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Entertainment Communication Decisions, Episode 1: Paid and Owned Channels

To Control or Not to Control: Some Words on the Three Basic Communication Categories

The myth that “quality finds its way” is just that—a myth. A great product (one that meets the requirements mentioned in the previous chapters of this book) is certainly helpful, but is never solely sufficient to warrant the success of a new entertainment product. Instead, communication with consumers about the product is also crucial, as it leverages the potentials embedded in the product, may they be experience, search, or quasi-search qualities. Often, product and communication strategies are tied closely together, as the success potential of various product characteristics relies on specific communication approaches. The importance of communication as part of the entertainment marketing mix is illustrated by the enormous budgets that are dedicated to communication efforts; these investments constitute strategic resources on their own.

In this book, we refer to communication simply as the informational flow regarding an (entertainment) product. Today, entertainment producers face a multitude of different communication channels. We classify them into three general categories: paid channels (such as TV and print advertising), owned channels (including a film’s social media domain on Facebook, as well as the product’s packaging), and “earned” channels. Whereas the first two categories should be more or less intuitive, the latter one might require some explanation. It contains different kinds of communication by consumers and other “independent” market actors: it captures the communication

about a product that is (1) articulated and shared by consumers in the form of word of mouth (when communication is evaluative) and pre-release buzz (when it is anticipatory), (2) information that reflects consumers' reactions to a product (e.g., when charts and bestseller lists signal quality), as well as (3) communication by experts, such as professional critics (when they review a product) and members of the entertainment industry (when they give awards to a product). Note that we often put "earned" in quotation marks; although what is communicated through this channel is often positive, it certainly isn't always so. Consumers' word of mouth can be devastating, as can be professional reviews (just think of the movie *GIGLI*, which experienced such hateful backlash from consumers and critics that it threatened the careers of Ben Affleck and then-fiancé Jennifer Lopez).

The main difference between the three categories is the degree to which they can be controlled by entertainment managers. Controllability ranges from very high (i.e., you largely get what you pay for in paid communication channels) to somewhat high (for owned channels which usually require active contributions by consumers) to low (for "earned" media, where anything goes—fair or unfair). A big challenge for managing entertainment communication is that controllability does not correlate very highly with effectiveness. For starters, Fig. 11.1 illustrates what consumers consider as the sources to become aware of a new movie they end up seeing in a theater. The numbers are based on the German Federal Film Board's annual panel of 20,000 consumers that is representative of the German market.

We see that highly controllable paid media is still named by many consumers as their main source of movie awareness, although the proportion of consumers who name offline paid media has declined from a decade ago.²⁷⁵ But word of mouth, which is *much* more difficult to control for managers, follows closely behind. And owned media (e.g., online movie trailers) shows the highest growth rate; it is now a more-frequent awareness source than TV and print media content, according to these consumer reports, and almost as frequently used as word of mouth. We also note strong differences between consumer segments: TV is (still) king among kids and teens (who hardly even notice editorial—offline—content); they rely much more on friends and (company-)owned online sources. Older consumers, in contrast, say that their movie-going inspirations mostly come from the same

²⁷⁵Most of the decline of the offline advertising effect in the figure comes from outdoor, not TV and print. But editorial content of both TV and print has lost large parts of its awareness-related power.

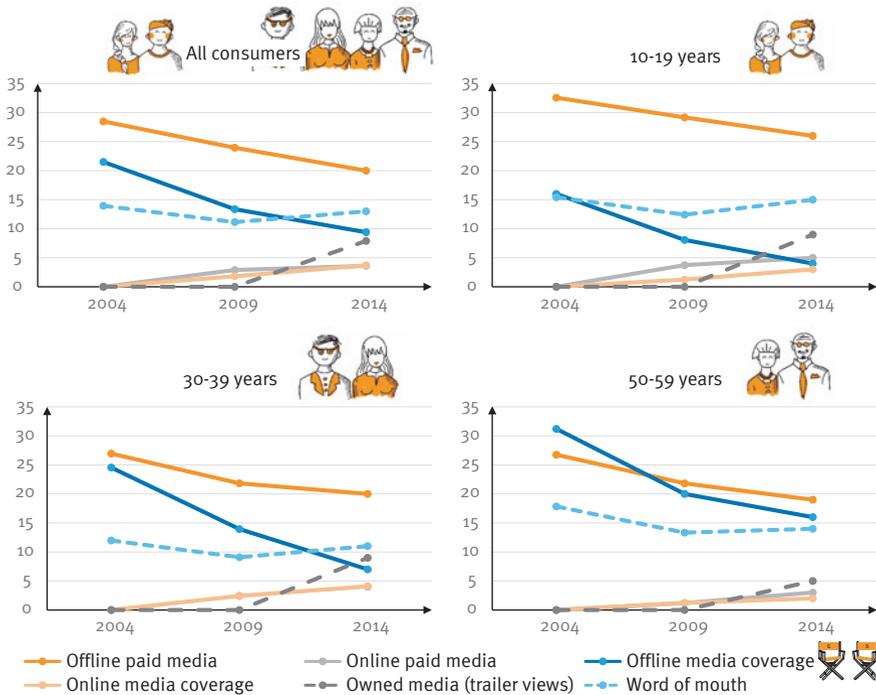


Fig. 11.1 Movie awareness sources over times and consumer segments in Germany
 Notes: Authors' own illustration based on data reported in FFA (2005, 2010, 2015). Numbers are percentages of consumers who reported becoming aware of a movie mainly through a particular information source in a given year. "Offline paid media" encompasses TV, newspaper, and outdoor advertising, and "Online paid media" is Internet advertising. "Owned media" are views of trailers hosted on Internet platforms such as YouTube. "Offline media coverage" contains TV and newspaper reports, while "Online media coverage" is non-advertising information on the Internet, including social media. With graphical elements by Studio Tense.

editorial offline content that teens ignore; these older consumers are much less impacted by digital sources. So, movie producers had better know their target group.

But as valuable as such self-reported survey results are for an initial look, they are also fraught with problems. In short, we consumers are not very good at remembering how we made decisions. Our memory systems are biased toward retaining active processes, such as watching trailers in theaters or the Internet, and less likely to recall passive ones (such as seeing an ad on TV or on a website). There is a social desirability issue too; whereas being influenced by TV advertising is nothing we are proud of, reading a professional movie review is something most of us are more prone to report.

Entertainment Science research tries to overcome such biases by using more rigorous methods. But rigor comes at a price: most academic studies focus on only one communication category at a time, trading detail and depth off against broadness. At the time of writing, we noted only two studies that included all three communication categories in an entertainment context: Chen et al. (2015) look at music artists, whereas Lovett and Staelin (2016) analyze viewership of six episodes of a TV series. Neither study is *fully* comprehensive in their coverage of communication channels, but both consider data from all categories simultaneously. We will pay particular attention to their findings when we discuss the different communication categories in the following. Our use of “normed” metrics, such as elasticities, should also help in comparing the findings across studies.

In this chapter, we will explore the first two categories, paid and owned communication, and their respective impacts on product success. With managerial controllability serving as the structuring element of the discussion, we will begin with paid channels before entering the less-controllable terrain of the owned channels of social media, a setting in which we compare entertainment communication to the act of playing pinball. In the next chapter, we will then study the least-controllable “earned” channels.

Our discussion of paid and owned communication in this chapter circles mostly around the *logistics* of communication—the “how-much-to-spend” and “when-to-communicate” questions. But *Entertainment Science* scholars have also shed some light on the *content* of communication and its design—the “what-to-communicate” question, if you will, which is of complementary and fundamental concern. This is where we will begin.

What to Communicate: Designing the Content that Fuels Entertainment Communication Channels

“[The trailer] is the single most important piece of advertising... There’s nothing else that comes close.”

—CBS Films president Terry Press (quoted in LaFrance 2014)

Most, if not all, entertainment communication aims to make consumers aware of a new product’s existence (that is, building brand awareness), and/or to provide consumers with information about the product’s potential to provide desirable familiarity and sensations (i.e., establishing a compelling

brand image). Which criteria must entertainment communication meet to achieve these aims?

