Artificial Intelligence and Changing Entertainment Preferences: OTT Platforms vs Cinema Halls

Shaine V. S[1*], Eiwin D. Palliparambil[1] and Anna Rose Joshy[2]

[1]*Student, Department of Commerce, Christ College (Autonomous), Irinjalakuda, Affliated to Calicut University*

[2]*Christ College (Autonomous) Irinjalakkuda, Affliated to Calicut University*

[*]*Corresponding Author Email: Shaineshiju17@gmail.com*

Abstract

The rise in digital technology and increased application of AI have brought a major change in the entertainment industry. Currently, audiences mostly prefer two modes of entertainment: Over-The-Top or OTT platforms and traditional cinema halls. The purpose of this study is to understand consumer preference between these two modes and to examine the role of AI in influencing consumer choices in this area. OTT uses artificial intelligence on recommendation systems of content, analysis of user data, and personalized viewing experience that grants more convenience, flexibility, and access to a wide variety of content. These are some of the features which have contributed much to the growing success of OTT platforms among viewers. On the other hand, cinema halls continue to draw audiences due to the big-screen, immersive, and social viewing experience. Cinema halls, too, have started using AI-based technologies related to online ticket booking, demand prediction, dynamic pricing, and targeted promotions for improving customer satisfaction. Cost, time availability, variety in content, ease of access, and changes in lifestyle habit play an important role in determining audience preference. The study was conducted among 50 young individual. The findings of the study indicate that AI supports both OTT and cinema halls in bringing efficiency and enhancing viewer experience. It is more likely that OTT and theatre coexist rather than OTT completely replacing the theatre. This would be aided by technological innovation. The study also emphasizes the importance of understanding changing consumer preferences for developing an effective and sustainable strategy in the entertainment industry.

Keywords: Artificial Intelligence, OTT Platforms, Cinema Halls, Entertainment Industry, Consumer Preference

Introduction

The entertainment industry has changed drastically in recent years due to rapid developments in digital technology and the growing use of artificial intelligence (AI). For a

long time, cinema halls, commonly known as theatres, were the main source of visual entertainment, offering audiences a shared and immersive experience on the big screen. Watching a film in a theatre was considered a social and cultural activity, offering a collective viewing experience. However, the arrival of Over-The-Top (OTT) platforms has completely transformed the way people watch movies and shows by allowing them to access content anytime and anywhere through digital devices.

OTT platforms widely use AI technologies such as recommendation systems, analysis of viewer behavior, and personalized content suggestions. These features help users discover content that matches their interests, making entertainment more convenient and engaging. As a result, many consumers now prefer OTT platforms because of their affordability, flexibility, wide variety of content, and suitability to modern lifestyles. Netflix, Amazon Prime, JioHotstar, SonyLIV, ZEE5 & Sun NXT are major examples.

Despite this shift, cinema halls continue to maintain their relevance by adopting new technologies such as online ticket booking, AI-based demand forecasting, and enhanced customer experience strategies. The presence of both OTT platforms and cinema halls reflects the changing patterns of entertainment consumption. This study aims to understand consumer preferences between OTT platforms and traditional cinema halls and to analyze the role of artificial intelligence in influencing customer preferences within the entertainment industry.

Statement of the Problem

There has been significant growth in the entertainment industry brought in by the rapid growth of digital technology and the increasing popularity of Over-The-Top (OTT) platforms like Netflix, Amazon Prime, JioHotsar, SonyLIV, etc. With easy access to high-speed internet and smart devices, audiences now have the option to consume entertainment at their own convenience. OTT platforms make extensive use of artificial intelligence to recommend content, analyze viewer preferences, and personalize user experiences, which has contributed to their growing acceptance among entertainment consumers especially after the COVID-19 pandemic. At the same time, cinema halls are also adopting AI-based technologies such as online ticket booking, demand forecasting, and targeted promotions to improve customer engagement.

