

FROM SILVER SCREEN TO STRATEGY: A SWOT STUDY OF MALAYSIA'S CINEMA THEATRE INDUSTRY

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ABSTRACT

The Malaysian cinema theatre industry plays a vital role in the nation's cultural, social, and economic development. However, it faces significant challenges, particularly in the aftermath of the COVID-19 pandemic and the growing dominance of digital streaming platforms. This study aims to evaluate the current strategic landscape of the industry using a structured SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. Data were collected through a purposive sampling of 12 experienced cinema professionals, and insights were gathered via a structured online questionnaire. The analysis identified nine key strengths, five weaknesses, six opportunities, and eleven threats shaping the industry's trajectory. The findings provide a foundation for strategic planning using the TOWS matrix, enabling cinema operators to transform SWOT insights into actionable strategies.

JEL classification: L82, M21.

Keywords: Cinema theatre industry; Malaysia; SWOT analysis.

Received: June 12, 2025

Revised: July 21, 2025

Accepted: July 29, 2025

1. INTRODUCTION

Malaysia's cinema theatre industry occupies a prominent position within the country's cultural, social, and economic landscape (Gowd & Zairul, 2024). As a medium of artistic expression and public entertainment, it serves as a powerful platform for showcasing Malaysia's multicultural heritage, preserving linguistic diversity, and promoting national identity (Wong et al., 2018). The origins of the industry can be traced back to the early 20th century during British colonial rule, when the first cinemas were introduced, laying the foundation for what would become a dynamic and evolving film sector (Eichler, 2018). Over the decades, Malaysia's cinema landscape has expanded significantly, shaped by global cinematic trends and technological innovations (Nazri & Mohd Redzuan Roy, 2024) and today remains a central pillar of the country's entertainment industry.

The cinema theatre industry plays a multifaceted role in nation-building and economic development. It supports the production of films in multiple languages

Malay, Chinese, Tamil, and English ensuring that diverse ethnic communities are represented and heard (Wong et al., 2018). Films produced and screened in Malaysian cinemas often reflect traditional values, historical narratives, and social themes, allowing audiences to connect with stories that resonate with their identity. Beyond cultural expression, the industry also contributes substantially to the economy through employment generation, tourism, and local business growth (National Endowment for the Arts, 2022). Cinema theatres support a wide range of jobs, from technical and operational staff to filmmakers, writers, and postproduction professionals.

Cinemas strategically located in commercial and entertainment hubs stimulate consumer traffic to nearby businesses, benefiting restaurants, retail outlets, and hotels (OECD, 2021). Additionally, film-induced tourism where filming locations become travel destinations has become an increasingly important economic driver, as seen globally with franchises like *Harry Potter* in the UK and *The Lord of the Rings* in New Zealand (Neves & Almeida, 2022). Malaysia, too, has begun to benefit from this phenomenon. Furthermore, the financial sustainability of cinema theatres is enhanced through diversified income streams, including food and beverage sales, merchandise, and promotional tie-ins. The industry also plays a role in international cultural exchange, as Malaysian films gain visibility abroad through exports, international festivals, and distribution deals (Motion Picture Association, 2023). Technological advancements such as IMAX, 4DX, and digital projection, along with marketing innovations and social media outreach, have further strengthened the industry's ability to engage audiences (Department for Digital, Culture, Media & Sport & Vaizey, 2010).

However, the COVID-19 pandemic introduced unprecedented disruptions. First detected in Wuhan, China, in late 2019, the virus quickly spread worldwide, leading to lockdowns and stringent public health measures. Malaysia confirmed its first case on January 25, 2020, with subsequent government-imposed restrictions resulting in the near-complete shutdown of entertainment venues, including cinemas (Bernama, 2020). The cinema industry was among the most severely affected, as prolonged closures, social distancing protocols, and capacity limits led to substantial revenue losses and operational challenges (He et al., 2020). Globally, theatrical market revenues plummeted from \$41.7 billion in 2019 to just \$11.9 billion in 2020 a nearly 72% decline (He et al., 2020).

In Malaysia, the impact was similarly severe. While admissions reached 77.78 million and gross takings peaked at RM1.08 billion in 2019, these figures fell drastically in 2021 to only 3.72 million admissions and RM22 million in revenue a drop of over 98% (FINAS, 2023). Although there were signs of recovery in 2022 and 2023, with admissions rising to 27.33 million and 34.87 million, and revenues to RM474.08 million and RM621.72 million respectively, the industry has yet to return to pre-pandemic levels.

Table 1: Collection and admission for all local and foreign films.

