Understanding the Effectiveness of Trailers, Teasers, and Television Spots in Marketing Movies

By

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Abstract

The most substantial and widely-used part of a motion picture's advertising plan involves the use of teasers, trailers, and television spots. In this paper I explore movie trailers as an effective and useful tool in marketing films to consumers and making them successful. The evidence, which I have gathered from a survey study and available secondary sources, supports my claim that trailers are effective. The survey measured a direct relationship between consumers' feelings toward viewing specific trailers and their desire and behavior of movie viewership. Secondary research focused more economically on film cost and revenue, citing a positive correlation involving advertising, especially television-based, and box office. Trailers persuade consumers to see their promoted movie in theaters and other formats and continue to be the most important part of a movie's advertising campaign.

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Coming Soon, the easily recognizable tagline often written across a screen to end a 90-to-120-second movie trailer, kicks off a given film's teaser campaign. The teaser campaign usually begins many weeks, or sometimes months, before the film's release, possibly even before production is completed. This first teaser trailer will most likely contain the previous tagline as well as some other emboldened word and catch phrases, screen shots and clips, and transitions in the middle of the video all meant to create awareness and publicity for a product being sold, a movie.

The teaser campaign fades into the main trailer advertising campaign. This promotional effort begins around three weeks before the release, continuing through its opening weekend. Often considered by studios to be an immensely important piece in a movie's awareness and advertising endeavors, the trailer campaign consists of about one two-to-three-minute theatrical trailer and a few 30-to-60-second television spot commercials.[1] The theatrical trailer and several of the television spots are made for the broadest audience possible, attempting to capture the attention of the entire movie's primary intended demographic plus as much spillover to secondary demographics and audiences as possible.[2] The remaining spots are concentrated on more specialized network and cable television channels.

An advertising campaign can get expensive very fast, especially with the rising costs of advertising recently, so selective expenditures are made on the part of the film studios

[1] Robert, Marich. Marketing to Moviegoers: a Handbook of Strategies Used by Major Studios and Independents. Burlington: Focal P, 2005. 15-20.
[2] Kernan, Lisa. Coming Attractions: Reading American Movie Trailers. Austin: University of Texas P, 2004. 19.

distributing the film. Nevertheless, the major movie studios have used a similar strategy to the above-mentioned one for the better part of the last half-century. Being such an integral and expensive part of a film's marketing costs, the studios expect that such expenditures have proportional payoffs. They expect that these trailers and commercials create the necessary awareness in the public, spread word of mouth, and establish a positive perception of the movie in the public eye in order to generate box office ticket sales great enough to turn a heavily capital-intensive film project into a profitable venture.

The question is, is this actually the case? Do trailer campaigns create awareness and bring consumers into the theaters like they are supposed to do? Are trailers effective in the marketing and success of movies? Neither the film studios nor non-profit organizations like the Motion Picture Association of America (MPAA) have available information, or at least do not publish it, to prove that trailers are effective. However, I have collected data from primary and secondary sources in my research to support the claim that trailers are an effective form of movie marketing and do at least partially play a role in determining the success of a given film.

HISTORY OF THE TRAILER

BEGINNINGS

Trailers have been around since before the First World War. The first trailer of record was displayed north of New York City in 1912. After a showing of "The Adventures of Kathlyn," a short video clip enticed the audience to view the following week's episode in the series.[3] Thus, when that style of advertising for films caught on, the term "trailer," for coming after film features, stuck. Advertising for movies continued in this fashion through 1919, when the National Screen Service (NSS) came on the scene. NSS was a company that began making rough advertisements for movies and sold them to film exhibitors. These unsophisticated trailers were simply a cut-and-paste of different scenes from a film. However, NSS produced these ads without the permission of the studios to which the subject of the trailers belonged. Fortunately, the studios were interested in the work of NSS and started to hire them to produce trailers, providing the company with film footage for its usage.[4]

Throughout the 1920's, NSS had the exclusive right to all major studios film footage in order to produce trailers for them. Then in 1928, Warner Bros. studios decided to produce its own ads, opening an in-house trailer department. Several years later, Metro-Goldwyn-Mayer (MGM) and other major studios did the same.[5] In-house trailer production became the norm until the 1970's when small creative boutiques in Hollywood became popular and recognized. The boutiques offered perspectives and specialties that the studios did not have. Today, only a couple of the major studios maintain large trailer departments.[6]

Modern Times

Contemporary times have been reshaped by the introduction of the television and its effect on advertising to the public. In the 1950's, small independent films used to move from city to city, being released singularly. These regional releases would be supported

[3] Taken from quote by Lou Harris, head of trailer division at Paramount Pictures in the 1960's (Kernan 27).
[4] Kernan 25
[5] Kernan 27
[6] Marich 9-10

by heavy advertising on TV. The major studios reluctantly followed the lead of these independents in the late 60's after they realized admissions were being hurt by the television's popular adoption.[7] Today, video media makes up the majority of a film's advertising budget on average. According to Nielsen Monitor Plus, in 2003, the average film spent 77.4% of its total advertising costs on different television advertising slots for its trailers and spots.[8]

ENTERTAINMENT MARKETING

MEDIA CONSUMPTION AND COMPETITION

There have been several challenges that have faced the movie industry and its advertising efforts. Each time a change or new challenge occurred, the industry eventually adapted to them. The prior section described the early confrontation with television programming and the studios solution to the problem. There have been similar problems that have arisen over time. Shortly after the acceptance of the television innovation by the populace, the film industry dealt with more difficulties from the increasing inclinations of people to stay home, finding entertainment in the household. When they did go out to eat, shop, etc. they did not go to movie theaters as much. The industry found saving when movie theaters started partnering with malls, increasing theater attendance. Additionally, the advent of the home video market tremendously increased revenue for the studios, providing entertainment for families that did not want to leave the house.[9]

All of the above examples dealt with competition for consumer spending and attention from other sources, affecting the marketing strategies for the film industry's products. In

[7] Marich 79
[8] Refer to Appendix 1 for additional information (Marich 56).
[9] Kernan 31

the modern era, the film studios still face competition, as is and will be the case for all products in all industries. There are millions of products, activities, and services that are being offered to consumers every day, all competing for attention from each consumer. On average, a person observes 3,000 impressions per day from advertising sources.[10] This is an overwhelming amount of information to process for any individual. Consequently, consumers only fully absorb and retain a small portion of the advertising that they view and hear.

The average person watches four hours and thirty-five minutes of television per day.[11] However, as mentioned above, not all of the advertising which fits into that amount of time is processed by each consumer. Some consumers do not stay to watch commercials, while others simply do not pay enough attention to advertisements to understand and retain the conveyed information. Beyond television advertising, consumers purchase and use many other different types of media as well, which are predominantly supported by or contains large amounts of advertising. In 2007, the average person consumed 3,383 hours of media per year, translating to over nine hours of media consumption per day. This caused the average consumer to spend about $2.32 per day.[12] Because consumers use a sundry selection of numerous forms of media, advertisers from all industries, including entertainment ones, all want a chance to capture consumers' attention in their

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[10] "American Advertising in the Media." Google Answers. 20 Aug. 2002. 14 Apr. 2008 <http://answers.google.com/answers/threadview?id=56750>.

[11] "Average Home Has More TVs Than People." USA Today 21 Sept. 2006. 14 Apr. 2008 <http://www.usatoday.com/life/television/news/2006-09-21-homes-tv_x.htm>.

[12] Media includes television, radio, newspapers, magazines, box office, home video, recorded music, video games, Internet, and books.
2007 Theatrical Market Statistics. Motion Picture Association of America. 2008. 10 Apr. 2008 <http://mpaa.org/2007-Theatrical-Market-Statistics.pdf>.

use of these venues. As a result, companies compete in advertising with an array of different companies, most of whom are not in the same industry.

Competition in Advertising Movies

Focusing on the film industry, not only is competition fierce from external sources, but there is much competition just among the players within the industry. Advertising plays an integral role in the strategy of movie producers. Advertising reach and the probability of consumer retention, a measure dependent on advertising frequency per consumer and the probability that consumers will take notice of a specific ad, are very important to them. Although producers want to cause reach and retention to be as high as possible, there are numerous options and choices out there for consumers. There have been 603 films released in the US in each of the past couple years. In 2007, the average person watched six movies in theaters, while the average moviegoer saw eight and a half movies in theaters.[13] Because of time and money constraints, consumers only select a few movies to watch in theaters in a given year. Consequently, producers compete with each other for consumers' attention. Each set of producers is trying to market their movie to the public via the same means, so supplying a successful set of trailers can be paramount.

All of the products in media obtain advertising from almost all industries. Every industry is able to reach their intended demographic, whether it is large or narrow, via advertising in some media product. Network television channels and national magazines have a wide reach across the entire country, whereas spot radio stations and local newspapers have a narrow focus, concentrating on specific demographic groups. As a result of this flexibility, the variety of advertisers vying for slots is abundant.

[13] Movie Attendance Study. Motion Picture Association of America. 2008. 10 Apr. 2008 <http://www.mpaa.org/MovieAttendanceStudy.pdf>.

It used to be the case that only media products that were predominantly supported by advertising received this variety, for the producers of these products could not afford to discriminate against their revenue sources too much. However, recently products supported predominantly by consumer purchases have begun to include advertising from outside sources. Specifically, video games, recorded music formats, DVDs, and movie theaters began to obtain additional revenue from advertisements from external companies.

An example of this new strategy in seeking advertising is exhibition giant Regal Cinemas, which has been aggressively increasing its advertising from non-film companies.[14] These ads are played before the start of the previews as well as during the previews, the span of time traditionally allocated to movie trailers. Conventionally, exhibitors only played trailers for upcoming films before the feature film presentation in a time called "Coming Attractions" or something similar. Before this segment, screenshots containing random movie facts, trivia, and concession ads entertained the "early birds." Consequently, film producers simply competed amongst themselves for an allowed spot for their trailer to be shown prior to a given movie. These spots were decided by the management of the exhibition companies, and they provided the spots free to the producers, as part of the theater booking agreements.[15] However, the recent inclusion of paying advertisers in the on-screen time has created more competition for film studios trying to promote their upcoming movies. Other exhibitors have followed

[14] Marich 194
[15] Marich 178

Regal's lead, which tremendously concerns the movie producers. The effectiveness of movie trailers is becoming that much more important in this new time of marketing struggles for film studios.

INDUSTRY BREAKDOWN

In addition to the contemporary problems of marketing to consumers and the sustainability advertising venues standing in the way of the potential effectiveness of trailers, trailers also face the lack of growth in the film entertainment industry. Advertising is at the mercy of the product in which it is selling. Lately, the movie industry has stagnated in terms of gross box office and theater admissions, creating difficulty and pressure for its advertising efforts, predominantly trailers and spot commercials, to generate growth. The graphs contained in Appendix 2 illustrate the trends in film revenues and costs. Production and advertising costs per film have tracked total box office figures in recent years. However, both categories have demonstrated a lack of growth resulting from a decline in admissions in theaters balanced by an increase in average ticket prices.[16]

I will discuss the causes of consequences of such unfavorable industry conditions later in this paper. Nevertheless, I wanted to establish in the last two sections the fact that trailers are facing harsh obstacles in present times. Therefore, if I am able to prove that trailers are still effective in spite of these difficulties, it will adhere to the usefulness of trailers and spots all the more readily.

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[16] Entertainment Industry Market Statistics. Motion Picture Association of America. 2007. 10 Apr. 2008 <http://mpaa.org/USEntertainmentIndustryMarketStats.pdf>.

SUCCESS IN MOVIE MARKETING

In order to determine at the end of this paper whether or not trailers are in fact effective, I will explain the measures of success for films and advertising in the movie industry. I will look at the measures across three different dimensions: economic impact of the film, psychological effects on the consumer, and social effects.

ECONOMIC SUCCESS

The most obvious and widely-used measure of success for any film in the movie industry is box office ticket sales. This is the primary source of revenue for a film, and it is the only source of revenue that film producers receive from consumers during a movie's stay in theaters. The distributing studio will usually negotiate a contract for each movie with the exhibitors to which it supplies the film. The agreement will contain the length of the theatrical release run, the specific theater auditoriums and their respective audience capacities in which the motion picture will be shown, as well as the sharing of ticket sales.[17]

The distributor and exhibitor lay out in the contract the method for determining the share of the film revenue that each party will receive during the film release run. The portion of box office ticket sales that the film distributor receives from the exhibitor is called the film rentals, for the exhibitor only gains rights to show the picture for a limited time. A major studio with a large amount of bargaining power and a good relationship with exhibition companies will command an average portion of 54% of the box office. A film studio's share of the revenue will decline in proportion to its size and bargaining power.[18]

[17] Marich 177
[18] Loc. Cit. 15

As mentioned previously, another aspect that is negotiated is the showing of trailers. A distributor, especially a major studio, will demand that the exhibitor show a few trailers for some of its other upcoming movies. Therefore, it becomes very difficult to track the cost and benefit of trailers. Not only are they indirectly a part of another film's release agreement, there is no clear cost associated with the playing of theatrical trailers other than the expense incurred in their production. On the other hand, television trailers and spots have a cost associated with getting them played on any television channel. Thus, a higher cost allocated to television advertising usually means more playing time, reach, and frequency per viewer. This is not the case for theatrical teasers and trailers.