Even though cinema halls continue to offer a unique and immersive big-screen and social viewing experience, their ability to attract audiences consistently has been affected by changing consumer behavior and lifestyle patterns. As a result, traditional cinema halls are facing challenges such as reduced footfall and increased competition from digital OTT platforms. However, there is limited clarity on whether OTT platforms are gradually replacing cinema halls or if both modes of entertainment can coexist in the long run.

The problem this study aims to understand is the consumer preference between OTT platforms and cinema halls and to examine the role of artificial intelligence in influencing these preferences. The study seeks to identify the key factors that affect audience choice and to analyze how AI contributes to shaping entertainment consumption patterns in the present digital environment.

Scope of the Study

The scope of the study is limited to understanding the impact of Artificial Intelligence on entertainment preferences between OTT platforms and cinema halls. The study focuses on how technological advancements, especially Al-driven applications, have changed content consumption patterns, viewer engagement, and decision-making behavior among audiences and the different factors like affordability, convenience, accessibility, time limitations, etc. that leads to such preferences. The study examines major OTT platforms and the evolving practices of cinema halls that adopt Al-based technologies for ticket booking, pricing strategies, demand forecasting, and customer relationship management.

Primary data for the study has been collected from a group of 50 individuals using a structured questionnaire created to analyze entertainment preferences and perceptions regarding Al-based features. Along with that, secondary data has been gathered from academic journals, research articles, industry reports, and credible online sources related to artificial intelligence and the entertainment industry.

The study is limited to a smaller population, consisting of young people, mainly students. It does not involve regional, demographic, or income-based comparisons beyond this group. The scope is academic and analytical in nature, aiming to assess whether OTT platforms and cinema halls compete with or complement each other in the current entertainment environment and to analyze the impact of artificial intelligence in shaping consumer preferences in the entertainment industry.

Objectives of the Study

The main objectives of this study are as follows:

1. To understand the factors influencing consumer preference between OTT platforms and cinema halls.
2. To examine the role of artificial intelligence in shaping entertainment choices and viewing behavior.
3. To analyze how AI-based features such as content recommendations and online ticket booking influence consumer satisfaction.
4. To assess whether OTT platforms and cinema halls compete with or complement each other in the present entertainment environment.

Literature Review

There has been research conducted relating to AI and its influence on consumer preferences and how AI helps in bringing necessary updates to the entertainment industry. A literature review is a summary of a few such studies done by one or a group of individuals to bring out the facts behind our everyday entertainment choices. These studies mainly use structured questionnaires, surveys, and other analytical tools to gather data and to derive insights. Given below are some examples of studies conducted in relation to this subject.

1. Laura Abrardi, Carlo Cambini & Laura Rondi

   Focused on the impact of artificial intelligence on consumer behavior and how it affected certain aspects of life.

2. Varsha Jain, Ketan Wadhwani & Jaqueline K. Eastman

   Analyzed the importance of AI in the current trend of changing consumer behavior

3. Simlote, Indora & Singh (2024) - Comparative analysis of OTT and cinema viewing preferences

   It examined how entertainment consumption has evolved with the rise of OTT platforms compared to traditional cinema, analyzing patrons' preferences, and industry changes.

4. Anindita Dey (2022) - Urban audience entertainment choices (Guwahati)

   Analyzed whether OTT content has influenced cinema viewing patterns among urban audiences, especially considering factors like cost, content quality, and accessibility.

5. Shreya Pathak & Lalit Kumar (2023) - Impact of OTT platforms on moviegoer behavior

   Studied how OTT platforms influence cinema attendance and preferences using surveys and interviews with audiences and industry experts.

Studies indicate that AI-based recommendation systems enhance user engagement by suggesting content based on viewing history, preferences, and behavioral patterns. This personalization is a major factor influencing consumer satisfaction and platform loyalty, particularly among students and young viewers.

Other studies emphasize that cinema halls continue to remain relevant despite the growth of OTT platforms. Research suggests that cinema halls offer unique experiential value through large screens, advanced sound systems, and social interaction which can be matched by OTT platforms

Theoretical Framework

The theoretical framework of this study is based on Technology Acceptance Theory, Consumer Preference Theory, and Disruptive Innovation Theory. These theories together explain how artificial intelligence (AI) influences consumer entertainment choices between OTT platforms and traditional cinema halls.