Our discussion begins with what can be considered the backbone of all entertainment communication: the trailer. As “previews of coming attractions” (Kernan 2004, p. 1), trailers are the focal communication format for movies, TV content, and video games (Grainge and Johnson 2015). Trailers are even sometimes used by publishers to inform consumers about new novels (just search for “book trailers” on YouTube). According to the German Federal Film Board’s panel, about 22% of consumers say that they become aware of a new film from its trailer; for some age groups the format’s reach is even higher. It has been estimated that there were more than a billion movie trailer views in 2013 on YouTube alone (Kehe and Palmer 2013), and we assume that this number has not shrunk since then.

Some of our readers might remember Amanda from the movie *THE HOLIDAY*, in which she is paid “big bucks” by Hollywood studios for her trailer-editing skills. We will look what *Entertainment Science* can tell us about what kind of skills those might be—skills that set “good” trailers apart from “not-so-good” ones. We will then do the same for posters, which are a less dynamic tool of entertainment communications. And after having shed light on the essentials of trailer (and poster) design, we will address a key question that affects the design of *any* kind of entertainment communication: how *much* information about a new product should be provided by its producer? There is a delicate balance between “not enough” and “too much”!

What Makes a Powerful Trailer?

The Roles of Trailers Then and Now

Trailers are a highly complex marketing tool because they combine all three kinds of quality-related information we discussed earlier in the book. First, trailers tell consumers which unbranded and branded attractions are involved in a product, such as which stars will participate (“inferential cues”). Second, they often mention awards or critical acclaim that signals the product’s overall quality (“substitute cues”). Third, trailers also provide consumers with excerpts of the actual product, enabling them to sample it. The sampling aspect is what sets trailers apart from other forms of advertising and communication—they are a hybrid format, mixing communication elements with elements of the product itself (e.g., Grainge and Johnson 2015).

Whereas consumers usually acknowledge that a trailer is biased (showing only the “best” elements of the product), they also appreciate them as “valuable short-form content” (Grainge and Johnson 2015, p. 149), as reflected by the many views that trailers attract on digital video platforms.

The digital age and its platforms have not only increased the accessibility of trailers for consumers, but have also shaped the way trailers are designed. When posted on the Internet, a trailer has to *attract* an audience, instead of only being shown to a “captive” audience that is locked in the theater and has no choice but to watch. And like digital samples of other forms of entertainment, movie trailers can spread like wildfire, being shared and re-shared virally among members of large consumer networks.²⁷⁶

Trailers historically “hypersold” their films (in the 1940s) and applied advertising techniques (in the 1950s and 1960s), such as speaking directly to the audience (e.g., google how actor James Stewart does so in the trailer for Hitchcock’s REAR WINDOW).²⁷⁷ However, by the 1980s, studios developed more subtle selling strategies, as audiences became largely desensitized to hard-sell advertisements (LaFrance 2014).²⁷⁸ But to stimulate viral sharing and to make them the talk of the (digital) town, producers now present trailers as kinds of complementary “standalone products.”

Elements of the final product are complemented with additional, original footage, sometimes created just for the trailer. For example, the first teasers for THE HUNGER GAMES: MOCKINGJAY PART 1 were fictitious television addresses from evil President Snow. Also, the fact that trailers are now analyzed on a frame-by-frame basis by fans and media (e.g., Plumb 2015) enables triggering questions and embedding hidden messages. When the trailer for STAR WARS EPISODE VII did not show legendary Luke Skywalker, millions joined the conversation on the Internet. But trailer’s standalone character might carry its own problems—one executive told us he was concerned that modern trailers might be treated as (gratuitous) products on their own by at least some consumers, satisfying their entertainment needs instead of triggering them. But with no empirical evidence, such cannibalization effects remain speculation at this point.

²⁷⁶See the section about the pinball character of entertainment communication in the digital age.

²⁷⁷Or just go to <https://goo.gl/rMU426>.

²⁷⁸If you are interested in a comprehensive historical review of trailers, please do not miss Kernan (2004).

Three (or More) Principle Appeals of Trailers

Media theorists have tried to identify the main appeals of trailers for audiences by content analyzing individual trailers. As a result of such efforts, Lisa Kernan (2004) finds five key aspects of trailers that can be managed by their producers. Three are content-related appeals: the film's genre, its story, and its stars. The other two, "spectacle" and "realism" (another term for verisimilitude—see our discussion of the latter concept in our consumer behavior chapter), are transformational factors that describe how the content elements are brought to life in the film. As Staiger (1990) shows, these appeals have a long history, having been used as selling points as early as 1915 by producers when selling their films to theater owners.

Kernan links these appeals to the basic concepts of sensations and familiarity. She argues that the promotional appeal of genre in a trailer "rests heavily on familiarity" (p. 45). In contrast, the more specific story-related information is essentially about presenting "new" events that producers hope will create sensations that consumers will find exiting. The content-related appeal of stars is the least-specific. Stars bring the associations we hold from their former films and public life (i.e., familiarity attractions), but also kindle our hope for new adventures.²⁷⁹ We have referred to the familiarity appeal of Harrison Ford's line "Chewie, we're home" in the trailer for *STAR WARS EPISODE VII* elsewhere in this book, but we did not sense familiarity alone. Wasn't there also the proclamation of new adventures and sensations resonating in his aged voice? Spectacle, by definition, is a promise about the sensations that a film will offer, and realism/verisimilitude moderates how much we will enjoy the content appeals and spectacle.

Some scholars have made initial steps to empirically determine the relative roles each of these appeals play for consumers' liking of a trailer, along with their eventual adoption decision regarding the product. Finsterwalder et al. (2012) focused on how film trailers influence the expectations of audiences, distinguishing between "quality-" and "content-related" expectations. Based on qualitative interviews with 12 consumers in New Zealand who had to watch several trailers of then-forthcoming films, the authors suggest that actors are the greatest influencers of film *quality* expectations. Consumers' expectations regarding a film's *content*, in contrast, are most strongly shaped by the genre-related information in the trailer. Finsterwalder et al. further name the "style" of the trailer, its music, and the story as determinants of consumers' expectations toward a film.

²⁷⁹See also our discussions why we value entertainment stars in general in our chapter on entertainment brands.

A rare quantitative investigation of trailer appeals is by Karray and Debernitz (2015). They code the trailers of 140 movies that were wide-released in North American theaters (in 2010–2011) with regard to (1) what a trailer reveals about the film's story, using some of the story criteria that have been found to positively influence a film's success, (2) content elements, such as humor and violence (a combination of genre and content variables), and (3) technical aspects, such as the number of scenes in the trailer and its release time. The scholars then use an event-study approach to see how these variables influence the "success" of the corresponding film. Because trailers are usually released before a film opens, they use the movie's "stock price" on the *Hollywood Stock Exchange* (hsx.com), a virtual stock market, as a proxy of its commercial performance.²⁸⁰ With an OLS regression, in which the trailer variables and a number of movie controls serve as explanatory factors, and the movies' "abnormal returns" (i.e., the change in a movie's "stock price" due to a trailer's release) as the dependent variable, Karray and Debernitz find that story factors have the strongest impact on moviegoers.

Specifically, adding one "successful" story element (e.g., a happy ending) to a trailer resulted in an expected box-office increase of \$0.6 million, and adding all ten elements that the scholars studied corresponded with \$6 million higher (expected) revenues. Showing violence and humor also bumped commercial expectations; one additional scene adds value of about \$300,000. However, the total number of scenes exerts a negative impact—too many cuts appeared to confuse viewers and limit the trailer's emotional appeal. Please keep in mind that all these results are only approximations of the true value of trailer elements, as they reflect the collective wisdom of the trader crowd instead of measuring actual effects.

