

HOW TO REACH MOVIEGOERS –
INBOUND vs. OUTBOUND TOOLS IN FILM MARKETING

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Resumo

O mercado cinematográfico vale mundialmente 32.6 mil milhões de dólares (2011) e as receitas crescem ano após ano, mas o número de bilhetes vendidos tem vindo a decrescer na maioria dos países. Devido a este facto conjugado com uma concorrência feroz, os estúdios de cinema e os marketeers têm que compreender melhor as necessidades dos seus clientes, a fim de alcançá-los da forma mais eficiente possível. Entretanto, os estúdios de cinema ainda gastam quantias enormes de dinheiro em publicidades televisivas e outras técnicas de outbound marketing, mesmo que recentemente os estúdios mostrem que o público cinematográfico pode ser melhor alcançado através da Internet.

Esta tese tem o propósito de compreender como o público cinematográfico escolhe o filme que irá ver e qual a melhor maneira de publicitá-lo. Para melhor compreender o público cinematográfico, foi efectuada um estudo científico, que revelou que o público cinematográfico com menos de 55 anos, usa a Internet e visita as redes sociais diariamente. Este estudo mostra claramente a importância do inbound marketing e que os distribuidores de filmes portugueses devem aumentar a sua presença na Internet.

Palavras-chave: Inbound marketing, Filmes, Redes Sociais, Público Cinematográfico

JEL: M31

Abstract

The worldwide movie market worth 32.6 billion dollars (2011) and its total income keeps growing every year, but the number of sold tickets is decreasing in most countries. Due to this and the fierce competition, film studios and marketers have to understand better their customers' need in order to be able to reach them the most efficient way possible. At the same time, movie studios still spend enormous amount of money on TV advertisements and other outbound marketing techniques, even though recent studies show that moviegoers can be better reached on the Internet.

This thesis has the purpose to understand how moviegoers choose the film to watch and what are the best ways to advertise a movie. To better understand the Portuguese moviegoers, a primary research was conducted. It revealed that moviegoers younger than 55 years use Internet and visit social media sites on a daily bases. This clearly shows the importance of inbound marketing and that Portuguese distributors should increase their online presence.

Keywords: Inbound Marketing, Motion Pictures, Social Media, Moviegoers

JEL: M31

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1 Introduction

1.1 Importance of the subject – Movie marketing

The worldwide movie market worth 32,6 billion dollars (in 2011, MPAA 2012), and its total income keeps growing every year. Although the Portuguese market, with a gross box office of 82.2 million EUR (in 2010, ICA 2011) is just a small slice of this, it is still very significant.

Over the years the way a movie has been marketed became a crucial point in its success. The biggest Hollywood studios spend enormous amount of money on advertising their movies. As Larry Gerbrandt wrote for Reuters in his article *How much does movie marketing matter?* "for every dollar spent on producing a major film, the studios have been spending 51 cents-58 cents to release and market it in the United States and Canada". From the six major Hollywood studios Universal has the lowest P&A (prints and advertising) costs, and they spend an average of 30.4 million dollars. By this numbers it's clear that marketing and advertising is a very important part of the movie business. Understanding the customers' need better could mean reducing these costs or invest the money more efficiently.

1.2 Problems the movie industry has to face

Even though year-by-year the gross box office grows both of the international and of the Portuguese market, the industry has a lot to worry about. Most income growth can be explained with the increasing ticket prices and the number of admissions (number of tickets sold) is in fact decreasing almost every year.

Shockingly, Elberse and Anand (2007) estimates that the returns to advertising for the average movie are negative and an average movie loses approximately \$17 million at the box-office, excluding DVD rentals and sales. Studios lose lot of money, if we also consider that they bear all production and advertising costs, but they have to share box-office income with theater exhibitors.

The movie industry has to face many difficulties which probably cause the number of admissions drop. Reasons of this decrease can be explained with the increasing ticket prices

and the penetration of alternative film watching, namely TV, home videos and downloads. At the meantime number of movies is increasing therefore each movie has to fight for less viewers with more competitors.

From all the problems that movie industry has to face piracy is one of the most challenging. It is hard to determine how much studios lose every year by illegal downloading and physical goods. Due to the increasing ease of duplication and availability of illegal copies this trend becomes worse and worse every year. In the end of 2011 the USA government decided to attack downloading websites and as a result many of them were closed down. The long term effects of this move, as if this means the end of Internet movie-downloading, will be seen in the future.

Other problem a studio has to face when releasing a new movie is the saturated market. 610 movies were released in US/Canada in 2011 (MPAA 2012), which means an average of approximately 11-12 new movies every week. Although this number is only the half in Portugal, average of 5 new movies a week (ICA 2011), it still means a very competitive environment.

1.3 Purpose of the research

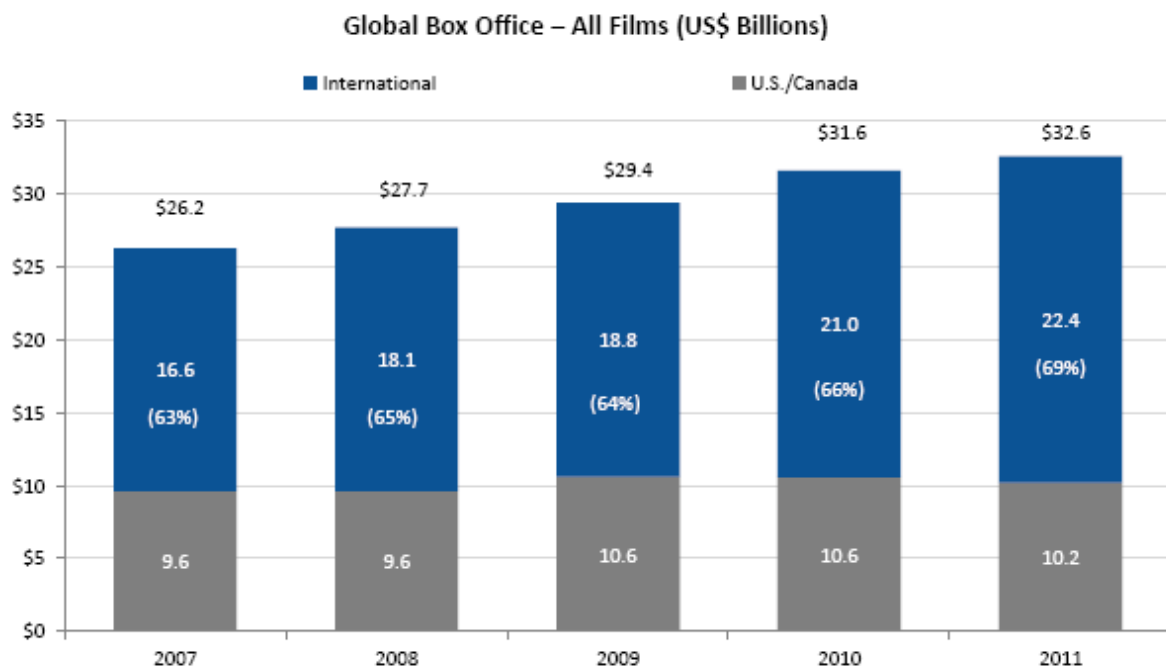
The purpose of this study is to find ways how marketing costs can be cut back or invested in more efficient ways. Television advertising means about one third of total theatrical marketing costs for a movie (Elberse and Anand 2007), but nowadays people can be reached on the Internet more easily and efficiently. This thesis has the purpose to confirm this and learn more about what factors affect moviegoers' decision-making.

The thesis will be concentrating on mainstream cinema and films, as art theaters and art movies are a small and more specific slice of the industry. As in Portugal and European Union movies from Hollywood and Europe are the most popular, this thesis will examine them.

2 International Movie market

2.1 Size of the Market

According to MPAA's (Motion Picture Association of America¹) annual research "worldwide box office for all films released in each country around the world reached 32.6 billion dollars in 2011", showing the huge size of this market. Regarding the box office income there is a constant growing in the last couple of years, up 24% in 2011 over 2007's total and 3% over 2010's total. U.S./Canada box office made up 31% of the worldwide total and the rest of the world 69%. This proportion is slightly growing over the last years. The domination of U.S./Canada in the movie market is clear, as only 5% of the world's population gives the 31% of the worldwide box office.



1. Figure: Global Box Office 2011, Source: MPAA

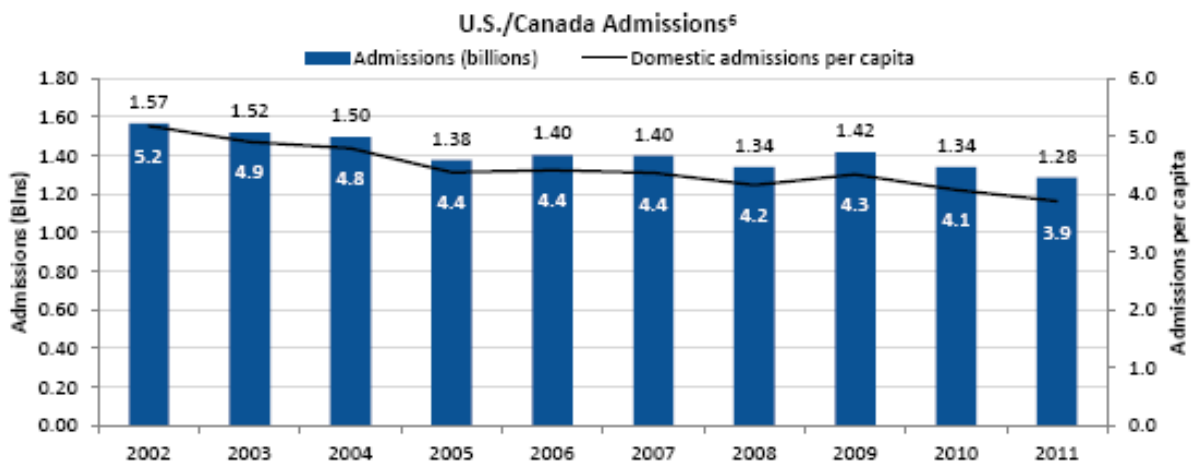
Gross box office also grew in the European Union in 2010 it reached a record high of 6.45 billion euros, by increasing 5% year-on-year (European Audiovisual Observatory, 2011).

¹ MPAA members: Walt Disney Studios Motion Pictures, Paramount Pictures Corporation, Sony Pictures Entertainment, Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLC and Warner Bros. Entertainment Inc.

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One of the major underlying factors of income growth is the ticket price increase. In 2002 the average ticket price in US/Canada was 5.81 dollars while in 2011 7.93 dollars (MPAA, 2012). In the European Union it raised from 5.34 EUR (2000) to 6.39 EUR² (2009) according to the European Audiovisual Observatory (2002 and 2010). In long run ticket price increase cannot be strategically reasonable, as people will start looking for alternative ways to watch films or for cheaper types of entertainment. Decreasing admissions already show this tendency.

Although the growing income might indicate that the industry is developing, admissions in US/Canada decreased significantly since 2002, from 1.57 billion USD to 1.28 billion. The national average of ticket sold per person (admission per capita) rose in 2009, the first increase since 2002, but in 2011 it shrank to the worst value in the last 10 years. Admissions also decreased in the European Union by 1.6% to 967 million tickets sold (European Audiovisual Observatory, 2011).



2. Figure: U.S./Canada Admissions Source: MPAA

2.2 Overall Film data

Hundreds of movies are made each year around the world, more and more every year. It is hard to determine with absolute certainty exactly how many are made in total annually as not all national records are available and not all reports count the same factors (not all

² Important to mention that between 2000 and 2009 many countries, where the average ticket price was significantly lower, joined the European Union, therefore the average price of EU haven't raised that much.

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includes documentaries or co-productions between countries). Even so, it is clear that the number of films produced in North-America and Europe shows a growing tendency.

Contrary to the popular belief, USA is not the number one film producer in the world. In fact, in 2009, it was only the 3rd, after India and Nigeria. India's Bollywood was the world leader by making 1,200 feature-length movies that year, followed by Nollywood (as Nigeria's film industry is usually called) which produced 987 films and Hollywood, with 694. The top 10 list is complete with China (475), Japan (448), Russian Federation (253), France (230), Germany (216), Spain (186) and South Korea (158) (UNESCO, 2009).

As 1. Table shows, Europeans are mostly interested in Hollywood movies, 68% of all European admissions were of that origin in 2010. European films are also quite popular, but movies from other continents have almost no viewers. Within the European movies, the French ones are the most popular, followed by the Italians, Germans and English (European Audiovisual Observatory, 2011).

Table 2: Breakdown of admissions in the European Union according to the country of origin

Region	2006	2007	2008	2009	2010 <i>prov</i>
US	63,4%	62,6%	65,5%	66,9%	68,0%
European films total	27,9%	28,1%	28,3%	26,8%	25,3%
EUR inc / US co-productions	5,6%	7,5%	4,4%	4,0%	5,4%
Others	3,2%	1,8%	1,8%	2,3%	1,3%
European films by country of origin ⁽¹⁾					
FR France	10,6%	8,4%	12,4%	8,8%	9,4%
GB United Kingdom	2,8%	5,6%	2,3%	3,8%	2,7%
IT Italy	3,0%	3,8%	3,6%	2,7%	4,1%
DE Germany	4,8%	3,8%	3,6%	4,2%	3,1%
ES Spain	2,8%	2,1%	1,6%	2,2%	1,4%
Other EUR Other European countries	4,0%	4,6%	5,0%	5,0%	4,6%

⁽¹⁾ excluding EUR inc films.

Source: European Audiovisual Observatory - LUMIERE Database

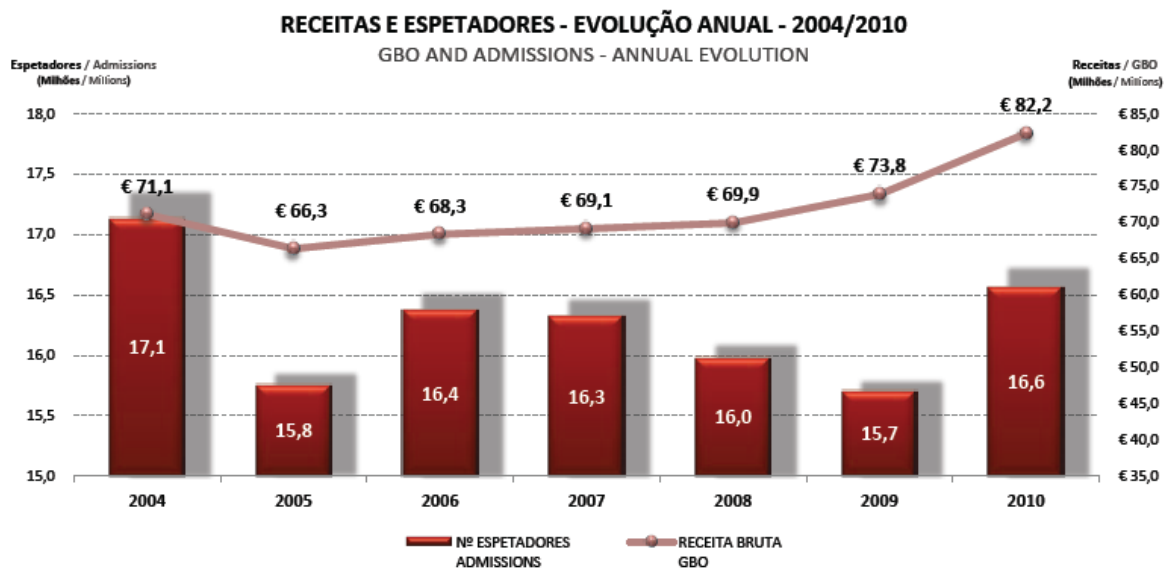
1. Table: Admissions in the EU according to Country of Origin Source: EAO

3 Portuguese movie market and movie industry

ICA – Instituto do Cinema e Audiovisual every year releases an annual report on the Portuguese movie industry. This chapter is based on their latest report “2010 Facts & Figures”

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Portugal is just a tiny part of the global movie market, but still very important. Since 2005 the Portuguese gross box office (GBO) keeps growing year after year, just like the total of EU 27. It is worthy to note that for years while the GBO was growing the admissions were continuously shrinking, which phenomenon can be explained by the increasing ticket price, just like in other countries. 2010 was the first year when both the GBO and the admissions were significantly increasing, this is contrary what the USA and EU model showed. That year 16.6 million viewers went to cinema (5.4% more than in 2009), generating a GBO of 82.2 million EUR, significantly higher than years before. It is very important that both the GBO and admissions continue growing in the years to come, helping the Portuguese movie industry to develop and enrich.



3. Figure: GBO and Admissions in Portugal Source: ICA

As expected, urban areas of Lisbon and Porto have the highest number of admissions, followed by Setúbal and Faro. These 4 areas, where half of the population lives, give the three quarter of total admissions. Interesting fact that from the top 4, three is showing decreasing tendency between 2004 and 2010 (Lisbon, Porto and Faro) while many others managed to double or triple their number (e.g.: Viseu, Vila Real, Castelo Branco)

Ticket prices are increasing all over Europe, and Portugal is no exception from that. In 2010 the average ticket price was 4.97 euro, 60 cents more than 2 years before. Even with this heavy increasing, Portuguese cinemas are still the cheapest in the EU 15, where the average

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price is 7.1 euro (2009). It is also below the EU 27's average, 5.9 euro. Just to compare, the highest price is in Denmark, 10.8 euros, which is more than the double of the Portuguese. Even if the Portuguese cinemas are considered very cheap in the EU 15, it is important that exhibitors don't use heavy price increasing to maximize their profit, instead they focus on raising admissions.

3.1 Distributors - Released films

The biggest film distributor in Portugal, without a doubt, is Zon Lusomundo Audiovisuais. In 2010 it released 97 movies from the 264 total, reaching a 36.7% of the market. The other main distributors are Prisvídeo (40), Columbia Tristar Warner (31), and Castello Lopes Multimédia (23). The four main companies together gave 73.3% of the market. The domination of these four becomes absolutely clear if we see the market share by admissions, as they represent the 96.9% of the total, meaning that their films are the most popular within the Portuguese moviegoers.