Year	2017	2018	2019	2020	2021	2022	2023
Admissions	72.84 million	77.31 million	77.78 million	77.78 million	3.72 million	27.33 million	34.87 million
Gross Takings (RM)	983.64 million	1.04 billion	1.08 billion	123.95 million	22 million	474.08 million	621.72 million

Source: FINAS (2023)

Beyond the pandemic, cinema operators continue to face several long-term challenges. Chief among these is the rise of digital streaming platforms such as Netflix, Amazon Prime, and Disney+, which have transformed consumer habits by offering affordable, on-demand content at home (Bugela, 2024). The trend toward simultaneous streaming and theatrical releases has also eroded the exclusivity of cinema experiences (Xie, 2024). Shifting audience preferences particularly among younger consumers towards personalized and flexible entertainment options, coupled with advancements in home-viewing technology, further reduce the appeal of traditional cinema settings.

Financial pressures remain another critical concern. Many cinema operators experienced heavy losses during the pandemic, and now face increasing operational costs alongside reduced attendance. While some have attempted to diversify by hosting private screenings, corporate events, and live broadcasts, long-term profitability remains uncertain. To stay competitive, theatres must also invest in immersive experiences such as luxury seating, enhanced audiovisual systems, and themed screenings (Akram & Bhoyar, 2022). In Malaysia specifically, the dominance of international films continues to overshadow local productions, challenging the growth and visibility of the domestic film industry.

Despite these headwinds, the industry remains a vital part of Malaysia's socio-economic fabric. However, ensuring its long-term sustainability requires strategic adaptation. One established method for guiding strategic planning is SWOT analysis, which helps organizations assess internal strengths and weaknesses alongside external opportunities and threats. While SWOT has been applied in various industries for post-pandemic recovery, such as Indonesia's fisheries sector (Rochvita & Permadi, 2021), India's tourism industry (Vijay raj & Jayanthila Devi, 2021), and Bangladesh's bicycle manufacturing (Xames et al., 2023), there remains a notable gap in its application to Malaysia's cinema theatre industry. Given the industry's unique challenges and the changing dynamics of the global entertainment landscape, a SWOT-based approach could provide valuable insights for formulating viable and sustainable strategies.

2. METHODOLOGY

The methodology of this study was carried out in three systematic stages to ensure a rigorous and insightful SWOT analysis of the Malaysian cinema theatre industry.

In Stage 1, the study adopted a purposive (judgmental) sampling method to select suitable respondents for the SWOT survey. This approach focused on identifying individuals with deep expertise and strategic involvement in the cinema industry, making them well-positioned to provide informed insights. A total of 12 experts were selected, comprising cinema managers, assistant managers, and directors from various cinema organizations across Malaysia. The criteria for selection included a minimum of four years of relevant experience and holding a strategic or managerial position. This method was justified due to the limited number of qualified experts and the need to ensure that only knowledgeable professionals contributed to the study. Table 2 shows the details of the 12 experts involved in the SWOT analysis.

Table 2: List of experts involved in the SWOT analysis.

No	Age	Highest Academic Qualification	Current Position	Years of Experience
1	43	Professional Certificate	Cinema Manager	20 Years
2	44	Bachelor's Degree	Cinema Manager	19 Years
3	59	STPM	Cinema Manager	32 Years
4	34	Diploma	Assistant Manager	4 Years
5	40	Diploma	Cinema Manager	13 Years
6	43	Diploma	Cinema Manager	25 Years
7	34	Diploma	Assistant Manager	4 Years
8	36	Diploma	Cinema Manager	10.5 Years
9	36	Diploma	Assistant Manager	17 Years
10	45	Bachelor's Degree	Cinema Manager	23 Years
11	37	Bachelor's Degree	Cinema Manager	13 Years
12	46	Bachelor's Degree	Director/CEO	10 Years

In Stage 2, a structured SWOT questionnaire was developed and administered. The questionnaire was created using Google Forms and distributed electronically via email and WhatsApp in both English and Malay to improve accessibility and convenience for participants. It consisted of five sections, beginning with demographic and professional background (Section 1), followed by open-ended questions targeting each SWOT component strengths, weaknesses, opportunities, and threats (Sections 2–5). These questions were initially generated using a Generative AI tool for clarity and then refined for industry relevance. The questionnaire was validated by two academic experts to ensure it aligned with the research objectives. The data collection period lasted one month, providing ample time for the 12 selected experts to complete the survey. All responses were collected anonymously to encourage honest and unbiased feedback.

In Stage 3, the responses gathered from the SWOT survey were reviewed, re-categorized, and synchronized. While most inputs were correctly categorized, some misclassifications were identified and corrected. For instance, one expert identified high parking fees as a weakness, but it was reclassified as a threat because it represented an external factor. Strengths and weaknesses were refined to reflect internal elements within the cinema operators' control, while opportunities and threats were aligned with external influences such as market trends and regulatory changes. Additionally, similar or repetitive responses were consolidated to eliminate redundancy. For example, entries such as “advanced ticket booking technology” and “digital payment systems” were merged under a single strength: “modern technological systems for convenience”. This re-organization ensured clarity and reduced overlap, thereby enhancing the quality and usability of the SWOT data.