Film rental and box office revenue figures are usually separated into domestic box office, which includes ticket sales within the United States and Canada, and foreign box office, including ticket sales in all territories outside of the domestic market. For the purpose of this paper, I focus only on the domestic market, for that is the only region for which I obtained data. Additionally, marketing techniques, pricing, and expenditures are different in each region of the world, making comparisons across regions difficult and complicated.

In addition to box office revenue, a film generates income from home video sales, today primarily in some version of DVD format, and television contracts, consisting of network, premium, and cable channel broadcasts. Home video sales have become an integral part of a film's profitability. Moreover, the home video market has grown tremendously in recent years, leapfrogging over the theatrical market in annual revenue and profit margin.[19] I will expand upon this point and its impact for the industry in a later section. Television contracts have been a solid income generator for film studios ever since their acceptance of the TV as a complementary, instead of competitive, product. Their contribution to the profitability of a given film increases as the penetration of television sets, cable and satellite services, premium subscription channels, and Video On Demand continues to increase.

The time lag that exists between the start of film's theatrical run and the release of the DVD and television debut of the film has recently decreased. Because it continues to exist, though, it is unclear whether trailers, which stop playing intensively immediately after the opening weekend of a film's release, have an effect on the sales of DVDs or the viewership of television movie showings. While advertising and promotion made directly for the DVD or television release of a movie might contribute the most directly to each venue's respective sales, there is evidence that the trailers and spots from the theatrical release may also play a part in the marketing and success of these supplementary income sources. Consumers often make a "mental date," or note in their mind, to see a movie in theaters or other venue after viewing promotional material, such as trailers, for that film. Such a theory supports the claim that a consumer's positive opinion of trailers and spots promoting a movie in theaters has a spillover effect on the DVD sales and other supplementary revenue sources. I test and explore this theory in my analysis of a conducted survey discussed later.

PSYCHOLOGICAL SUCCESS

[19] Loc. Cit. 16

Even though movie studios are only concerned with economic aspects of their films' success directly, marketing itself contains psychological aspects. Marketing attempts to create awareness by persuading consumers to think about, use, or buy a certain product. In order to persuade a consumer to act in this particular way, marketers aim to understand the way of thinking of the average consumer in the target segment. Movie marketers have the responsibility of creating awareness for the film in their project. Success in this psychological measure is evaluated with respect to the level of reach, frequency, and penetration of advertising. They try to maximize this variable by using trailers to do the work for them.

Consumers are accustomed to trailers and spot commercials for trailers, many even know the terminology used in the industry. They view trailers as a way to make a judgment on the movie, seeing if they believe that the movie would be enjoyable and worth watching. Lisa Kernan compares this process to "cinematic window shopping," stating that consumers are not willing to "buy" into multiple movies, but they will spend a couple of minutes watching the trailers, which are free to them.[20] Consumers will pick which movies they deem worth spending money and time viewing at the theaters from the selection of trailers they watch. Moreover, just as the shopper will not stop at every store window in the analogy, the moviegoer will not view every trailer possible either. Marketers fit into this situation by working to convince the average consumer to take the time to look into their "shop window." Locating the store on a busy street that is on many individuals' walk to work, just as running a trailer before another movie of similar genre or a spot during the commercial break of a popular TV show, will attract attention

[20] Kernan 6

to it. The final part is to arrange an appealing "shop window" that will interest many "shoppers" to come inside.

SOCIAL SUCCESS

Continuing with the shopping analogy used above, individuals like to shop with friends as well as tell their friends about stores that they liked. Similarly, people like to take in movies socially in addition to talk about them in a social setting. Trailers also have a social aspect. Theatrical trailers are usually viewed in groups, since movies are watched in groups in theaters. These movie-watchers usually briefly discuss the trailers as they are played with friends' reactions playing into a person's judgment on the movie. People will also often discuss the trailer with more of their friends and acquaintances as they come up in conversations, such as around the water cooler.

Advertisers and movie producers expect that a consumer with a positive opinion of a trailer will spread positive word of mouth about the underlying movie. Attempting to improve the opinion of a movie in a consumer's mind may not only convince that consumer to see the movie, but it will increase the probability that that consumer will tell others about film, possibly convincing them to go see it. Producers wish to have as much positive word of mouth working for them as possible, for it is very cost effective, because consumers are advertising to other consumers without being paid, and it can turn a movie into a great success quickly. For example, in the 90s, the producers and marketers of *The Blair Witch Project* used the Internet to provide consumers with trailers and additional promotional material via the movie website.[21] Word spread rapidly about the film because of the allure of such material, causing the motion picture to earn over $140

[21] Marich 144

million domestically from a production budget of $60,000.[22] This breakthrough movie added a whole new aspect to movie marketing strategy called Internet buzz, which uses the Internet to spread word of mouth.

One reason that Internet buzz and other word of mouth are adoptable for movie marketing is that trailers apply to very broad audiences. Except for the trailers and television spots that are meant for narrow target demographics, trailers attempt to appeal to all people to which they are shown. Lisa Kernan asserts that trailers promise "something for everyone," limited only by the genre to which they belong.[23] Consumers that view the trailer for a given movie are easily able to relate to the trailer as well as other consumers that have also seen it. Other products, which are more narrowly focused, such as trade reports and magazines only read by individuals employed in that trade, are not able to adopt such marketing techniques. Additionally, this applies to very artistic and indie films, which have much smaller and narrower target audiences than movies produced by the major studios or their affiliates.

Another related reason why word of mouth and social aspects are applicable to trailers is that a large number of people enjoy watching trailers. During her research regarding trailers, Lisa Kernan discovered that numerous people were eager to help with the research when they heard the topic on which she was writing. Many participants would declare "I *love* trailers."[24] There are many people that have a predisposition to advertising in general; however, this group is contrary to the majority behavior, as

[22] Box Office Mojo. 20 Apr. 2008. 16 Mar. 2008 <http://www.boxofficemojo.com/>.
[23] Loc. Cit. 2
[24] Kernan 8

discussed in the *Marketing in Entertainment* section above. Moreover, these consumers that feel this way view trailers as something besides just a form of advertising for a product. They have "an appreciation of the unique visual and narrative/promotional qualities of these short films texts," causing numerous moviegoers to "rush to be in their seats in time for the trailers."[25] This type of moviegoer that is always excited to watch the trailers before movies is probably significantly more likely to help spread positive word of mouth for the trailers which s/he liked.

While word of mouth is not a quantifiable measure that can be known or tracked, it is a useful aspect of a marketing plan, especially in modern times. This social facet feeds into the economic success of a trailer and thus movie, which are both subject to the psychological facet. I argue that psychological success of a movie trailer and marketing campaign creates social success, which in turn develops into economic success. In other words, a trailer that is shown to a sufficiently high number of consumers and well-received will spur positive word of mouth for the trailer as well as the underlying movie itself. Both aspects, the high rating of the trailer's substance and the favorable word of mouth that is spreading, will greatly contribute to a very profitable motion picture, considerably initiated from the trailer. This theoretical progression will be tested by my primary and secondary research.

PRIMARY RESEARCH

PURPOSE

There is very little research available concerning the topic of movie trailers. Even though it is a very important topic, since trailer and spot advertising make up a majority of a

[25] Ibid

film's advertising costs, only a small amount of attention is paid to the subject. The research that does exist is either safely guarded, not released publicly by the major film studios that organize it, or it is vague and incomplete.

Vinzenz Hediger, a Swiss professor of film science, has conducted some research on the topic of trailers. He concluded in one of his works that theatrical teasers and trailers account for greater than twenty percent of total film revenue. He went on to say that trailers are very "cost-effective," because they only cost less than five percent of the total advertising expenditures.[26] Even though he provides a quantifiable measure for the impact of theatrical trailers, his deductions still seem to be imprecise and ambivalent. I have not found another source that agrees with his findings or measurement. Therefore, it is unclear whether his inferences are valid, conclusive, or even applicable to today if they were true. Since there was no other definite evidence to use as secondary research, I conducted my own survey of students to discover if a relationship actually existed between trailer advertising and film revenue.

The purpose of my survey was to determine if trailers effectively promote their underlying movie as well as make it successful. I used a series of questions in order to measure each participant's opinion of the trailer in which they were shown. Given this opinion of the trailer, I evaluated expected and actual theater viewership for the participants. A good opinion of the trailer should lead to the participant watching the movie in theaters or at least an attempt to do so. This survey mostly assesses the attitudal impact of the trailer on the participants' tastes. In other words, I quantified consumers'

[26] Kernan 32

judgments of their likelihood and expectations to see the underlying movie in theaters or via other means.

SURVEY DETAILS

In order to ascertain all of the above-mentioned values, I set up the survey in three parts. First, I asked the participants to fill out a pre-research portion, which covered their prior familiarity with the selected movie as well as their general interest in movies and trailers. Then I showed all of the participants the theatrical trailer for the selected film, which was between two and three minutes long. Immediately after viewing the trailer, the participants completed another portion of the questionnaire. This section captured each participant's instantaneous attitude and feelings toward the trailer as well as their immediate expectations for their likelihood and enjoyment of the watching the movie in theaters. These two sections were completed for the selected movie on or directly before the release date of the film. Thus, the participants were given an opportunity to view the film in theaters without delay if the trailer had such an effect on them. As a final part, I asked the participants to respond to a final section of the survey after three weeks, giving them at least three weekends, including opening weekend, to see the movie if they so chose. This last segment measured actual theater visits as well as the student's attitude toward viewing the film in the future.

Throughout the survey, I measured the students' perceived likelihood of watching the movie. Therefore, I collected data on their perceptions of the movie and likelihood of seeing it before seeing the trailer as well as their likelihood immediately after seeing it. After giving the participants ample time to think about and possibly see the movie in theaters if desired, I asked the students in the final part of the questionnaire for their expectations and attitudes toward renting the movie, buying it on DVD, watching it on Video On Demand, and downloading it from iTunes Music Store, in addition to watching it in theaters while still playing. High expectations for the future in the last module of the evaluation represent the consumer noting a mental date to see the movie at a future time for various reasons. Overall, this timeline of recorded perceptions of the movie will demonstrate any impact that trailers and perhaps other sources have on the students' behavior.

In constructing the setup of the survey, I selected a different film for each of the three samples that I administered. Because I ran the three samples on different weeks, I had to select different movies in order to hand out the first two parts of the survey immediately before the release of the motion picture. As mentioned previously, I scheduled each survey for this time for two reasons. I did not want participants to see the movie before taking the survey. Also, the students participating would have a chance to see the film on opening weekend and afterwards as well.

I selected the movies, *Strange Wilderness*, *Jumper*, and *Vantage Point*,[27] and administered the surveys during the week before or the day of their respective release dates, February 1, 14, and 22. My reasoning for selecting these films was to reduce confounding variables as much as possible. I did not select films that had excessive promotion, too many high-profile stars in the cast, or a prior film in the series. All of these factors would draw more attention than the average movie would draw upon itself beyond the regular strategic advertising. I wanted to showcase average films from major

[27] Distributors were Paramount Pictures, 20th Century Fox, and Sony/Columbia, respectively.

studios that had the potential to be minor successes. This methodology allowed me to focus on the impact of showing the participants the trailer in a survey setting without worrying about too many external variables being responsible for a positive or negative perception of the motion picture. Additionally, the opposite effect was also not desired; thus, I selected these films, because they were not excessively narrow in genre. Trailers cannot persuade everyone to watch a certain movie; however, I gave these trailers the opportunity to persuade students in their intended audience demographic. Trailers for a movie with a much narrower target segment would have far less of an opportunity.

Lastly, before going into the results of the research, I would like to discuss the possible confounding variables. Unavoidably, since the survey examines students in an open system, there are external forces at play that may confound the results and conclusions of the survey. These variables include other promotional efforts of the film marketers, opinions of friends and critics, and other influences on the participants. While these influences may affect the decision of a consumer to view the film, these factors are always present in the decision-making of consumers. The purpose of the survey was to determine whether forcing a consumer to directly view a trailer has any effect on their decision to view the film in theaters, amongst all the other external factors. As a final disclaimer, I only showed theatrical trailers to participants in this survey; thus, the results cannot necessarily be applied to teasers and spots, even though all three are very similar.

