

Part II

Managing & Marketing Entertainment— What Makes an Entertainment Product a Hit?

So far, we have focused on the “arena” in which entertainment managers make decisions and the product-sided, market-sided, and consumer-sided conditions under which such decision making takes place. We have shared with you, our reader, what *Entertainment Science* can tell us about the specifics of entertainment products, the markets on which these products are offered, the value-creating strategies, and the consumers which, through their personal time and financial resources, determine the success of any such product.

We now shift our perspective and take a closer look at the drivers of the financial performance of entertainment products. What are the factors that help some movies, games, songs, and novels to become massive hits, while others flop so painfully? Scholars have conducted numerous studies to shed light on this quintessential question, and, in this part of the book, we will build on their findings to contribute to a comprehensive understanding of entertainment product success. Specifically, we will discuss all the factors that make up an “integrated marketing strategy” for entertainment products.

One of marketing theory’s strongest achievements is the “Four-Ps” systematization originally introduced by Jerome McCarthy (1960), which we borrow here for our analysis of success drivers of entertainment. Specifically, we distinguish between the four fundamental pillars of such a strategy:

- the design and development of the entertainment product itself (“*product* decisions”),
- the flow of information surrounding the release of the product (“communication decisions” alias “*promotion*”),

- the ways the product is made accessible for consumers (“distribution decisions”, or “*place*”), and
- the resources that consumers have to give (or agree to endure) to obtain the product (“*pricing* decisions”).

But integrated marketing is not deserving of its name if the whole is not larger than its parts. Thus, we will also discuss two dominant integration strategies through which such synergies can be realized in entertainment markets: the blockbuster strategy and its counterpart, the niche strategy.

A fundamental rule in any market-oriented leadership approach is that understanding customers is the key to success, as it enables producers to link their efforts to consumers’ needs and wishes. This must not be confused with the idea of simply asking consumers what they want to watch, play, or read, though; as we noted in our discussion of entertainment product characteristics, consumers have enormous trouble judging entertainment products before experiencing them (and sometimes even afterward), and they are even less able to articulate *future* preferences. Instead, we mean that any producer needs to understand the fundamental motivational forces, drivers, and processes that underlie consumers’ entertainment consumption behaviors. Knowing these general behavioral mechanisms helps producers to better judge the power of their own decisions regarding the marketing of entertainment.

Figure II.1 shows how the elements of the entertainment marketing mix, which we will discuss in this second part of the book, are intertwined with consumers’ internal processes, from the processing of information about the product itself (“sensemaking”), to information about the conditions under which the product is available (“decision making”), to the eventual consumption action (“experience”). Accordingly, each entertainment product possesses some unobservable qualities that affect the product’s appeal to consumers; these qualities result from how the product is made by the producer and his or her team, constituting the outcome of the product strategy.

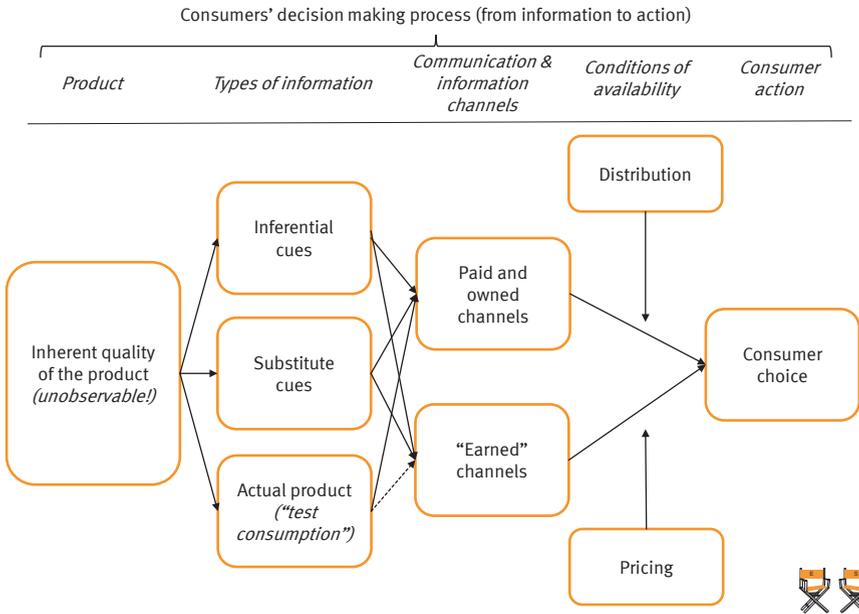


Fig. II.1 Linking consumer decision making and entertainment marketing strategies