In a recent study in which *Entertainment Science* scholars cooperated with Netflix, Liu et al. (2018) showed 100 consumers trailers for comedy movies and coded their facial expressions with software. Their "frame-by-frame" MCMC analysis of the lab experiment shows that participants' happiness is impacted by several trailer features, with happiness being linked with higher movie-watching intentions. The number of trailer scenes has a negative effect, whereas longer scenes placed late in the trailer increase viewer happiness (and also movie watching intention directly!); the trailer music's volume and trend also matter.

So, can't we just let data analytics create trailers then? In 2016, the studio Fox hired IBM to do exactly that for their film *MORGAN*, a horror thriller

²⁸⁰At the HSX consumers trade virtual stocks of upcoming films; the "stock prices" reflect the expectations of the game's "investors" (i.e., players) regarding a film's financial performance.

dealing with, you might have guessed it, artificial intelligence (Smith 2016). IBM trained their system on the trailers of 100 horror movies, decomposing each trailer into what they called “moments,” including the visuals, the audio, and the composition of each scene. They then fed the system with the full-length MORGAN film and let it search for moments that resembled those featured in previous trailers. From this set, a (still human) filmmaker edited ten moments into a trailer.

In line with our logic of *Entertainment Science* that a thorough understanding of what constitutes “effective moments” and the use of human-exclusive creativity would be essential, the resulting trailer was bloodless and derivative. Still, the case might point at how the industry could make use of data analytics—not as a tool to craft great trailers (in an attempt to address consumers’ desires better), but to save time and reduce costs instead. “Reducing the time of a process from weeks to hours—that is the true power of AI” (Smith 2016).

What Makes a Powerful Poster Ad?

Trailers are the dominant, but not the only, content format for entertainment advertising. Whereas *Entertainment Science* scholars have dedicated less research time to more static communication formats, such as posters, in general, one noteworthy study is the work by Rao et al. (2017), who analyzed the contents of print advertisements for movies.

The scholars focus on the elements of posters that provide *information* to consumers, leaving out aesthetic aspects—something we return to when discussing the integrated blockbuster concept of entertainment marketing. They distinguish between two fundamental kinds of entertainment information we covered earlier: inferential and substitutive cues. For inferential cues (which signal to the consumer that a product will be of “high quality”), the researchers note whether a poster’s tag line stressed the movie’s star(s), director, or content. With regard to substitutive cues (i.e., judgments of a product’s quality by those who have already experienced it, cues that Rao et al. label “external validation variables”), the scholars measure whether a movie poster quoted critical reviews (and how many of them), whether a “top reviewer” was named (from the New York Times, Los Angeles Times, or Time magazine), and any mention of awards. In addition to these two basic information categories, the scholars also look at the size of the ad as a technical criterion.

Rao et al. empirically test the role of these factors for a data set of major print advertisements for 206 movies from 2003 to 2004, all of which were published in the New York Times around a film’s opening day. After coding each poster, they ran random effects panel regressions in which they linked

the different content elements, as well as a number of other “success drivers,” or controls, to the movies’ weekly box office numbers. In addition, they also conducted OLS regressions with a movie’s opening weekend performance and its total box office. The results are straightforward and consistent across all analyses: the one poster element that they find makes a difference is including an endorsement from a “top reviewer” (a kind of substitute cue). The other elements don’t have much of an effect; neither the number of reviews nor any of the inferential cues are associated with above-average box-office results.

So when designing effective posters, the challenge for the producer is to create enough interest by leading critics so that they write about the film, while also assuring that the quality of the product is high enough so that the review will be positive. In other words, the effectiveness of communication links back to the quality of the product itself. The reward for succeeding in this challenge appears to be substantial: Rao et al. estimate an average box office increase from a positive review by a top critic of \$8 million for the opening week and of \$16 million in total. We suspect that these results might also offer insights for another related aspect of entertainment communication—the design of the product’s packaging, such as a book’s or Blu-ray’s cover. We get back to this issue at the end of this chapter.

The “How-Much” Question: Can There Be Too Much of a Good Thing?

“[P]eople really want to know exactly every thing that they are going to see before they go see the movie. ... What I relate it to is McDonald’s. The reason McDonald’s is a tremendous success is that you don’t have any surprises. You know exactly what it is going to taste like.”

—*Film director Robert Zemeckis (quoted in Ebert 2000)*

“50 Trailers That Ruined The Movie.”

—*Website title (Kinnear 2012)*

In their analysis of trailer elements, Karray and Debernitz (2015) have found one additional factor that we have not mentioned so far to be influential: if a trailer *leaves out* key plot twists, the (expected) box office increases by half a million dollars in their study. This leads us to the question of “how much” should be revealed to consumers about an entertainment product in the communication campaign (via trailers but other means of communication such as poster advertisements). We will show that we are dealing with a delicate balancing act: whetting consumers’ appetite without spoiling their supper.

The Pros and Cons of Spoilers

Entertainment communication must address the experience character of entertainment products by providing information that helps a potential customer judge the product's quality. But remember that entertainment products are also subject to satiation effects, so too much information about a product may hurt its success instead of helping it.

The findings by Karray and Debernitz (2015) which we have mentioned above point to the practical relevance of such a “satiation” threat. And there is also quite a bit of anecdotal evidence for it: when the airing of David Lynch's TV series *TWIN PEAKS* by broadcaster RTL faced low ratings in 1991, several blamed competitor SAT.1—that station used its teletext service to reveal the murder of Laura Palmer before RTL could air the series (*Das Fernsehlexikon* 2008).²⁸¹ Also, Internet sites (such as the one we quote at the beginning of this section) list “spoilers” which they claim have hampered the success of entertainment products, and individual tweets cite “too much” information as a reason for skipping a product.²⁸²

Whereas some firms thus are hesitant to give away any “surprises” (such as Sony, for the James Bond movie *SKYFALL*, did not reveal the true meaning of the film's title or its connection to its lead character), others doubt the existence of any “spoiler effect”—the statement by Mr. Zemeckis at the beginning of this section gives evidence of such thinking. Consistent with the renowned director's argument that people “want to know,” Fritz (2015) reports that Hollywood studios consider “revealing plot points and showing the most exciting action scenes... [as] the most effective way to draw big audiences.” So, who is right? How much information *should* actually be spoiled for a new entertainment product to maximize its success potential?

In Fig. 11.2, we describe the different routes through which information about a new entertainment product influences consumers, whether provided by trailers or other forms of communication. The upper route links information to anticipatory processes in the minds of consumers and their decisions to consume a new product. In contrast, the lower route describes the role that information plays in a consumer's evaluation of the product after having experienced it. In what follows, we analyze these two routes in more detail.

²⁸¹This spoiler was heavily criticized by many at that time, including a court which named it “immoral” and forbade SAT.1 from revealing it—again...

²⁸²For example, Twitter user “luckymojo” told his followers that he has “no interest in seeing [the film] *Life As We Know It*, especially since they tell you the entire plot/outcome of the movie in the trailer...”

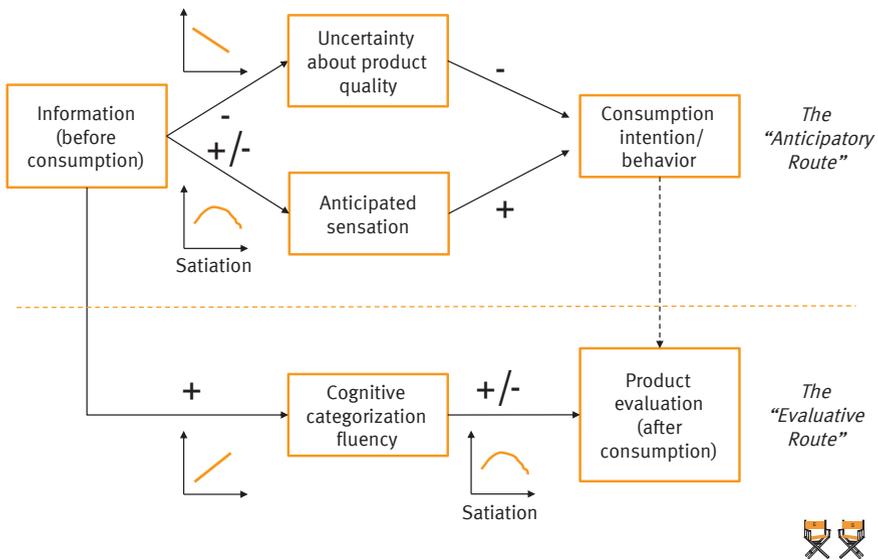


Fig. 11.2 The spoiler effect
 Note: Authors' own illustration.