PRE-RESEARCH RELATIONSHIPS

Before asking any questions in the survey about movie habits or opinions of the specific movie being studied, I inquired about whether the participants recognized the movie. If so, they would mark from which means they were informed of it. From this, I composed a histogram of their expected likelihood of watching the movie in theaters, asked a few questions later, which is based only on their prior experience with the film. Separating the individuals that had watched a version of the trailer at the theater, on TV, or via the Internet from those who had not, I achieved a statistically significant difference in the means in two of the groups. The third group, the *Strange Wilderness* sample, did not have a large amount of students that recognized the movie, making any testing trivial. Nevertheless, the other two samples had a higher mean response from those that watched a trailer previously compared to those that had not at the 1% significance level. As an introductory test, this concludes that trailers do have a persuasive impact on viewers, for the only noticeable distinction between the two sections is the prior viewership of the movie trailer or spot.

As a second introductory test, I compared the responses to the questions concerning the likelihood that participants would see the movie in theaters across all three survey sections, pre-research, post-trailer, and after an elapsed amount of time. Comparing the distribution of responses from the pre-research and post-trailer sections, I acquired a statistically significant increase in the means at a 99% confidence level for all three samples. Excluding all other justifications, the viewing of the trailer caused these students to want to see the movie more than before watching it. Other explanations are doubtful, since the change in responses occurred in a matter of minutes, in which the only event that did occur was the screening of the trailer.

Moreover, both groups, the one containing students that watched a version of the trailer before the survey and the group consisting of the rest of the students, had significant increases in the mean with 99% confidence after watching the trailer in the survey. This means that even though consumers may have seen a trailer previously, secondary views help reinforce the persuasion of the trailer. Therefore, there is evidence in support of higher advertising frequency in trailer marketing causing higher theater attendance.

In case the previous conclusion was confounded by an effect of trailer viewership that made the increase only instantaneous, I compared the post-trailer and elapsed time likelihood responses. The raw mean values for all three samples did decrease; however, only the *Jumper* sample had a statistically significant decrease in likelihood from the three week time span. A certain level of decrease is expected, since individuals remember more about what they watched a few moments after watching something as compared a few weeks after viewing it.

Moreover, only the *Vantage Point* sample kept an increase from pre-research viewership until the end of the survey with a 99% confidence level. Therefore, the effect could have only been instantaneous and not lasted, but since I was not able to do a survey section in between that three week span, it is unknown how long the elevated reaction caused by the trailer lasted. Participants' familiarity with the movie and trailer also decreased in the three week time span, measured by questioning about the students' familiarity with the storyline, cast, and genre asked in all three survey sections. This decrease furthers the plausibility of an explanation that consumers simply remember less as time goes on, especially in a span of three weeks. Thus, they will become less familiar with the movie, less excited about viewing it, and less likely to actually go to theaters to view it. However, based on this data, for the most part, consumers know more about and want to see more of the movie three weeks after watching the trailer than before watching it at all.

Looking elsewhere, I compared the answers given for likelihood in all three survey sections just amongst the groups of students that had seen spots and trailers for the movies already. Both the Jumper and Vantage Point sample groups had statistically significant increases in likelihood from before watching the trailer as part of the questionnaire to both the "immediately after" and "three weeks after" instances. This means that not only can trailers spark interest in viewers which have never heard of the movie beforehand, but they can also generate interest in individuals that have already heard of the movie as well as seen a trailer or spot advertisement for it. I believe that these two tests of survey data have generated some conclusive results about the effectiveness of trailers.

TRAILER PERCEPTIONS AND RELATIONSHIPS

When asked outright how much each participant agreed with the statement, "When I see a good trailer, I am more likely to see the movie in theaters," the average response across all samples on the 1-7 scale was 5.756. This fairly high mean was dragged lower by a skew to the left, for 69% of the responses were either a six or seven. By simply looking at this question alone, it seems that the fundamental research question concerning trailer effectiveness is answered. However, consumers rarely know the actual answer to a research question when asked directly. Therefore, I will expand to more complicated testing in order to examine this hypothesis submitted by the participants.

After showing the trailer to the assembled audience, I asked the participants in the second section of the survey to rate their attitudes toward the trailer. Each student rated the trailer across four characteristics based on their opinions: “enjoyable,” “attention-getting,” “entertaining,” and “informative.” These four descriptive terms were meant to serve as proxies for an overall rating of positive or negative feeling from the student. I needed to use these descriptive proxies in order to avoid asking the participants directly and to help them quantify their feelings as well. Since no one of these terms is a better proxy for this variable being measured, I used an average of all four ratings as a variable in regression models.

The first measure that I wanted to test was the overall rating of the trailer against each participant’s expectations about their enjoyment of the movie if they did see it in theaters at some point. Trailers are supposed to convince consumers to go to theaters to see a movie. This can be broken down into two parts, a psychological part and a behavioral part. First the trailer must be able to persuade the consumer to want to go to the movies. Then after this, it must persuade and make certain that the consumer actually follows through with the desire. To test the former, I regressed the participants’ predicted enjoyment of the movie based on seeing the trailer versus the overall perceptions of the trailer. There were results with a 99.9% confidence level in all three of the samples’ regressions, yielding r-squared values of 75.3%, 63.7%, and 38.6%, meaning that trailer perceptions explained these respective proportions of the variation in the predicted enjoyment of the movie for each sample. The graphs for each sample are presented in Appendix 3.

The above data show that trailers have the ability to persuade consumers, eliciting them to want to see the underlying movie of the trailer. This is the first part of being effective and fulfilling their promise to marketers. The second part, converting consumer desire into action, was tested in the last section of my survey by the participants reporting on their theater attendance for the movie. The samples registered no attendance in the *Strange Wilderness* sample, 6.25% attendance for *Jumper*, and 20% attendance for *Vantage Point*. The latter two samples showed well above average attendance, since the average admissions for a given movie in the 12-24 age group was about 1% in 2007.[28] The former sample's results were below motion picture averages since it was zero; however, given a lower number of participants and a theater release almost three times as narrow as the latter two samples, the results were not excessively unexpected. Moreover, regressing actual theater attendance against trailer ratings was statistically significant in the *Vantage Point* sample, yielding an r-squared value of 16.7%. Such a regression model predicted that a participant in this sample saw the movie if their rating of the trailer in the "enjoyable" category was above a five in the 1-7 scale. Furthermore, separating the *Vantage Point* sample into two groups based on actual theater attendance, the average trailer ratings from those who ended up attending the movie in theaters was significantly higher than the ratings of those who did not see the movie based on 95% confidence. This means, on average, those that went to the theaters to watch the movie liked the trailer more. I believe that these statistics show fairly conclusive evidence that trailers

[28] Loc. Cit. 13

are very capable of causing consumers that enjoyed them to actually go to theaters to watch the movie.

The third test based on trailer perceptions that is useful to conduct is these perceptions' effect on a consumer's mental date and expectations for venues besides movie theaters. As I mentioned before, trailers may stay in minds of consumers for prolonged periods, helping with the releases of the movie on DVD, television, and other sources. If this is true, trailers and television spots for the theatrical release, if liked, may also promote rentals and sales of the movie upon its video and television releases. I was only able to measure this prediction in the final part of the survey, taken three weeks after viewing the trailer. While television and video releases occur well beyond three weeks after the theatrical release, noting a mental date to rent, purchase, or otherwise watch the movie at a later date is crucial to the process. That is the aspect in which I am measuring in these subsequent tests.

Trailer Ratings' Effect on Other Release Formats

Movie rentals have traditionally been one of the first releases after the movie has ended its theatrical run, often pre-empting the for-sale video release. The move to the new rent-by-mail strategy creating by Netflix has helped the video rental business stay lively, allowing consumers to have movies delivered to them. Trailers may also be contributing to the success of a movie in home video rentals. According to my survey research, all three samples yielded statistically significant results by regressing participants' expectations for renting the movie against their ratings of the trailer for the movie. For details and graphs on the specific regressions, look to Appendix 4. The unanimously significant positive regressions coupled with decent values for r-squared appear as strong evidence to support the claim that theatrical trailers help to establish a base for the supplementary releases of the movie. Consumers may need to be reminded upon the release date of home video format, but positive-viewed trailers and spots help encourage the sales of home video rentals.

Concurrent or following the release to rental distributors, movies are released to the public for purchase via retail stores. This market has shown tremendous growth, almost overshadowing the theatrical market. One reason for this is that the price of movies in theaters has been steadily increasing, dissuading some consumers from attending the theaters, waiting until the home video release to watch the movies that they choose. Trailers for the theatrical release may produce positive opinions of the movie; however, some consumers may mentally defer that desire to watch the movie until the release of the home video version. Research from my survey shows a statistically significant positive relationship between participants' expectations for buying the DVD of the underlying movie and trailer ratings at the 5% level in two of the three samples, producing r-squared values of 59.8% and 18.0%. Results of such magnitude show moderately convincing evidence in support of the assertion that positively-viewed theatrical trailers and spots contribute to the sales of DVDs by creating the basic awareness for consumers to remember at the time of the release of the movie on video.

In addition to home video format, movies are also played directly on the television. Broadcast and cable movie premieres often take a while to happen, after the release of the movie on home video. Nevertheless, movies are also released to premium channel and

Video On Demand subscribers, usually before being released on home video. Usually a subscription over and above the pay cable bill for these extra services, but penetration of these services has been increasing rapidly, a topic which will be explored in the next section of this paper. Trailers should have a similar effect on these premium services, since movies are released in this format even before DVDs. However, premium channels are much less widely adopted than DVDs, which could deter consumers from thinking about them irrespective of the trailer. According to my research via the survey, the expected likelihood of watching the movie that the trailer promoted on Video On Demand or a premium channel at a future date was positively dependent on the perception of the trailer for all samples at a significance level of 5% and r-squared values between 12 and 23%. This demonstrates reasonable evidence that trailers have a persuasive effect that carries through substantially to the releases of major supplementary formats of the movie underlying, given the trailer is perceived favorably by consumers.

Storyline and Other Factors Affecting Trailer Perception

Referring to the previous section about the possibility that the perceptions associated with trailer viewership are instantaneous, several scholars believe that trailer ratings can be inflated for several reasons. One of the reasons could be an over-inclusion of the storyline causes participants to rate the trailer higher than usual. Market research studies for numerous movies have shown that trailers that are more comprehensive in hinting at the plotline and even climax rate better than the average trailer.[29] This would confound testing on the effectiveness of trailers, for comprehensive trailers do not necessarily generate greater box office than less inclusive ones.

[29] Marich 18,42

According to the research from my survey, the only sample that had significant findings from regressing the participants' predicted enjoyment and likelihood of watching the movie against their storyline familiarity, all taken immediately after viewing the trailer, was the *Jumper* survey. For details on these regressions, consult Appendix 5. While this may have affected the results in that sample, it does not affect the proportion of students from the sample that actually saw the movie after watching the trailer, which was higher than expectations for a sample average. Based on the above statistical analysis, I believe that although a more comprehensive storyline description in a trailer may inflate its ratings, evidence is still strong that likeable trailers persuade consumers to visit theaters to see the film which it promotes.

As a final question in the survey, I asked the participants which factors affected their decision to see or not see the movie. The results are shown in Appendix 6. Their responses included word of mouth, reviews, trailer, time, interest, and money. Trailers held a substantial portion in all three samples ranging from 16% to 28% of the responses. The response of trailers was always in the top two to three categories. Furthermore, participants' responses averaged about five on the 1-7 scale when asked their agreement with "I usually watch the trailers before seeing a movie in theaters" and "My view of a movie's trailer is generally important in my decision to see the movie in theaters" in the questionnaire. Trailers are an important part of a consumers' decision to watch a movie in theaters, frequently used to predict the enjoyment one would experience from watching such a movie, as demonstrated in the above statistics gathered in the survey samples. Additionally, a well-received trailer persuades consumers to go to theaters to take in the motion picture. These are two essential aspects contained in effectiveness, wide usage and persuasion.

Based on the evidence gathered in the implementation of my primary research, I believe that theatrical trailers possess these aspects of effectiveness. Overall, trailers effectively market movies to consumers and convert them into moviegoers for the film when made well. In order to further solidify this assertion, and to expand it to fully encompass teasers and television spots, I have gathered sufficient supplementary research, which will be discussed below.