FILMES E ESPETADORES POR DISTRIBUIDOR - 2010
FILMS AND ADMISSIONS BY DISTRIBUTOR

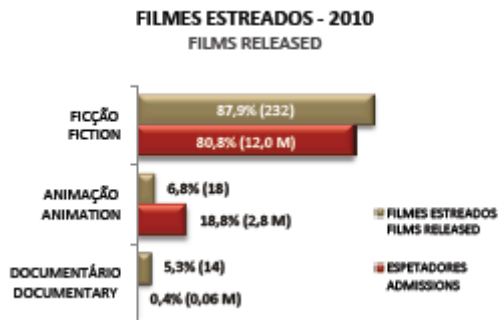
DISTRIBUIDOR DISTRIBUTOR	FILMES ESTREADOS FILMS RELEASED	FILMES EXIBIDOS FILMS EXHIBITED	ESPETADORES ADMISSIONS
ZON LUSOMUNDO AUDIOVISUAIS	97	205	8.341.926
COLUMBIA TRISTAR WARNER	31	52	4.473.019
CASTELLO LOPES MULTIMÉDIA	23	53	2.167.044
PRISVÍDEO	40	56	1.062.177
VALENTIM DE CARVALHO MULTIMÉDIA	7	18	149.031
CLAP FILMES	17	31	75.722
ATALANTA FILMES	8	105	58.726
ALAMBIQUE	10	12	37.133
MIDAS FILMES	11	23	32.395
OUTROS / OTHERS	20	190	162.558
TOTAL	264	745	16.559.731

2. Table: Films and Admissions by Distributor Source: ICA

In 2010 264 feature films were released in Portugal, of which 47.4% was originated in the USA (125 films) and 38.6% in Europe (102). Another 28 movies were co-productions between USA and Europe, they give 10.6% of the total. From the 102 released European films, 23 were Portuguese. However in the same year 745 movies were exhibited from which 54.8% were European (408, including 137 Portuguese ones) and only 34.2% from the US (255). This reverse tendency is quite surprising, as many studies show that US movies are more popular in the EU than the European ones. The 2010 data on released movies doesn't

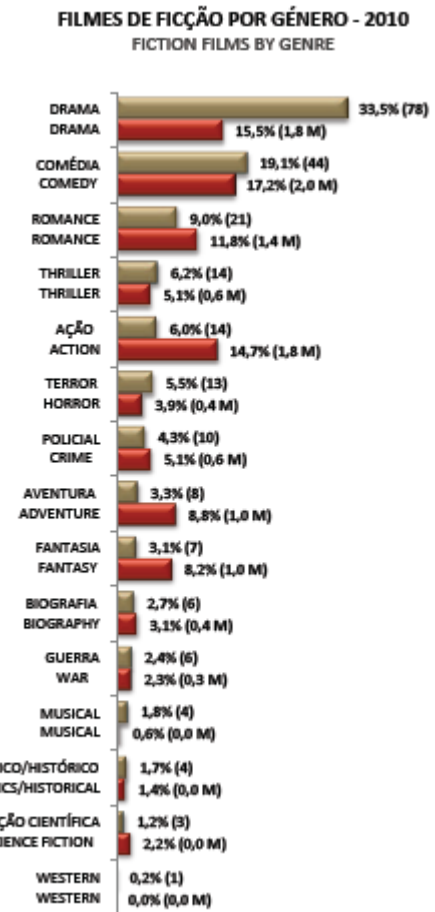
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differ much from the years before. The average between 2004 and 2010 is 271 feature films per year, of which 48.1% is from the USA, 35.1% from Europe and 12.9% co-production between the two. Films outside from these two regions almost don't appear in Portuguese cinemas, over the years only 2.1-5.6% of released movies were not from Europe or US.



4. Figure: Released Films Source: ICA

If we look at the released movies in 2010 we can see that almost all of them were fiction (232 from 264). Only 18 animation productions and 14 documentaries came out that year. However animations had more admissions per movie than fictions, as they had 155,853 viewers compared to “only” 51,899. Further analyzing released fiction movie we see that the genre drama (78 films), comedy (44) and romance (21) are the most represented. Even though comedy is not the most common genre, it has the biggest audience, followed by drama, action and romance.



5. Figure: Fiction Films by Genre Source: ICA

3.2 Exhibitors – Screens

According to ICA's report, there were 106 film exhibitors in 2010 in the country, from which 24 were cultural associations, 58 municipal companies and 24 film exhibition companies. Without a doubt Zon Lusomundo Cinemas is the biggest of all, it operates 30 cinemas with 213 screens and with 39,209 seats, which corresponds to 37.8% of all national

screens and 35.9% of the seats. Other significant exhibitors are Socorama (20 sites, 102 screens, 15,339 seats), NLC- New Lineo Cinemas (5 sites, 38 screens, 5,543 seats). Although UCI – Cinema International Corporation only has 3 cinemas in the country, those are quite huge as they run with 45 screens and 9,639 seats. These four companies owned 70.6% of the screens in 2010. The domination of these four exhibitors in the market is better shown by GBO and admission data, together they represent 91.5% of national GBO and 90.1% of admissions.

There are 564 movie screens in total in Portugal, from which 155 can be found in the Lisbon area. The occupancy rate per cinema theatres is low all over the country, the national average is 15.2%. Even though it has one of the highest numbers of admissions, Porto has the worst occupancy rate (8.9%), but Lisbon is also one of the lowest with 12.5%. Only urban areas of Faro and Santarem have more than one fifth of their theatres occupied (27.1% and 21.8%)

Even though movie theaters are hardly full, the number of screenings constantly grows, giving more opportunities to moviegoers to see the chosen movie in the most convenient place and time. In 2010 movie-lovers had 670,315 screening to choose from, of which 57.6% were in the evening and 42.4% in daytime. Over the years this division almost didn't change.

3.3 Movie production in Portugal

Portugal is not a major film producer in Europe, but in 2010 66 national films were made, more than in the years before. From these movies 33 were feature films (22 fictions and 11 documentaries) and 33 short films (18 fictions, 4 documentaries and 11 animations). Unfortunately the market share of domestic movies is very low and decreases more year by year. In 2010 it only reached 1.6%, when back in 2005 it was the double. These numbers are very low compared to the rest of Europe. In 2009 both the quota for the national cinema market and the number for national feature films produced were the second worst in EU 15.

Although there are only few Portuguese movies produced every year, they are many times awarded in film festivals, mostly in Europe.

At this year's Berlin International Film Festival Portugal's new generation film-makers got high appreciation: director João Salaviza was awarded the Golden Bear for his

short film “Rafa” and director Miguel Gomes won the Alfred Bauer award and the critics’ prize for his film “Tabu”.

The film “Blood of My Blood” (“Sangue do meu Sangue”) written and directed by João Canijo (released in Portugal in 2011) got several awards at international film festivals including the Special Jury Mention and the Fipresci Award by the International Federation of Film Critics at the San Sebastian International Film Festival in October 2011. It also won Grand Jury Discretionary Prize at the 29th Miami Film Festival (MIFF). The film will compete for international rewards on several film festivals in 2012.

The film “Mysteries of Lisbon” (“Mistérios de Lisboa”) directed by Raul Ruiz got more international rewards. It was the winner of the Louis-Delluc Prize 2010 (French film award); the winner of the 2010 Silver Shell Best Director at the San Sebastián International Film Festival. The film got more recognition from film critics: was awarded as Best Foreign Film in 2011 by The Toronto Film Critics Association; Best Foreign Film of 2011 by the London Critics Circle; the winner of the São Paulo International Film Festival Critic’s Award. The film also won 3 of the 2011 Satellite Award such as Best Foreign Film, Best Art Direction and Production Design awards by the International Press Academy (IPA) in the United States.

Unfortunately Portuguese films don’t get appreciated enough in the most famous festivals of the U.S. Actually regarding the most prestigious Academy Award (Oscars), Portugal reached negative record by submitting films for the Academy for Best Foreign Language Film since 1980 (more than twenty-five Portuguese films) and not making the final shortlist (record of the most submissions without an Oscar nomination).

3.4 Movie-going habits of Portuguese people

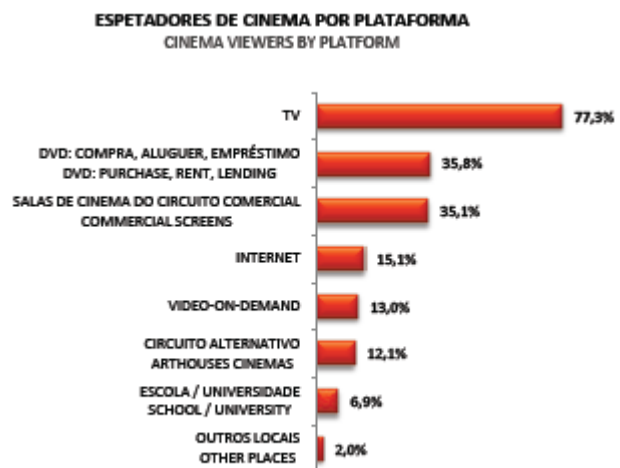
Portuguese people go very rarely to cinema, the national average was only 1.6 times in 2010 (ICA, 2011). A year before it was 1.5, below the average in the EU 15 (2.2) or in the EU 27 (1.7). Just to compare, in Ireland (which was n.1 in the ranking) or in the USA an average citizen went 4 times to movie theaters, far more than in Portugal. It is crucial for the Portuguese national film industry that this number would rise in the future and Portuguese people would go more and more often to cinema.

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In the January of 2011 OberCom – Observatório da Comunicação released a study on film consumption of Portuguese people called “A Sociedade em Rede Portugal 2010 - Cinema nos Múltiplos Ecrãs” based on asking 1258 people about their habits. Residents were chosen by quota method according to national demographic data and interviewed in Continental Portugal between the 14th and 25th of May 2010. The following data will show the response of 1255 interviews.

The market research shows that in the past 12 months 81.8% of respondents saw at least one film in any kind of platform. It seems that men are more interested in movies, as 86.5% of them saw at least one, while only 77.6% of women did the same. It is clear that film consumption is inversely proportional to age, between the age of 15 and 24 94.9% of people saw a film, while above 65 only 64.4%. Film watching rate is the highest in Algarve (97.9%), but most of the country has more or less equal figures (88.1-91.3%).

The most popular way of movie consumption in Portugal by far is TV, 77.3% of respondents said they use this platform, 52.9% said very frequently (minimum once a week). Cinemas are unfortunately only the third most common way, just 35.1% saw films there in the past 12 months. This is a very low percentage, for the future of the industry it is crucial that this number would increase. As a comparison, in the USA this value is more than the double, 68%. Art house cinemas are even less beloved, just 12.1% goes there to watch a film. DVDs (buying, renting or lending) seem to be more popular than movie theaters, but internet downloading is not as common as expected. In my personal opinion this might not show the absolute truth, as people mostly download movies illegally, therefore they probably don't admit it in a national survey. 13% of the respondents use video-on-demand, but as this system is quite new in the future the number of users will probably increase.



6. Figure: Film viewers by platform Source: ICA

The research gives a good view on who are the moviegoers in Portugal. Most of them are between 15 and 34 years old and have high education. According to the survey, 71.3% of

the population at age 15-24 goes to cinema, at age 25-34 this percent is lower, but still high (53.2%). Interestingly there is quite a big difference between genders, 37.9% of men said they are moviegoers, but only 32.7% of women respondents. Analyzing movie-going frequency, we can see that 7.2% of respondents who see films go to cinema very frequently³ and another 11.2% frequently⁴. This 18.4% is the most important segment of the market. MPAA 2011 data shows that frequent moviegoers are the “locomotive of the industry”. 10% of the US/Canada population which goes to cinema at least once a month buys 50% of the tickets.

According to ICA, last years’ tendency shows that July-August and December are the high seasons for movie-going in Portugal. Interesting fact that while July has usually the second highest attendance rate (behind December), June has the weakest. Seasonality can be observed not just in Portugal, but worldwide. As obvious, weekends (Friday, Saturday, and Sunday) have higher rate, than weekdays. Over the years, Wednesday has the lowest, this is the reason why some cinemas have reduced price for that day on purpose to increase attendance. Analyzing the time we can see that Portuguese people prefer to go to the movies between 9pm - 11pm (39.1% of viewers chose this hour), and 3pm - 6pm (27.1%).

Sadly, as ICA data showed, Portuguese movies are not popular among Portuguese people, 87.8% of the respondents of the OberCom survey said they haven’t seen any in the past 12 month, in any kind of platform. Only 3.2% claimed to see a national production in a movie theater. As shown before comedies, drama, action and romance have the highest number of viewers.

4 Literature review on Movie Marketing

4.1 Costs of Movie Marketing

While making a movie, studios divide their expenditures into two: negative cost and prints⁵ and advertising (P&A) cost. “Negative Cost is the cost of producing the negative of the final film. This includes all aspects of the film’s production: actors’ salaries, editing, scenery, etc.”, say Prag and Casavant (1994). Many times these costs are referred to as production costs. Besides of negative costs, studios spend most of their money on P&A expenditures. It’s hard to say exactly how much these costs are, as studios many times “hide” them from the

³ Once a week or more often

⁴ Once or twice a month

⁵ Cost of making prints of the film from the negative. Represents less than 10% of the P&A costs. Reuters 2010

public. During their research Prag and Casavant (1994) found negative cost data for 652 films, while only 195 had P&A data available. Also, these costs quite differ from study to study, in 1994 Prag and Casavant talked about 30 cents of marketing expenditures after every dollar spent on production costs, but in 2007 Elberse and Anand mention 60 cents. This supports other authors' opinion about constantly growing marketing costs.

Even though we don't have exact data, we can be sure that the biggest Hollywood studios spend enormous amount of money on advertising their movies. As Larry Gerbrandt wrote for Reuters in his article *How much does movie marketing matter?* (2010) about the six major film studios: "for every dollar spent on producing a major film, the studios have been spending 51 cents-58 cents to release and market it in the United States and Canada". From the six major Hollywood studios Universal has the lowest P&A costs, and they spend an average of 30.4 million dollars, while Paramount has the highest with the average of 50 million dollars a release. By this numbers it's clear that marketing and advertising is a very important part of the movie business.

4.2 Difficulties of film marketing

Marketing a newly released product is always difficult, and movie studios release their new "products" every week. What makes it even harder is that movies quite differ from other services or products. Movies in general have a very short life-time (Zufryden, 1996), more or less 1 month in cinemas (DVD and TV release extend it). Ainslie, Dréze and Zufryden (2005) distinguish two kinds of movies according to their diffusion pattern: blockbusters and sleepers. Blockbusters' life-cycle curve shows exponential decay (opening week's box office is the highest) while sleepers' are more of the traditional bell-shape, as their sales peak 3 to 6 weeks after release⁶. Even though they use the term "blockbuster" to refer to its life-cycle curve, other authors and common language uses it as a synonym for highly successful film with huge box office revenue.

Due to the very short life-cycle curve there is almost no option to rewrite a movie's marketing strategy and react to potential viewers' feedbacks as they occasionally do in other areas. Movie marketers sometimes change their strategy during pre-release advertising, but only in cases when huge failure is forecasted, as for example Disney did this year with John Carter. After spending \$250 million on production costs, the studio decided to complement

⁶ Zufryden in 1996 and 2000 said that for most movies box office sales peak at the first week and only a few, with extremely positive word-of-mouth, become sleepers.

their marketing strategy due to poor feedback, although experts say it was already too late to save the movie (The Hollywood Reporter, 2012). In case of misguided strategy, most of the times marketers can only revise at DVD release, which provides a lot smaller revenue.

Unlike packaged goods, films' sales are not characterized by repeat-purchase behavior, therefore some marketing techniques are not so effective as they normally are, for example price promotions (Zufryden, 1996). As the author says, besides of occasional price discounts (e.g.: afternoon screenings) it is not common in the film market, on the other hand word-of-mouth has a lot bigger impact than in other markets (more on word-of-mouth later on). He points out that book, video game and CD marketing are the closest to movies', but these can be subject to significant price promotions. Also, reaching consumer trust and brand loyalty is the most important objective in many companies life, but it is irrelevant in the movie industry, as most people don't know or don't care which studio(s) produced the film.

Elberse and Anand (2007) warn film marketers not to forget about two other important factors while planning the proper marketing strategy. First of all, even though studies show that higher advertising expenditures mean higher receipts, one should always keep in mind that ad costs are paid only by the studio, while box-office revenues are divided between the studio and exhibitors. Forgetting about this could mean overestimate the right level of advertising. Secondly one shall not forget that theaters are not the only source of film's revenue, but homes video and television releases also are, therefore they should be advertised properly as well. Forgetting this could lead to underestimate the optimal advertising level.

4.3 Predicting revenues – factors in people's decision-making

“No one can tell you how a movie is going to do in the marketplace... not until the film opens in darkened theatre and sparks fly up between the screen and the audience”

Jack Valenti, 1978, Ex-President of MPAA⁷

Despite of the words of the former MPAA President, studios and marketers have always wanted to know how people choose films, why some movies become a huge success

⁷ in Sharda and Delen, 2006

while others fail at the box office. Although some in Hollywood might say that movies are artistic creations, and therefore cannot be modeled (Ainslie, Dréze and Zufryden 2005), many papers were written on predicting their revenue as it is an appealing industry where huge money is at the risk every week. Different authors came up with different formulas to forecast a movie's success by analyzing its attributes. Some try to predict the revenue already during production, some right before the release, while others only after launching. Of course no one knows the exact formula of a blockbuster, but many factors have been identified that are significant in moviegoers' decision making. In general film's quality, advertising expenditures, critics' review, genre, rating, awards and star presence had been found worthy of examining and investigating.

According to Prag and Casavant (1994) modern moviegoers procure two basic kinds of information before choosing a movie. First, if the movie reaches a certain quality along the dimensions chosen to be important by the public, for example Academy Awards seem to show quality in a film. Second, whether information about the film suggests that it would fit the taste of a certain market segment or not, for example movie star's presence creates interest among fans. From factors that seem to show quality they chose to analyze the effects of Oscars, critics' review and the budget spent on film. To see movie's appeal to a certain segment they analyzed the effects of star presence, genre, MPAA rating and whether the movie is part of a sequel. "Our regression results indicate that, in the largest sample, negative cost, being a sequel, star power, winning an Academy Award and quality are unambiguous positive factors in a film's financial success. In the sub-sample of films for which we have P&A data, this factor is an important determinant of rent but star power, negative cost, and winning academy awards were not important factors any longer."

Elberse and Anand (2007) present a quite interesting predictor of movie success, the Hollywood Stock Exchange (HSX), a popular online stock market simulation, played by over 520,000 people. The HSX stock price is considered one of the strongest predictors of real box office income. Users start trading stocks months, sometimes even years before films' release until its release. On the day of the release the trading stops, but after the opening weekend it continues for four more weeks with prices adjusted based on the actual box office. The price of a film's stock and its changes over time indicates what the public expects from the film and its sales. Also, as users don't have inside information, they base their expectations only on advertising.

Critics

Film reviews are almost as old as the industry itself and nowadays are widely available. Critics play an important role in shaping public's opinion, even so they might have distinct taste and in many cases their opinion differs. In case of the review is positive, it means free advertisement for the film by showing its good quality. Even so, as it is not controlled by the studio it can backfire and do serious harm. Many scientific papers show the importance of film critics, but not all agree on their effects on a movie's success. Prag and Casavant (1994) found good reviews to have positive effect, but as they point out Hirschman and Piers in 1985 found it negatively correlated with box office success. King (2007) found "zero correlation between critical ratings for films and gross box office earnings." After analyzing further, he came to conclusion that for mainstream movies (released on more than 1,000 screens) there is a positive relationship. On the other hand, critics like films with limited opening screens, which are normally foreign movies or documentaries, but those are not so appreciated by the public.

Studios find critics' positive review very important. Sony went further than just quoting critics, they created their own. David Manning reviewed many Sony movies before the world realized that he wasn't a real person, just the imagination of Sony's marketers. As expected the case of the fake critic caused quite a scandal, Sony had to pay \$1,5 million as a fine (BBC News, 2005).