The “Anticipatory Route”: How Spoilers Influence Consumption Intentions

In the upper route, we distinguish between two effects. Information regarding an upcoming entertainment product impacts the consumer’s consumption decision by influencing his or her perception of uncertainty. But such information also impacts the extent to which the consumer anticipates that the product will provide new sensations. As entertainment products are inherently risky for consumers because of their experience character, any ex-ante information about them may reduce the uncertainty of the consumer regarding the “things-to-come.” Thus, as consumers generally prefer less consumption risk, more information will, all else equal, increase the consumer’s intention to see a film (or play a game, etc.)—an argument that captures the essence of Mr. Zemeckis’ logic.

But we have made clear early on in this book that entertainment products differ from hamburgers in some important ways, with consumers’ desire to experience new hedonic sensations being among them. Here, the role of pre-consumption information for our anticipation of expected sensations is

not so clear cut. Whereas some new information will foreshadow the sensation potential of a product and thus increase a consumer's interest in experiencing it, *too much* pre-consumption information (e.g., learning the outcome of a thriller before seeing it) might serve as a *substitute* for the actual entertainment experience. As such, the information might reduce the consumer's curiosity and interest—a satiation effect.

It is this satiation effect that explains what Yan and Tsang (2015) find when they asked 180 Hong Kong undergraduates to forecast the enjoyment they would get from watching the short film *TICKER* starring Clive Owen, a thriller with a twist ending. Their results show that those who were given a “low-intensity” spoiler that provided information about the story, but did not reveal the ending, reported nearly the same level of anticipated enjoyment as those who received only basic information (“unspoiled”). In contrast, a “high-intensity” spoiler that gave away not only the story, but also the film's twist, *reduced* anticipation enjoyment by 25%.²⁸³

The “Evaluative Route”: How Spoilers Influence Enjoyment

Let's take a look at the lower route now which deals with the *post*-consumption processes that result from information given to a person prior to consuming an entertainment product. It argues that spoilers can also impact how a consumer evaluates his or her actual consumption experience—which can then impact product success via word-of-mouth processes.

The logic here is that pre-consumption information influences our cognitive processing of the consumption experience. Knowledge helps us to assign our experiences into “cognitive categories” more easily, facilitating our understanding of stories that are told to us, and making our thoughts more “fluent” (Leavitt and Christenfeld 2013; see also Hennig-Thurau et al. 2006). Because consumers, in general, prefer less effort to more effort, a basic psychological tendency of humans is that we like such fluency. When Leavitt and Christenfeld (2011) had 800 students read short stories, they found that those students who received a spoiler that discussed the story and also mentioned the outcome (“in a way that seemed inadvertent”), rated the stories more highly than those who received no information up front. The

²⁸³Yan and Tsang reported similar patterns in other constellations: when they asked 92 consumers to watch a recorded 8-minutes clip from an NBA finals game, those consumers who were told which team won the game had a 12.5% lower anticipated enjoyment than others. And for a *fictitious* thriller movie, spoiling the identity of the murderer reduced watching intentions by almost 20%.

result was consistent across different types of stories; ratings were higher by 10% for mysteries, 9% for “evocative literary stories,” and 7% for “ironic-twist stories.” Increased cognitive fluency might also explain why in Yan and Tsang’s football watching experiment, enjoyment was 13% higher for those who were told the winner prior to watching the match.²⁸⁴

But although higher fluency tends to make entertainment consumption less effortful, this does not mean that enjoyment *must* be higher. This results from the upper, “anticipatory” route: if we know what will happen the level of experienced sensations might be lower, which, as we argue in the sensations-familiarity framework, hurts the consumer’s enjoyment. Consistent with this, when scholars have studied *high-intensity* spoilers, the results point to lower levels of enjoyment. This is the case for one twist-ending story in Leavitt and Christenfeld’s (2011) study, the thriller short film used by Yan and Tsang (2015),²⁸⁵ and also when Johnson and Rosenbaum (2015) analyzed the reactions of 412 undergraduate students to a short story. They found that an “ending spoiler,” compared to a “medium-intensity” spoiler, reduces the sensations perceived (“experiencing suspense” was 9% lower) as well as consumers’ enjoyment in terms of being “fun” (6% lower).

Although, with the exception of Johnson and Rosenbaum’s study, the findings reported here do not reach statistical significance, the pattern is clear and consistent: a *high intensity* spoiler goes along with lower enjoyment.

Beware of Who You Spoil—and for Which Product You Do so

Research also points out that the specific patterns and relative strengths of these routes will differ between consumers and between products. Yan and Tsang (2015) find people with higher imagery potential to be more negatively affected by pre-consumption information—they tend to enjoy creating their own visions, and spoilers hinder them from doing so. But this also means that if people lack imagery potential, spoilers won’t hurt them (as much).

²⁸⁴That difference was not statistically significant, though.

²⁸⁵The difference is only significant though for the *low* intensity spoiler (which corresponded with worse film evaluations than the high intensity spoiler here), which indicates that the two spoilers variants differed also with regard to other, more qualitative criteria.

Relatedly, Rosenbaum and Johnson (2016) find, based on a short story-reading experiment with 368 undergraduate students, that those consumers who seek emotions (i.e., have a high “need for affect,” Appel and Richter 2010) enjoy stories more without a spoiler. A similar tendency is found for people’s enjoyment of thinking deeply (i.e., a high “need for cognition,” Cacioppo and Petty 1982)—the more people value doing so, the less they enjoy spoilers (it might prevent them from developing their very own “theories” prior to experiencing the product).

Producers should thus seek to understand their customers’ reaction to spoilers. One way to do so is the Netflix way: the streaming service offers its customers a short online quiz to determine their own “spoiler kind,” as well as offering legendary spoilers to enjoy (including the one about the murder of Laura Palmer...).²⁸⁶ With regard to product characteristics, Leavitt and Christenfeld (2013) show that the complexity of the product determines how much a spoiler can enhance the fluency of the consumption experience, as part of the lower route: if a story is simple and undemanding, spoilers do not increase fluency.

The routes of our framework and the corresponding empirical results help explain the mechanisms underlying the spoiler effect. Please note that all spoiler research so far assumes that audiences have no “built-in” awareness and knowledge of a new product, whereas, in reality, they often know a lot about a new movie, book, or game, particularly when it is a sequel or adaptation. That is why Disney decided to reveal little about of the plot of its STAR WARS sequel THE FORCE AWAKENS—at least not to Western audiences who are so familiar with the saga (Fritz 2015).

Such built-in knowledge doesn’t change the basic logic of the spoiler effect. However, it makes it more difficult for the producer to anticipate what kind of information is helpful and what might push the product beyond the “tipping point,” reducing anticipation and worsening the liking of the product. In our digital age, information travels instantly around the globe, so that the provision of a target group-specific spoiler has become very difficult. Disney eventually had to recognize this: their trailer for THE FORCE AWAKENS, with story-related information targeted at Japanese and Korean audiences, also became a viral hit in other parts of the world (Fritz 2015).

²⁸⁶Find out what “spoiler type” Netflix thinks you are at <https://goo.gl/fEv2Fg>. But be warned—there might be (*will be!*) spoilers...

For managers, the key challenge based on the insights reported here is to note the different mechanisms and effects that trailers can trigger within consumers and to locate the tipping points at which additional product information would diminish anticipation and impair product evaluation. We are confident that *Entertainment Science* scholars will shed more light on these issues as well.

Now let us put the “what-to-communicate” (and how much of it) question aside—and move on to the different types of entertainment communication, touching on logistical issues such as timing and budgeting, for each. We begin with the communication tool to which entertainment producers usually dedicate the biggest portion of their resources: curtains-up for advertising!