Secondary Research

Purpose

My primary research encompassed in the survey I distributed and executed in samples was principally concerned with psychological implications on consumers and aspects of success outlined in the fourth section of this paper. Additionally, it was mainly focused on theatrical trailers. As a result of a moderately narrow focus, I have supplemented the primary research with secondary research. This supplementary evidence contains a more economic focus, comparing costs and revenues for a sample of recent films, looking for trends. In addition, this explores the effects of teasers, trailers, and spots on films, separately and aggregated in some instances. Finally, while my primary research focused on the individual consumer level, this secondary research concentrates on a higher societal level, looking more from the marketing perspective. This viewpoint may be better or worse than the previous, but it will definitely provide a balanced outlook to the research. As a result, the conclusions drawn from this research will be broader, working to complement the deductions made from the primary research.

There are some caveats associated with this type of investigation. I have used several variables as proxies for other variables which are unknown because of a lack of public access to that information or other resources. For example, I quantified the success of a film by using domestic box office or opening weekend box office sales, a safe assumption. However, quantifying the cost of production of such film projects can be difficult, for limited data is available on this aspect of movies. Therefore, in some instances I used budget figures that were released. In other instances, I used cost numbers estimated by external sources, such as advertising figures. One annotation to this measure is that advertising expenditures can differ across film projects. Therefore, comparisons made across movies in this aspect could prove difficult. With all of these caveats kept in mind, I have taken much care not to extrapolate my results to the greater industry when unwarranted.

Super Bowl Trailers

Continuing with ratings of trailers and the effect that they produce in consumers' minds, I wanted to pursue this effect beyond how I studied it in the survey, moving into film revenue figures. As mentioned before, only half of the effectiveness of trailers is their persuasion of consumers' thinking. If consumers do not act upon these thoughts and wants, not attending theaters to see the movies that the trailers are promoting, then the trailers are still deemed ineffective. The survey had a limited evaluation of this latter aspect of effectiveness because of a lack of resources and time, so I expanded upon this assessment in a broader scope using actual admissions and success of movies.

Since ratings from consumers on trailers are very limited in availability, I used the grandest advertising platform to test trailer effectiveness for which ratings were available, the Super Bowl. This event is annually one of the best television turnouts, bringing in an estimated 97.5 million average audience in 2007, with 143 million different viewers in total.[30] Consequently, advertising slots during the game are highly demanded, increasing the price of the best slots to $2.6 million in 2007.[31] This big-time scene is usually dominated by consumer product companies, but film studios always have a noteworthy presence to promote their upcoming films. This microcosm of trailer advertising will be tested to determine if it is in line with my hypothesis, a well-received trailer generates success at the box office. More specifically, the better-rated television spots should allow their movies to perform better at the box office than movies with spots rated not as well, assuming that external conditions are equal across films.

The first set of ratings I discovered came from a poll issued by BoxOfficeMojo.com in 2005. They asked a group of people, in which 1437 users responded, "What movie had the best Super Bowl ad?"[32] Using the percentage of votes cast for each film, I regressed the Opening Weekend Box Office versus the logarithm of the polled percentage for best ad. The regression developed a positive relationship between the two variables at a 99% confidence level, having 68.6% of the variation in opening box office explained by the poll question. I ran a similar regression with total domestic box office as the dependent

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[30] "Super Bowl Seen by 97.5m Viewers." BBC News. 5 Feb. 2008. 16 Apr. 2008 <http://news.bbc.co.uk/1/hi/entertainment/7227794.stm>.

[31] "How All the Ads Ranked in USA TODAY's Super Bowl Ad Meter." USA Today 4 Feb. 2007. 16 Mar. 2008 <http://www.usatoday.com/money/advertising/admeter/2007-02-04-ad-meter-chart_x.htm>.

[32] "Box Office Mojo Reader Polls." Box Office Mojo. 2007. 20 Mar. 2008 <http://www.boxofficemojo.com/polls/?page=viewpoll&id=103&p=.htm>.

variable, finding significant results at the 99% level and a 59.6% r-squared value. These two tests demonstrated that films earned a proportional amount of revenue in relation to the perception of their television spot played during the 2005 Super Bowl. This presents strong evidence to support the claim that the success of the spot commercial determines the success of the underlying movie.

I found a second source for trailer ratings in USA Today. The newspaper conducts an annual focus group called the Ad Meter, which rates the advertisements in the Super Bowl based on a 10-point scale. Individuals in the group are randomly selected to give their immediate reactions to the ads that they watch during the game.[33] Using these rating numbers of the spots, I set up a regression of domestic box office against the spot ratings from 2002 to 2006. In this regression, I found a positive relationship between the variables at the 99% significance level. However, only 14.6% of the variation in domestic box office was explained by the ratings of the films' spots. The reason for such a low r-squared value in this regression in my opinion is an inability to compare the ratings across years. A spot in one year that was rated lower than a different spot in another year does not mean the former spot was actually preferred less than the latter. Not only are there different participants in the focus group from year to year, which takes away the control for personal biases, but participants as a whole tend to pick ratings based on comparisons. Therefore, ratings should be only used to compare intra-year spots.

[33] Loc. Cit. 31

In comparing only across spots rated within the same year, I achieved more favorable results. A regression of opening weekend box office figures against the 2006 spot ratings yielded a positive relationship with 99% confidence and a 58.8% value for r-squared. Since spot commercials are run on television for the time period and intention of creating higher opening weekend box office, a positive relationship here is robust evidence in support of my hypothesis.

The 2005 ratings did not produce a significant relationship with opening weekend box office. There were a few movies advertised during this Super Bowl, such as *Batman Begins* and *The Longest Yard*, which people were familiar with from past movies. Therefore, consumers expect a higher level of quality in advertising from these movies than others, which can hurt consumers' perceptions of the spot. Nonetheless, the movies still received decent attendance because it is part of a series. I believe this was the situation with the aforementioned movies, not receiving substantially high marks in the focus group, but external variables propelled them to higher than expected box office sales. As a result, the regression was not successful. However, these ratings did produce significant results when viewing them from a different perspective. Regressing profitability, measured by domestic box office divided by the production budget of the film, against the spot ratings in 2005 established a positive relationship with 95% confidence and an r-squared of 49.9%. Using profitability as the independent variable takes into account the production costs for the movie, using it as a control to present findings in relative terms. Thus, it reduces the effect of external variables on the above motion pictures.

The ratings from 2004 were more in line with expectations for box office numbers. The regression of opening weekend box office versus these ratings was positively significant with 99.9% confidence, having 92.4% of the variation in the box office explained by the spot ratings.

Ratings from 2003 did not follow expectations as closely as 2004. Similar to 2005, the 2003 Super Bowl advertised movies that had the series effect, such as *Terminator 3: Rise of the Machines*, confounding the regression with opening box office. Additionally, there were several movies which rated highly, but did not generate expectedly high box office revenue from opening weekend. *Anger Management* and *Bruce Almighty*, both containing star actors in their cast, lagged behind in the opening weekend, yet they generated high total domestic sales,[34] most likely bringing infrequent moviegoers to the theater who did not have the time to see the movie when it opened. In order to reduce the effect of this confounding, I regressed total domestic box office against the spot ratings, achieving a significantly positive relationship with 95% confidence and 47.9% value of r-squared. Moreover, a regression of profitability versus ratings yielded a positive relationship with 83.2% of the variation explained and significance at the 99% level.

The furthest year I could go back was 2002, whose ratings produced a positive relationship only at the 10% level of significance with a 30.9% level of significance when used as the independent variable against the dependent variable of opening weekend box

[34] "Movie Budgets." The Numbers. 20 Apr. 2008. Nash Information Services, LLC. 16 Mar. 2008 <http://the-numbers.com/movies/records/allbudgets.php>.

office. To explain, there were some differences in release width in the movies advertised during the 2002 Super Bowl.[35] As a result, the box office figures were difficult to compare across films, since the spot ratings had no way of taking theater release width into account. I believe that this was one of the reasons for the weaker relationship between the spot ratings and opening box office, which is very dependent on the width of the release, in 2002.

In general terms, the outcome of the multiple regressions performed above generated significant results, showing positive relationships in each year between a variable measuring film success and one quantifying television spot success. Impressive results from the most illustrious showcase of television spots, the Super Bowl, provide strong evidence that the better perceived a spot commercial is, the greater the value of box office will become. In other words, spot commercials, similar to trailers, are effective in assisting the success of a film when they are received favorably by the population of consumers.

Relationships of Film Cost and Revenue

After seeing the evidence supporting the direct relationship between film revenue and trailer and spot commercial perceptions, I wanted to explore trailer effectiveness from a different angle. While trailers and spots need to be perceived favorably by the intended audience of consumers in order for the audience to be persuaded to go see the movie, trailers and spots must also have a large amount of advertising penetration, being able to reach a large number of consumers. If not many people see the spot or trailer for a movie, then not many people will show up to the theaters to watch it, irrelevant of how

[35] Loc. Cit. 22

well-received the trailer was. Advertising reach can be measured by the amount of expenditure outlaid in advertising, for playing more television commercials costs more money.

This is not necessarily the case for theatrical trailers; since there is only a recorded cost to produce them, not to play them. Nonetheless, the effort made in the production of trailers is included in the advertising cost. Film studios usually outsource their trailer production to boutique shops. The major studios frequently hire multiple creative boutiques, allowing them to compete to have their trailer or commercial used.[36] High quality, specialized boutiques get expensive, especially when hiring several of them. Therefore, to a certain extent, a film that pays a higher cost than average on creative design should have trailers and spots that are better than average, making the quality of advertising somewhat measurable in cost. As a result of the ability of adverting cost to be a proxy for trailer reach and quality, a direct relationship should exist between film cost and revenue.

First, I looked at the relationship with television spots, to serve as a comparison with the previous section on Super Bowl ratings. Television advertising is scheduled and responsible for getting consumers to theaters upon release, with spending at its highest seven days before the premiere date through opening weekend.[37] Hence, I made a regression of the logarithm of opening weekend box office against the logarithm of

[36] Loc. Cit. 6
[37] Marich 66

television advertising cost, according to Nielsen Monitor-Plus.[38] The model produced a positive relationship with 99.9% confidence and a 73.8% r-squared value. However, since the data included some movies from independent studios, several data points separated below from the rest of the cluster, as shown in Appendix 7. Running a regression with only the films from major studios produced similar results, except the r-squared value was reduced to 39.5%. Nevertheless, both models strongly support a direct relationship.

Next, I looked at overall advertising in relation to film revenue. Information regarding advertising expenditures for each film is not usually available to the public. Therefore, I used advertising budget figures, according to Nielsen, as a proxy for actual costs.[39] Since the advertising is supposed to generate all of film revenue, from opening weekend until the end of the theatrical run, I put total domestic box office against total advertising budget into a regression model. The model constructed a positive relationship at a 99.9% confidence level, with 61.4% of the variation in box office explained by advertising. Demonstrated by the strong results, this model robustly corroborates the assertion that greater advertising, providing enhanced penetration and reach to consumers, for a movie begets increased revenue and success for that movie.

As a final piece of evidence to support my hypothesis, I developed a model for opening weekend box office versus the budget for prints and advertising (P&A) for each film.

[38] Marich 70-71
Lukk, Tiiu. Movie Marketing: Opening the Picture and Giving It Legs. Los Angeles: Silman-James P, 1997.
[39] Loc. Cit. 34

P&A, measured by the total cost of advertising plus the cost of film prints that actually play the movie shipped to theaters, is a common measure of expense in the movie industry. It is related to opening weekend box office, for this beginning revenue is dependent on the scale of release, that is, the number of theaters in which the movie plays. The model calculating this association constructed a positive relationship with 65.9% of the variation explained at a significance level of 99.9%. This provides further indication that my research hypothesis is accurate. Stronger advertising penetration and greater appeal of trailers and spots produce increased revenue and profitability of the underlying movie. Therefore, trailers and spots are effective when a sufficient amount of effort, quality, and money is given to their support.

EXPLORING MODERN TRENDS

ADOPTION OF TECHNOLOGY

I have presented substantial evidence endorsing the effectiveness of trailers, yet this evidence has primarily been focused on theatrical and television media venues. The future of movie marketing will deal with different media outlets, centering on new technology. As I touched upon previously, theatrical trailers face more competition from non-film advertisers. Not only is this the case, but the outlet in which they are most often played, the box office, has seen a reduction in recent years in admissions.[40] There are less people going to theaters now than in the early part of the decade, and growth has possibly reached a plateau, as shown in Appendix 8. As a result, advertising consumption in the box office has reached a plateau.