Quality

It is hard to determine what "quality" is as it means different things to different people, especially in the case of an art piece. For some a quality film is artistic, for others it's entertaining. While investigating, authors normally measure quality by critics' reviews, but as explained before critics' and public's taste doesn't always match.

By analyzing what effects movie's quality, Prag and Casavant (1994) have not found clear relation between quality and production costs, but years since release, Academy Award winners and major stars' presence seems to have a positive effect. As we can many times experience, sequels have lower quality. Ginsburgh and Weyers (1999) found that quality assessments by Awards (Oscars or Palme d'or of Cannes) are short-lasting, even though they

show the opinion of industry professionals. Country of origin can also show quality, in frequent opinion Hollywood movies are better than others.

Genre

Although genre is an important attribute of a film, authors argue on its actual influence on moviegoers' choice.

From all the genre descriptors Zufryden (1996) found only Action and Comedy to be statistically significant, the rest (like Drama, Horror, Children, Sci-Fi, etc.) he didn't even include in his final model. Prag and Casavant (1994) found that only being Drama influences revenue and it to have a negative effect. Ainslie, Dréze and Zufryden (2005) didn't include genre as a variable at all, as they found so few significant parameters. Meanwhile Gazley, Clark and Sinha (2011) prove that the competition between different genres exists, and that movie-goers participating in their consumer research prefer comedies and dramas. ICA data shows that Portuguese people also prefer these genres.

Star's presence

Many studies confirm the significantly positive effect of a famous actor or actress starring in a film. Their presence attracts huge crowds, but it doesn't always guarantee a high profit, as their salary raise production costs significantly. Prag and Casavant (1994) explain that a star's presence is easily and effectively communicated.

Release date and number of screens

Sharda and Delen (2006) found number of screens where the film has been released the best predictor of motion picture success.

The timing of a film's release is also considered to be very important. Big movies, which are suspected to be highly successful, are released during 'big weekends', e.g. at national holidays (Ainslie, Dréze, Zufryden 2005). The authors warn that "looking at movie releases independently from the other movies available to consumers may be misleading." As they explain, at planning movie's launching studios pay extra attention on other films, and try

to avoid going head to head against big movies. This means that these movies have little competition, and can be released in a high number of screens. Contrary to this, Sharda and Delen (2006) say that blockbusters are released in a highly competitive season.

Sequels

Quite surprising that, although sequels are suspected to be more successful, not all studies confirm that. Sharda and Delen (2006) found that being a sequel doesn't have effect on film's success. Gazley, Clark and Sinha (2011) are on the same opinion, pointing out that many authors agree with them, but some prove the exact opposite (e.g.: Prag and Casavant in 1994) Dhar, Sun and Weinberg (2011) also found both sequels and parent movies (from which sequels originate) to have higher attendance, than non-sequels. Although they warn that as normally sequels are more expensive than parent movies, they are many times less profitable.

MPAA Rating

Although in Europe a film's rating seems to have little importance, in the USA it's considered to be a highly important factor, and as such, its effect on ticket sales is examined by many authors. Every movie launched in the U.S is rated by MPAA, using the following values: G, PG, PG-13, R and NC-17⁸. This rating system helps to see the level of violence, adult language and sexual content in a movie.

According to Prag and Casavant (1994) Hollywood wisdom says that MPAA rating effects movie's box office, the higher the rating the better for the movie, as movie-goers above 17 have more money to spend on cinema and can also go to late night screenings. Contrary to this they have not found any connections between being PG-13 or R rated movie and its revenue. Arguing with their findings by checking MPAA data of 2011, we can see that 18 movies from the Top 25 films by USA/Canada box office earnings were rated PG-13 or R. Surprisingly other studies demonstrate the exact opposite, indicating that G and PG movies are more successful as they appeal to a larger crowd (Sharda and Delen, 2006).

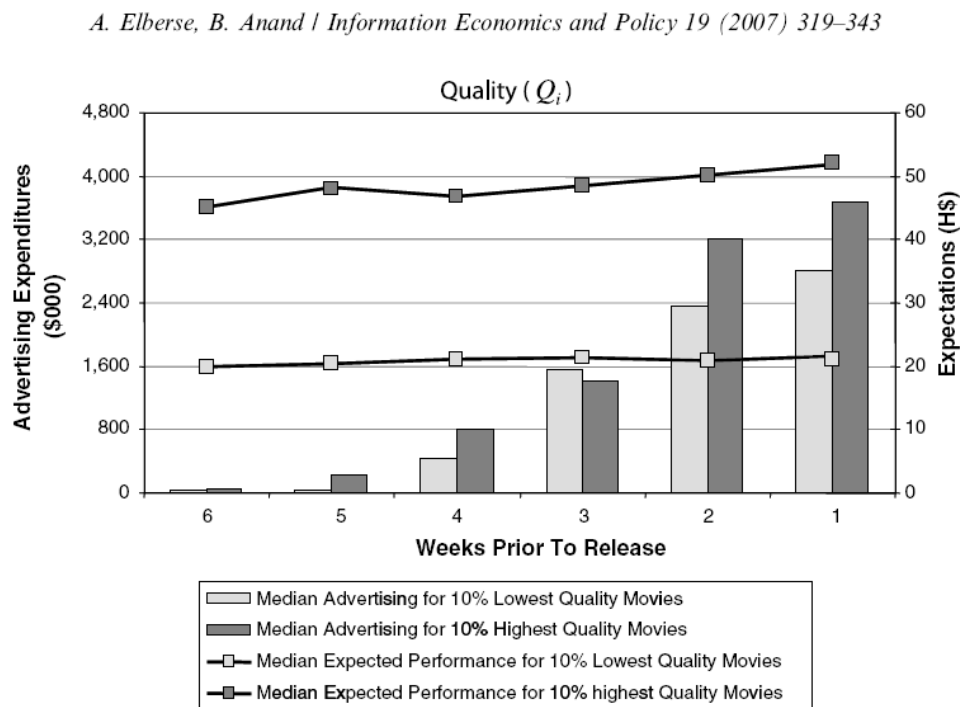
⁸ G: General Audiences; PG: Parental Guidance Suggested; PG-13: Parents Strongly Cautioned; R: Restricted; NC-17: No One 17 and Under Admitted (MPAA, Ratings)

Marketing expenditures

Studios pay extremely high amount of money on marketing expenditures, therefore one of the most important question in papers written about movie-goers is how much marketing influences them.

After analyzing, most authors come to the conclusion that marketing expenditures and efficiency of advertising depend on other variables. Prag and Casavant (1994) points out that star's presence, number of awards won and some genre are more easily advertised, for example action movies can be effectively promoted by showing explosion or fight scene on TV. Their study shows that studios spend about 30 cents on ads after every dollar of production costs, therefore the higher the production costs are, the more they spend on advertisement. They found higher ad costs when a famous actor/actress was starring the film, or it was awarded with an Oscar. They noticed significantly greater marketing expenditures for action movies and comedies which can be explained with the fact that these genres are easily advertised on the most expensive media, television.

Elberse and Anand (2007) found movie quality to have a big impact on advertising effectiveness.



7. Figure: Advertising Expenditures and Expectations Source: Elberse and Anand (2007)

The graph reinforces the finding that high-quality movies appear to benefit more from advertising than low-quality movies. Although the graph only shows expectations, those are proven to be reliable, as they are based on HSX stock price.

Ainslie, Dréze, Zufryden (2005) clearly proves the positive connection between media spending and “higher opening week sales, longer legs, and slower sales decay.” They found that heavy advertising not just leads to higher opening week sales, but also to higher sales for the remaining period. As they simulated the impact of a 10% increase⁹ in media expenditures, they found “an increase in opening week sales of 3.07%, (std. dev. 1.18%) and an increase in total box office of 6.61% (std. dev. 2.60%)”, proving that the long-term effects of advertising are even bigger than the short-term ones. However, as they point out, the reason for this might be that studios know which movies are good enough to advertise heavily and the positive word-of-mouth makes the sales go up.

Movies can be advertised before or after their release. Different papers show one and the other.

4.4 Pre-release marketing

Companies many times spend enormous amount of money on advertising a product before its release and the movie industry is not exception from that. In 2005 the average production cost for a movie made by a major Hollywood studio was \$60 million, while average advertising expenditures were over \$36 million. Of this \$36 million, about 90% was spent before the film’s release, 99% of it in the period of 12 weeks before launching (Elberse and Anand, 2007). The authors prove that this money is well spent; pre-release advertisement has a positive and strong effect on market-wide expectations. As life-cycle curve of (most) films shows, first weekend’s revenue is determinative. The main purpose of pre-release advertising is to create a buzz around the upcoming movie and differentiate it from the crowd. Studios have to make movie fans “run” to the theaters when the film comes out, otherwise they might lose interest and new competitors are released the next week.

As Elberse and Anand (2007) explain, studios plan their marketing strategy long before a film is being released, and most of the times they only make smaller changes in it

⁹ for any single movie, while holding the other movies constant

later on. Once studios fix the advertising budget and allocate the expenditures across media outlets, changes are very limited. Adjustments in the campaign only occur in case of unexpected information about movie's potential or changes in competitive movie's release date. Their "interviews with executives from studios and advertising agencies suggest that changes in the planned sequence of advertising expenditures within the twelve-week window prior to a movie release are generally difficult to execute", even for bigger studios. The reason for this is that studios buy 90-95% of TV advertising several months before release in the "up-front" advertising market, as they prefer prime time. It is very difficult and expensive to buy additional TV ads later on, on the "opportunistic marketplace" This is a problem also for the biggest studios, although they have the possibility to switch advertising time between their movies, but they almost never take advantage on it. Some studios are part of a media conglomerates with television arms (like New Corporation with Twentieth Century Fox and Fox TV), obviously for them it is not so problematic to get extra ad time.

Although Elberse and Anand (2007) says that 99% of pre-release advertisement is made in the period of 12 weeks before launching, we can see an increasing number of teasers showing up even half a year or more before movie-release. One of the best from recent examples is "The Avengers" movie. The film will be launched on the 4th of May, 2012 (in the USA), but the first article was written about it in September, 2006, the actors were introduced in 2010 at ComiCon (IMDb) and the first teaser poster was out in August of 2011 (Facebook – Avengers).

4.5 Post-release marketing

As said before lion-share of movie's advertising is done before it enters the cinemas, only 10% is done post-release. According to Rennhoff and Wilbur (2011) post-release advertising can have the following purposes:

- Sustain or grow movie distribution,
- Remind and inform consumers of a film's current availability,
- Provide updated information about critical reviews,
- May influence word of mouth.

As the authors explain it is quite understandable why studios don't support more post-release marketing. Only one third of their sample showed positive effect of this kind of

advertising (rest showed no effect), although in those cases its estimated return was relatively large. This heterogeneity might be the reason why studios don't risk spending more money on this technique. Rennhoff and Wilbur could identify some factors that might have an impact on effectiveness, like the movie's past revenue, star power, director appeal and production budget. Interestingly, budget spent on post-release ads doesn't seem to have an effect. They found comedies and R rated films to receive less post-release advertising while big-budget movies and film with famous actors are advertised more. They advise studios to spend more on post-release ads, but not at the expense of the pre-release.

4.6 Word-of-mouth (WOM)

Many authors and researches agree on the great influence and importance of WOM in the movie business. As Zufryden (1996) explains "because of the social context and high involvement of the movie-going experience, word-of-mouth effects are likely to be more pronounced than for durable goods and may tend to significantly impact market penetration over a film's life cycle." As the information about a film comes from a reliable source (friends or family) moviegoers find it more credible and trustworthy (Liu, 2006). WOM helps not just to raise movie's awareness, but also the willingness to see it. Almost half of the respondents to the Moviegoers 2010¹⁰ survey said they hear from a new movie from their friends or family. Once they heard about a film (from any source), 44% often or very often asks their family and friends' opinions about it. As the information comes from a reliable source (friends or family), people are more likely to believe and trust it than critical reviews. To decide if they will like a movie, 72% of respondents ask their friends and family, 41% read online reviews written by consumers or moviegoers and only 32% reads reviews written by professional movie critics.

According to Liu (2006) WOM is active during prerelease period and it does not substitute other information sources, but complements them.

4.6.1 Buzz marketing

„Buzz marketing captures the attention of consumers and media to the point that people talk about the brand, because the message is perceived as entertaining, fascinating,

¹⁰ Study by Stradella Road on moviegoers' habits, based on surveying nearly 4.000 moviegoers

and/or newsworthy” (Mohr, 2007). As she points out, McKinsey & Co. finds motion pictures to be highly driven by buzz.

Buzz marketing and word-of-mouth are quite alike, as both rely on customers to forward company’s message and influence others, both has low price and both became more powerful thanks to the internet. The main difference between the two is that while during WOM an opinion leader shares his/her notion about a product he/she is specialized in, buzz marketing is forwarded by anyone, regardless about his/her knowledge about the product (Mohr 2007). It has to be so exciting and interesting that people would share its jaw-dropping, movie-related content with others. (Not every author differentiates buzz marketing from WOM, Liu (2006) uses them as synonyms.)

Movie marketers like to use this technique, we can find many examples of successful buzz marketing campaigns in the movie industry. Recently, to promote *The Girl with the Dragon Tattoo* original items from the movie were hidden, time to time the GPS coordinates where revealed on a website and the first to get there received an exclusive piece used at the film’s shooting (*The Tattooed Girl*, 2011). Needless to say, movie fans were “dying” just to get such an item. Some movies are capable of creating buzz around them just by spreading the word that they exist, for example new part of a sequel (*Star Wars*), adaptation of a book (*Harry Potter*) or a remake (*The Departed*).

4.7 Outbound vs. Inbound marketing

Internet gives a new ground and many exciting tools to marketers to attract customers. With the spread of new methods, the popularity of the old ones is decreasing and they are slowly fading away. In other words, outbound marketing, where companies try to push themselves and their products on customers, is the past and inbound marketing, where they attract customers to themselves, means the future. According to Hubspot (2008):

Outbound marketing techniques include:

- TV advertising
- Print advertising
- Junk email, spam
- Telemarketing, cold call (calling an unknown person, without him expecting it)
- Online paid search advertising

Inbound marketing techniques include:

- Social media
- Viral YouTube Videos
- Blogs, E-books
- Search Engine Optimization (SEO)

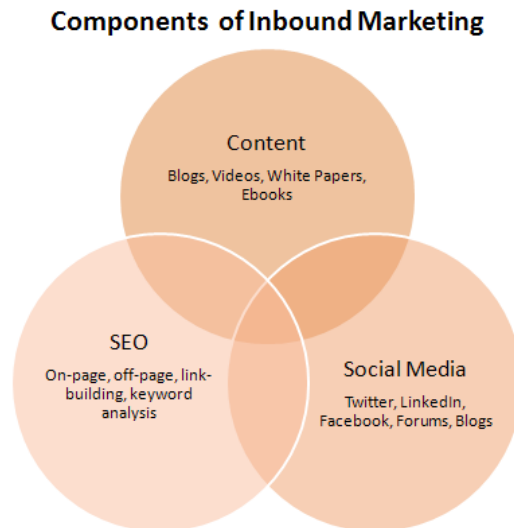
As Hubspot (2008, 2010 and 2011), the famous inbound marketing software company states, many arguments stand by inbound marketing:

Using outbound marketing, companies try to find people who would be interested in their products, but many times they don't find the right target market (e.g. cold calling). An average person is inundated with over 2000 outbound marketing signals per day, so it is very hard for companies to stand out from the crowd and make people pay attention to them. Likewise, these marketing tools often annoy people by interrupting them, therefore they try their best to block them out. Caller ID to block cold calls, DVR, spam filters, etc. are all used for this purpose. As a consequence, outbound marketing is less efficient than before. At the same time, because of expenses of the used media and because it gets harder and harder to reach the right target, this type of marketing is very expensive.

Inbound marketing means getting found by customers and earning their interest. To do this, companies have to make an attractive website that people can find through social media, search engines or blogosphere. Instead of interrupting people's fun by TV ads, inbound marketers create videos that people would enjoy, forward it to their friends, and not trying to block it out. Instead of sending messages to the mass, companies only approach those who already showed interest in them and in their products. Also, by people sending a company's videos or articles to their friends, who they know would be interested, the message gets through a filter and only reaches the right target. The fast and easy two-way communication (customers can give their feedback) is also appealing for both sides. Unlike the traditional way, inbound marketing is cheap, it costs 62% less per lead than outbound marketing. Creating a blog, a Facebook, YouTube or Twitter account is free, while they can draw thousands to a company's website.

A truly effective inbound marketing campaign has three key components (Hubspot, 2008):

- Content: creating content is the most important in attracting potential customers.
- SEO: makes it easy to find company's content.
- Social Media: enhances the impact of the content.



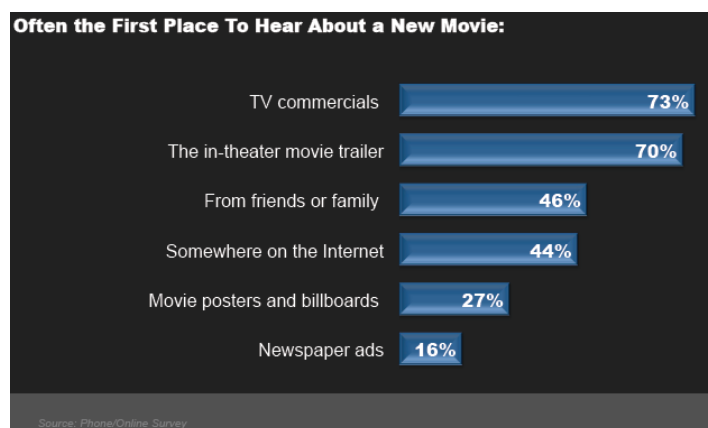
8. Figure: Components of Inbound Marketing Source: Hubspot (2008)

4.7.1 Media usage of Moviegoers: TV vs. Internet

Stradella Road’s survey, ‘Moviegoers 2010’ confirms Hubspot’s statement and shows that changes need to be made in movie advertising. Their findings show that moviegoers have changed, they use digital technologies on a daily bases, while their TV consumption is decreasing. They spend 19.8 hours weekly online, but only watch TV 14.3 hours. And as they are heavy multi-taskers, they are simultaneously doing other activities during many of those “TV hours”. Stradella Road's survey shows that 57% of total moviegoers and 60% of heavy moviegoers often use Internet (for general use), while watching TV. 36% of the total and 40% of heavy moviegoers are social networking.

This clearly shows that TV is losing the battle against Internet, and movie studios have to invest more in online advertising, if they want to reach their target audience.

After these facts it is quite surprising that most of the times TV spots are still the first place moviegoers hear about a new movie, this explains why studios still force TV ads.



9. Figure: 1st place to hear about a new movie Source: Moviegoers 2010

4.8 Outbound marketing – the classic way to advertise movies

Even though its efficiency is decreasing meanwhile its price is increasing, movie studios still do the lion share of their advertising in the traditional channels.