Attracting Consumers via Paid Media: The Role of Advertising

“[Advertising] is the single most discussed and debated issue in Hollywood.”

—Terry Press, *as president of CBS Films (quoted in McClintock 2014)*

Like Mrs. Press states above, advertising is a key concern for entertainment firms when it comes to marketing new movies, TV shows, games, music, and books. Although advertising is used in *every* consumer industry, the particularities of entertainment products lead to some substantial differences when it comes to the mechanics of advertising, including timing and elasticities. In the following, we will first take a quick look at the functions of advertising for entertainment products before diving deeper into what *Entertainment Science* scholars have found regarding advertising’s effectiveness, in general and at different points of a product’s life cycle.

The Functions of Advertising

How do costly investments in advertising contribute value for an entertainment product? For a new product, advertising plays two roles: (1) it can make consumers aware of the new product, and (2) it can demonstrate the product’s quality to them. As advertising is a major tool for the branding of entertainment, it should be no surprise that these roles overlap somewhat with the concepts of brand awareness and brand image, the main functions of branding.

Let us first consider how advertising influences consumer awareness of a product and why this is crucial. One of the best-known illustrations of consumer-decision making describes a consumer's behavior toward a new product as the result of a hierarchical process (e.g., Lavidge and Steiner 1961). According to classic "hierarchy-of-effects" models, advertising can set off a chain of events within the consumer, with the purchase of a product being the culminating event. Becoming aware is the initial—and thus crucial—initiator for the multiple steps; without awareness, the other events, including the product's purchase, cannot happen. But advertising-based awareness can also spread beyond those consumers who received the initial advertising message as ads trigger communication between these receivers and other consumers: the "two-step flow" logic of communication, coined by sociology legends Katz and Lazarsfeld (1955).²⁸⁷

Using weekly ad spending and awareness tracking data for 63 movies released in France in 1993 by Columbia Tristar, Fred Zufryden (1996) used an OLS regression to show that consumers' awareness of a film in a given week can be explained almost completely by the level of ad spending and the film's awareness in previous weeks (the R^2 of his model is 0.97). We assume that digitalization has introduced additional awareness sources, but advertising still plays a key role.²⁸⁸

Advertising's second role is to convince consumers of an entertainment product's quality. The idea here is that advertising creates and disseminates strong associations that are incorporated into the semantic networks within the mind of the consumer. These associations are essential to move the consumer along to reach the later stages of the decision-making hierarchy towards purchase. Whereas some associations are triggered by the *content* of advertising (e.g., "good" versus "bad" trailers), the mere *amount* of advertising spending for a product can also serve as a quality signal and influence the consumers' quality perceptions. Economists refer to this "signaling" effect as the "money-burning" theory of advertising (e.g., Milgrom and Robert 1986).

Think of the super-expensive Super Bowl advertising for movies and games: in addition to telling consumers that a new film exists and what they can expect from it (i.e., *why* they should watch it!), these ads set the

²⁸⁷We will get back to their two-step flow model in the context of our discussion of word-of-mouth effects.

²⁸⁸We provide empirical evidence for this in our discussion of antecedents of pre-release buzz for entertainment products in our chapter on "earned" entertainment communication.

advertised product apart from the many others entertainment titles that are not considered “Super Bowl-worthy” by their producers. We don’t know of any empirical evidence that separates the content and the signaling effects of advertising for entertainment in particular, but Zhao (2000), based on a general analytical investigation, concludes “that simply ‘burning money’ is not enough to signal quality.... How the money is burned is also important” (p. 390).

The amount of ad spending for an entertainment product may also serve as a quality signal to other industry actors beyond consumers, such as financial analysts, shareholders, and distributors. When Disney had to set the advertising budget for its STAR WARS movie *THE FORCE AWAKENS*, it decided to spend a high amount, despite the fact that feverish built-in awareness and anticipation already existed among consumers: spending lower than usual might have risked “drawing undue attention” (Fritz 2015). Joshi and Hanssens (2009), who analyzed the effect of advertising spending levels on studio’s stock prices using data from all 200 movies launched by major studios from 1995 to 1998, provide empirical support for a signaling effect of advertising expenditures on investors: higher spending for a film corresponded to higher investor expectations regarding a film’s impact on the studio’s future net cash flows.

In essence, advertising is an important element of the entertainment marketing mix that influences product success in more than one way. Let us take a look at how *much* should be spent—and *when* it should be spent.

How Much to Spend—and When: Some Introductory Comments on Advertising Budgets and Timing

“Don’t outspend your revenues, but don’t underspend your potential.”

—Former Paramount Pictures executive Rob Friedman (quoted in Squire 2006, p. 290)

Entertainment producers spend enormous amounts of advertising dollars to make people aware of their newest spectacles and to signal their (high) quality. How has advertising spending for entertainment evolved and how has it been allocated over different media? Figure 11.3 answers these questions for the movie industry and its spendings in the U.S. over the last 15 years. In total, producers these days spend roughly \$3.5 billion annually for these

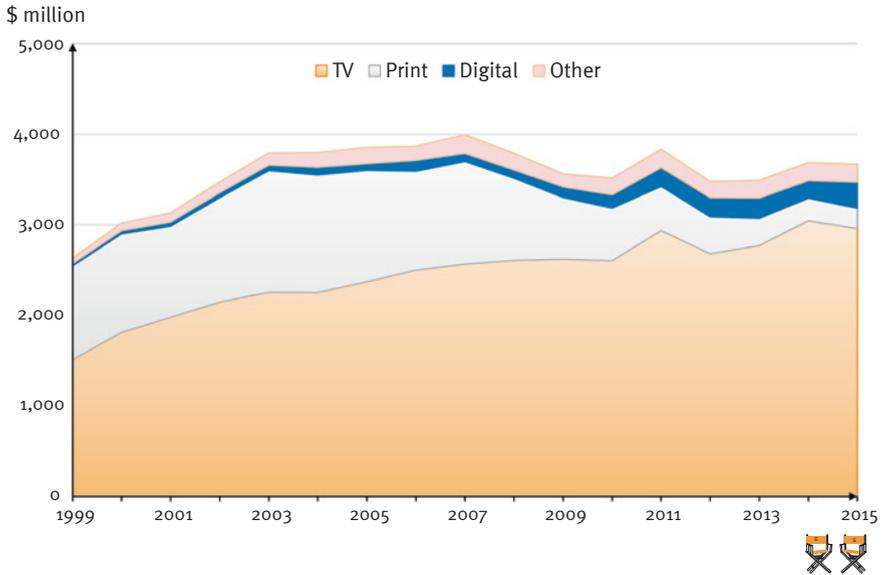


Fig. 11.3 Advertising spendings for movies in the U.S. across media

Notes: Authors' own illustration based on data from Kantar Media. All values shown in the figure are our own estimations which are based on several assumptions; numbers reported here should thus be treated as rough estimates only. The "TV" category includes spendings for network, cable, and syndication, "print" includes magazines and newspapers, and "digital" includes paid search, display/banner, video, and social media, both for stationary and mobile access. Numbers are the raw values for each year (not adjusted for inflation).

media, plus an additional \$200 million for other media (mostly billboards and radio). These numbers likely capture about half of what Hollywood studios spend globally for their products (Fritz 2015).

As can be seen in the figure, movie managers in 2015 still assigned the lion's share of their expenditures to TV (which gets about 80% of ad spending for movies, up from 50% in 1999). Managers still believe that, in a highly crowded market, the medium is crucial for reaching the (mass) audience needed for a successful opening of a new product that will have a limited life cycle (see also Fritz 2015). Print, which in 1999 got about 40% of the industry's ad spending, has lost much of the movie studios' love, earning a share of less than 10% in 2015. Digital media have grown from irrelevance to capture nearly 10% of spending, but our data suggests that their role for movie advertising is still substantially smaller than it is for many other

industries, where digital is poised to pass TV in terms of advertising revenues (Garrahan 2016).