1. Artificial Intelligence (Independent Variable)

OTT platforms heavily rely on AI to analyze user behavior, viewing history, preferences, and engagement patterns. This allows OTT platforms to offer customized content, increasing user satisfaction, and usage frequency. Cinema halls, on the other hand, have limited application of AI, mainly restricted to ticket booking, seating management, and basic promotions.

Artificial Intelligence acts as the core influencing factor in the study. In the entertainment industry, AI is widely used in:

- Content recommendation systems
- Personalized viewing suggestions
- Predictive analytics for content creation
- Dynamic pricing and targeted advertising

2. Changing Entertainment Preferences (Dependent Variable)

AI-driven personalization in OTT platforms has shifted consumer behavior from collective, location-based viewing (cinema halls) to individualized, on-demand viewing experiences. Entertainment preference refers to the choice between OTT platforms and cinema halls. Consumer preference is influenced by factors such as:

- Convenience and accessibility
- Cost effectiveness
- Variety and availability of content
- Viewing comfort and flexibility

3. Mediating Factors

The impact of AI on entertainment preferences is mediated by the following factors:

- Personalization: AI recommends content based on individual taste.
- User Experience: Easy navigation, auto-play, and smart suggestions improve satisfaction.
- Time Flexibility: View anytime, anywhere, without fixed schedules.
- Content Discovery: AI helps users discover new and niche content.

These mediating factors strengthen OTT preference over cinema halls, especially among younger audiences in India.

4. Moderating Factors

Certain external factors moderate the relationship between AI and entertainment preference. These factors explain why cinema halls continue to exist despite the rapid growth of OTT platforms:

- Internet penetration and smartphone usage
- Subscription cost and affordability
- Cultural and social viewing habits
- Quality of cinema hall experience (sound, visuals, ambience)

5. Outcome of the Framework

The framework suggests that AI significantly accelerates the shift toward OTT platforms by improving personalization and user experience. However, cinema halls retain relevance due to social interaction, immersive experience, and event-based movie watching.

Analysis

AI & OTT Platforms:

Artificial Intelligence plays a vital role in transforming both OTT platforms and cinema halls. In the case of OTT platforms, Al algorithms analyze user viewing history, search patterns, ratings, and preferences to recommend relevant content. This personalization increases viewer satisfaction and encourages longer viewing durations. Al also helps OTT platforms optimize content production by predicting audience demand and preferences. OTT platforms offer several advantages such as on-demand access, affordability through subscription models, multilingual content, and device compatibility. These features are particularly appealing in India, where diverse content preferences exist. However, OTT platforms also face challenges such as content overload, subscription fatigue, and lack of social viewing experience.

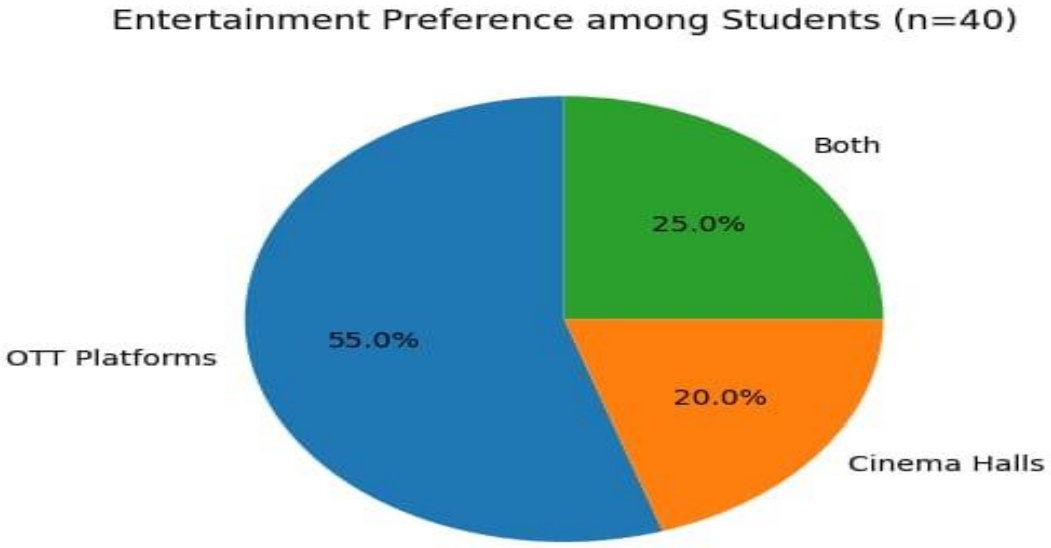
AI & Cinema Halls:

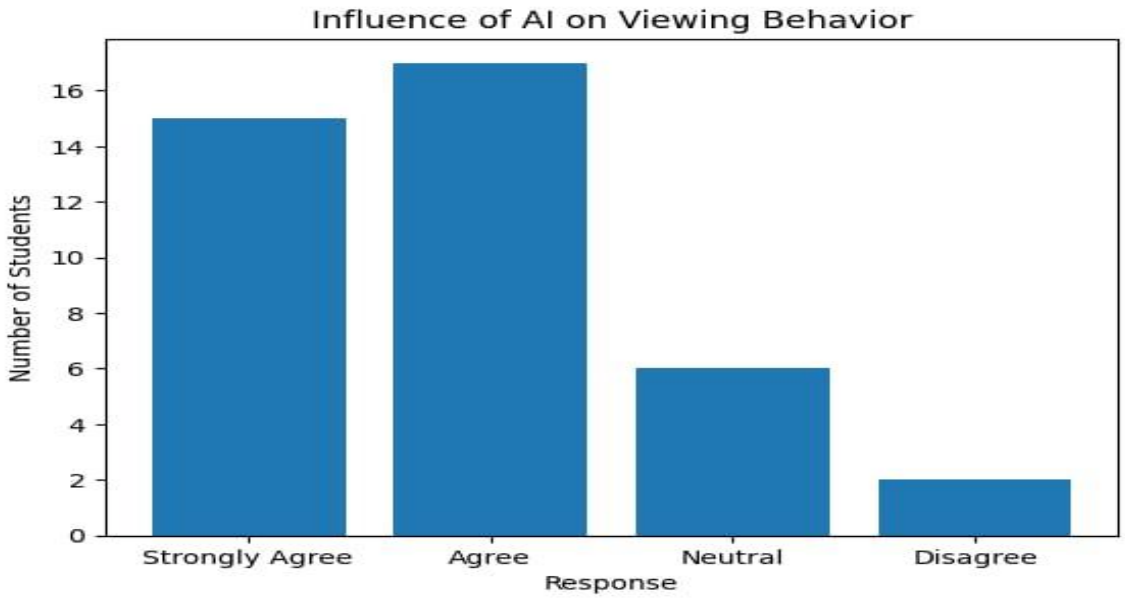
Cinema halls, on the other hand, continue to offer a unique and immersive entertainment experience. The big screen, advanced sound technology, and communal atmosphere attract audiences, especially big-budget and event-based films. Al helps cinema halls manage ticket pricing, predict peak demand, personalize promotions, and improve customer service. AI-based services can be a huge help in deciding whether a film should be released on an OTT platform or through theatres by analyzing market trends, consumer preferences and by also taking into consideration the type of movie that is to be released and the goals they aim to achieve.

OTT vs Cinema Halls:

Factors such as cost, time availability, convenience, content variety, and lifestyle changes influence consumer preferences. Working professionals and students often prefer OTT platforms due to flexible schedules, while families and movie enthusiasts may prefer cinema halls for special occasions.

The analysis indicates that Al enhances efficiency and customer engagement in both OTT platforms and cinema halls. While OTT platforms rely heavily on Al for personalization, cinema halls use Al to optimize operations and improve customer experience. Both modes cater to different needs, supporting the idea of coexistence rather than replacement.