4.8.1 TV

TV advertising is very expensive, it takes away large amount of money from a movie's advertising budget. According to Elberse and Anand (2007) in 2005 36% of total advertising expenditures for new releases were spent on it. Nielsen estimates that in 2009 studios paid \$26.5 million in media on opening weekend of a 2,000-to 5,000-screen release, and 80% of it was spent on network, cable and spot TV buys. (Reuters, 2010) At the meantime, 52% of moviegoers have a DVR and 55% of them almost always fast forward through commercials, skipping those expensive ads (Moviegoers 2010).

TV advertisements were truly effective back in the day when only a couple of channels were available and everyone watched the same programs. Like for example in 1983, when 106 million people (about 60% of all households in the US) turned on their TV to watch the last episode of M*A*S*H (Moviegoers 2010). Nowadays people can choose from hundreds of channels which makes it hard for marketers to make the right marketing plan.

As mentioned before, studios buy TV ad time months before film's release, just to be able to advertise at a specific day, like during holiday season (when lot of people go to cinema) or during major TV events, like Super Bowl (when they can reach huge crowds). Due to the high advertising demand of these periods, the ads are very expensive. Although Super Bowl doesn't have the same popularity in Europe as in the US, there are other TV programs with high viewership during which studios like to advertise.

TV advertisements are usually trailers or in other words, previews. Trailer is "an advertisement for a new film or TV show usually consisting of small pieces taken from it" (Dictionary of English Language and Culture, Longman edition). Trailers have to make movie fans interested in the film, without spoiling it by revealing too much. Interviews with filmmakers, behind-the-scenes videos and TV programs about films can be also a way to advertise movies on TV.

As described before, despite of its decline, TV is still one of the most important medium to reach moviegoers. According to Moviegoers 2010, 50% of movie fans learn details about film's story from TV, 49% gets review information and 43% sees there background or behind-the-scenes info. This study shows that TV spots are good to communicate that the film exists and increase awareness, but for receiving more information, moviegoers prefer Internet rather than TV.

4.8.2 Cinema

As logical, one of the best places to reach moviegoers and inform them about a new film is a movie theater. Because of this, it is quite surprising that literature on movie advertising doesn't pay much attention to it. These papers concentrate on the effectiveness of TV and/or Internet advertising, but do not analyze the potentials of the ones in cinema. It is most likely because its efficiency is clear and exploited to the maximum.

The importance of cinema advertising is clear. According to Moviegoers 2010, 70% of people first hear about a movie thanks to in-theater movie trailers (9.Figure). Before seeing a specific film, 83% of them saw its trailer in a theater.

4.8.3 Radio, Magazine and Outdoor

Without a doubt radio, print advertising and outdoors are also present in movie marketing, however literature doesn't seem to pay much attention to them. Movie marketers usually use these tools as complimentary. Their effectiveness and importance are far from TV and Internet ads'. Although a creatively used ambient or a billboard can create buzz around a movie and provoke word-of-mouth (1. Appendix).

Posters and billboards are only the 5th place where moviegoers hear about a new movie (27% of the respondents), while newspaper ads are the 6th with only 16% (9.Figure) Newspapers and magazines are also good to give further information, every fifth respondents to the Moviegoers 2010 research claimed to learn details about a film this way. 29% of people said he/she hears about critical opinion in a newspaper, 21% said in a magazine, 19% hears critical review from radio. Some movies are advertised on the radio, although in my personal opinion its effectiveness is questionable, as movies are highly visual, which cannot be transmitted through radio.

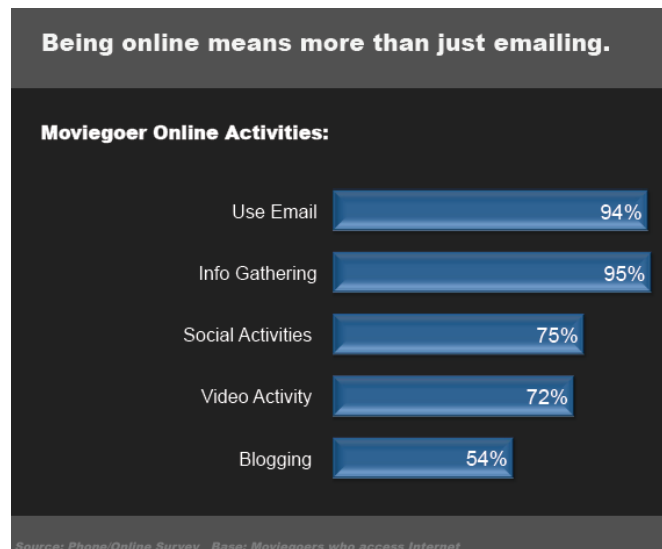
4.9 Inbound marketing – the future of movie advertising

As television advertising is very expensive studios try to cut these costs as much as possible. Universal Pictures Vice Chairman Marc Schuger said: “It is a little startling to see spending skyrocket across the board. Clearly the industry cannot sustain a trend that continues in that direction” (Variety, 2004) Internet advertising is a good way to cut high TV ad costs and invest in more efficient tools.

Internet has many advantages compared to other media (Based on Hubspot, 2008):

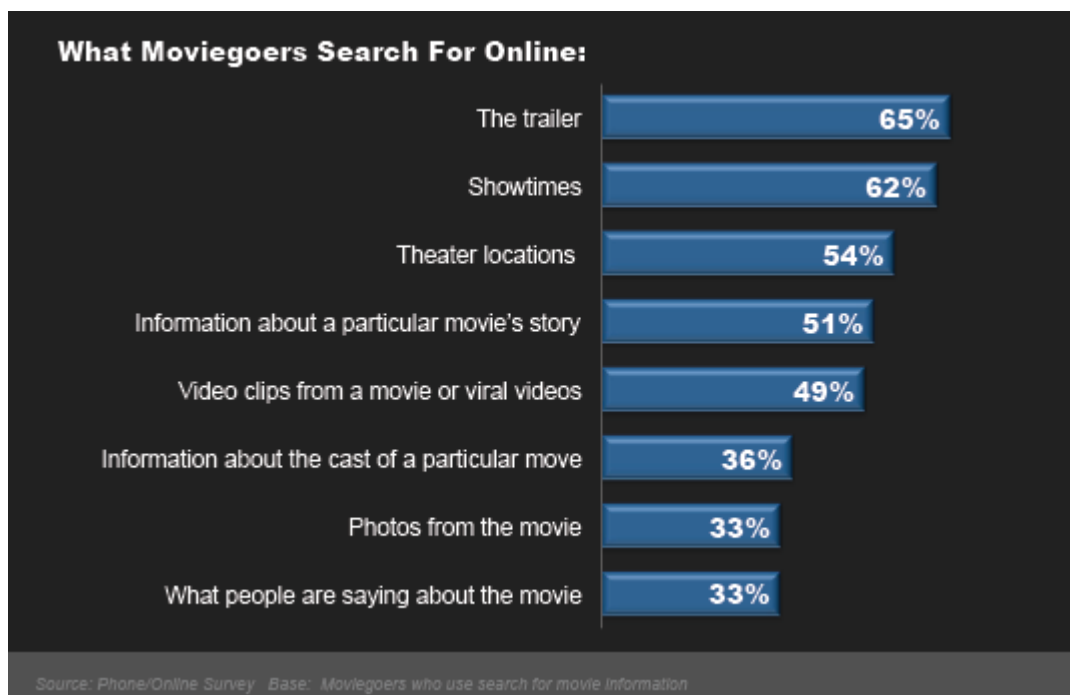
- It has lower costs than others. The medium itself is free, unlike every other.
- A website or social media content on the Internet is permanent, while e.g.: TV ads have to be bought continuously. This can be also an advantage at DVD release, or if a sequel comes out.
- It’s easier to measure it. Clicks or comments on a website can be easily counted; on the other hand it’s hard to determine how many people paid attention to a TV and radio ad, as many times they become background noise. Counting viewers of print advertisements or outdoors is even more difficult.
- Huge crowds can be reached via Internet. For example, the trailer of The Twilight Saga: Breaking Dawn Part 1 was watched by 194 million people online in 2011 (What’s Trending, 2011).
- Internet makes it easy to share information or opinion with others, thus WOM or buzz travels faster (Liu, 2006). It is not even necessary for moviegoers to know each other, it’s enough to be in the same chat room or fan group.
- Unlike TV buys, which are bought in the upfront market and hard to be changed after, Internet advertisement can react to consumer feedback and can be changed due to low expectations.

Moreover, nowadays almost everyone can be reached via Internet. According to Moviegoers 2010 86% of all moviegoers go online at least once a day, including 40+, 50+! And they do a lot more than just emailing! They also look for information and socialize on the Internet.



10. Figure: Moviegoers' Online Activities Source: Moviegoers 2010

Most moviegoers (93%) go online to search information about a film they are interested in. They search for the film's trailer, screenings, or other information about movie's story, cast etc.



11. Figure: What Moviegoers Search for Online Source: Moviegoers 2010

This clearly shows the importance of movie advertising on the Internet.

4.9.1.1 Website

In inbound marketing an appealing website with interesting content is crucial to attract consumers. Nowadays not just companies have their own website, but also films. The main purpose of a movie website is to give information (stars, trailers, etc.) but it is also useful to increase awareness and enhance intention to see the film (Zufryden, 2000). Film website can create buzz around an upcoming movie, like in the case of Paranormal Activity. Visitors of the site could demand the movie to be released in their city, giving them the thrill of deciding about the film distribution (Entertainment Weekly, 2009).

By analyzing movie websites, Zufryden (2000) came to the conclusion that they have life-cycle curve patterns like movies (instead of traditional bell-shape) and “website activity is indeed a statistically significant variable in relation to a film’s box-office performance.”

4.9.1.2 Search Engine Optimization (SEO)

In order to be found, SEO is crucial. SEO “is the practice of building your site and inbound links to your site to maximize your ranking in search engines, where most of your customers begin their buying process” (Hubspot 2008). The popularity of Google and other search engines is unquestionable. According to Hubspot (2010), 10.3 billion searches are conducted every month on Google. Even though companies have the possibility to pay for search advertising, Hubspot (2008) shows that 70% of the links search users click on are organic, in other words, not paid search advertising. To get found in organic search results film studios have to make sure their name, films pop up in social networks and other websites as much as possible.

4.9.1.3 Trailers, Movie videos

Trailers and other movie related videos are extremely popular on the Internet. Since 2007 movie trailers are the 3rd most watched online videos (eHow), with over 10-billion videos watch annually (AWFJ, 2008). The Moviegoers 2010 survey also confirms the popularity: 66% of the respondents watch movie trailers online and 55% watch movie clips. They are also great influencers, 74% of moviegoers said that trailers are a key source that affects their decision process.

To create buzz around movies that are expected to be a blockbuster, studios often release teasers, before the trailers. Teasers are normally only 30 seconds long and sometimes don't even contain footage from the film, only voice-overs. Just like trailers, these teasers can be also shown on TV, but they are cheaper and spread faster on the Internet. For example the most viewed trailer on iTunes, the trailer of Marvel's The Avengers was watched over 13.7 million times in the first 24 hours of its debut (Marvel, 2012). Beside iTunes, where many times online trailers are officially released, YouTube has a great importance of spreading them. For example another trailer of the movie mentioned above was viewed more than 25 million times there between the 29th of February and the 25th of April and number keeps growing day-by-day (YouTube, 2012). Studios and distributors have their own channels on YouTube to which people can subscribe. Some distributors have their Portuguese channels (e.g.: Sony Pictures Portugal) but they have only a few hundred subscribers. Another advantage of online trailers is that they can be longer than the ones on TV. These trailers are often 2 and a half minutes long, which wouldn't be possible to show on TV.

4.9.1.4 Social media

The popularity of social networks gives many new opportunities to movie marketers. 73% of moviegoers have created a social network account and 46% says he/she spends there a lot of time socializing with friends (Moviegoers 2010).

Facebook

Without a doubt, Facebook is the most popular social media website of all. 1 out of every 8 minutes online is spent on Facebook (Hubspot, 2010). By now it became clear for companies that Facebook has to be one of the main supports of their online presence. Facebook is not just for university students anymore, 40% of the user base is age 35+ (Hubspot, 2010). Facebook is also very popular in Portugal, it is the second most visited in the country, according to Alexa.

Movie studios and popular films all have their Facebook account, through which they share information, trailers, interviews and photos with fans. And not just a few fans, but millions of them. For example the Harry Potter movies have 44.8 million "likes" on Facebook and Disney studio has almost 35 million (April, 2012). 35 million people who are interested in them, curious about their new movies and who they can reach for free. 35 million people who are happily sharing the studio's news with their friends. For these reasons some already

believe that Facebook will soon become the most important tool in movie marketing (Business Insider, 2011). Marketers at Disney already use it smartly, one month before The Avengers' official launch they announced that early screenings will be offered in cities where the film gained the most fans on Facebook (Yahoo! News, 2012). These screenings will be 3 weeks before the film's debut in the USA on the 4th of May. Also, the screenings will be free (first to arrive will get in) which will probably mean fans camping outside the cinemas. Even though the idea is quite similar to Paranormal Activity's, it will help create an even bigger buzz around the film.

Portuguese film exhibitors hardly have successful Facebook pages. Most of these pages don't show much information about the companies, updates or news and almost have no followers. Some distributors on the other hand have informative Facebook pages. Paramount Pictures Portugal and Universal Pictures Portugal both have around 100.000 fans (April, 2012).

Twitter

Although Twitter is not so popular in Europe as in the US, it is still one of the most important social media websites. Twitter's active user base generates 90 million tweets per day (Hubspot 2010). It is ranked number 13 on Portugal's most visited sites (Alexa, 2012).

Just like Facebook, through Twitter studios can stay in contact with their fans, share the latest news with them, creating a buzz around the upcoming movie. Although Twitter is better used for actors or actresses who can promote their newest films there: "only" 300.000 people follows Walt Disney Pictures, while more than 7,4 million people follows Jim Carrey (April, 2012).

Twitter is also a good way to forecast people's interest in a movie. Studies show that there is direct correlation between the number of tweets about a film's trailer and its opening weekend revenue (Business Insider, 2011).

4.9.1.5 Blogs

Blogs can also be great influencers on the Internet, although official movie blogs are not so well known. A film's blog is mostly used for the same purposes as its Facebook or Twitter page. Just like in some other industries (e.g.: in the fashion world), fans' blogs are

more known and have more influence than official ones. Moviegoers seek others' opinion (Moviegoers 2010) and blogs are a great way to know what others think of a film.

Some films already have a blog during production in order to spread the word of its existence and make people eager to see it, for example the blog of the Lord of the Rings sequel, The Hobbit (The Hobbit Blog).

5 Primary research – Questionnaire

5.1 Research methods

To understand better the Portuguese moviegoers and to see how they could be reached more successfully, a primary research was conducted. During the research 100 moviegoers were asked to fill in a 3-page-long questionnaire, in Portuguese (2.Appendix). The surveying happened between the 23th of March and the 2nd of April in the cinemas of UCI Cinemas – El Corte Inglés, UCI Dolce Vita Tejo, Zon Lusomundo Vasco da Gama and Cinema City Campo Pequeno. The results of the questionnaires were analyzed in IBM SPSS Statistics (Statistical Package for the Social Sciences), version 19. Some of the charts and tables were made in Excel 2010.

The 3-page-long questionnaire contains 14 questions. The survey starts with questions about cinema-going habits, followed by questions to reveal what films moviegoers prefer, how they receive their information and their Internet-using habits. The last four are demographic questions (gender, age, education and whether the respondent has children or not). As the survey was in cinemas, not online, the questionnaire was made as short as possible asking only the most important and relevant questions.

5.2 Hypothesis

Before the surveying two hypotheses were made. During analyzing, these hypotheses will be accepted or rejected.

Hypothesis 1: There is a connection between Movie-going frequency and moviegoers' age.

We know that many years ago going to the cinema was the common entertainment of the teenagers and university students. Is it still true or now older generations also go frequently?

Hypothesis 2: The way moviegoers search for movie-related information depends on their gender.

In many markets men and women have very distinct habits. It is important to know, whether male and female moviegoers search for information in a different way or not.

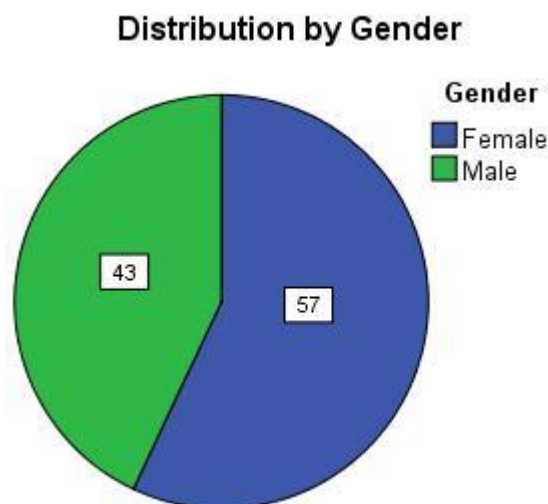
5.3 Results of the questionnaire

5.3.1 Demographic questions

The questionnaire contains four demographic questions: the respondents' gender, age, education level and whether they have children or not.

Gender

During the research 57 women and 43 men were questioned. OberCom's survey shows a very small difference between genders: men are a bit more interested in movies and go to cinema a little more often than women. MPAA's study finds the two genders absolutely equal in their habits.

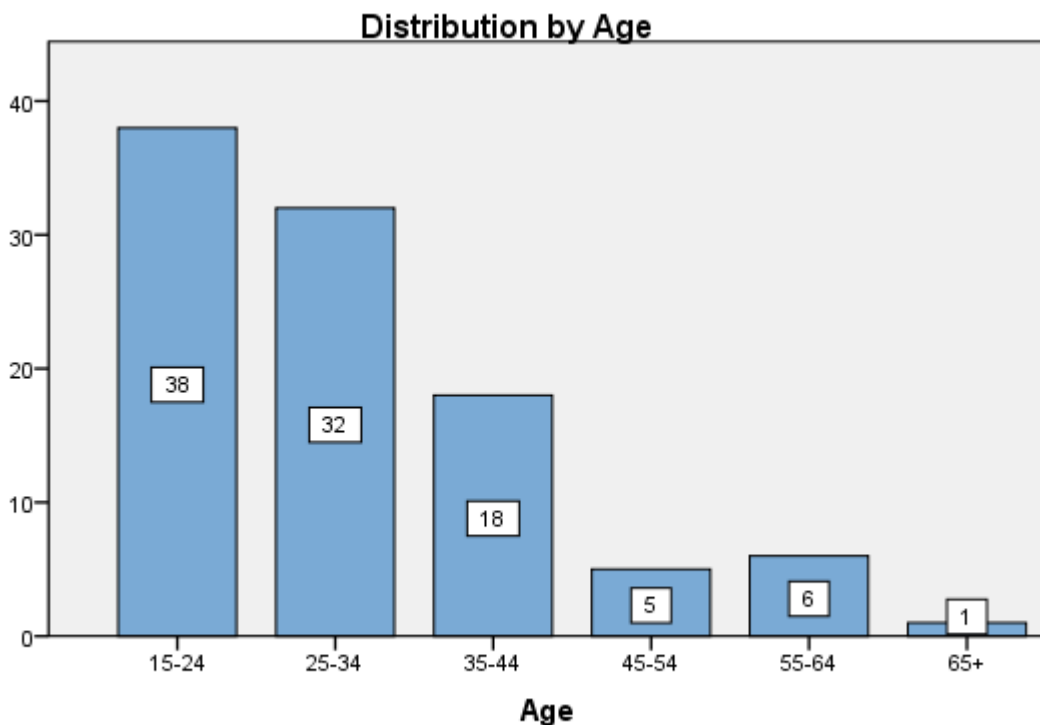


12. Figure: Distribution by Gender

Age

All reports (MPAA 2010, OberCom 2011, and Moviegoers 2010) show that Age is a very important influencing factor when analysing movie-going habits. Age groups in this market research were defined according to OberCom's study from 2011 to ease comparison. The OberCom study shows that the younger the person is, the more he/she likes to watch films and to go to the cinema. 71,3% of people between age of 15 and 24 watches films in a cinema, this percentage is 53,2% between 25 and 34, 31,3% at age 35-44, 26,5% at age 45-54, 14,8% at age 55-64 and only 10,2% above the age of 65.