And at which point in time of an entertainment product’s life cycle is the money spent? We have stressed that entertainment products are, because of their hedonic/cultural nature and the industry’s high number of new products, faced with a relatively short life cycle, which assigns a key role to the timing of communication. Figure 11.4 shows how movie producers address this challenge. For the movies released in North American theaters in 2012–2014, the bulk of advertising dollars is spent *prior* to the films’ release (see also Elberse and Anand 2007).

Specifically, about 76% of film advertising is spent before a new movie is released, another 13% is spent in the week following the movie’s release, and the remaining 11% is then spent in the following weeks. This pattern is quite similar for games, although a little less extreme; for the 100 major Xbox 360 games released in the 12 months following October 2011, we found that 52% of advertising is spent before the release, 16% in the week after the release, and the rest afterward (see Marchand et al. 2016). Let us stress that this front-loaded pattern represents a clear contrast to how firms in most other industries allocate advertising budgets over the life cycle of their products—these firms spend the clear majority of advertising only after a product can be purchased by consumers.

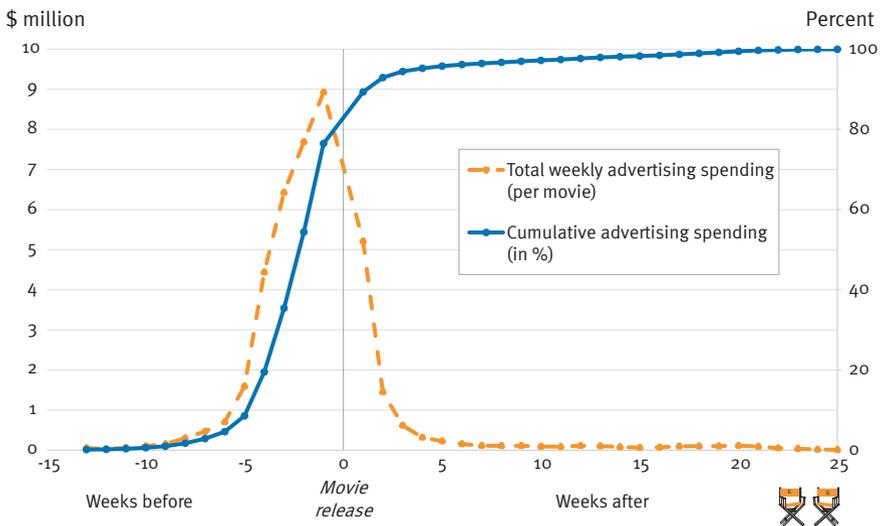


Fig. 11.4 Advertising spending for movies over their theatrical life cycles
 Notes: Authors’ own illustration based on data from Kantar Media. Numbers are averages for all 442 movies released in North American theaters in 2012–2014 with box-office revenues of \$1 million or more.

Several scholars have employed econometric methods to study the effectiveness of advertising for entertainment products, reflecting the critical role of timing by addressing pre-release and post-release advertising separately, and we will structure our discussion in the following accordingly. But before we do so, we will take a look at those studies that investigate entertainment advertising as a whole. Let us also note that determining advertising effectiveness is far from a trivial task, econometrically speaking. The troubling issue is somewhat similar to what we discussed already as the “treatment bias” for different kinds of product factors (such as sequels).

Specifically, advertising spending levels are of an endogenous nature, as they are influenced by managers’ expectations about the effectiveness of such spending for a particular product. If a manager does not believe that a new album has the potential to become a major hit, he or she might dedicate less (or even no) advertising to it. Thus, researchers need to find out which part of the success resulted from the advertising itself—and which part resulted from the hit potential of the product (that influenced the advertising spending). Simple correlations between advertising spending levels and product success, as well as unadjusted regression coefficients, are potentially distorted and thus must be treated with care.

In our analysis of different movie distribution channels (Hennig-Thurau et al. 2006), we find that advertising spending is systematically higher for films with stars and/or using a family brand (such as sequels), consistent with the advertising’s endogenous nature. Similarly, Prag and Casavant (1994), when using data for 195 films to run an OLS regression with advertising spending as the dependent variable, find that other film characteristics explain almost 70% of the advertising budget. In addition to the involvement of stars, certain genres and the film’s budget are among the strongest determinants of advertising spending. Some have argued that producers use a “half-the-production-budget” heuristic when it comes to determining the advertising to spend for an entertainment product (e.g., Quelch et al. 2010).²⁸⁹ Please keep these intricacies in mind as we now dive into the findings surrounding advertising effects.

²⁸⁹Similar rules-of-thumb are at work for entertainment products other than films. For example, book publishers are reported to base their budgeting decision on the existence of a star author and that author’s celebrity status or number of previous bestsellers (Shehu et al. 2014).

Some General Insights on the Effectiveness of Entertainment Advertising

Across industries, the average advertising elasticity has been found to be about 0.12—in other words, a 10% increase in ad spending is linked with a sales increase of $(1.10^{0.12} = 1.15 \Rightarrow)$ 1.5%. So advertising's effect, on average, is positive, but relatively small (Sethuraman et al. 2011). How does advertising for entertainment products perform in comparison? We begin with those studies that do not separate pre- and post-release ad spending and inspect the different forms of entertainment, one by one.

Movies. The key study here is by Bruce et al. (2012), who use advanced econometric tools (such as Kalman smoothing and Markov chains) to study advertising effects for a set of 360 films from 2002 to 2005. Based on parameters they estimate for a dynamic linear model of movie success, they run a number of simulations in which the authors substitute higher and lower spending levels in place of the actual advertising budgets used by a film's producers—doing so allows them to see how spending more or less on advertising would have impacted film success.

Bruce et al., who argue that endogeneity does not harm their results, learn that theatrical advertising budgets should have been higher for two-thirds of the films in their data set (and lower for the remaining third) at the theatrical stage, and for three out of four films at the home video stage. Most insightful for movie marketers are the context factors that they hold responsible for the advantageousness of higher/lower advertising spending. Their findings point to two factors in particular which vary with film type: a film's "wear-in" level (i.e., to what degree does *repeated* advertising influence consumers?) and the film's "forgetting" rate (to what degree does advertising "stick" with consumers?).

Among those films with a higher wear-in rate are science fiction films (perhaps because of their more complex plots and visuals), and a lower "forgetting" rate is associated with the number of professional reviews given for a film (where these reviews seems to prolong awareness among consumers). Thus, for such films, advertising tends to be more effective, making them candidates for higher ad budgets. At the home video stage, Bruce et al. find films that were successful in theaters benefit the most from higher advertising budgets when they are released on video.

Books. Shehu et al. (2014) study a data set of 598 fiction books in Germany and treat advertising as a dummy variable, splitting books into two basic categories (those that were advertised and those that were not).

Doing so enabled the scholars to address the potential endogeneity of advertising with propensity score matching: for each of the 196 books in their data set that were advertised, the researchers identify “twins”—*unadvertised* books that were in many other ways equal to those that were advertised. Among those factors that triggered higher ad spending are the appealingness of the title and the book’s quality according to professional reviewers.

Correcting for the bias created by these variables reduces the advertising effect on book sales by 41%, but the advertising effect remains quite enormous: advertised books, on average, generated almost twice as much revenue as did their unadvertised twins. But additional analyses by Shehu et al. also show that this “average effect” is fueled by one kind of book only: advertising only makes a noticeable difference for books that do *not* have a star author. In contrast, “star-authored” books reach similar levels of success independent of advertising. We will get back to this in our discussion of advertising contingencies.

Games. And how about advertising for games? Marchand (2016) includes the U.S. advertising budgets in his investigation of the drivers of success for nearly 2,000 console games. He finds that advertising and total sales correlate quite highly ($r=0.58$), and his regression with robust standard errors finds an average advertising elasticity of 0.12, exactly matching the cross-industry average reported by Sethuraman et al. (2011). With advertising being only a control variable in this study, Marchand did not apply a bias adjustment or investigate potential contingency effects.