[40] Loc. Cit. 16

Newer and more popular forms of media provide better marketing opportunities for film studios as well as advertisers from all industries. Trailers are poised to become an even more dominant form of movie marketing in this modern time. Trailers, teasers, and spots already make up the majority of a film's advertising budget, and the other substantial portions, newspaper, magazine, and radio, are declining in consumption themselves. More technological and specialized forms of media, such as cable and satellite television, internet, home video, and mobile media, are all on the rise in recent years.[41]

Television penetration in US households has leveled off at 98.2%. Of these households, cable and satellite make up 61.4% and 26.2%, respectively. Beyond that, 27.5% of the households that own a television have Video On Demand (VOD) already.[42] More evidence that VOD has become an accepted technology is from my survey. Participants responded more favorably to seeing a movie on VOD than buying the DVD and almost as favorably as watching it in theaters. The effectiveness of spot commercials depends on the viability of these markets. Spots will still be effective and used in the future; however, broadcast television, which offered tremendously wide advertising reach a few years ago, is on the decline. In order to reach the same audience today, it costs more, for the advertising must be spread out to more channels and shows.[43]

The venues for teasers and trailers are changing, moving away from the box office towards more personal outlets. Trailers are frequently included on DVDs, an industry in which revenue rose to $23.7 billion in 2007, overshadowing box office revenue of below

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[41] Ibid
[42] Ibid
[43] Marich 57

$10 billion.[44] Media consumption via this venue continues to increase as well. DVD player penetration continued to dramatically increase, reaching 86.9% of US households in 2007.[45] In addition to purchases, DVD rentals make up a sizeable portion of the market, with companies like Netflix making renting more popular recently. My survey study paralleled this notion, showing renting as the most favorably perceived venue for watching a movie. Film advertising from trailers, in addition to the overall industry, has benefited from the rise of home video in DVD format.

Another growing industry in which trailers have hooked on to is the internet. Internet penetration of US households increased to 65.3% in 2007, with high-speed, broadband connection rising to 52.9% of total households. According to a study conducted by the MPAA and Yahoo!, "73% of U.S. moviegoers use the Internet to conduct research before going to the theater." Of that proportion, 54% used trailers to conduct their research.[46] Almost every movie has an official website, which provides access to multiple trailers as well as additional media and information. Additionally, the rise of websites dedicated to trailer and other video content has helped increase the reach of trailers to consumers.

Modern Forms of Movie Marketing via the Internet

Consumer usage of websites and the internet to research movies and view trailers has grown dramatically in recent times. Referring back to study I conducted and looking at Appendix 9, theatrical trailers shown at the box office and television spot commercials still dominate the field, commanding the majority of usage by consumers. However, this new 26% of participants use media on the internet as their primary source for viewing

[44] Snider, Mike. "DVD Feels First Sting of Slipping Sales." USA Today 7 Jan. 2008. 20 Apr. 2008 <http://www.usatoday.com/life/movies/news/2008-01-07-dvd-sales-slippage_N.htm>.
[45] Loc. Cit. 16
[46] Ibid

trailers. This category includes official movie websites, trailer-specific websites, and open-forum video sites. Official movie websites have been around for a while now, appearing soon after the greater adoption of the internet at the end of the last century. Contemporary sites are now able to upload more complicated multimedia and content because of more sophisticated modern technology. Nevertheless, these sites have not blown up as the latter two categories of trailer sources have.

Apple has embraced the technological development that has occurred in the twenty-first century. The introduction and rapid adoption of its iPod invention has allowed its music software platform, iTunes, to spread across US households, starting in 2003. As a result, it has gained tremendous revenue from the sale of music downloads on its iTunes online store and, more recently, from sales of music videos, ring tones, and movies. The platform sells and rents movies available for download straight to a consumer's computer. Because it is the first major company to offer such a service, adoption of it is still in its growth stage. Nonetheless, as shown in the responses from my survey, attitudes toward buying or renting from iTunes were statistically the same as attitudes toward outright buying the DVD. While the students ranged from 18-22 in age, a range that possesses much preference toward technology and the internet and thus is a slightly biased representation of the population, adoption will still only increase from this early point.

Not only are trailers shown on the iTunes Store to users that wish to see them, but Apple also has its own site completely dedicated to trailers.[47] Apple stores almost every trailer available on its site for visitors to access. It will either link to the appropriate official movie site or have available at least one version of the trailer for each movie in multiple video formats. Users find it easy to navigate and find what they wish to see, with appropriate pages coming up in many different search engines. This holds the key to the future of movie marketing, personalized trailer searching in which consumers only watch what they deem as interesting. Therefore, the challenge for film producers becomes piquing consumers' interest enough to get them to actually watch the trailer. Then the same process of the trailer persuading consumers begins again.

The fastest growing category of trailer sources consists of user-generated content sites. Starting out as a forum for posting of home videos, sites like YouTube have exploded on to the market, now offering all types of video, including trailers. Whether officially uploaded by movie studios or added unofficially by users, trailers on YouTube allow awareness and word of mouth to spread quickly. Studios can also add other promotional type video on to the site in order to try a strategy similar to the one *The Blair Witch Project* used. While this site is not focused on trailers in isolation and follows the new trend of allowing consumers to choose which videos to watch, awareness still spreads rapidly via this venue. Once again, a whole new science has been created on how to get consumers to watch an intended video when on these sites.

[47] "Movie Trailers." 2008. Apple Inc. 16 Feb. 2008 <http://www.apple.com/trailers>.

Moving into broader territory, social networking sites have also exploded on to the scene recently. While they are initially focused on connecting people via the internet, movie content has gradually latched on to these platforms. MySpace allows users to upload video and other multimedia on to their personal pages that users and visitors can view. Trailers have found a place here as well, although it is not usually used as a consumer's primary source for trailers yet. MySpace's close rival, Facebook, also plans to add movie content to their site in the form of a joint venture application from Paramount Pictures. The optional application will include movie clips from past, present, and future films as well as promotional material for upcoming pictures.[48] Such innovation in my opinion will soon change the landscape of movie marketing strategies as they are now known.

CONCLUSION

In this paper I have provided what I believe to be strong evidence in support of my hypothesis, trailers are an effective form of movie marketing and play a role in determining the success of a given film. From studying the relationship between consumers' perceptions of trailers and their actual and projected attendance in theaters, I concluded that interesting trailers do a great job of persuading consumers to see a movie, especially on the individual psychological level. Television spots demonstrated a similar relationship, as a study based on spot ratings from Super Bowl airings revealed. Analyzing spots and trailers from a broader economic perspective, an analogously positive association between advertising costs and film revenue showed that greater advertising reach from teasers, trailers, and spots does secure greater revenue and profitability. The strength of these models provided robust evidence to the research

[48] Cooper, Steve. "Paramount's Film Clips on Facebook." 16 Mar. 2008.

topic, a trailer strategy when executed with wide reach and quality in production can be very effective in supporting the success of a motion picture.

I have also outlined the challenges facing movie marketers and the teaser, trailer, spot strategy. These promotional videos face competition within the film industry, competing for the desire of consumers, since each consumer only goes to theaters a few times per year. They also face competition in television from non-film players, fighting for attention amongst the 3,000 impressions that consumers process each day. Recently, theatrical teasers and trailers have begun to confront opposition from non-film companies in the box office setting, a venue that had been untouched by advertisers other than movie studios. Despite this competition, trailers have been effective in marketing movies; however, the future projects quite a different scene in movie marketing.

I expect in the future of movie marketing that the now simply alternative forms of marketing will gain more importance. More specialized, narrow reach channels for advertising are increasing in importance in gaining large market penetration. The internet, via official movie, trailer-specific, and user-generated content websites, is also increasing in significance. Consumers want more personalized advertising, in which they decide what they want to watch. This will be the new wave of the future. Trailers are poised to be effective in the future as well; movie marketers must simply continue to position them correctly in order to allow trailers to reach the consumer and moviegoer. In spite of all this change, I believe the teaser tagline with always remain the same in the minds of audiences, *Coming Soon*.

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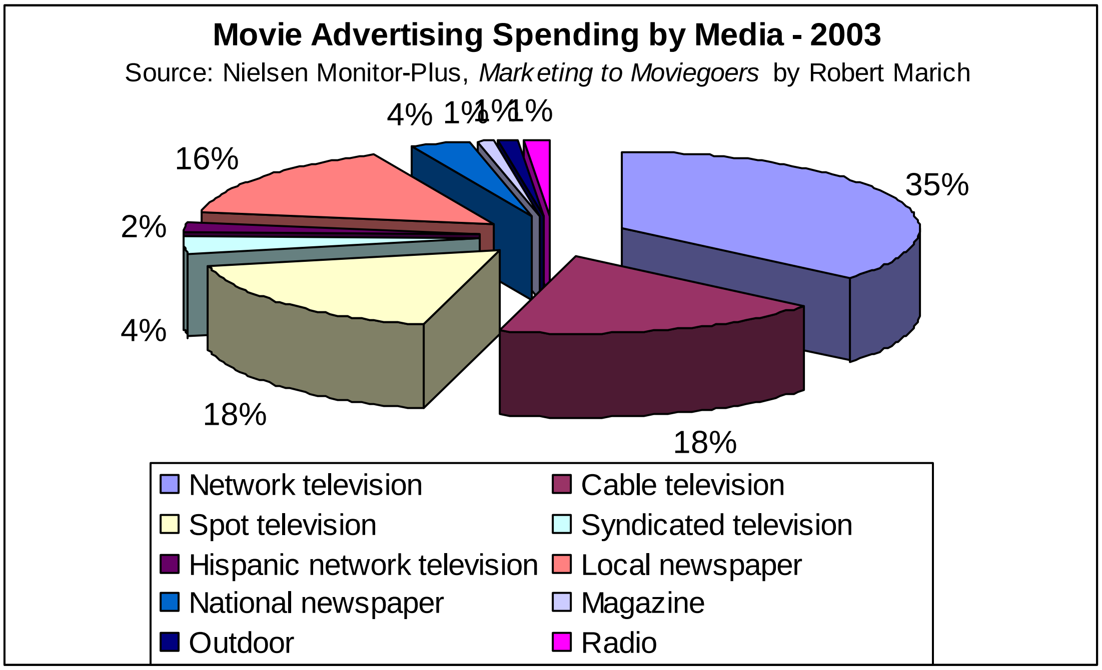
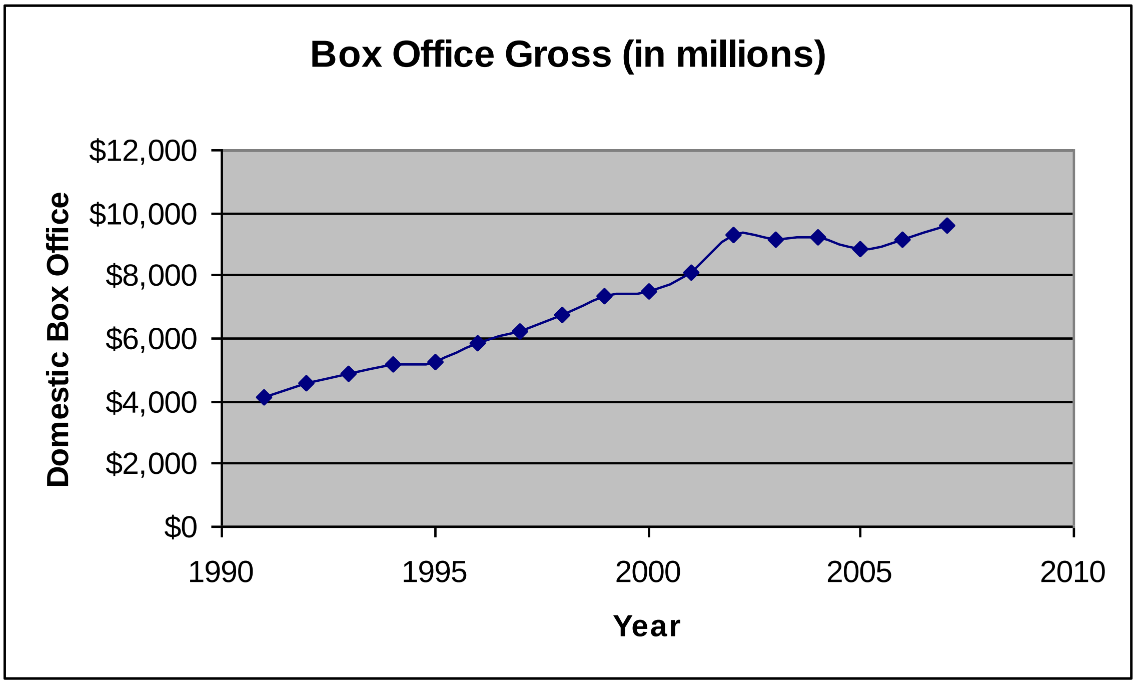
Appendices

