who visit their portal, either to ‘search’ or for ‘validation’. The revenue in this case is completely voluntary and has increased during the pandemic. In the case of PVR, there was a complete full stop to the revenue earned during the pandemic. Both are diverse, as one is dependent on a live audience, while the other is dependent on the number of people that visit them in an online mode.

6. Conclusion

How both the above-stated businesses sustain themselves is dependent on the consumers of their products. It is also dependent on the basic fundamental idea behind the business. PVR is completely audience driven and they have managed to overcome the downturn due to the pandemic but are still dependent on the type of movies that are being produced. They have managed a business model with linkages to food and also the production of movies to sustain their original business, that of movie screening.

Wikipedia, on the other hand, is an organisation that decided right from the beginning not to depend on any single investor or advertisement, unless it was related to the research that was being undertaken. Their whole financing model is based on small voluntary donations and in recent years on the merchandise that they have developed. Wikimedia is the parent company of Wikipedia. During the pandemic, their donation and the number of people who obtained knowledge from their site increased manifold.

These two examples bring out the sustainability aspect of every business. Be it one that requires investment capital or one that requires donations. Both of them have developed diverse methods of survival mainly due to the different sections of consumers that they work with. It is interesting to note how innovative they both have been in surviving through difficult times and sticking to their principles.
Bibliography