Music. Finally, two studies also link advertising with music success. Papiés and van Heerde (2015) study the weekly German record revenues and concert ticket sales of 387 successful, actively touring music artists between 2003 and 2010. In addition to conventional advertising spending for the artists’ albums, the scholars’ also looked at the amount of airplay that an artist’s songs received on radio stations—a key promotional instrument in the music business. The authors estimate separate equations for disc and concert sales with a hierarchical Bayes regression—they correct the endogenous nature of advertising decisions with instrumental variables. They find an advertising elasticity of 0.09 for an artist’s record sales (i.e., a 10% increase in ad spending results in an increase of a little less than 1% in record sales in the same week) and a smaller elasticity (0.024) of airplays for the artist’s record sales (i.e., a 10% increase in airplay increases record sales by 0.2% in the same week). For the artist’s concert ticket sales, airplay affects them too, but (same-week) advertising does not; perhaps concert tickets involve more long-term decision making.

The other study is by Chen et al. (2015) who analyze the impact of ad spending on sales of albums by 616 music artists over a period of 32 weeks in 2008–2009, using a different setting (U.S. sales, using artist ranks from Amazon.com) and a different method (a panel vector autoregression model, or VAR, which addresses endogeneity concerns).²⁹⁰ Chen et al., while not including airplay, also include owned-media activities in their model (e.g., the artists' activities on the then-popular social media platform MySpace) and also “earned” media in the form of word-of-mouth postings on Amazon.com, as well as several other “success drivers” (such as album price and new releases). Their results suggest that “traditional” advertising affects album sales in the *following* week with an elasticity of about 0.04, which is smaller than what Papies and van Heerde found.²⁹¹ We don't know what causes this difference, but the simultaneous consideration of the artist's social media activities might play a role. Let us add that we assume that, because both studies only capture sales that happen in a single week after the ad, the total impact of music advertising (and airplay) might be somewhat higher—it might spill over.

Papies and van Heerde's analysis also gives us an idea how advertising effects might be changing with the growing availability of broadband Internet connections (which enable new streaming models, while also easing illegal access to music). They find that the impact of paid advertising on both record and concert ticket sales is declining—but the importance of radio airplay for record sales grows with improved Internet connections.²⁹² Papies and van Heerde suspect that this is because airplay, being mainly under the control of the radio station, not the label, takes a “pre-selection” role for consumers and informs their purchases, which gains importance in the digital age (where the range of choices becomes even larger).

All these results aggregate all the advertising that happens at different points of a product's life cycle. Let's dig a little deeper now and separate out pre- versus post-release advertising, in chronological order.

²⁹⁰To be included, artists had to operate a site on the platform MySpace, which was probably more the case for lesser known artists than for superstars; the data set represents about 10% of the total annual advertising spending for music in the U.S.

²⁹¹Interpreting VAR model results is somewhat tricky—elasticities cannot be directly taken from the estimated parameters, but have to be calculated with so-called “impulse response functions.” Using the ad spending from the previous week constitutes an exception, with parameters serving as (constant) elasticities.

²⁹²Papies and van Heerde's results suggest it does not change with regard to concert sales.

The Effectiveness of Pre-Release Advertising

Average Effects

Pre-release marketing activities are particularly prominent for filmed entertainment and video games, so it does not come as a surprise that scholars have focused on these forms of entertainment when investigating pre-release advertising. We start with movies and then broaden our perspective.

The Case of Movies

For movies, findings by *Entertainment Science* scholars on pre-release advertising's effectiveness paint a largely consistent picture. Elasticities for advertising prior to a North American movie release range from 0.30 to 0.40, suggesting that a 10% increase in ad spending corresponds with an average box office increase in the opening week of around 3–4%—a substantially larger impact than the one usually found in other industries.

There are strong indications that part of that effect is of an indirect nature, mediated via the theater owners who, as a kind of “second audience” to advertising, adjust their supply-related decisions accordingly and choose to show a highly advertised film on more screens than one that gets less advertising by its producer. Here are some details from seminal studies:

- Elberse and Eliashberg (2003) report a total elasticity of pre-release advertising of 0.40 for the opening week in North American theaters, using a 3SLS regression for 164 American films in or after 1999 (but not controlling for advertising's endogenous nature);
- Ho et al. (2009), via a GMM regression for 302 movies from 2000 to 2002, also find a total advertising elasticity of about 0.40 on the North American box office. They use the cumulative ad spending in the previous week as an instrument for release-week advertising;
- Gopinath et al. (2013) find a pre-release advertising elasticity for the North American opening weekend of 0.39 when running a two-stage regression approach for 75 movies released in 2004 based on data for different geographic markets in the U.S. They address endogeneity concerns by using a film's production budget as an instrument for advertising spending; and
- Clement et al. (2014), in their study of more than 2,000 films from 2000 to 2010, find a total advertising elasticity of about 0.30 for the North

American opening weekend (via a 3SLS regression). They do not use any bias correction for advertising.

All these results support the idea that spending for advertising prior to a new product's release makes sense. However, because the elasticities are clearly below 1, the effects should not be overestimated. This is also what Elberse and Anand (2007) conclude from studying the impact of advertising for films with data from the virtual Hollywood Stock Exchange. When they link weekly pre-release advertising for 280 movies from 2001 to 2003 with the movies' stock prices (which reflect the traders' revenue expectations) with a dynamic hierarchical linear regression, Elberse and Anand find that a \$1 increase in advertising is connected with an expected (total) box office increase of \$0.65, on average.

So, does this all mean that film studios spend too much for advertising prior to a new movie's release, an oft-heard claim among Hollywood producers (e.g., Mechanic 2017)? Not necessarily. One has to keep in mind that theaters (for which these effects are measured) are only the first in a series of distribution channels, and studios hope that pre-release advertising not only triggers success in theaters, but also pays off in later channels by contributing to the establishment of a strong entertainment brand. In other words, pre-release theatrical advertising is expected to spill over on sequential home entertainment channels.²⁹³

But the effectiveness of advertising aside, its high costs certainly suggest careful planning and coordination of advertising with other entertainment decisions. Such care might become even more important in the future, as older advertising studies seem to reveal a declining effectiveness of pre-release advertising over the years. For example, when Basuroy et al. (2006) studied movies from the 1991 to 1993 time period, they find a pre-release advertising elasticity of 0.66 on opening week revenues.

²⁹³Please see our discussion of the various, and often sequential, entertainment distribution channels. Spillover effects can be expected to be mostly indirect by triggering the success of the film in theaters which then is a major driver of success in subsequent channels. Luan and Sudhir (2010) provide empirical evidence for such an indirect spillover effect for a data set of 526 movies newly released on DVD (from between 2000 and 2003); whereas theatrical advertising spending has no direct statistically significant effect on DVD sales, the movies' box-office results have an elasticity of almost 1 for DVD sales. Their results also point out that advertising at the DVD release is much less effective than theatrical advertising for its respective distribution channel—the average elasticity for DVD advertising is only 0.03 on the release-week sales of the DVD (and drops quickly afterwards). We discuss in much more detail the indirect effect via success later as part of the “earned” communication chapter of this book.

The studies listed above analyzed pre-release advertising, in general, rather than individual media such as print, TV, or digital.²⁹⁴ Some scholars, though, have looked into the effectiveness of different media prior to a movie's release. We have already mentioned Karray and Debernitz' (2015) work that focuses on trailers prior to the movie's launch. Studying how the release of 140 movie trailers (for films released in 2010 and 2011) influences the success expectations for these films by HSX traders, they find that a trailer that is released before a movie opens is, on average, associated with a \$2.2 million increase of the (expected) North American box office. The trailer impact is positive for 90% of the trailers they study and is as high as nearly \$8 million for some trailers, with trailer effectiveness being above average for certain types of films (e.g., science-fiction/fantasy movies) and release dates (April-May and August-November). The scholars do not empirically distinguish between the impact of trailers in theaters versus trailer views on the Internet (a type of "owned" media), it's not clear which part of the effect can be attributed to advertising (versus "owned" media).