Notes: Authors' own illustration based on ideas reported in Hennig-Thurau et al. (2001). The dotted line means that "test consumption" from "earned" channels is a gray area in legal terms, as often consumers do not have official rights to provide others access to the product (or parts of it, such as by sharing a movie trailer on YouTube).

Because consumers are largely unable to inspect these qualities directly (entertainment as experience products), they have to make judgments based on certain types of information that are not part of the product itself. Specifically, three types of information can provide clues to a consumer of an entertainment product's quality. First, "inferential cues" are elements of an entertainment product from which consumers can *infer* how much they will like it. For example, if the director of a movie has won prestigious awards for his earlier works, a consumer might infer that a new movie by this director will also be of an ambitious kind—which s/he might judge as "good" or "not so good," depending on his or her tastes.

Second, "substitute cues" involve information about the quality of the entertainment product that a consumer can use as a *substitute* for his or her own investigation of the product, such as a professional music reviewer's critique of a new album. Finally, consumers may also be able to test at least

portions of the actual product. For example, a consumer can read a sample chapter of a book on a Kindle, listen to a song clip on iTunes, or play a trial or “demo” version (with limited capability) of a game.

Next, moving across the figure toward the right, the producer’s communication-and-information strategy comes into play. First, marketers can provide the information via channels in which they can “control” the message, including “paid” channels (e.g., any form of paid advertising) and any channels that are “owned” (such as a movie website hosted by the producing studio or a Facebook page for an author’s new book). But entertainment producers have to accept our days’ reality that such controlled information channels are far from exclusive. Consumers can also access—and are regularly exposed to without actively searching—product-related information from channels in which the producer has little (or no) say.

Both professional reviewers and ordinary consumers now can easily share their thoughts and evaluations of new entertainment products—and they do so frequently and with passion, posting favorable and unfavorable comments (that may or may not be “fair,” from the producer’s point of view). We use the term “earned” channels for such platforms with tongue-in-cheek because too often entertainment producers get what they consider to be “undeserved” via these channels. But information from these channels is influential in the marketplace; often it helps consumers make up their minds regarding the quality of the entertainment product. Often such “earned” media also provide consumers access to the product itself (or parts of it), such as when consumers post screenshots of a movie, or share its trailer via YouTube or Facebook, or upload a full song or album (which links test consumption with the “sampling” effect of entertainment piracy).

But even if the “earned” information is positive, does this suffice to make a consumer choose the product? Not necessarily, because, as next shown in the figure, the conditions under which the product is available to the consumer also influence the decision—after “sensemaking” comes “decision making,” as we discussed in our analysis of the consumer’s consumption process. This is where the distribution strategy (e.g., you read about movie, but it is not shown in your area, and is also not available for watching at home) and the pricing strategy (e.g., “The new MARIO game sounds fun, but for \$65.99? Come on!”) come into play.

Let us now dive into Part II of *Entertainment Science* and begin a closer investigation of the wide range of instruments that marketing, in the broad sense we define the concept here, offers entertainment managers. We start by looking at product decisions, and particularly those that deal with the quality of an entertainment product.

References

- Hennig-Thurau, T., Walsh, G., & Wruck, O. (2001). An investigation into the factors determining the success of service innovations: The case of motion pictures. *Academy of Marketing Science Review*, 1, 1–23.
- McCarthy, E. J. (1960). *Basic marketing: A managerial approach*. Homewood, IL: Richard D. Irwin.