MPAA categorizes Age differently, but their report also confirms that younger people go to cinema more often. People below 39 represent 61% of the moviegoers in U.S./Canada and buy 68% of the tickets. (The MPAA report includes people above the age of 2, but younger children are expected to go to the cinema with their parents, who are most likely below 39)



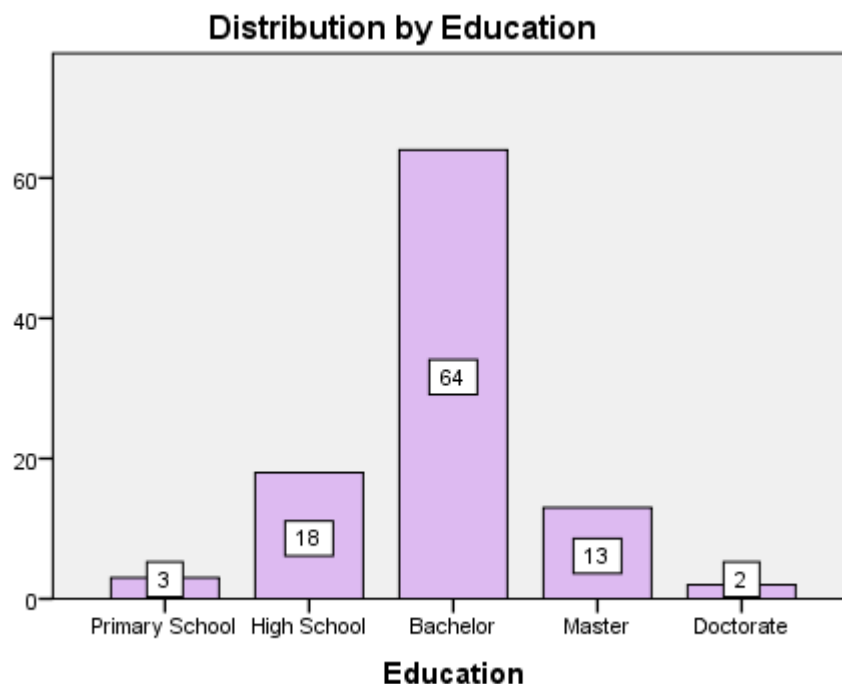
13. Figure: Distribution by Age

As expected, many respondents to this surveying are between the age 15 and 24, but 25-34 year-olds are also highly represented. Unfortunately the sample for people above age 35 is quite small, therefore in the future respondents between 35-44 and 45-54 will be

grouped together, just like respondents between 55 and 64 and above 65. People between the age of 35 and 54 might have many things in common, for example they are workers, living with their family, have younger children, etc. People above 55 are expected to live only with their spouse, have grown-up children, probably some of them are already retired. OberCom's report also shows many similarities between these age groups. Unfortunately the number of respondents above age 55 is still too small, but hopefully major trends can be observed.

Education

Education level is not as significant when examining moviegoers as in many other researches. MPAA's report for example doesn't analyse moviegoers' education level at all. OberCom report does, but besides of showing that most moviegoers have higher education, no further assumptions can be made.

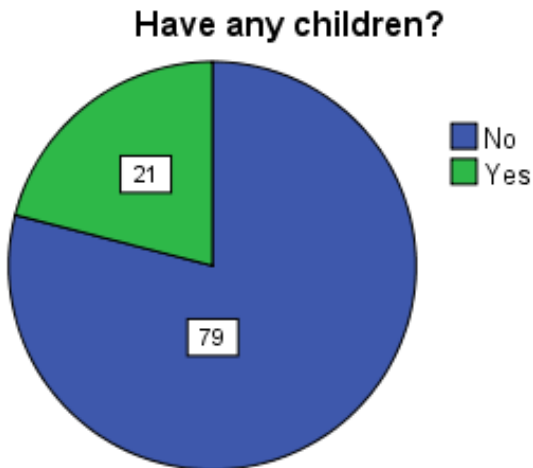


14. Figure: Distribution by Education

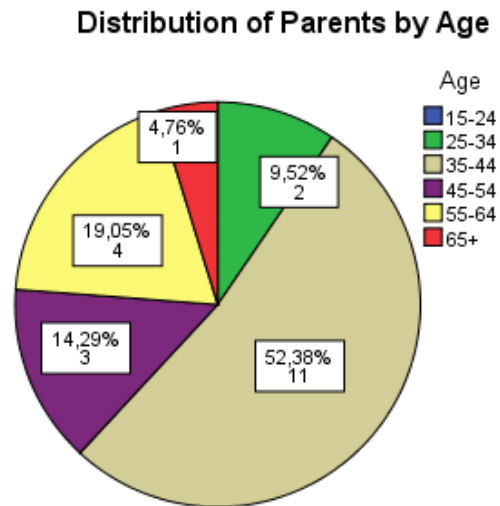
Most respondents of this questionnaire have high education, 79 of them has at least a bachelor degree. From the remaining 21 people, 13 has the age between 15 and 24, therefore their education is probably still not finished.

Children

The Moviegoers 2010 study points out that having a smaller child affects movie-going habits. This question has the purpose to confirm this and try to understand how.



16. Figure: Respond with children



15. Figure: Distribution of Parents by Age

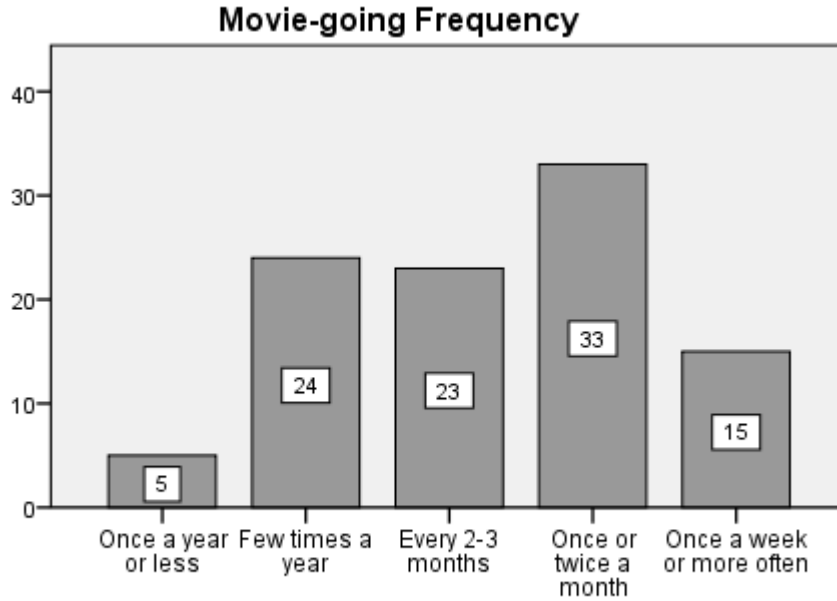
21 respondents have a child, but only 13 of them are younger than 45. Parents between the ages of 25 and 44 are assumed to have a younger child, who strongly affects their movie-going habits (genre they are interested in, what factors they consider when choosing a movie, etc.).

5.3.2 Question 1 – How often do you go to cinema?

MPAA shows that movie-going frequency is a very significant factor. Frequent moviegoers are called the “locomotive of the industry” in the study, showing how important they are.

MPAA defines frequency and evaluates the different groups as the following:

- Infrequent moviegoer: Once in 12 months (10% of population – buys 2% of tickets)
- Occasional moviegoer: Less than once a month (47% of population – buys 47% of tickets)
- Frequent moviegoer: Once a month or more (11% of population – buys 51% of tickets)

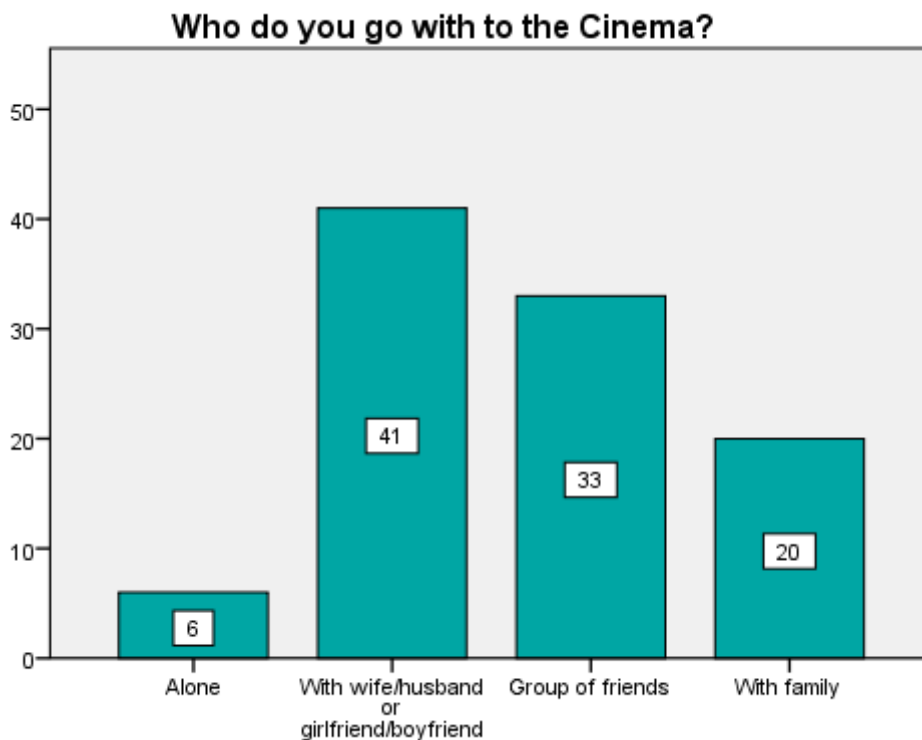


17. Figure: Movie-going Frequency

As the surveying happened in cinemas, all respondents can be considered a moviegoer. 48% of them are frequent, 47 % are occasional and 5% are infrequent moviegoer.

5.3.3 Question 2 – Who do you go with most of the times to the cinema?

Moviegoers 2010 report shows that going to the cinema is an experience that people like to share and this research can only confirm this. Only 6% of the respondents go alone to



18. Figure: Who do you go with to the cinema?

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the cinema, while almost half goes with his or her spouse or boyfriend/girlfriend. For 33 people going to the cinema is a social event, while for 20 it is a family program.

Analysing the connection between who people go with to the cinema and their age we can see that there is a clear connection between the two. As 3. Table shows, the youngest respondents (between 15 and 24) mostly go with their friends, but also many go with his/her girlfriend/boyfriend. People between 25 and 34 prefer to see a film with their girlfriend/boyfriend or spouse, but going with friends is still popular. Older generations mostly go with their family.

Age * With who you go to the cinema? Crosstabulation

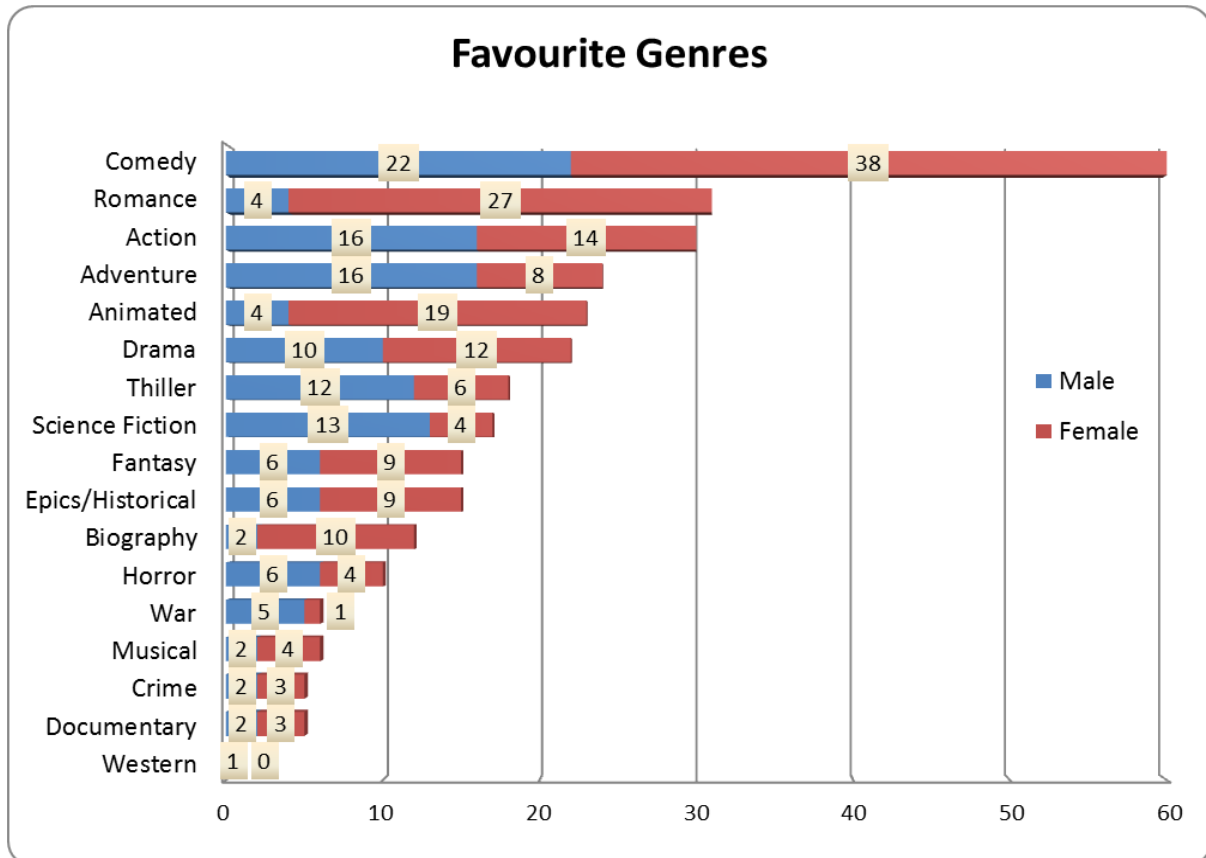
Count		With who you go to the cinema?				Total
		Alone	With wife/husband or girlfriend/boyfriend	Group of friends	With family	
Age	15-24	0	16	21	1	38
	25-34	2	17	11	2	32
	35-54	3	6	1	13	23
	55+	1	2	0	4	7
Total		6	41	33	20	100

3. Table: Age – With who do you go with Crosstabulation

Having a young child seems to have a strong influence on people's movie-going habits. From the 13 respondents who are suspected to have a young child, 12 goes to cinema with the family.

5.3.4 Question 3 – Which genre of films are you mostly interested in?

In this question people were asked to choose the 3 film genres they most like to see. Film genres, from which respondents can choose their favorites, correspond with the ones found in ICA’s report.



19. Figure: Favourite Genres

Although ICA’s report says that animated films are the most popular, this research’s responses show that comedy is by far the favorite genre for both men and women. As expected, romance and action are also very popular. Most scores more or less correspond with the number of admissions found in the ICA report. Science Fiction has the most eye-catching difference, according to ICA it isn’t a popular genre (it is responsible for only 2.2% of the total admissions), but 17% of the respondents to this research choose it as one of their favorite genre.

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We can see that there are typical women and men genres, like romance or science fiction. Some results are quite surprising e.g.: epics/historical and action are expected to be genres watched mostly by men, but this is not the case.

5.3.5 Question 4 – The first place to hear about a new movie

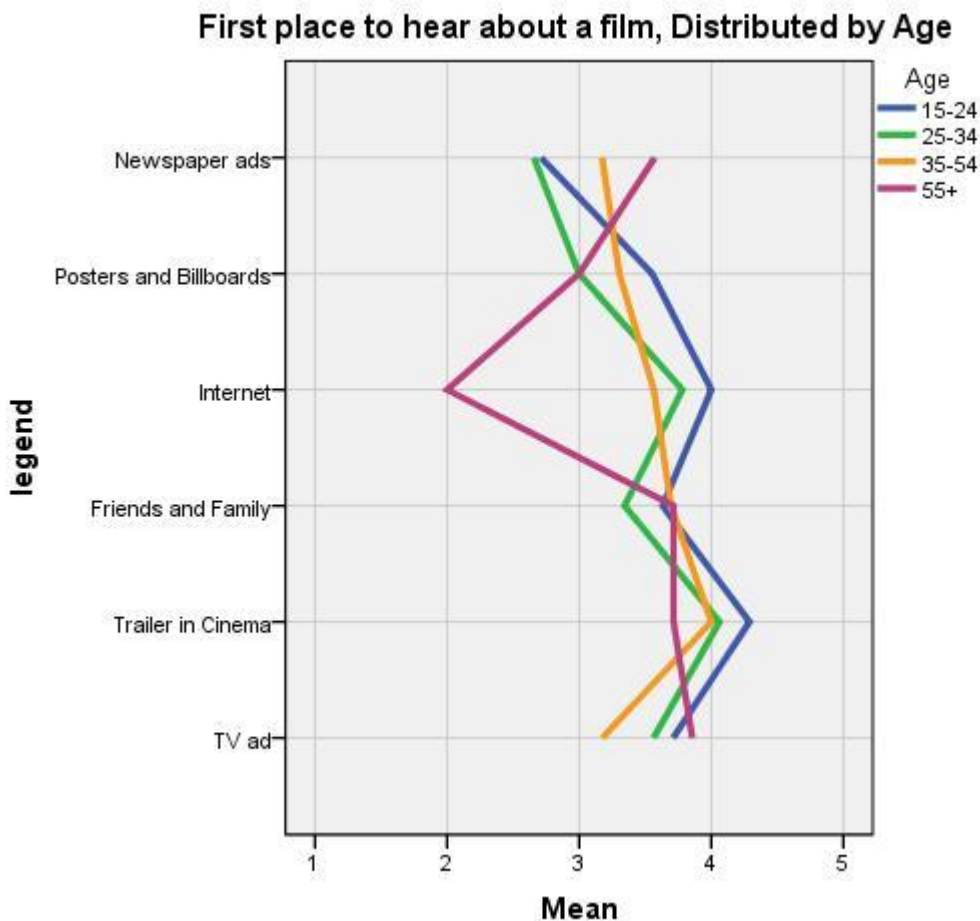
In the 4th question people were asked about the different places they might first hear about an upcoming movie. These places are the same ones investigated by Moviegoers 2010. They evaluated the different statements between 1 and 5, 1 being they strongly disagree, 5 that they strongly agree. 4. Table shows how people evaluated the different statements. The mean of the scores and the percent of respondents agreeing or strongly agreeing can be also seen in the Table. 4. Appendix shows results distributed by age: the mean of scores, how many people agrees or strongly agrees with the statement and the percentage in the concerning age group.

