

This problem situation was written by Nancy Berenice Ortiz Alvarado (nortiz@tec.mx), and translated with the support of artificial intelligence program, ChatGPT, with the purpose of serving as discussion material in the classroom; it does not intend to illustrate good or bad administrative practices. This document was elaborated from secondary sources.

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# The Company

Cinépolis, a Mexican company engaged in film exhibition, was founded in 1971 in Morelia, Michoacán. With over 50 years of experience, they have established themselves as leaders in the global film and entertainment industry (Cinépolis, s/f).

As of November 2023, they have operated a total of 889 cinemas, 6,821 fully digital movie theaters, and more than 1,137,417 seats across 18 countries: Mexico, the United States, Guatemala, Costa Rica, El Salvador, Honduras, Panama, Colombia, Peru, Chile, Brazil, Argentina, Spain, India, Indonesia, Oman, Bahrain, and the United Arab Emirates. They are the second-largest cinema chain worldwide, the second largest in ticket sales, the first in tickets sold per theater, the most important cinema operator outside the United States, and the largest VIP cinema operator in the world. (Cinépolis, s/f).

#### The Rise in the Market

With the mission of being the best entertainment option, strengthening its leadership in the international film industry by offering fun, innovation, and stellar service, Cinépolis began its expansion around 2000 (Quispe, 2011), successfully establishing itself as the market leader in Mexico.

Cinépolis' growth has been driven by constant innovation, incorporating new technologies and enhancing the moviegoing experience. The company has introduced stadium-style seating, IMAX screens, 4DX technology, and ScreenX formats, along with premium experiences and exclusive content. With a brand portfolio such as Cinépolis VIP and Cinépolis Junior, it has expanded into international markets, reaching operations in 18 countries (Cinépolis, s/f).

## **Streaming in the Scene**

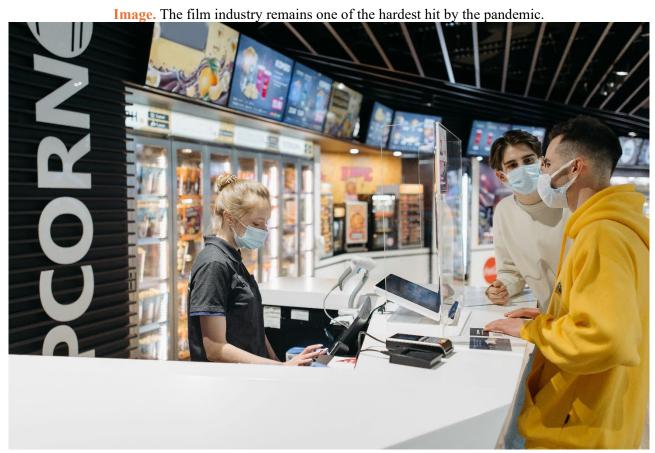
With technological breakthroughs, streaming emerged in the 2000s, reaching its peak after 2005 when the first platforms (YouTube, Netflix, Hulu, etc.) began to emerge. A shift in the consumption of movies started, consumers began to increase the use of these platforms to watch movies, and movie theaters' attendance has had a decline over the years (Statista, 2024a).

Due to these trends and the high-growth potential of the market, in 2013, Cinépolis entered the streaming industry with its platform Cinépolis Klic (Gutiérrez, 2013). Through this service, users could purchase and rent movies online, as well as access recent releases and classic films through a monthly subscription. However, some platforms, such as Netflix and ClaroVideo, had already established themselves as industry leaders with exclusive content offerings. In 2023, Cinépolis Klic ceased operations to focus on traditional movie theater exhibition (*El Economista*, 2023a).

Currently, with multiple players, the streaming market is saturated, leading to significant changes in the way entertainment is consumed. In 2024, Mexico ranked third worldwide in the average number of video streaming subscriptions per user (Statista, 2024b).

### **Picturing What's Next**

Worldwide, the film industry has experienced a decline in attendance and ticket sales in recent years, alongside the rise of digital platforms, changing consumer habits, and the growing threat of digital piracy. The film industry remains one of the hardest hit by the pandemic; as of the first quarter of 2023, movie theaters in Mexico have only sold 41.7% of what was sold during the same period in 2019 (*El Economista*, 2023b).



Source. Pavel Danilyuk in Pexels, 2021.

Cinemark, for example, a leading movie theater brand, has reduced the number of its theaters worldwide over the last five years by approximately 10%; while in Mexico, the number of tickets sold from 2020 to 2023, has decreased 30% compared to the average number of tickets sold between 2015 and 2019 (Statista, 2024c). Cinemex, a key competitor, closed 145 theaters in 2021 and continued to close more as of April 2025 (Bloomberg; O'Boyle, Michael, 2021).

Nevertheless, Cinépolis has stated that it will continue with its current strategy, which includes offering great in-theater experience to encourage customer attendance, using multisensory marketing and technological innovation to enhance the moviegoing experience (Noguez, 2025).

Under the changing technological environment and relevant changes in consumer behavior, the Strategic Team needs to be able to answer the following questions:

- 1. How can Cinépolis differentiate itself from other platforms to retain current customers and attract new ones? What are Cinépolis' current market segments? Which other relevant segments should Cinépolis target?
- 2. Which marketing strategies would be effective in addressing consumer needs, preferences, and trends? What challenges is Cinépolis currently facing in the industry? What are the main industry threats that could potentially hinder Cinépolis' growth?
- 3. Is it time for Cinépolis to redefine its value proposition to attract a larger audience? How can Cinépolis strengthen its value proposition to maintain a sustainable competitive advantage?
- 4. What market positioning strategy should Cinépolis adopt to maintain its leadership in the market? How can Cinépolis leverage its heritage and current positioning while also disrupting the market by embracing trends?
- 5. What innovative strategies can Cinépolis develop to continue growing? What other markets or portfolio extensions could be recommended for potential growth? How can Cinépolis deliver an exceptional and truly differentiated customer experience?

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