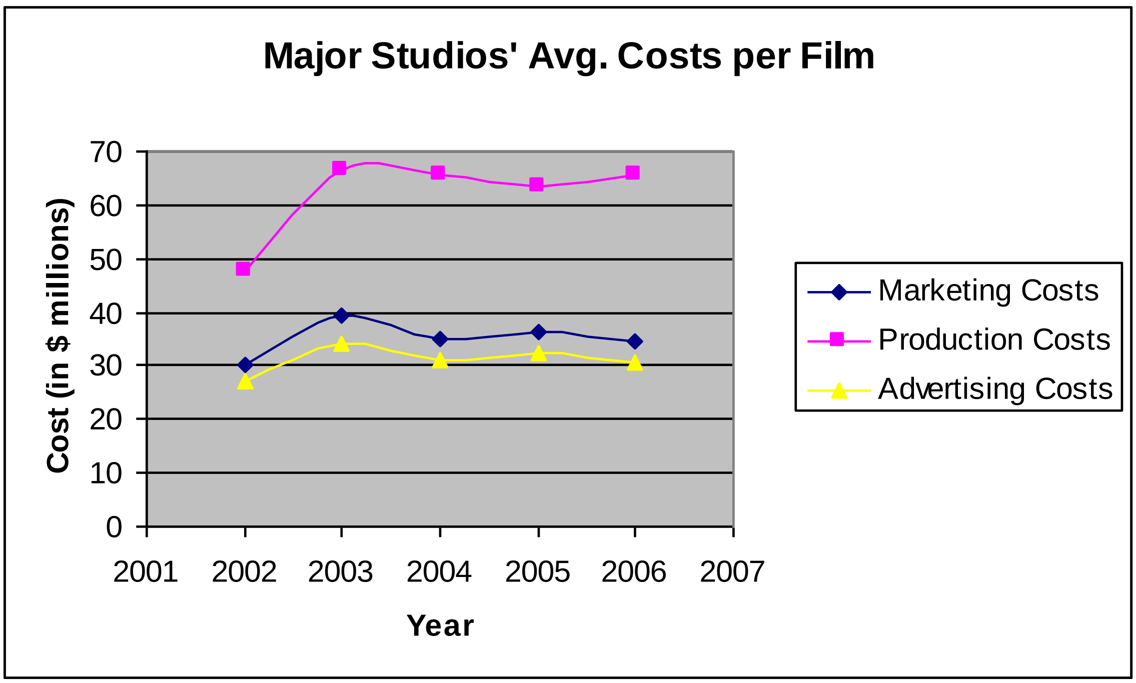
Appendix 1



Media	**Spending ($ million)**
Network television	$1,253
Cable television	$625
Spot television	$617
Syndicated television	$124
Hispanic network television	$70
Local newspaper	$546
National newspaper	$121
National Sunday supplement	$1
National magazine	$28
Local magazine	$1
Outdoor	$37
Spot radio	$43
Network radio	$4
Total	$3,472

Appendix 2

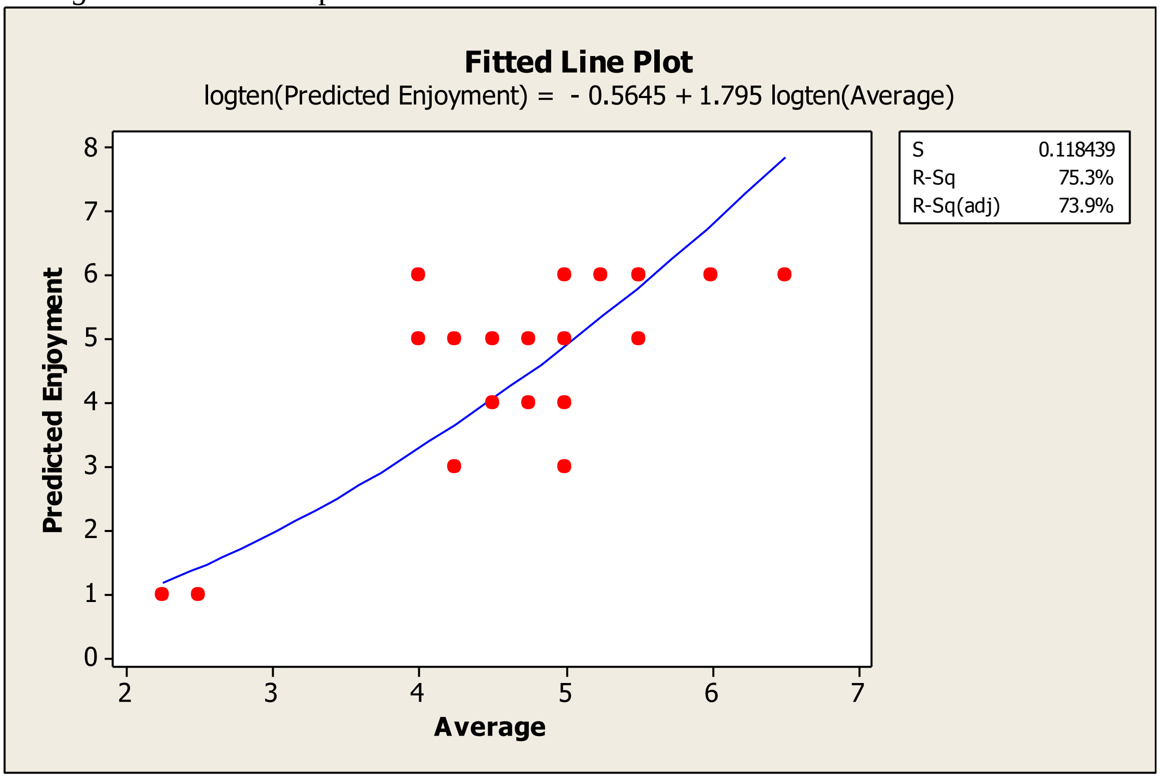




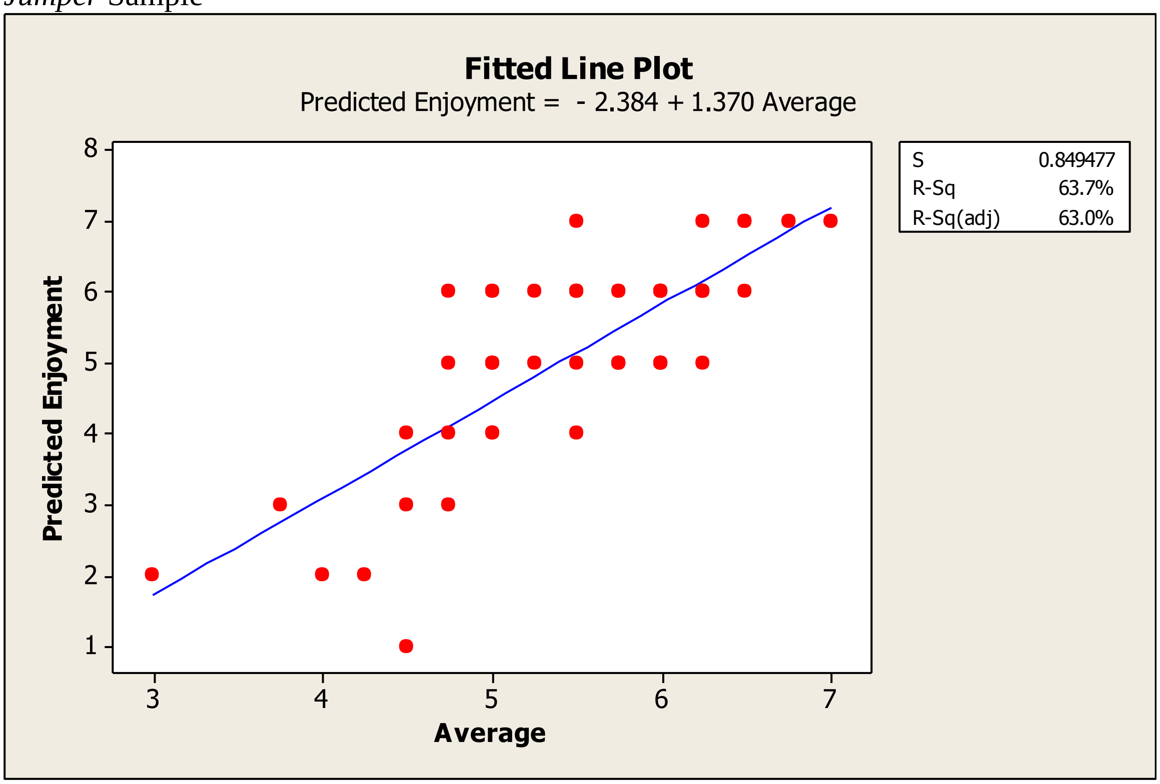
Source: MPAA "2007 Entertainment Industry Market Statistics"