First place to hear about a new movie							
	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree	Mean	% Agree
TV ad	12	9	15	40	24	3,55	64
Trailer in Cinema	4	5	8	42	41	4,11	83
Friends and Family	5	13	24	37	21	3,56	58
Internet	10	7	22	26	35	3,69	61
Posters and Billboards	10	7	40	31	12	3,28	43
Newspaper ad	22	11	35	23	9	2,86	32

4. Table: First place to hear about a new movie

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People mostly hear about a new film in the cinema, where they see the trailer. 83% of the respondents say that is the first place they hear about a new movie. In-theater trailers are a great way to inform all ages, although for people above 55 is not as effective as for others. Internet and TV advertisements are also a good way to notify moviegoers. In average Internet seems to be more efficient than TV ads, but there is no significant difference between the two, except for people older than 55. Friends and Family is not as typical as expected, but still very important. A bit more than half of the respondents hear about a new movie thanks to world of mouth. Posters & Billboards and Newspaper ads are only a little efficient and both shows great difference between the age groups. Posters and Billboards are the most informative for the youngest respondents, while ads in the press for the oldest.



20. Figure: First place to hear about a film, Distribution by Age

On 20. Figure we see can that there is a lot of similarity between people at age 15-24 and 25-34, they show almost the same pattern. 35-54 year olds show some variation, but the eldest generation has completely different pattern. To inform moviegoers between 15 and 54

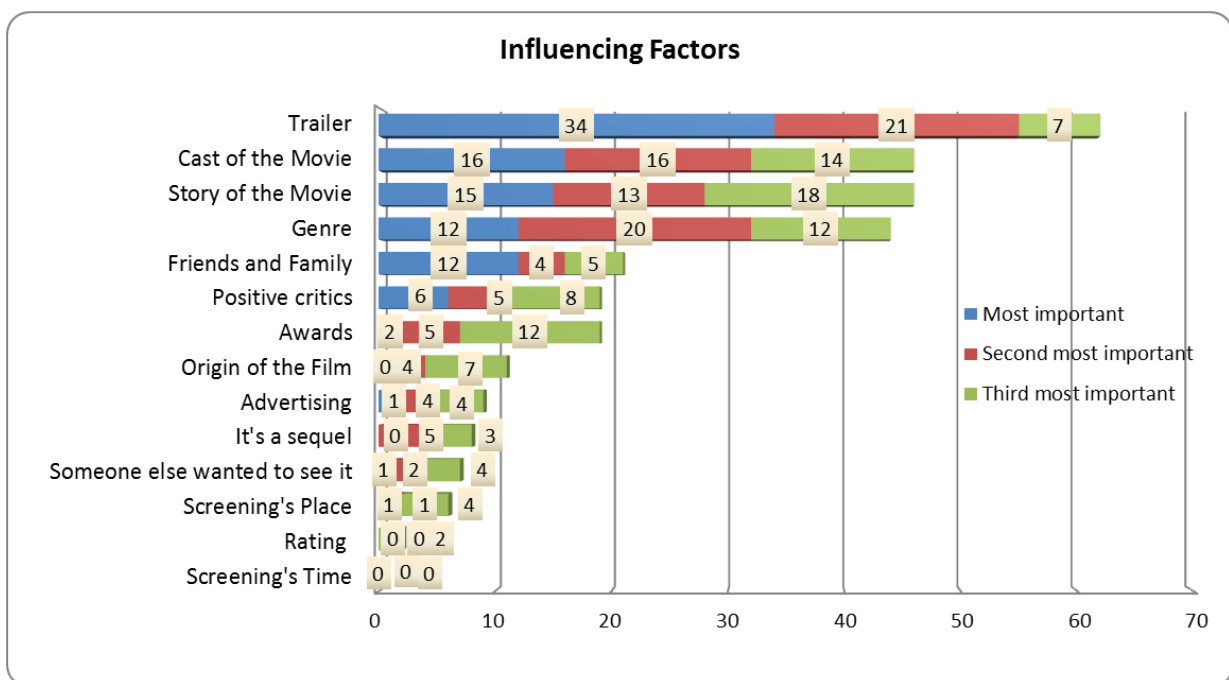
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about a new movie, in-theater trailers, TV advertisements and the Internet are the best ways. Newspaper ads seem to be the best way to inform people above 55, although this sample is too small to make further assumptions.

Result of this research mostly corresponds with the Moviegoers 2010 report. The biggest difference between the two is that this surveying shows TV ads to be less, while Internet to be more efficient.

5.3.6 Question 5 – What does influence you in choosing a film?

In this question people were asked to identify the 3 most important factors in their decision-making process and rank them. The 14 options given to them were factors that scientific articles and the Moviegoers 2010 report found worth investigating. Respondents had the possibility to name another factor if they felt something important was missing, but none of them did.



21. Figure: Influencing factors

Trailer is by far the most important influencing factor of all. 62 moviegoers said it affects them when they decide which movie to watch. Cast of the movie (actors, director, etc.), the movie's story and genre are also very significant, almost half of the respondents chose each of them. It is worth to mention that some respondents marked that a film's director

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is more important for them than the actors. Friends and Family are more important than Critics, but not as much as Moviegoers 2010 indicates. An explanation for this might be that as many of the respondents are heavy moviegoers, they are the opinion leaders who influence others. Surprisingly being a sequel doesn't affect moviegoers much. Only 9 people admitted that advertising strongly affects them. On the other hand, moviegoers learn about many of the highly influencing factors through advertising.

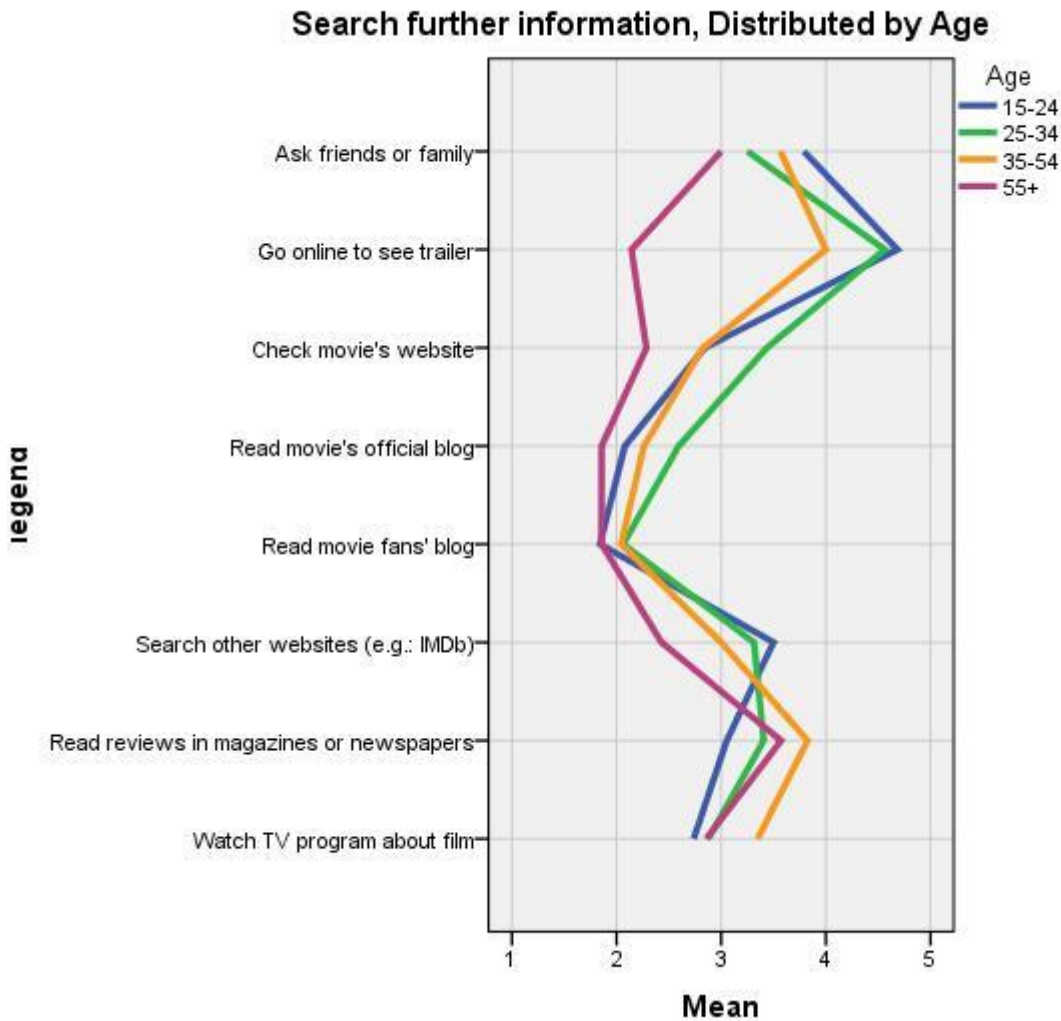
The options 'Someone else wanted to see it', 'Screening's place and time' have very low values, indicating that people watch movies they heard of in advance and are interested in. From the 7 people that chose 'Someone else wanted to see it' as an important influencing factor, 3 are suspected to have a young child. Although this is a very small sample it suggests that having a child affects the decision-making, but the family many times chooses a film that both the parents and the child want to see.

5.3.7 Question 6 – What do you do when you want to know more about a movie?

The 6th question has the purpose to find out what moviegoers do when they want to know more about a film. Respondents were asked to evaluate the different options between 1 and 5, 1 being they strongly disagree, 5 that they strongly agree. 5. Table shows the how many people chose the different values, the mean of the values, and the percentage of the people agreeing or strongly agreeing with the statements. Detail information can be found in 5. Appendix, which shows the mean of the values in the different age groups, and the number and percent of people agreeing or strongly agreeing with the options.

Search further information about a Film							
	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree	Mean	% Agree
Ask Friends	10	6	23	45	16	3,51	61
See Trailer Online	4	4	8	25	59	4,31	84
See Film's Official Website	25	14	19	21	21	2,99	42
Read Film's Official Blog	40	14	30	11	5	2,27	16
Read Fans' Blog	47	18	28	6	1	1,96	7
See other Website	18	12	17	33	20	3,25	53
Read Critics in Magazines	11	9	28	35	17	3,38	52
Watch TV Program about Films	21	10	34	25	10	2,93	35

5. Table: Search further information about a film



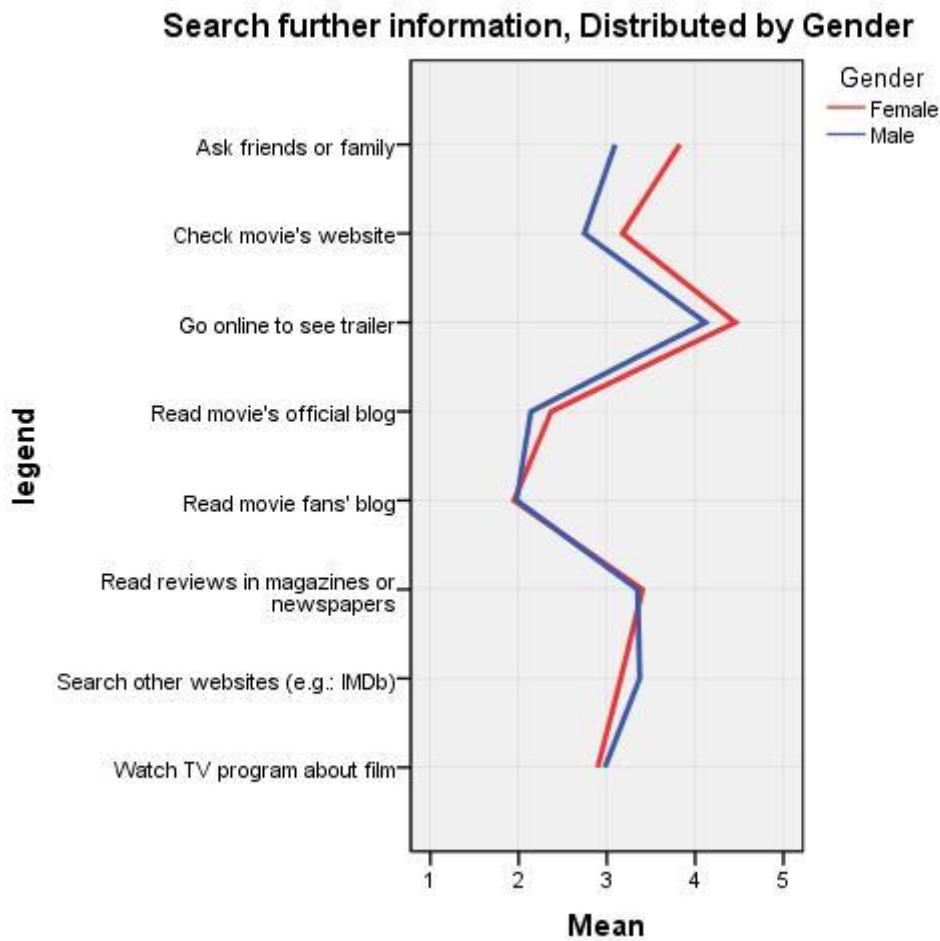
22. Figure: Search further Information, Distributed by Age

The importance of movie trailers is clear once more. Almost all of the respondents younger than 55 years old go online to see the trailer of the film they are interested in. Almost two-third of all respondents asks family or friends for further information and half searches info on different websites or reads critical reviews in magazines or newspapers. Less than half of the people check the official website of a film, mostly 25-34 years olds are searching them. 35 surveyed moviegoer watches TV programs presenting movies, mostly between the age of 35 and 54. Blogs are not used for this purpose, whether they are official maintained by the studio or written by fans.

Moviegoers between 15 and 24, besides watching the trailer online, ask their friends or see different websites for information (e.g.: IMDb). More than third of them reads critical reviews in magazines, or checks the movie's official website. Between the ages of 25 and 34

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respondents go online to know more about a film: they watch the trailer and search websites (both official ones by the studio and other film related ones). Most moviegoers at age 35-54 also watch trailers. 16 of them read critics in the press and a little bit more than half asks relatives or friends for their opinion. Above 55, people consult magazines and newspapers for further information. Only one of the respondents at that age searches the Internet.

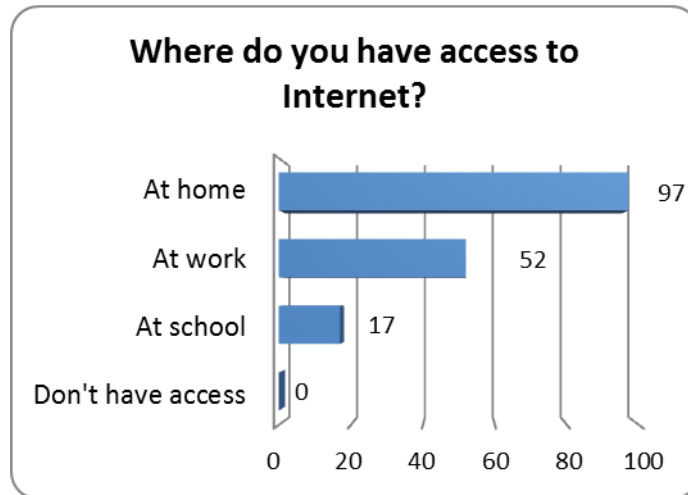


23. Figure: Search further Information, Distributed by Gender

23. Figure reveals that there is hardly a big difference between male and female moviegoers in this aspect. The only significant difference can be seen at “ask friends or family” and “check movie’s website”, both preferred more by women. Whether or not Hypothesis 2 is valid will be investigated further on.

5.3.8 Question 7 – Where do you have connection to Internet?

Before investigating further the Internet-using habits of the surveyed moviegoers, they were asked whether they have access to Internet and if yes, where.

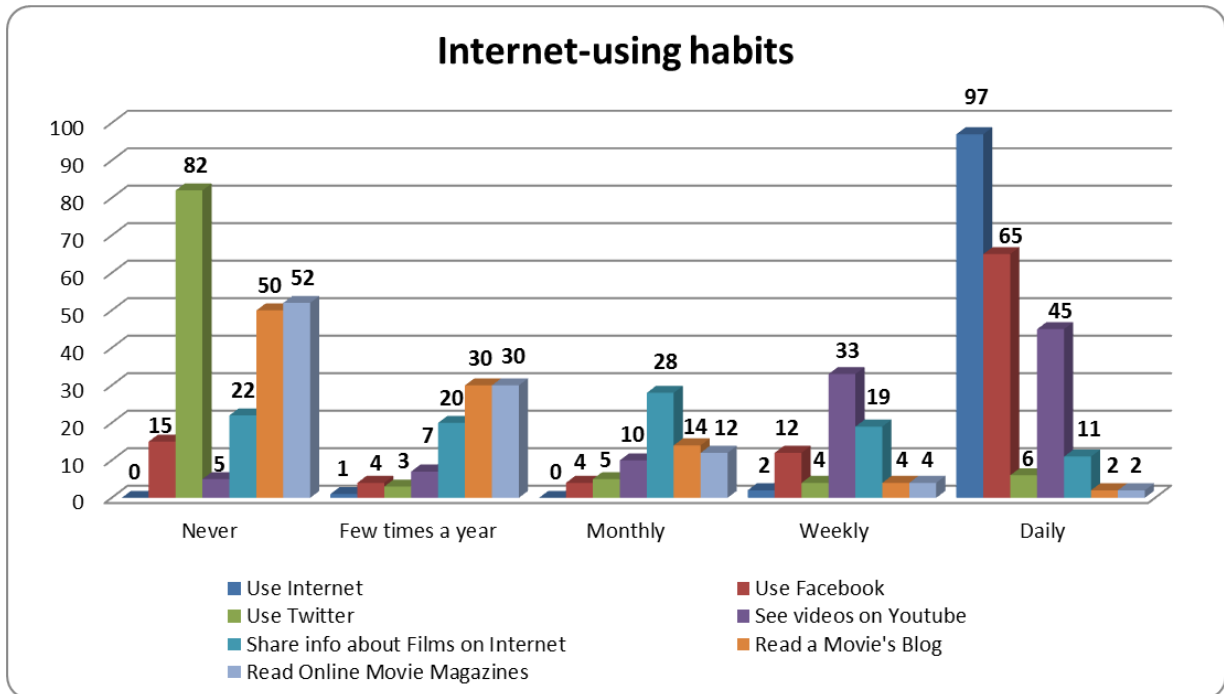


24. Figure: Where do you have access to Internet?

All moviegoers participating in the surveying have Internet connection. Only 3 of them cannot connect to the web at home. 52 respondents have Internet connection at work, 17 at school. Obviously the answers also depend on whether the person is working, studying or both.