Collectively, these three stages provided a solid foundation for subsequent strategy development using the TOWS matrix, ensuring that the insights were accurate, relevant, and strategically actionable for the Malaysian cinema theatre industry.

3. RESULTS AND DISCUSSION

Drawing on expert insights gathered through a structured questionnaire, the analysis successfully captured a range of internal and external factors shaping the sustainability and competitiveness of the Malaysian cinema theatre industry. Based on expert feedback, this section narrates the key strengths, weaknesses, opportunities, and

threats that define the current landscape of cinema operations in Malaysia. To be precise, the study identified a total of nine strengths, five weaknesses, six opportunities, and eleven threats, as discussed in the following sub-sections.

3.1 Strengths

The Malaysian cinema theatre industry exhibits several notable strengths that reinforce its resilience and market relevance. Technological advancement remains a core pillar, with cinemas increasingly integrating digital projectors, immersive sound systems like Dolby Atmos, and specialized formats such as IMAX and 4DX. These innovations, coupled with premium seating and family-friendly halls, enhance the overall cinematic experience.

Revenue diversification also supports financial stability. Beyond ticket sales, cinemas profit significantly from high-margin food and beverage operations, pre-movie advertisements, and movie distribution rights. Moreover, they creatively monetize underutilized time slots through private event bookings.

Convenience and accessibility are further enhanced by seamless ticket purchasing via mobile apps, while strategic placement in shopping malls provides added value in terms of parking, dining, and shopping synergy. Inclusivity is promoted through special accommodations for disabled individuals and senior citizens. Lastly, loyalty reward programs have successfully cultivated long-term customer relationships, reinforcing brand affinity and encouraging repeat visits. Table 3 shows the list of strengths identified in this study.

Table 3: Strengths in the Malaysian cinema theater industry.

Code.	Strengths
S1	Adapting to Modern Trends with Advanced Technologies and Equipment
S2	Strong Revenue Contribution from High-Margin Food and Beverage Sales
S3	Stable Revenue Enhancement Through Pre-Movie Advertisements
S4	Revenue through Movie Distribution
S5	Revenue Diversification Through Private Events and Special Bookings
S6	Convenient Ticket Purchasing
S7	Cinema Locations in Malls
S8	Specialized Services
S9	Loyalty Rewards Programs

3.2 Weaknesses

Despite the strengths, several internal weaknesses hinder the industry's broader potential. Most cinema chains remain concentrated in urban centers, limiting access for audiences in smaller towns and rural areas. Ticketing systems, while digital, may pose usability challenges for less tech-savvy patrons, with inconsistent software experiences across cinema brands.

High ticket prices, especially post-pandemic, further deter cost-sensitive audiences, prompting some to opt for alternative entertainment platforms. Operational costs including rent, licensing, and utilities remain substantial, placing pressure on profit margins. Furthermore, a skewed focus on popular blockbusters often results in a lack of film diversity, with successful titles monopolizing showtimes at the expense of niche or international offerings. Table 4 presents the weaknesses identified in this study.

Table 4: Weaknesses in the Malaysian cinema theater industry.

Code	Weaknesses
W1	Limited Market Reach
W2	Inconvenient Ticketing Systems
W3	High Ticket Costs
W4	High Operational Costs
W5	Showtime Dominance

3.3 Opportunities

Emerging opportunities could propel the industry forward if leveraged strategically. Enhancing the overall cinematic experience by integrating premium dining options can transform cinemas into lifestyle destinations. Additionally, underutilized cinema spaces can be reimagined for gaming, educational events, or community use, optimizing operational efficiency and expanding audience reach.

Technological advancements, particularly AI and automation, present vast potential. These tools can streamline operations, personalize customer engagement, and deliver data-driven marketing strategies. Sustainability initiatives also offer long-term brand value, attracting environmentally conscious consumers while ensuring regulatory compliance.

Strategic partnerships with retail, F&B, or lifestyle brands can unlock mutually beneficial promotions, while exclusive movie merchandise offers an additional revenue channel. Such initiatives not only diversify income but also enhance the cinema's cultural and commercial footprint. Table 5 outlines the opportunities identified in this study.

Table 5: Opportunities in the Malaysian cinema theater industry.

Code	Opportunities
O1	Cinematic Experience
O2	Maximizing Cinema Space
O3	Leveraging AI and Automation
O4	Brand Value Initiatives
O5	Partnerships Rewards
O6	Additional Revenue

3.4 Threats

The industry also faces a complex array of external threats. Economic volatility can diminish consumer spending power and inflate technology acquisition costs. The growing influence of social media means poor reviews can rapidly damage a movie's appeal and affect cinema turnout.