Appendix 3 - Predicted Enjoyment vs. Trailer Perception

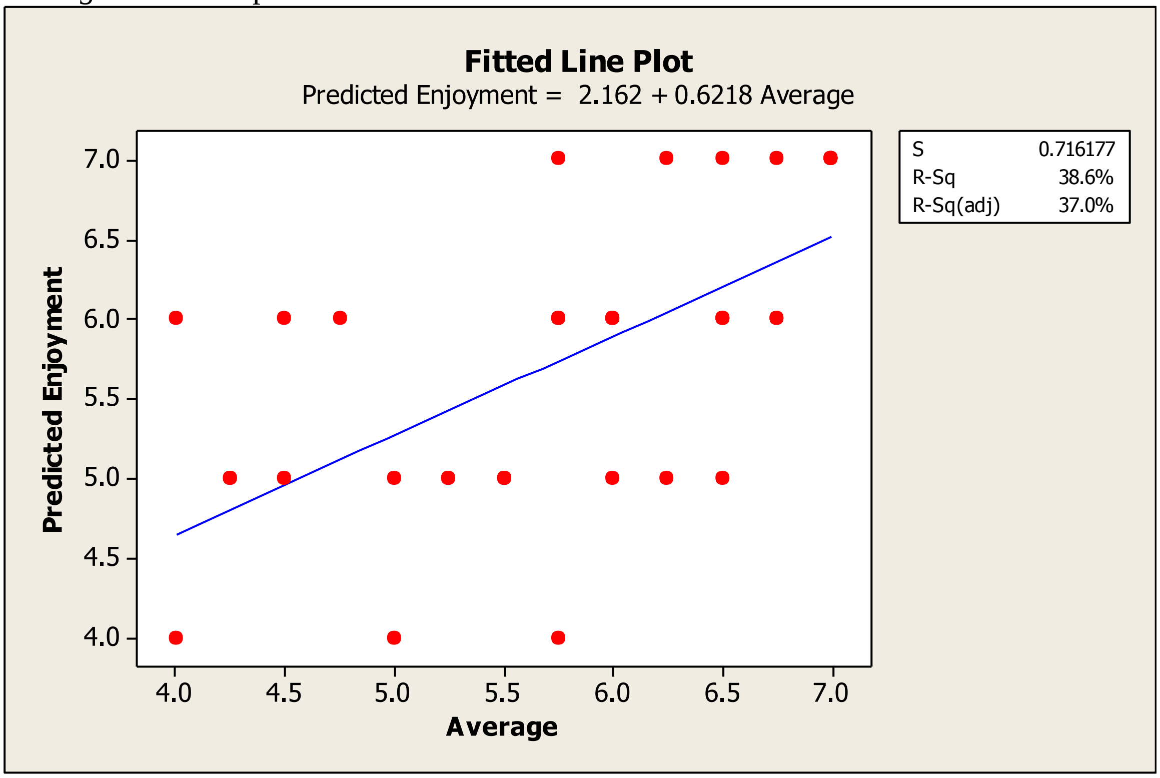
Strange Wilderness Sample



Jumper Sample

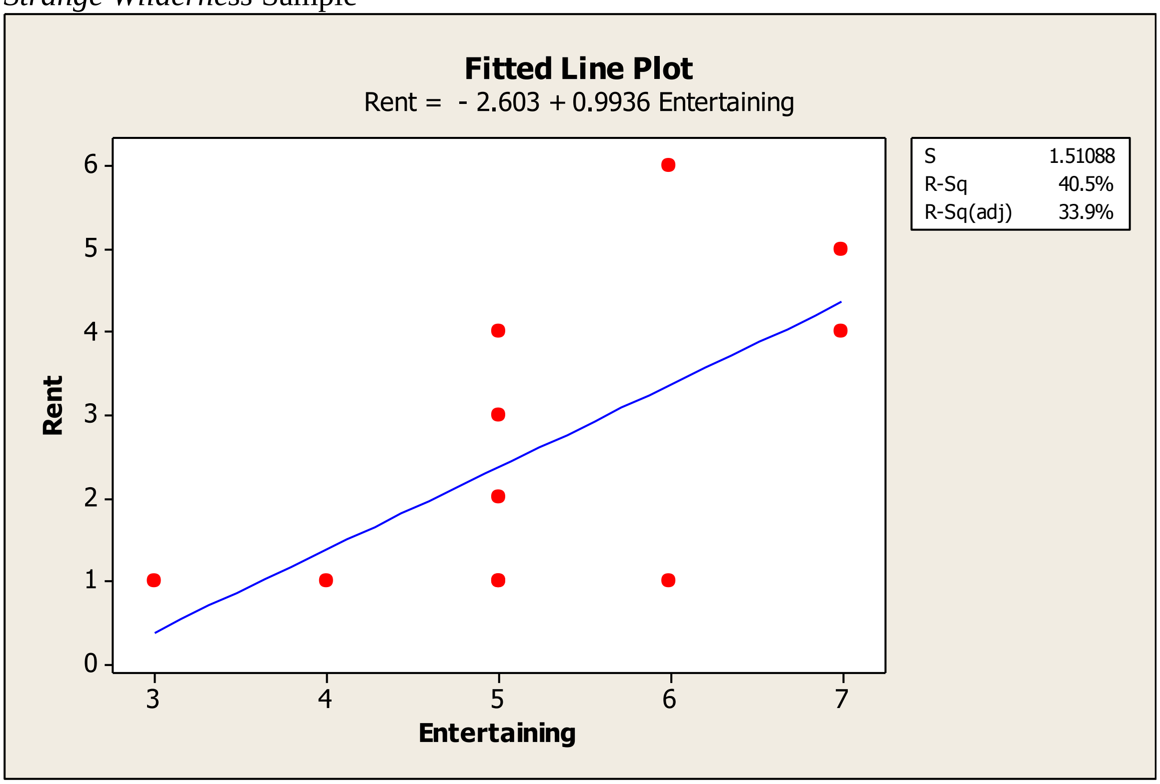


Vantage Point Sample

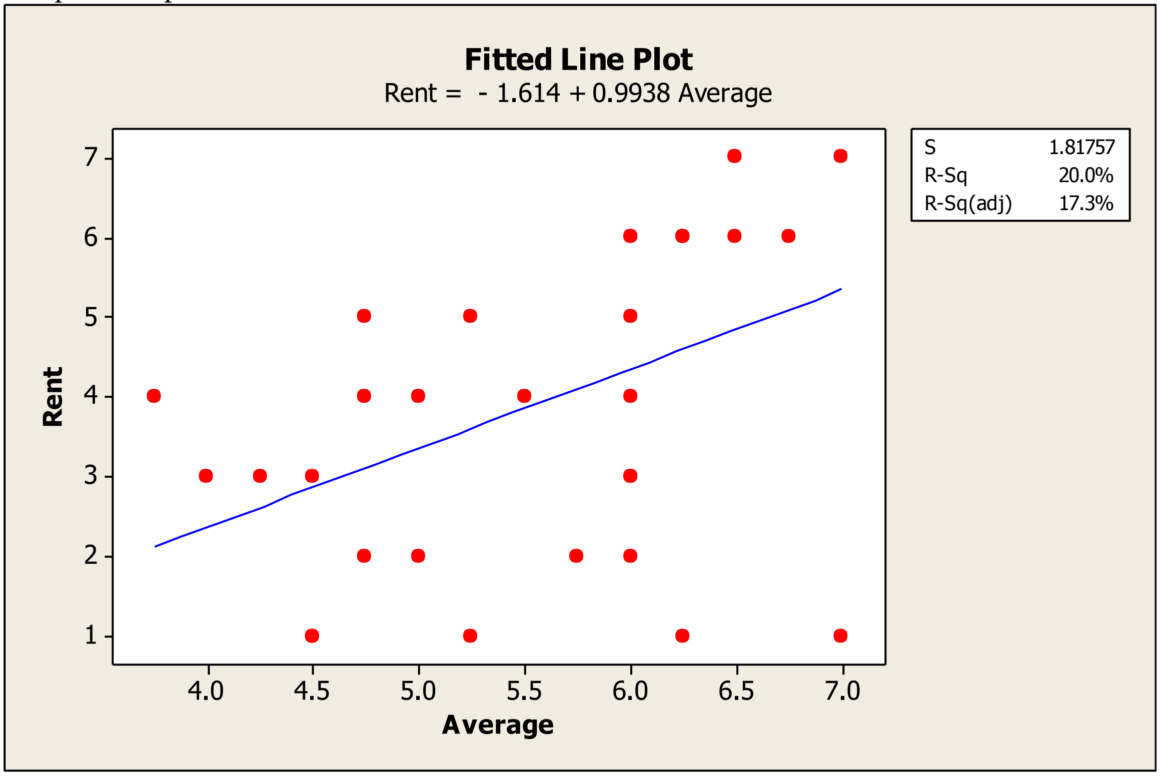


<u>Appendix 4</u> - Expected Likelihood of DVD Rental vs. Trailer Perception

Strange Wilderness Sample



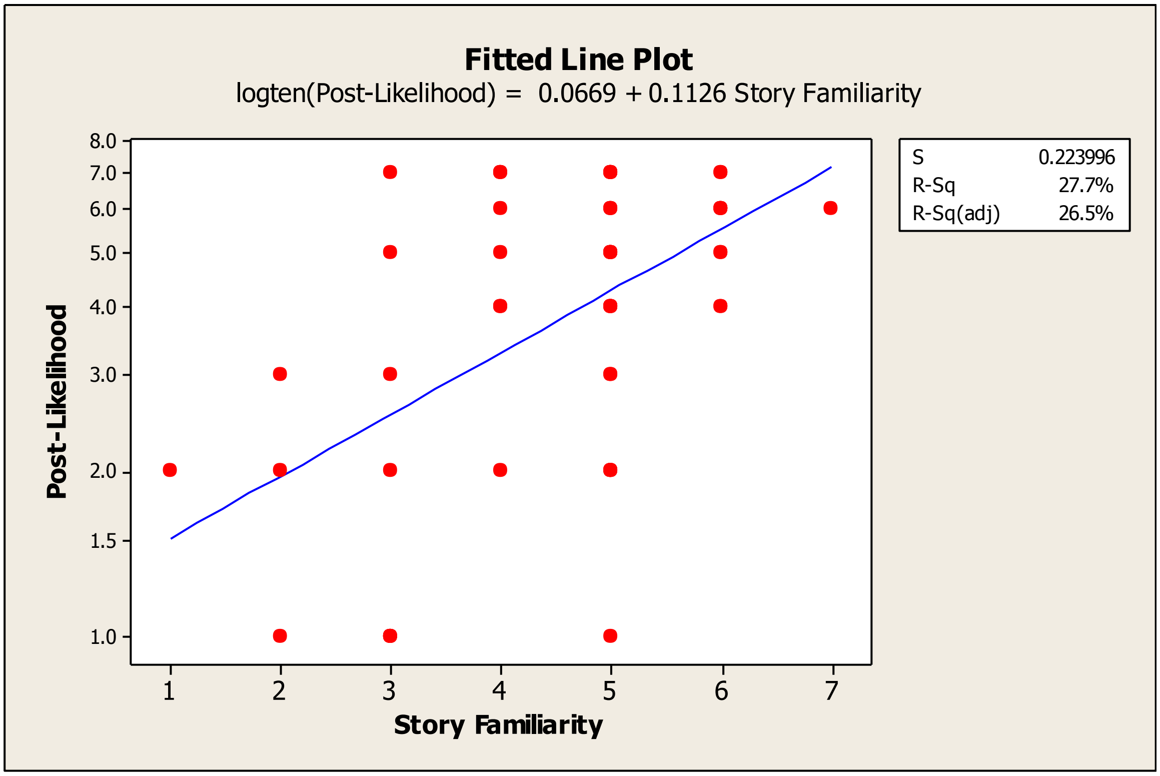
Jumper Sample



Vantage Point Sample

```
The regression equation is
Rent = 0.28 + 0.731 Average

Predictor     Coef  SE Coef     T      P
Constant     0.280    2.399  0.12  0.908
Average     0.7312   0.3980  1.84  0.077

S = 1.56665   R-Sq = 11.1%   R-Sq(adj) = 7.8%

Analysis of Variance
Source          DF      SS     MS     F      P
Regression       1   8.283  8.283  3.37  0.077
Residual Error  27  66.269  2.454
Total           28  74.552
```

<u>Appendix 5</u> - *Jumper* Sample
Likelihood of Theater Viewership vs. Familiarity Story Line (Immediate)

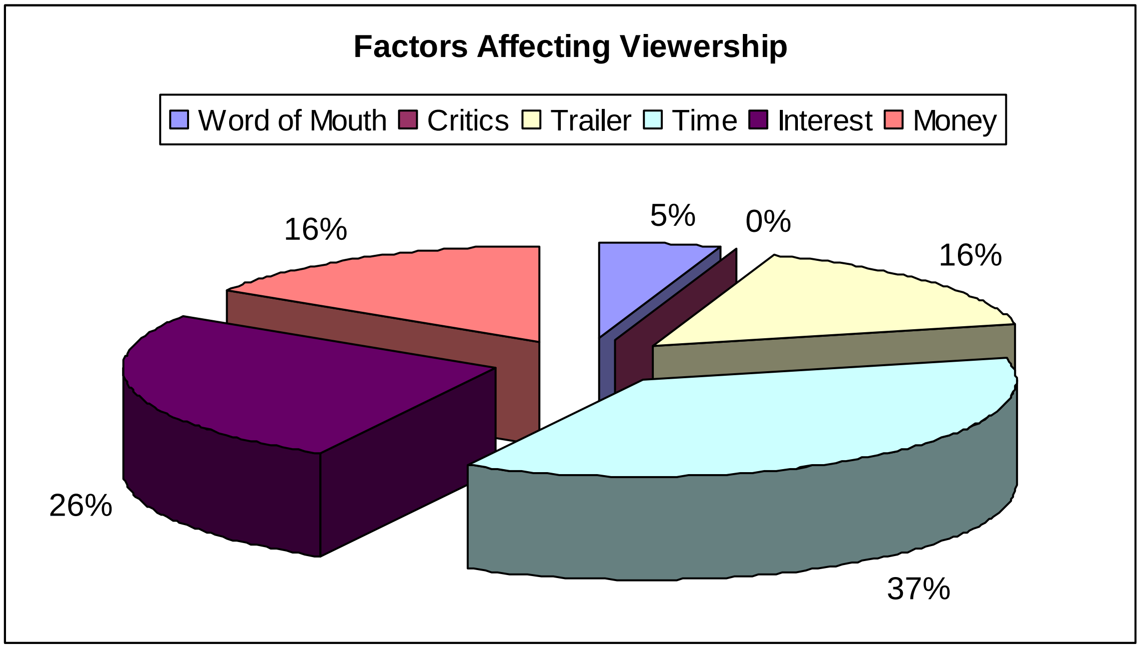


Predicted Enjoyment of Theater Viewership vs. Familiarity Story Line (Immediate)