Findings

- The study finds that artificial intelligence has significantly influenced entertainment consumption patterns, particularly through OTT platforms. AI-driven features such as personalized content recommendations, automated categorization, and predictive analytics have enhanced user convenience and engagement. These features play a crucial role in shaping viewer preferences by making content discovery easier and more relevant to individual tastes.

- The findings also reveal that OTT platforms are widely preferred for regular and casual entertainment due to factors such as affordability, accessibility, flexible viewing schedules, and personalized experiences enabled by AI. This preference is especially noticeable among younger audiences and working individuals who value on-demand entertainment.

- The study highlights that cinema halls continue to hold a strong position in the entertainment industry. Despite technological advancements in OTT platforms, cinema halls remain preferred for their immersive viewing experience, superior audio-visual quality, and the social and emotional value associated with collective movie watching. This indicates that consumer preferences are not shifting entirely toward one mode but are becoming more diversified and context dependent.

- Another important finding is that AI does not eliminate traditional entertainment formats but instead supports a hybrid consumption model. AI is increasingly being adopted by cinema halls for operational improvements such as digital ticketing, targeted promotions, and demand forecasting. These applications help cinema halls remain competitive and relevant in a rapidly evolving digital environment.

Suggestions

- Based on the findings, the study suggests that OTT platforms should continue to invest in advanced AI technologies to further improve personalization, content diversity, and user experience. Ethical and transparent use of AI-driven algorithms should also be emphasized to avoid over-dependence on recommendations and to ensure a balanced exposure to content.

- Cinema halls are encouraged to adopt AI-driven tools to enhance customer engagement and operational efficiency. This includes dynamic pricing strategies, personalized marketing campaigns, improved audience analytics, and optimized show scheduling. By integrating technology with traditional cinematic experience, theaters can strengthen their competitive advantage.

- The study also suggests collaboration between OTT platforms and cinema exhibitors through hybrid release strategies, where films are released across both platforms in a planned manner. Such strategies can help maximize audience reach and revenue while catering to diverse consumer preferences.

- From a broader perspective, policymakers and industry stakeholders should support technological innovation while preserving the cultural and social significance of cinema halls. Future research may focus on empirical analysis using primary data to examine AI's long-term impact on entertainment preferences across different demographic groups.

Conclusion

The study concludes that artificial intelligence has emerged as a powerful force in reshaping entertainment consumption patterns, particularly in the context of OTT platforms and traditional cinema halls. AI has significantly influenced how audiences discover, select, and engage with entertainment content by enabling personalized recommendations, data-driven decision-making, and improved accessibility. These technological advancements have altered consumer expectations, making convenience and customization key factors in entertainment choices.

While OTT platforms have experienced rapid growth due to their affordability, flexibility, and AI-driven personalization features, cinema halls continue to retain their relevance by offering a unique immersive and social viewing experience. The large-screen format, advanced sound systems, and collective enjoyment associated with cinema halls cannot be fully replicated through home-based digital platforms. As a result, audiences tend to choose OTT platforms for regular and individual viewing, while preferring cinema halls for special releases, social outings, and event-based entertainment.

The findings further suggest that OTT platforms and cinema halls are not in direct competition but are evolving as complementary modes of entertainment. Artificial intelligence plays a key enabling role in this coexistence by supporting operational efficiency, audience targeting, and customer satisfaction across both platforms. Cinema halls are increasingly adopting digital and AI-based tools to improve ticketing, marketing, and overall service quality, allowing them to adapt to changing consumer expectations.

In conclusion, the entertainment industry is moving toward a hybrid consumption model where technology-driven convenience and experiential value coexist. Understanding these changing entertainment preferences is essential for industry stakeholders to develop sustainable strategies that balance technological innovation with consumer experience. The study highlights the importance of continuous adaptation and responsible use of artificial intelligence to ensure long-term growth and relevance in the rapidly evolving entertainment landscape.

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