Environmental disruptions stemming from climate change pose risks to film production and global supply chains, potentially delaying content delivery. Automation, while beneficial, may also lead to workforce disruptions, requiring sensitive human resource adjustments.

Declining mall traffic, influenced by e-commerce and shifting consumer behaviors, directly impacts footfall at mall-based cinemas. Limited access to malls during late hours and high parking fees further dissuade potential patrons. The increasing dominance of online streaming platforms continues to divert audiences, while geopolitical tensions and regulatory shifts may unexpectedly disrupt cinema operations. Together, these factors demand vigilant strategic planning to ensure long-

term sustainability and relevance. The threats uncovered in this study are summarized in Table 6.

Table 6: Threats in the Malaysian cinema theater industry.

Code	Threats
T1	Economic Instability
T2	Social Media Reviews
T3	Production and Supply Chains
T4	Workforce Disruption
T5	Decreased Cinema Attendance
T6	Reduced Film Releases
T7	Revenue Loss
T8	High Parking Fees
T9	Limited Mall Access
T10	Competitive Pressure
T11	Risks from Authority

4.0 DISCUSSIONS

The SWOT analysis provides a clear picture of the current situation in the Malaysian cinema theatre industry. The key players in the industry can use these SWOT factors to create useful strategies using the TOWS matrix. This helps turn strengths, weaknesses, opportunities, and threats into real actions that support business growth and sustainability.

For example, cinemas can take advantage of their easy ticket purchasing systems (S6) and services that support different types of customers (S8), and combine these with the opportunity to improve operations using AI (O3). Personalized services powered by AI can help improve customer loyalty and make the movie experience more enjoyable. AI can analyze customer preferences to offer suggestions that match their interests (Okeke et al., 2024). Big companies like Netflix already use AI to recommend content based on what users like, which improves satisfaction and keeps users coming back (Ainapur et al., 2024). AI tools can also help divide customers into groups based on their preferences, making it easier to send marketing messages that feel more personal (Wilson et al., 2024; Thandayuthapani et al., 2024).

Cinemas could also focus on helping customers who are not comfortable using digital ticketing systems. This strategy tackles the issue of difficult or confusing ticket systems (W2) while taking advantage of AI support tools (O3). For example, AI-powered training videos, chatbots, and helpful FAQs can guide users step-by-step through online ticket booking, making the process smoother and easier (Morandini et al., 2023). This improves the experience for all customers, especially those less familiar with technology.

Another strategy is to make the cinema experience different and more exciting than watching movies at home. By using their high-quality services (S1) to face the threat of online streaming (T10), cinemas can offer special events, early screenings, or interactive experiences to attract more people. Showing movies that are not available on streaming platforms can bring in specific groups of fans (Akopyan et al., 2022). Cinemas can also add technologies like 4D motion chairs and special effects to make watching movies more fun and memorable.

In addition, cinemas can reduce their reliance on just selling tickets by offering new products and services. This helps deal with operational problems (W4) and the risk of having fewer popular movies to show (T6). For example, selling movie-themed

merchandise like shirts, toys, or posters based on popular films and characters can bring in extra income (Rammal et al., 2023). Other premium services such as better seating, food delivery to seats, or virtual reality games can make cinema visits more exciting. These added features can attract more customers, increase spending, and help cinemas grow sustainably over time (Silver & McDonnell, 2007).

5.0 CONCLUSION AND FUTURE STUDY

This study provided a comprehensive SWOT analysis of the Malaysian cinema theatre industry based on insights from experienced cinema professionals. The findings highlighted key internal strengths such as technological innovation, diversified revenue sources, and customer-friendly services. At the same time, the industry faces weaknesses like limited rural reach, high ticket prices, and overdependence on blockbuster films. Externally, the industry can tap into opportunities like AI-driven personalization, brand partnerships, and sustainability initiatives. However, it must also address serious threats such as economic instability, the rise of streaming services, and decreasing mall traffic.

Overall, the SWOT framework has proven valuable in identifying areas where cinema operators can leverage their strengths and opportunities while managing their weaknesses and threats. These insights can guide strategic decision-making and help cinema businesses in Malaysia recover from recent disruptions and remain competitive in a changing entertainment landscape.

For future research, applying the TOWS matrix is recommended. While SWOT identifies and categorizes internal and external factors, the TOWS matrix takes this one step further by systematically matching them to develop actionable strategies. By integrating the TOWS matrix in future studies, researchers and cinema stakeholders can move from analysis to action, forming targeted strategies that ensure long-term growth and resilience of Malaysia's cinema theatre industry.

ACKNOWLEDGEMENT

The author sincerely thanks all the cinema theatre operators who participated in the study. Their valuable input and support made this study possible.

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