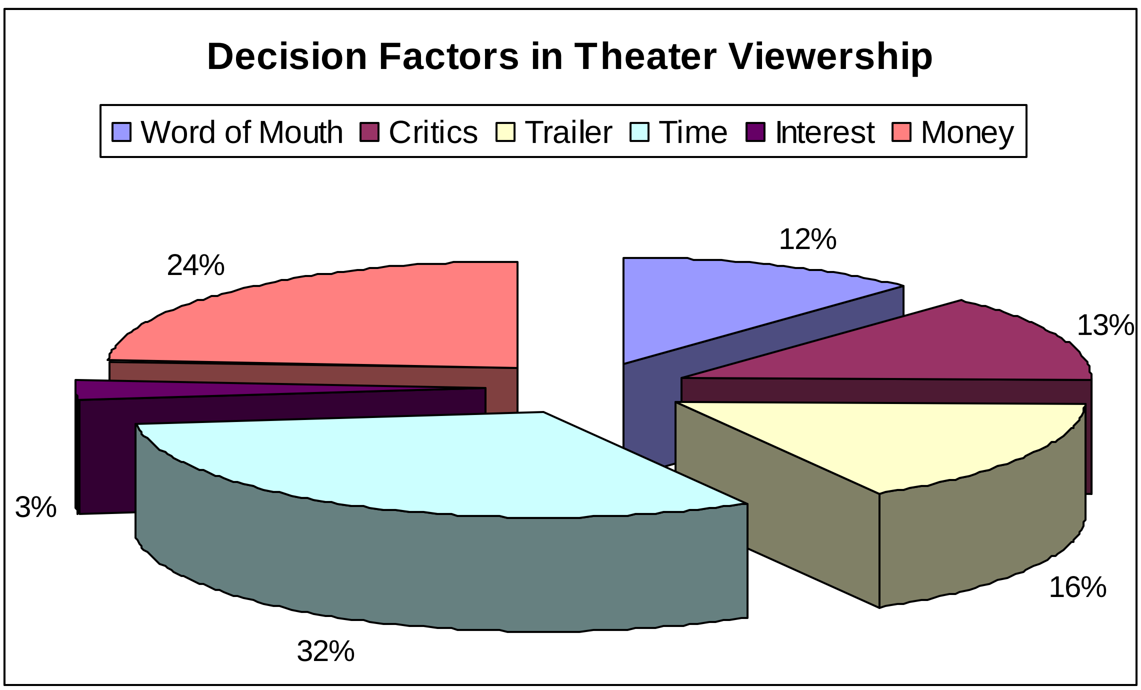
```
The regression equation is
Predicted Enjoyment = 2.85 + 0.527 Story Familiarity

Predictor            Coef  SE Coef     T      P
Constant           2.8514   0.6342  4.50  0.000
Story Familiarity  0.5270   0.1344  3.92  0.000

S = 1.25060   R-Sq = 21.2%   R-Sq(adj) = 19.9%

Analysis of Variance
Source          DF       SS      MS      F      P
Regression       1   24.038  24.038  15.37  0.000
Residual Error  57   89.149   1.564
Total           58  113.186
```

Appendix 6

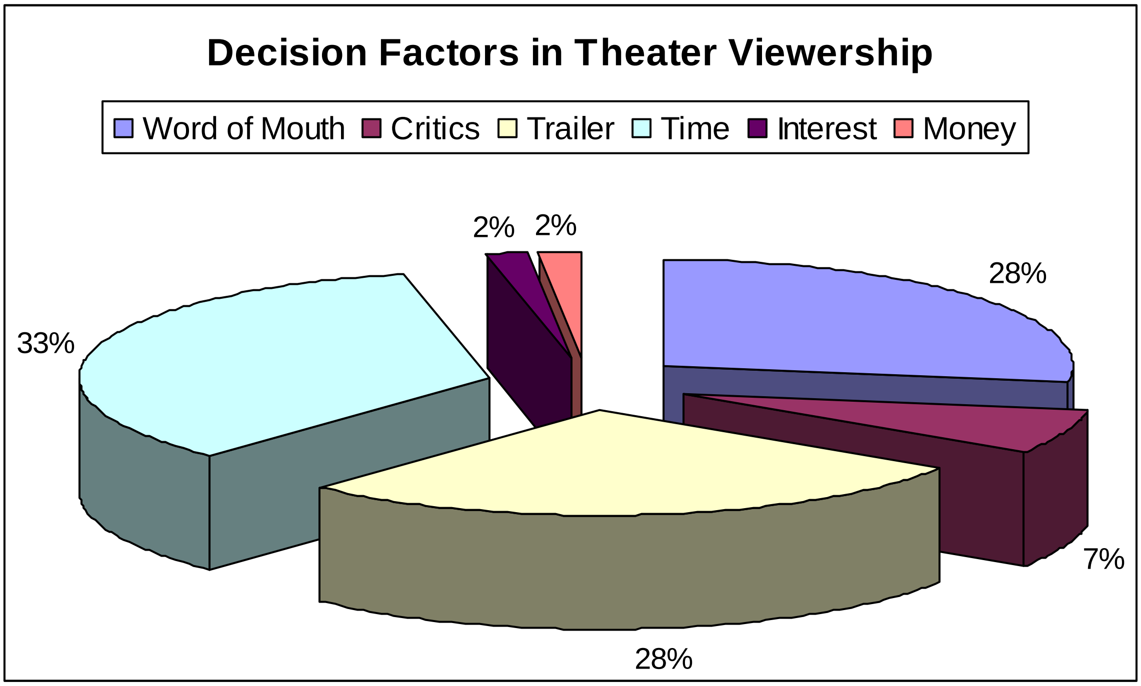
Strange Wilderness Sample



Jumper Sample

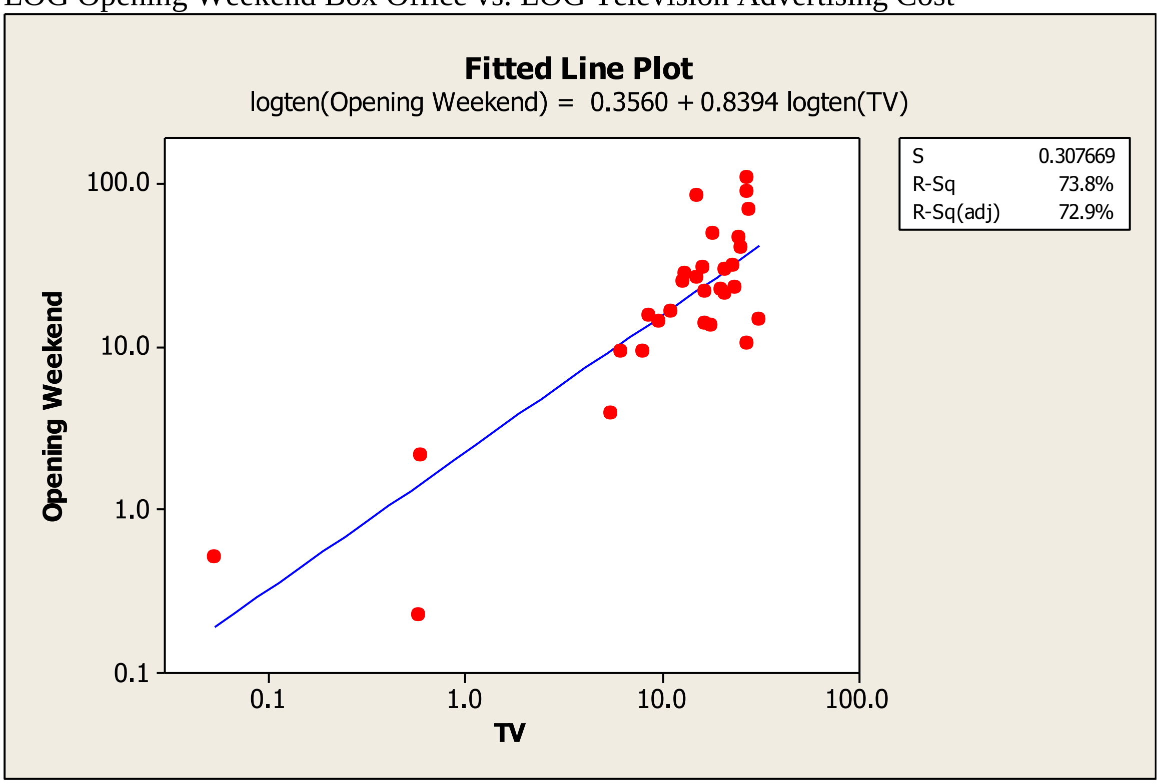


Vantage Point Sample



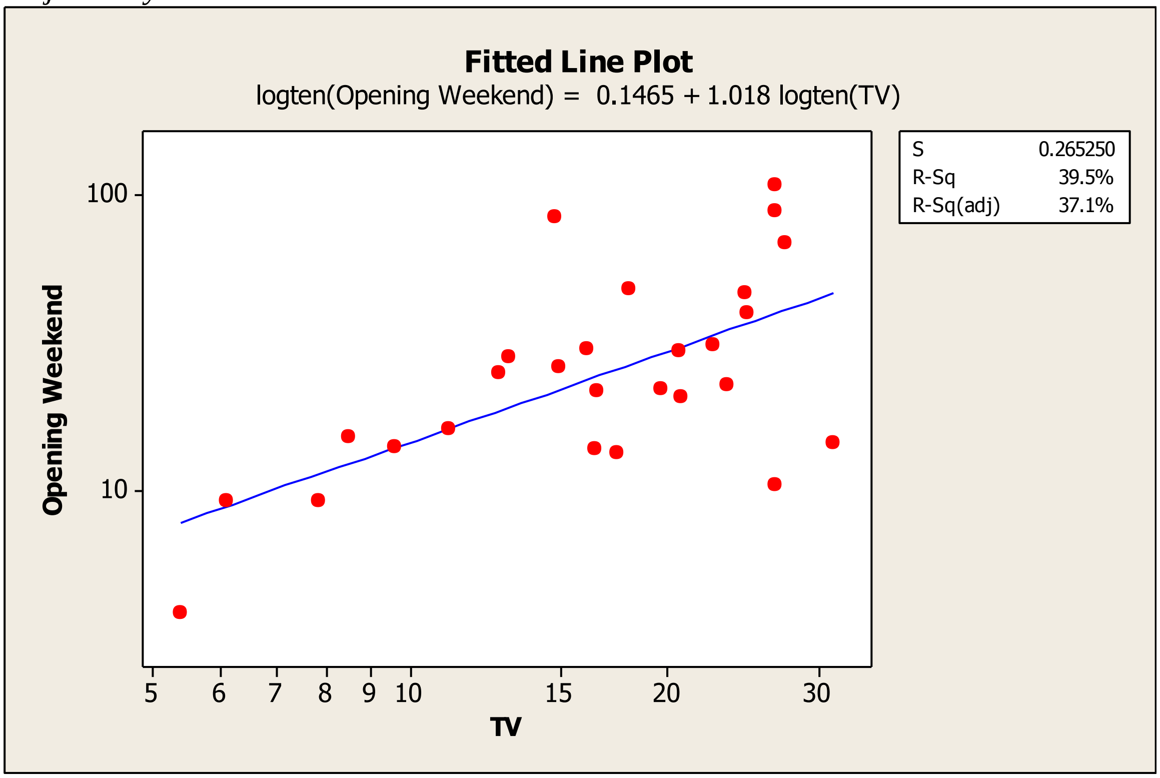
Appendix 7

LOG Opening Weekend Box Office vs. LOG Television Advertising Cost

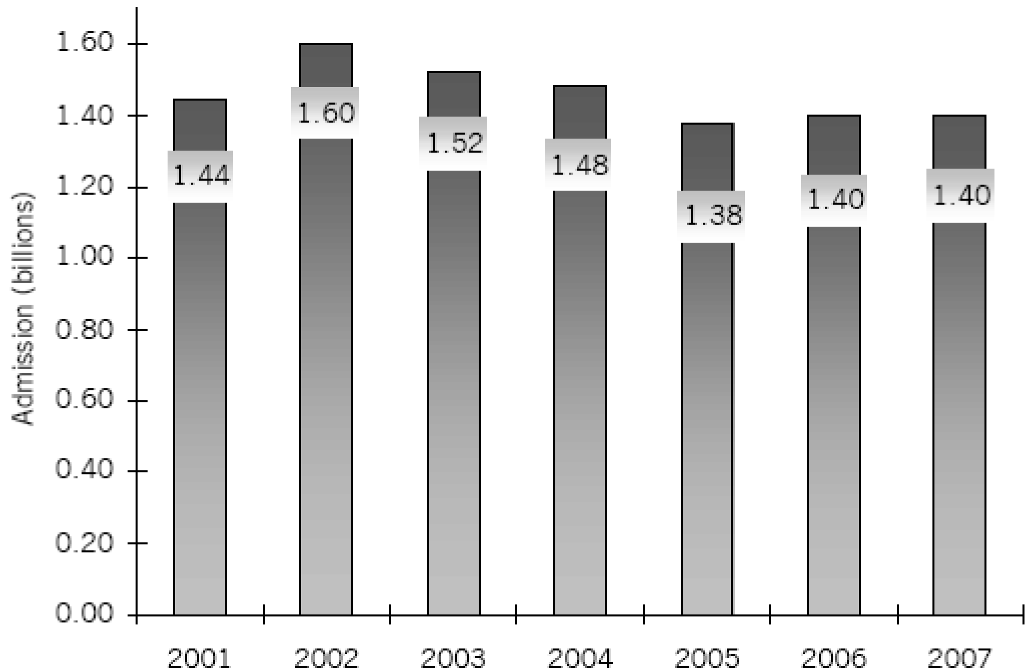


LOG Opening Weekend Box Office vs. LOG Television Advertising Cost

Majors only



Appendix 8 – Domestic Theatrical Admissions (in billions)



MPAA 2007 Entertainment Industry Market Statistics

Appendix 9