5.3.9 Question 8 – How often do you: Internet-using habits

The 8th question tries to know more about moviegoers' Internet-using habits.

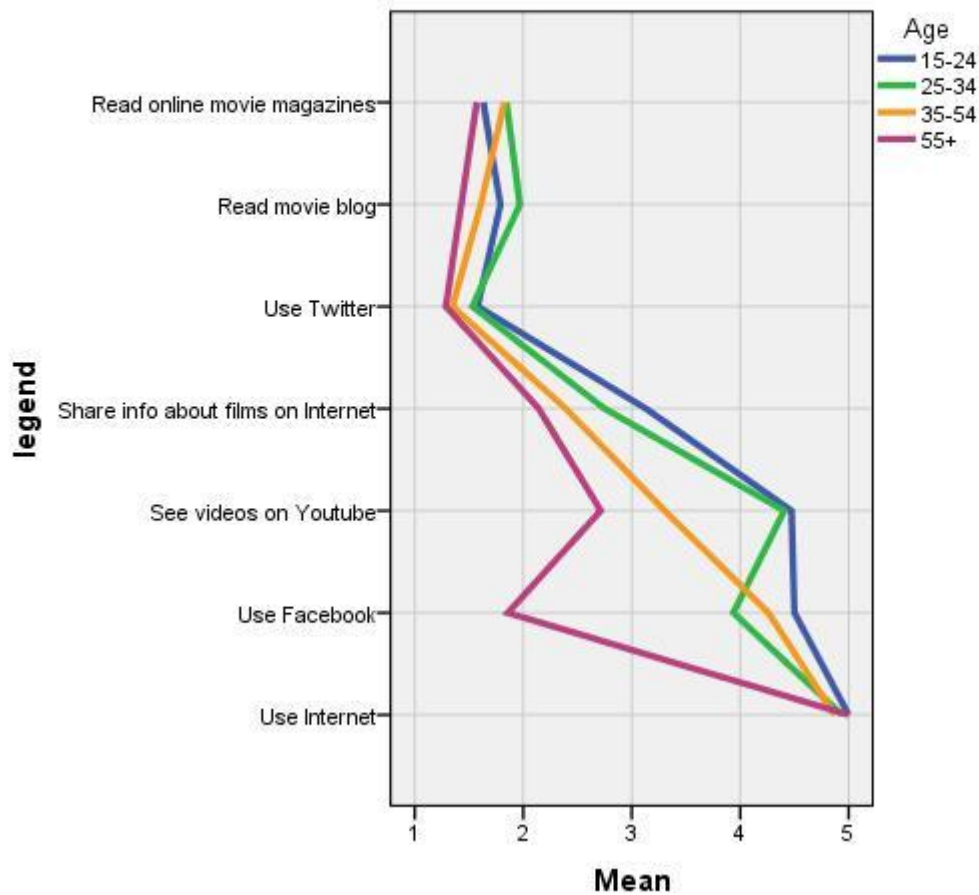


25. Figure: Internet-using habits

25. Figure demonstrates the results. 6-7. Appendix presents more information: the number and percentage of respondents using the different Internet sites at least once a week, distributed by age and movie-going frequency.

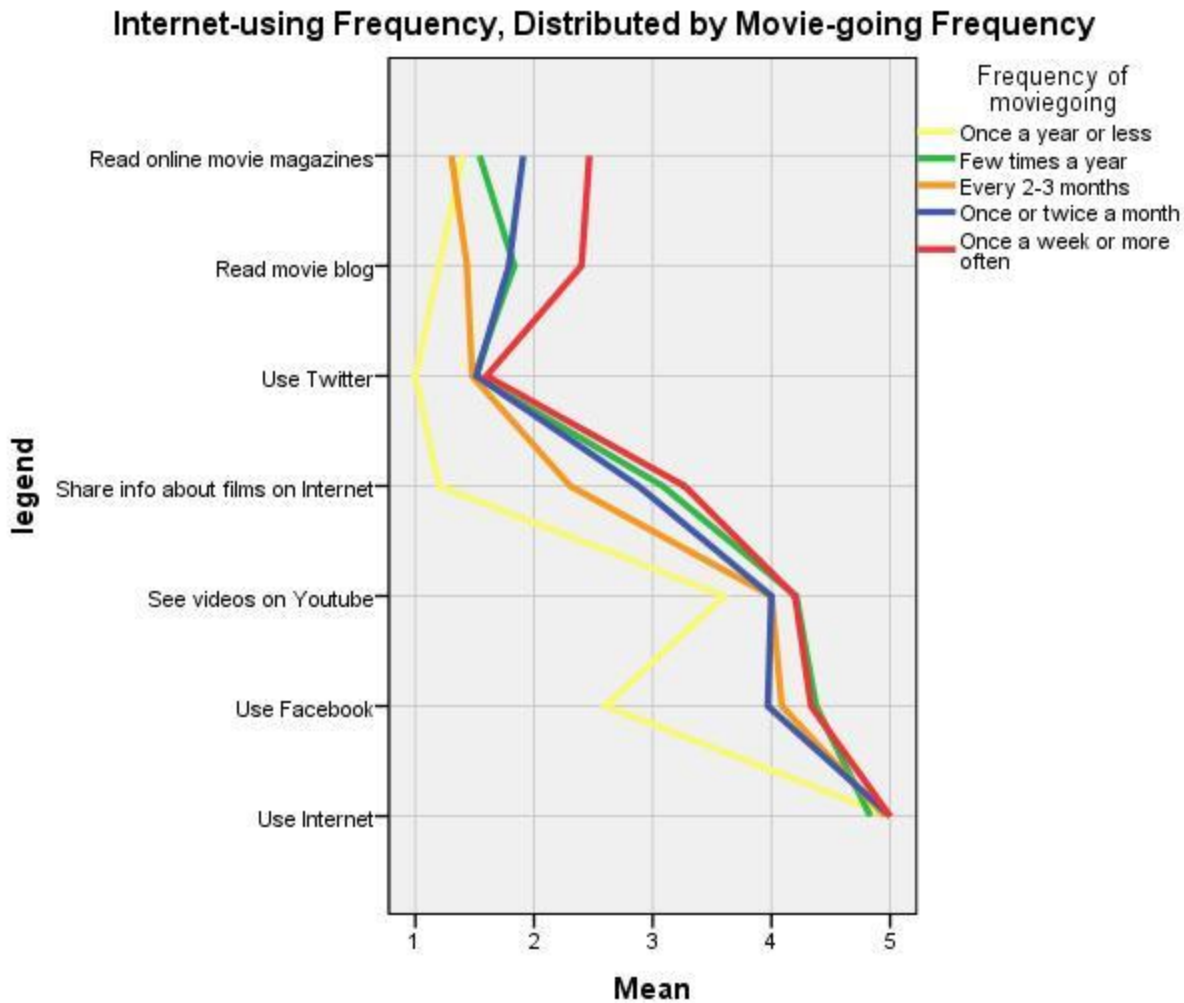
25. Figure shows that 97% of the respondents use Internet every day. Surprisingly the 2 respondents who use Internet only weekly are between the age of 25 and 34, and the person who uses it only few times a year is between 35 and 54. Most respondents, 65 of them, also use their Facebook account daily. 15 probably don't have an account, as they never visit this social network site. YouTube videos are very popular, 78% watch them at least weekly. A little less than third of the respondents share film related content at least once a week with his/her friends on the Internet. Twitter doesn't seem popular, 82% of the moviegoers participating in this survey never visits that social network site. Movie Blogs and Movie Magazines are not popular either, half of the respondents never read them. Most of those who do, reads them only few times a year, or monthly.

Internet-using frequency, Distributed by Age



26. Figure: Internet-using frequency, Distributed by Age

As expected, although people above 55 years use Internet frequently, they are not active on social media sites. YouTube is especially visited by people younger than 35. Very surprising that in those age groups YouTube is frequently used by more people than Facebook (65 compared to 58). Blogs are read mainly by respondents under 25. Sharing information about films is also mostly common between the youngest respondents, almost half of them does it at least once a week (6.Appendix).



27. Figure: Internet-using Frequency, Distributed by Movie-going Frequency

27. Figure demonstrates that movie-going frequency doesn't effects much the use of Internet. Frequent moviegoers (those who go to cinema at least once a month) don't seem to use Internet or social media websites more often than occasional moviegoers (less than a month, but more than once a year). On the other hand, they are the ones who at least few times a year read movie's blogs or online movie magazines. Respondents who go to cinema at least once a week share film related information a lot more frequently than others (7. Appendix). Interestingly more than the third of those who go only a few times a year also share movie related content weekly or more often. An explanation for this might be that they do watch films frequently, but in other platforms, not in the cinema.

5.3.10 Question 9 – Are you a fan of any films or film studios on Facebook?

In this question respondents were asked if they are fans of any films or film studios on Facebook, and if yes, approximately how many.

Statistics

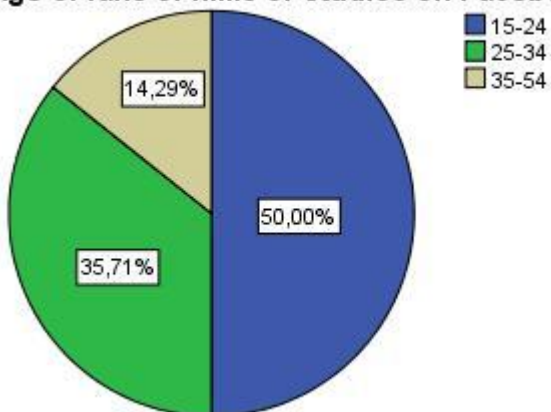
Fan of films or studios on Facebook

N	Valid	14
	Missing	0
Mean		7,57
Median		3,50
Mode		2
Std. Deviation		12,653
Minimum		1
Maximum		50
Percentiles	25	2,00
	50	3,50
	75	10,00

6. Table: Fan of films or studios on Facebook

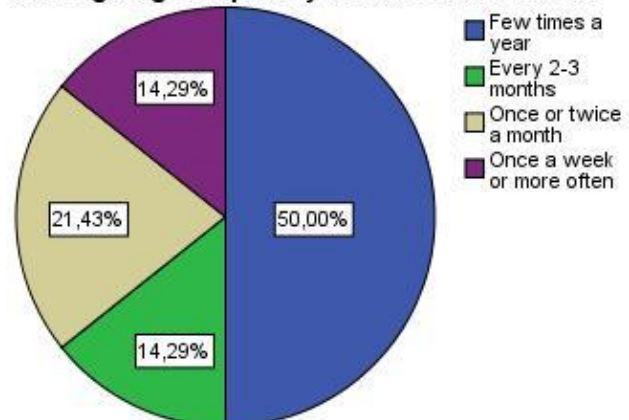
Even though most respondents of this survey are active Facebook users, from the 85 people who have an account, only 14 are fans of any film or film studios. From this 14 people, 10 are fans of less than 10 movies or studios (8.Appendix). In average respondents are fans of 7-8 films or film studios.

Age of fans of films or studios on Facebook



28. Figure: Age of fans of films or studios on Facebook

Moviegoing Frequency of fans on Facebook



29. Figure: Movie-going frequency of fans on Facebook

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According to 28. Figure being fans on Facebook are common between the younger generations, 12 of them (85,71%) are below 35 years. Quite unexpected, that only 5 of the fans are frequent moviegoers, while 7 of them only go few times a year.

5.3.11 Question 10 – Do you follow any actors or film studios on Twitter?

In the 10th question participants were asked if they follow any actors or film studios on Twitter, and if yes, approximately how many.

Statistics
Follow actors or studios on Twitter

N	Valid	6
	Missing	0
Mean		12,17
Median		11,00
Mode		1 ^a
Std. Deviation		9,347
Minimum		1
Maximum		25
Percentiles	25	4,00
	50	11,00
	75	21,25

a. Multiple modes exist. The smallest value is shown

7. Table: Follows actors or studios on Twitter

As shown before, Twitter is not quite popular. From the 18 respondents who have Twitter accounts, only 6 follow actors or studios. This number is too small to analyze it in details, but we can conclude a few things. Respondents follow an average of 12 actors or studios on Twitter and all of them are younger than 35 (9.-10.Appendix). Movie-going frequency doesn't seem to be an influential factor (11.Appendix).

5.4 Analyzing the Hypotheses

Hypothesis 1: There is a connection between movie-going frequency and moviegoers' age.

To be able to accept or reject this hypothesis a Spearman's rho test was conducted, which estimates magnitude and direction of the connection.

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H_0 = There is no connection between movie-going frequency and moviegoers' age.

H_1 = There is a connection between movie-going frequency and moviegoers' age.

			Frequency of moviegoing	Age
Spearman's rho	Frequency of moviegoing	Correlation Coefficient	1,000	,177
		Sig. (2-tailed)	.	,077
		N	100	100
	Age	Correlation Coefficient	,177	1,000
		Sig. (2-tailed)	,077	.
		N	100	100

8. Table: Spearman's rho test for Age-Frequency of Movie-going

Value of the test statistic: 0,177

Significance level: 0,05

8. Table shows the result of the test. As $0,077 > 0,05$ we do not reject H_0 .

The surprising result of the test shows that there is no connection between movie-going frequency and the moviegoer's age. It's important to add that the age distribution of the survey's respondents suggest that younger people are more likely to be movie-goers. But once someone is a moviegoer, age doesn't influence the movie-going frequency.

Hypothesis 2: The way moviegoers search for movie-related information depends on their gender.

We could already see that the way moviegoers search for information about films they want to see doesn't show much difference for males and females 23.Figure. To be able to accept or reject the hypothesis, more calculation has to be conducted.

H_0 : The distribution of the variables is equal for the population groups of male and female moviegoers.

H_1 : The two population groups have different distributions for how they search for movie-related information.

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Test Statistics^a

	Ask friends or family	Go online to see trailer	Check movie's website	Read movie's official blog	Read movie fans' blog	Search other websites for info (e.g.: IMDb)	Read reviews in magazines or newspapers	Watch TV program about film
Mann-Whitney U	799,000	1083,500	1016,500	1112,000	1223,500	1121,000	1154,000	1198,000
Wilcoxon W	1745,000	2029,500	1962,500	2058,000	2169,500	2774,000	2100,000	2851,000
Z	-3,145	-1,121	-1,488	-,831	-,015	-,749	-,517	-,198
Asymp. Sig. (2-tailed)	,002	,262	,137	,406	,988	,454	,605	,843

a. Grouping Variable: Gender

9. Table: Mann- Whitney test

Significance level: 0,05

9. Table confirms what we already suspected, there is only a difference between genders in the case of “ask friends or family”. Females are clearly more likely to get their information about movie through world-of-mouth. In the case of all other variable, we do not reject H_0 .

5.5 Conclusion / Summery

The Moviegoers 2010 study showed how important Internet is to reach moviegoers. This survey can confirm that this is also true for Portuguese moviegoers.

In general Portuguese moviegoers are heavy Internet-users, and spend lot of time on Facebook and YouTube. Mostly they hear about a new film thanks to in-theater trailers, but TV ads, Internet and world-of-mouth are also common. If they want to know more, they search for the trailer online or ask their friends. Trailer also plays an important role when they decide which film to see, along with basic information about the movie (cast, story and genre). As expected, Internet is more important for the younger generations, but the elders are also present online.

Unfortunately the small sample of the moviegoers above 55 years made it hard to draw far-reaching consequences, but we managed to understand better the younger generations.

Moviegoers between the age of 15 and 24 mostly go to see a film with their friends. Friends are also important in informing them. This generation is more likely than the total to hear about a new movie or to ask information about one from friends. They are highly active on social media sites, but the press doesn't seem to interest them (neither for first awareness

nor for reading critical reviews). To raise awareness, Internet, TV advertisements and posters & billboards are also the most efficient for this generation.

25 – 34 years old moviegoers prefer to go to the cinema with their spouse or boyfriend/girlfriend. They are the most typical to search information on official websites or blogs. Contrarily to this, they do not read movie blogs frequently.

Moviegoers between the age of 35 and 54 go to the cinema with their families. To raise awareness, TV ads are the least efficient for them, but newspaper ads are more than for younger generations. They also read critical reviews in the press more often than younger people. Even though they don't hear about a new movie in TV ads, they do watch film-related TV programs often. They use Internet and social networks frequently, but as much as younger moviegoers.

Although the moviegoers above 55 years old were represented by a very small number of respondents, we can draw some conclusions. Most of them hear about a new film in newspapers or magazines, but none on the Internet. They do use Internet frequently, but not to gather movie-related information.

6 Recommendations – use of the study

The Portuguese movie industry, just like the international is facing hard times. For years the number of admissions was decreasing in the country. Although in 2010 it grew significantly, it still hasn't reached the level of 2004. Nowadays it gets easier and easier to watch a film without going to the cinema, therefore Portuguese distributors and exhibitors have to understand better their costumers and how they can be reached effectively.

This study has the purpose to do that. Both the presented literature and the primary research showed that movie advertising cannot be just on the traditional channels any more. TV advertisements are still important to increase awareness, but Internet is just as significant. As the survey showed, moviegoers younger than 55, go online if they want to know more about films. They watch the trailer, read the film's official website or other movie related sites to find information. Information that helps them to decide if the film is worthy to see or not: the story of the film, its genre, famous actors/actresses or director, awards, and critics' opinion. Portuguese film companies have to make sure moviegoers find this information

easily and quickly. They have to have informative and updated websites, which provides all these, in Portuguese, about all the films.

But it is not enough to be on the Internet and wait for moviegoers to find these websites. Film companies have to be where the moviegoers are. The survey showed that Portuguese moviegoers below 55 are very frequent visitors of social media sites, of Facebook, of YouTube, some of them, of Twitter. It is essential for Portuguese film distributors and exhibitors to be present on these social media sites. Share news, photos and most importantly, videos and trailers. At the moment some of these companies, mostly exhibitors, have an abandoned Facebook page. To reach their target, they must start using and updating them. Although some distributors' Facebook page is very informative, they should be advertised more to raise their awareness. 71% of the respondents to the survey analyzed above go to the cinema at least every 2-3 months, but only 14% are fans of any movie-related pages on Facebook. Moviegoers need to be informed about these pages, and given reasons to join them. Exciting information, exclusive behind-the-scenes photos and sneak peeks, tickets to pre-release screenings are only some of the attractive advantages that these companies could offer to people who "like" them. Besides of companies, films have their own Facebook page too, but mostly in English, not in Portuguese. It might be profitable to maintain some of these pages in Portuguese, at least for famous sequels like Lord of the Rings or Star Wars. These sequels are very successful and have new episodes to be released or old ones to be re-released in 3D. Their numerous Portuguese fans would be interested to read news about their making.

