

---

## Event Report

# Bringing Movies to the Masses: The CinePop Model

OCTOBER 9, 2009

---

*On October 9, 2009, Columbia Business School held its annual Social Enterprise Conference. This year's conference, entitled "From Vision to Practice," focused on case studies of the procedural life-cycle of a social venture – from broad vision to specific practice – in order to highlight how social organizations can not only survive the economic recession, but thrive after its turn-around. One such organization is CinePop, a for-profit social enterprise that brings free outdoor movie screenings to suburban Mexican populations. Ariel Zylbersztejn, CinePop's founder and managing director, spoke to a room full of students, professors, and social entrepreneurs about how he made his vision a reality.*

Ariel Zylbersztejn has always spoken film. From a young age, this Mexican-born son of Uruguayan immigrants has been communicating via the visual medium. At age 18, he began his formal study in communications, traveling to New York to attend the New York Film Academy. Ariel has dedicated his life to directing and producing a number of short films, including *Jai*, which has been featured in over 60 film festivals as well as at Cannes. So it was no surprise that Ariel opened the panel, *Entertainment as an Innovative Platform for Social Services: A Case Study from Mexico*, in his own language: with a film. In three short minutes, viewers learned how Zylbersztejn created an organization called CinePop, which has not only brought the cinema to over 550,000 Mexicans who would otherwise find the cost of a movie ticket prohibitively expensive, but created an entirely new and sustainable social business model in the process.

The idea for CinePop was born when Zylbersztejn – seeing his career as a filmmaker stymied by the lack of industry in his native country – learned that over 90% of the Mexican population

had no access to the movies. This situation existed for two reasons. “The first is geographic. It’s hard for many to believe, but there are simply no screens in much of rural Mexico,” Zylbersztein said to open up the panel discussion. “The second is that the ticket cost alone for a family is 10% of their monthly income – which averages about \$350 each month.” That’s when Zylbersztein had an idea: if people couldn’t go to the movies, why not bring the movies to the people?

Zylberstein’s first challenge was to develop a business model. After discarding the idea of drive-in movies (“I realized, if people can afford a car, they can afford a film ticket.”), Zylbersztein settled on the concept of an open-air cinema. After weeks of research, Zylbersztein found a European manufacturer of giant, inflatable screens for outdoor use. The initial showing on a giant five-story screen proved that he had a market. Using little more than flyers and mobile megaphone announcements for publicity, people flocked to the event, for which Zylbersztein charged a discounted price of 10 pesos – or about \$1 dollar. At this point Zylbersztein may have had a market, but he didn’t have a business model. “The economics didn’t work. With all the costs, it wasn’t sustainable,” he said. “Finally, I thought, OK, let’s start with giving people the movie for free. So who can I find to pay for the entertainment?”

Zylbersztein recognized that in order to create a viable for-profit business, he would have to shift the payer paradigm. He turned to a strategy long-used by network television broadcasters and began seeking cross-subsidies – in this case, advertisers – who would be willing to pay for the screenings in exchange for direct access to the customers. As Zylbersztein elucidated during the panel, this was not an easy sell. He first approached ConAgra Foods and spoke with the brand manager of Act II – a popcorn brand – to see if he could sell the idea that the positive social impact of a CinePop sponsorship was worth something. “Brand managers in Mexico don’t always understand the idea of social ventures. They want impact; they want their money to be invested in activities that can sell more or increase their market share.” The manager ultimately did decide to sponsor, but not without a lot of convincing from Zylbersztein.

Five years later, Zylbersztein no longer has to cajole companies into participating in one of his CinePop events. In fact, he has partnered with over 20 large corporate organizations and scores more small- to medium-sized ones. CinePop has been established in eight major Mexican cities, and over the last six months, has shown a 600% increase in sales and an 800% jump in profits.

## Scaling Up

In 2006 Zylbersztein was named the Social Entrepreneur of the Year–Mexico at the World Economic Forum in Davos. While there, he met Linda Rottenberg, co-founder and CEO of Endeavor, a non-profit that identifies and supports “high-impact entrepreneurs” in emerging markets. At the time, Zylbersztein was still dependent on corporate sponsorships to finance CinePop’s screenings. “Linda said to me, ‘OK, your model is very interesting, but where are you going to go if you are depending on marketing sponsorships? You will never be able to scale this business up, because marketing dollars are limited.’ So I started thinking, how can I evolve this model? I decided that I needed to turn marketing expenditures – sponsorships – into actual cost of sales for companies that wanted to get their products out to this market.”

Turning an ancillary marketing expense into a cost of goods sold meant that Zylbersztein had to target a different type of company. Instead of large, established brands, Zylbersztein turned to smaller enterprises that were still establishing themselves and would have a greater incentive to sell their goods or services to the consumers attending a CinePop event. He anticipated that these companies could grow alongside CinePop, capturing a market and creating brand awareness, while at the same time providing critical access to a perpetually under-served population.

Today a much smaller portion of CinePop’s total budget comes from pure sponsorship. The basic model has evolved to the point that every CinePop event is anchored around a film screening – generally a family-friendly movie that is shown on Saturday nights in the public plaza – but is made possible by the “Opportunity Tent,” a mobile mall of sorts, in which companies buy a three-by-three-meter space to promote products or services. “We have about 20,000 people per week that come through the Opportunity Tent, and with our partners, we offer them health, housing, clothing, micro-credit, consulting and coaching opportunities. CinePop has become a platform for companies that want to be in touch with the suburban communities in Mexico.”

## A Three-Pronged Partnership

CinePop’s success is directly linked to the partnerships that Zylbersztein has established with the cross-subsidizing businesses that sponsor him, but none of it would be possible without the support of the local municipalities. “When we go to a local plaza, we are partnering with the local government...They provide us with the location, security, and sanitation services and we try to leave them with a database and tools that they can use to understand the needs of the

people, and bring them even more opportunities.” When asked by an audience member if Zylbersztejn encountered barriers due to the lack of legal and regulatory framework in which social companies such as his can work with the government, he replied: “I believe that living in a place where there is no regulatory framework means there’s as much opportunity as there is challenge. So I’ve actually tried to use this lack of regulatory framework to CinePop’s advantage, and build a business model with it.”

Though Zylbersztejn didn’t always have the primary motivation of leveraging the government to create a socially-minded business (“Two years after founding CinePop I met Pamela Hartigan, managing director of the Schwab foundation, and she told me, ‘Wow, what you’re doing is amazing, you’re a social entrepreneur,’ and I said, ‘Oh. Really?’”), he now recognizes that CinePop’s ability to link a population with resources is reducing poverty and changing people’s mindset. “Imagine a situation where you are unhappy, but you have no tools to change. Now, think 10 years later – you’re still in the same situation. Now imagine 20, 30, or 40 years and still no ability to change... you start to think you’ll never have a chance. CinePop enters into the community through entertainment so that people are not only open to hearing what you can bring them, but eager for an opportunity to change.”

### The Future of CinePop

Today CinePop is working with three inflatable screens on which Zylbersztejn produces events every week. His goal is to reach 10 million people five years from now by owning 20 screens and exporting the model to other developing countries, such as Brazil, India, and China. Zylbersztejn is up-front about the challenges he will face: “The first challenge is money, but this is not the biggest one. When you have a proven model, the money comes. The largest issue is the operational challenge, because my ultimate goal is to give the model to the communities, and let them run it by themselves. We need to determine how they can create income and be sustainable when they are the owners of the model.”

LAUREN FRASCA MBA '10  
Columbia Business School