During the surveying trailers and videos were found to be extremely important. Most of the times they drive first awareness, they are the most important factor in the decision-making and these are what moviegoers search when they want to learn more about a film. It is essential that these videos would be easily accessible in Portuguese. Not just on films' or companies' websites, but also on Facebook and YouTube. YouTube is also very popular in Portugal, 45% of the surveyed moviegoers visit the site daily and another 33% weekly. Some distributors have their YouTube channels, but only a few hundred people subscribed. In the future these channels should be advertised, just like the Facebook pages.

7 Research limitations and further research

The movie industry has many areas, many interesting fields for future studies. Most of the literatures available examine the USA; there is a lack of studies on the Portuguese industry and moviegoers.

This study had the purpose to understand Portuguese moviegoers, their cinema-going and online habits. Even though many useful matters were discovered, other investigations could help to fully understand their decision-making process. Qualitative interviews or focus groups might reveal many on the subject. Do people go to the cinema to see a particular movie or just to have fun? When do moviegoers decide which film to see? Right before the screening in the cinema, or days before? Is it an individual or a group decision? Do they choose the cinema closest to them and watch the films available there or they are willing to travel just to see a particular movie? What exactly are they looking for in a movie? Excitement? Art? Fun? These are just some of the interesting questions that should be answered to be able to fully understand Portuguese moviegoers.

During this research a very small but interesting segment was found: respondents who only go to cinema few times a year, but show high interest in movies. They share movie-related information on the Internet on a weekly or daily basis, they are fans of films on Facebook, but they hardly go to the cinema. Unfortunately the small size of their sample made it impossible to examine them, but it would be important to know why they don't go to the cinema more often and how their movie-going frequency could be increased.

This thesis only focuses on foreign films, mostly from Hollywood. It is essential for the national movie industry to understand people's attitude towards Portuguese films and find ways to make them more successful.

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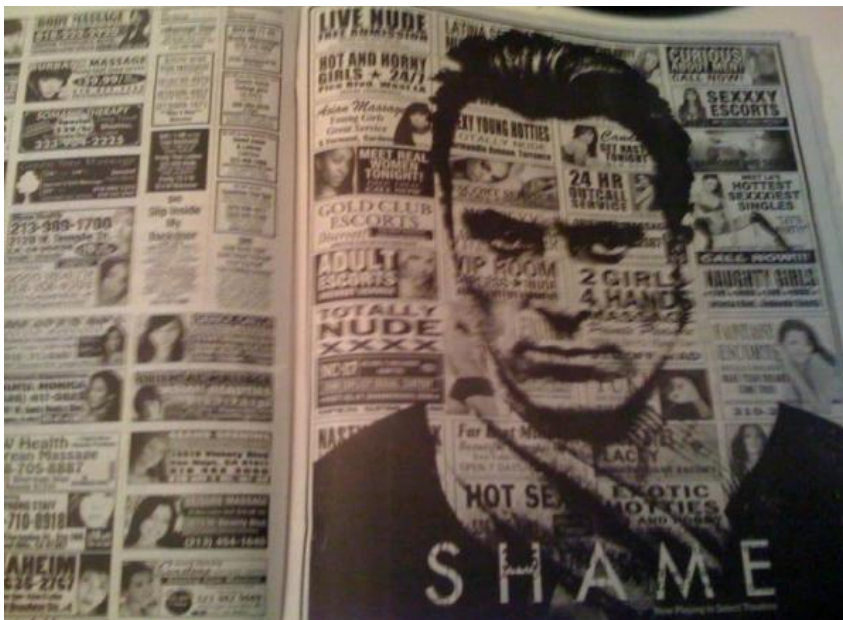
Appendix

1. Appendix: Magazine and Outdoor Advertisements



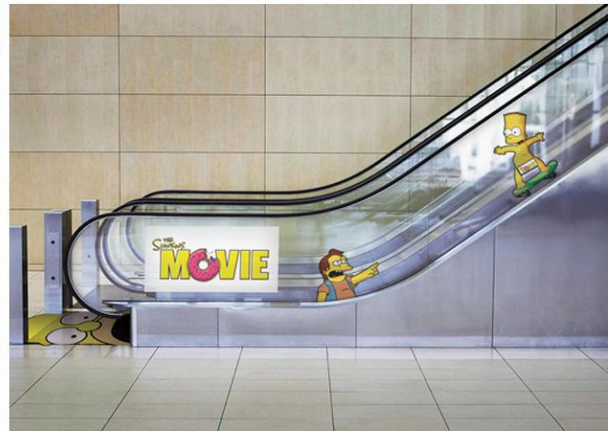
Advertisement of the science fiction disaster film '2012'

Source: <http://inagorillacostume.com/2011/2012-movie-guerrilla-marketing-ad-tunnel/>



Newspaper ad for 'Shame', a movie about sex addiction

Source: http://www.gofobo.com/photo/gofobohumanchris/creative_shame_newspaper_ad



Ambients for the film 'The Simpson's 2D'

Source:

http://adsoftheworld.com/media/ambient/homer_simpson_movie_escalator?size=_original



Advertisement in an elevator for the movie 'Superman Returns'

Source:

http://adsoftheworld.com/media/ambient/superman_the_movie_elevator?size=_original

2. Appendix: Questionnaire English and Portuguese

Questionnaire

1. How **often** do you go to cinema? Please choose the one that best describe your habit!
- a. once a year or less
 - b. few times a year
 - c. every 2-3 months
 - d. once or twice a month
 - e. once a week or more often

2. Who do you **go with** most of the times? Choose only 1, the most typical!
- a. Alone
 - b. With boyfriend/girlfriend/husband/wife
 - c. Group of friends
 - d. With Family (parents/kids)

3. Which genre of films you are mostly interested in? Please choose your

- | | |
|----------------|---------------------|
| a. documentary | j. adventure |
| b. animated | k. fantasy |
| c. drama | l. biography |
| d. comedy | m. war |
| e. romance | n. musical |
| f. thriller | o. epics/historical |
| g. action | p. science-fiction |
| h. horror | q. western |
| i. crime | |

4. Please choose how much you agree with the following statements!

The **first place** I hear about a new movie is:

	1-Strongly Disagree	2- Disagree	3- Neutral	4- Agree	5-Strongly Agree
TV commercials					
Movie trailer in Cinema					
From Friends and Family					
on the Internet					
Movie posters and billboards					
Newspaper ads					
else.....					

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5. What influence you in choosing a film? Please choose the 3 most important things and **rank** them!
- a. Trailer
 - b. Positive critics
 - c. Friends and Family
 - d. Genre
 - e. Story of the Movie
 - f. Someone else wanted to see it
 - g. Cast of the movie (actors, director etc.)
 - h. Advertising
 - i. It's a sequel
 - j. Rating
 - k. Awards (Oscar, Golden Globe, etc.) the movie won
 - l. Screening's place (I want to go to a specific cinema)
 - m. Screening's time (I want to go in a specific time)
 - n. Origin of the film (e.g.: I like to see Portuguese/French/etc. movies)
 - o. Else:

6. Please choose how much you agree with the following statements!
When I **want to know more** about a movie:

	1-Strongly Disagree	2- Disagree	3- Neutral	4- Agree	5-Strongly Agree
I ask my friends					
I go online to see movie's trailer					
I check movie's website					
I read movie's official blog					
I read movie fans' blog					
I search other websites for info (IMDb, critical reviews, etc.)					
I read critical review in magazines or newspapers					
I watch TV program about films					
else:					

7. Where do you have Internet connection?
- a. at home
 - b. at work
 - c. at school
 - d. I don't have Internet connection (please go to question 11)

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8. How often do you:

	1-never	2-few times a year	3-monthly	4-weekly	5-daily
use Internet					
use Facebook					
use Twitter					
see videos on Youtube					
share info about films with your friends on Internet (trailers, videos, articles, etc.)					
read a movie's blog					
read online movie magazines					

9. Are you fan of any films or film studios on Facebook? If yes, how many?

- a. No
- b. Yes, more or less of them.

10. Do you follow any actors or film studios on Twitter? If yes, how many?

- a. No
- c. Yes, more or less of them

11. Your gender:

- a. female
- b. male

12. Your age:

- a. 15-24
- b. 25-34
- c. 35-44
- d. 45-54
- e. 55-64
- f. 65 e+

13. Your highest education?

- a. Primary school
- b. High School
- c. Bachelor
- d. Master
- e. Doctorate

14. Do you have any children?

- a. Yes
- b. No

Questionário

1. Com que **frequência** vai ao cinema? Por favor, escolha a opção que melhor descreve os seus hábitos!
 - a. 1 vez por ano, ou menos
 - b. Algumas vezes por ano
 - c. 1 vez de 2 a 3 meses
 - d. 1 ou 2 vezes por mês
 - e. 1 vez por semana ou mais
2. **Com quem** vai maioria das vezes? Escolha apenas 1, a mais típica!
 - a. Sozinho/a
 - b. Com o meu/minha namorado(a), marido/esposa
 - c. Grupo de amigos
 - d. Com a família (filhos, pais)
3. Que género de filmes está **mais interessado**? Por favor, escolha 3 géneros!
 - a. Documentário
 - b. Animação
 - c. Drama
 - d. Comédia
 - e. Romance
 - f. Thriller
 - g. Ação
 - h. Terror
 - i. Policial
 - j. Aventura
 - k. Fantasia
 - l. Biografia
 - m. Guerra
 - n. Musical
 - o. Épico/histórico
 - p. Ficção científica
 - q. Western
4. Indique o seu nível de concordância com as seguintes afirmações!
A **primeira vez** em que oiço falar de **um filme novo** é:

	1-Não concordo	2- Não concordo parcialmente	3- Indiferente	4- Concordo parcialmente	5- Concordo
Na publicidade da TV					
Dos trailers que passam no cinema					
De amigos e familiares					
Da Internet					
De um posters ou billboards					
De publicidade em jornais					
Outras fontes ...					

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5. O que te influencia na escolha de um filme? Por favor, escolha as 3 mais importantes e indique o seu ranking de importância
- a. Trailer
 - b. Reviews positivos
 - c. Amigos e familiares
 - d. Género
 - e. O enredo do filme
 - f. Porque outra pessoa queria ver o filme
 - g. Os actores ou realizador do filme
 - h. Publicidade
 - i. O filme é uma sequela (ex: trilogia)
 - j. Rating
 - k. Prémios (Oscar, Golden Globe, etc.)
 - l. Local de exibição
 - m. Hora de exibição
 - n. Origem do filme (ex.: filme português/americano/francês etc.)
 - o. Outro: Qual? _____

6. Indique o seu nível de concordância com as seguintes afirmações!
Quando quero **saber mais** sobre um filme, eu:

	1-Não concordo	2- Não concordo parcialmente	3- Indiferente	4- Concordo parcialmente	5- Concordo
Pergunto a amigos ou familiares					
Vou a um site ver o trailer					
Vou ao site do filme					
Leio o blog oficial do filme					
Leio o blog dos fãs do filme					
Procuro informação junto de outros sites (IMDb, Reviews, etc.)					
Leio reviews em jornais ou revistas					
Vejo programa de TV sobre filmes					
Outras fontes ...					

7. Onde tem conexão de Internet?
- a. em casa
 - b. no trabalho
 - c. na escola
 - d. Não tenho (por favor, passe para a questão 11)

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8. Qual a frequência em que:

	1-nunca	2-algumas vezes por ano	3-mensalmente	4-semanalmente	5-diariamente
Usa Internet					
Usa Facebook					
Usa Twitter					
Vê videos no Youtube					
Partilha informação sobre filmes com os seus amigos na internet (trailers, vídeos, artigos, etc.)					
Lês bloges de filmes					
Lês revistas online sobre filmes					

9. È fã de algum filme ou estúdio de filme no Facebook? Se sim, quantos?

- Não
- Sim, de _____.

10. Segue algum actor ou estúdio de filme no Twitter? Se sim, quantos?

- Não
- Sim, de _____.

11. Qual o seu género:

- Feminino
- Masculino

12. Qual a sua idade:

- 15-24 anos
- 25-34 anos
- 35-44 anos
- 45-54 anos
- 55-64 anos
- 65 anos ou mais

13. Qual o seu nível de educação?

- Ensino Obrigatório
- Secundário
- Licenciatura
- Mestre
- Doutoramento

14. Tem filhos?

- Sim
- Não

3. Appendix: How having a young child affects movie-going frequency

Have any children? * With who you go to the cinema? Crosstabulation For age below 44

Count

		With who you go to the cinema?				Total
		Alone	With wife/husband or girlfriend/boyfriend	Group of friends	With family	
Have any children?	No	3	38	33	1	75
	Yes	1	0	0	12	13
Total		4	38	33	13	88

4. Appendix: First place to hear about a new movie, Distribution by Age

First place to hear about a new movie, Distribution by Age										
Age	Number	TV ad			Trailer in Cinema			Friends and Family		
		Mean	Agree	Agree	Mean	Agree	Agree	Mean	Agree	Agree
15-24	38	3,71	28	73,7%	4,29	33	86,8%	3,63	24	63,2%
25-34	32	3,56	20	62,5%	4,06	27	84,4%	3,34	17	53,1%
35-54	23	3,17	12	52,2%	4	19	82,6%	3,7	13	56,5%
55+	7	3,86	4	57,1%	3,71	4	57,1%	3,71	4	57,1%

First place to hear about a new movie, Distribution by Age										
Age	Number	Internet			Posters & Billboards			Newspaper ad		
		Mean	Agree	Agree	Mean	Agree	Agree	Mean	Agree	Agree
15-24	38	4	27	71,1%	3,55	21	55,3%	2,71	9	23,7%
25-34	32	3,78	20	62,5%	3	11	34,4%	2,66	7	21,9%
35-54	23	3,57	14	60,9%	3,3	9	39,1%	3,17	11	47,8%
55+	7	2	0	0,0%	3	2	28,6%	3,57	5	71,4%

5. Appendix: Search further information about a film, Distribution by Age

Search further information about a Film													
Age	Number	Ask Friends			See Trailer OnlIne			See Film's Official Website			Read Film's Official Blog		
		Mean	Agree	Agree	Mean	Agree	Agree	Mean	Agree	Agree	Mean	Agree	Agree
15-24	38	3,79	29	76,3%	4,68	37	97,4%	2,84	14	36,8%	2,08	5	13,2%
25-34	32	3,25	17	53,1%	4,56	29	90,6%	3,44	19	59,4%	2,59	8	25,0%
35-54	23	3,57	13	56,5%	4,00	18	78,3%	2,83	8	34,8%	2,26	3	13,0%
55+	7	3	2	28,6%	2,14	0	0,0%	2,29	1	14,3%	1,86	0	0,0%

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Search further information about a Film													
Age	Number	Read Fans' Blog			See other Website			Read Critics in Magazines			Watch TV Program about Films		
		Mean	Agree	Agree	Mean	Agree	Agree	Mean	Agree	Agree	Mean	Agree	Agree
15-24	38	1,84	2	5,3%	3,50	24	63,2%	3,05	15	39,5%	2,74	11	28,9%
25-34	32	2,06	3	9,4%	3,31	19	59,4%	3,41	16	50,0%	2,88	12	37,5%
35-54	23	2,04	2	8,7%	3,00	9	39,1%	3,83	16	69,6%	3,35	10	43,5%
55+	7	1,86	0	0,0%	2,43	1	14,3%	3,57	5	71,4%	2,86	2	28,6%

6. Appendix: Internet-using habits, Distributed by Age

Number and Percentage of weekly and daily Users, Distributed by Age															
Age	Number	Use Internet		Use Facebook		Use Twitter		See videos on Youtube		Share info about Films on Internet		Read a Movie's Blog		Read Online Movie Magazines	
		N	%	N	%	N	%	N	%	N	%	N	%	N	%
15-24	38	38	100%	33	86,8%	6	15,8%	35	92,1%	16	42,1%	4	10,5%	1	2,6%
25-34	32	32	100%	25	78,1%	3	9,4%	30	93,8%	8	25,0%	1	3,1%	3	9,4%
35-54	23	22	95,6%	18	78,3%	1	4,3%	11	47,8%	6	26,1%	1	4,3%	2	8,7%
55+	7	7	100%	1	14,3%	0	0,0%	2	28,6%	0	0,0%	0	0,0%	0	0,0%

7. Appendix: Internet-using habits, Distributed by Movie-going frequency

Number and Percentage of weekly and daily Users, Distributed by Movie-going Frequency															
Frequency	Number	Use Internet		Use Facebook		Use Twitter		See videos on Youtube		Share info about Films on Internet		Read a Movie's Blog		Read Online Movie Magazines	
		N	%	N	%	N	%	N	%	N	%	N	%	N	%
Once a year or less	5	5	100%	2	40,0%	0	0,0%	3	60,0%	0	0,0%	0	0,0%	0	0,0%
Few times a year	24	23	95,8%	21	87,5%	3	12,5%	20	83,3%	9	37,5%	1	4,2%	0	0,0%
Every 2-3 months	23	23	100%	18	78,3%	3	13,0%	18	78,3%	2	8,7%	0	0,0%	0	0,0%
1-2 times a Month	33	33	100%	24	72,7%	2	6,0%	25	75,8%	10	30,3%	2	6,1%	3	9,1%
Once a Week or more	15	15	100%	12	80,0%	2	13,3%	12	80,0%	9	60,0%	3	20,0%	3	20,0%

8. Appendix: Fan of Films or Studios on Facebook

Fan of films or studios on Facebook

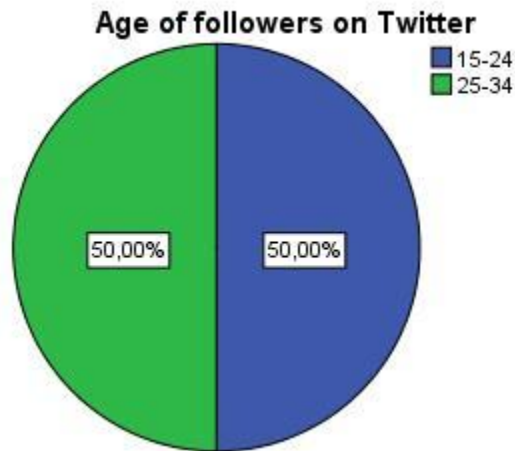
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	14,3	14,3	14,3
	2	4	28,6	28,6	42,9
	3	1	7,1	7,1	50,0
	4	2	14,3	14,3	64,3
	5	1	7,1	7,1	71,4
	10	3	21,4	21,4	92,9
	50	1	7,1	7,1	100,0
	Total	14	100,0	100,0	

9. Appendix: Follow Actors or Studios on Twitter

Follow actors or studios on Twitter

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	16,7	16,7	16,7
	5	1	16,7	16,7	33,3
	7	1	16,7	16,7	50,0
	15	1	16,7	16,7	66,7
	20	1	16,7	16,7	83,3
	25	1	16,7	16,7	100,0
	Total	6	100,0	100,0	

10. Appendix: Age of followers on Twitter



11. Appendix: Movie-going frequency of followers on Twitter