Ho et al. (2009) also look at trailer effects above and beyond general advertising. They focus on trailers that are shown on TV during a very special event: the American Super Bowl. Such trailers deserve particular attention because of their enormous fees; film studios can pay more than \$5 million for a single airing (Lieberman and Busch 2016). With a GMM regression analysis, Ho et al. studied whether spending for a Super Bowl ad (which was the case for 19 of their 302 films from 2000 to 2002) made an economic difference at the North American box office—they find that the total elasticity for Super Bowl advertising is significant, but only about 0.02 and thus substantially lower than for conventional TV advertising.

But that doesn't mean Super Bowl advertising is ineffective: elasticities are about *percentage* changes, so that the base value matters strongly. And because *most* films have literally zero ad spending for the Super Bowl, increasing their budget can offer larger returns. Through simulations, Ho et al. show that the average box office increase for an additional Super Bowl spot (ads cost about \$2 million at that time) is about \$7 million, compared to an average box office increase of \$1.7 million if the same money had been

²⁹⁴To be precise, Ho et al. use only TV ad spending in their study (because they want to compare its effects with those of Super Bowl advertising on TV—see in the text below). However, because they do not include any other (i.e., non-TV) advertising media in their analysis, the TV spending measure serves as a proxy for ad spending in general, rather than reporting only the specific mechanisms of TV advertising.

added to the *conventional* TV advertising budget. But Super Bowl advertising returns are also highly diminishing—Ho et al. demonstrate that airing a second spot adds less than \$1 million in box-office revenues, or 15% of the first spot. But be careful: such simulations are only valid for the conditions under which the data was collected—they do not tell us the value of Super Bowl advertising should many more trailers be aired.

The Case of Other Entertainment Products: TV Series and Video Games

How does pre-release advertising impact entertainment products other than feature films? Lovett and Staelin (2016) look at TV shows, studying the success of the first six episodes of the TV adventure drama series HUMAN TARGET when it was aired in the U.S. in 2010 by Fox. The scholars use survey data from more than 1,000 members of a consumer panel and focus on the exposure to advertising that consumers remembered. Through linear probability models (a type of logistic regression), they find that if a consumer remembered having seen an ad for the show, the probability of watching the show increases by 5%. The authors also included owned and earned communication which assures us that the reported advertising effects are not the result of these alternative information sources.

For video games, we find a pre-release advertising elasticity of 0.13 for a data set that consists of all 100 games released for the Microsoft Xbox 360 console between 2011 and 2012 (Marchand et al. 2016). This result, which is only marginally higher than the elasticity found for general games advertising, refers to the global revenues of a game on its first weekend (games are mostly released on the same day around the globe), using OLS regression and not accounting for advertising endogeneity.

Our own finding is very similar to the one reported by Burmester et al. (2015), who study the link between advertising and the German sales of a much larger set of games: more than 3,000 that were released for consoles or PC between 2004 and 2009. With a fixed-effects panel regression in which they use the number of printed ads as a proxy for ad spending and controlling for advertising endogeneity with a “copula” approach, they find that pre-launch (magazine) advertising affects launch sales with an elasticity of 0.12.

Finally, Xiong and Bharadwaj (2014), for a data set of 673 console games from 2009 to 2010, report even slightly lower elasticities for pre-release advertising (0.05–0.08) from an OLS regression with robust stand-

ard errors (but no endogeneity adjustment). The lowest values are found when the pre-release buzz for a new game is included in the model. As advertising can also function also as a major driver of such buzz for new entertainment products, we suspect that the latter variable here “steals” some of the explained variance of game success that should instead be attributed to advertising.

In summary, these results teach us three things: advertising that is done before a game’s release is (1) only marginally more effective than game advertising in general, (2) similarly effective as advertising for other (non-entertainment) products, but (3) clearly less effective, on average, than pre-release advertising for new *movies*.

More on Contingencies: Interestingness, Uncertainty, Situational Factors. And Culture?

Average effect sizes are useful because they provide us with a fundamental understanding of how marketing measures usually affect consumers and product success. But entertainment products, of course, differ quite enormously from each other, so it can be insightful to take a closer look to learn about factors that might increase or lower the effectiveness of pre-release advertising for entertainment products. Scholars have shed initial light on a number of such factors, and we already pointed at some of their findings in our previous discussion. But let us take a more systematic look now at such contingencies.

“Interestingness” because of high quality and other factors. Several studies indicate that the effectiveness of pre-release advertising is higher if the advertised product is of “high quality.” The logic behind this builds on the “two-step flow” argument of communication, according to which the awareness triggered by advertising can spill over via consumer communication to other consumers who have not seen the original ad. But this will happen much more often if consumers consider the advertised product to be interesting and thus “communication-worthy” (Luan and Sudhir 2010).

Specifically, both Bruce et al. (2012) and Elberse and Anand (2007) have found that movie advertising is more effective for movies that are judged positively by critics; Luan and Sudhir (2010) report a similar effect for the interplay of pre-release advertising and consumers’ movie evaluations on initial DVD success. The same logic might also be behind Luan and Sudhir’s finding that advertising is more impactful for DVDs that have bonus fea-

tures: from a consumer's perspective, bonus features might be a (search) quality dimension that help them judge a DVD.

But interestingness might not be limited to quality per se, but may also vary with other product elements, such as having a prominent brand. Basuroy et al. (2006) find that advertising is more effective for sequels than nonsequels. We assume that sequels, with their high built-in familiarity, are more interesting for consumers, which intensifies advertising-based awareness.

But why then do Shehu et al. (2014) find book advertising to be most effective for *lesser* known writers, as we reported earlier? Given the critical role of authors for books, it could be that their mere presence assures an awareness-generating treatment by journalists and retailers, so that awareness for star authors is virtually guaranteed even without advertising, and the incremental awareness caused by advertising is small. For books by lesser-known authors, however, advertising is about the only way to make people aware.

Uncertainty. We have argued that, in addition to generating awareness, advertising can also serve as a quality signal on its own and reduce consumer uncertainty. We believe that this is what explains Basuroy et al. (2006) finding that advertising is more effective when there is a lack of consensus among critics about a movie's quality. But do not some features, such as being a sequel, also *reduce* uncertainty for consumers? We argue that the total effect of advertising for an entertainment product is the result of a weighing of the product's interestingness versus uncertainty about its quality. Basuroy et al.'s results suggest that for sequels the "interestingness effect" (which, in the case of sequels, boosts advertising's effectiveness) is stronger than sequels' uncertainty-reduction effect (which would cannibalize advertising effects).²⁹⁵ A similar argument can be made for a movie's success in previous distribution channels: it amplifies the creation of interest via advertising, but also reduces uncertainty on its own by signaling high quality. Luan and Sudhir's (2010) finding that advertising effectiveness on DVD does *not* benefit from a film's prior theatrical success suggests that the two effects cancel each other out in this case.

The situation. Luan and Sudhir report that advertising is more effective at certain times of the year than others. Specifically, their results suggest that DVD shoppers are more responsive to advertising in "high-demand sea-

²⁹⁵But let's keep in mind that Basuroy et al.'s study is based on only 11 sequels.

sons,” i.e., certain holidays. Their results point out that timing makes quite a difference; the advertising elasticity is almost twice as high over Christmas, and the specific elasticity for romance movies is even tripled around Valentine’s Day.

Culture. We don’t know much yet about whether pre-release advertising effectiveness for entertainment varies between cultures, but it seems kind of intuitive, given the differences in media and entertainment usage between countries we have already reported. Further, uncertainty avoidance is a key dimension on which cultures differ, and advertising is a means to address such uncertainty. Consistent with this logic, Clement et al. (2014) detect a much lower pre-release advertising elasticity (<0.10) for German moviegoers: Germans not only go to the movies much less frequently than Americans, in general, but a film requires much more advertising to spur them to go.

The Effectiveness of Post-Release Advertising

Whereas, at least for filmed and programmed entertainment, the majority of advertising takes place before a product’s release, spending usually continues afterward. Let us thus take a look at the effectiveness of advertising that takes place *after* a product has been released for the different forms of entertainment.

Movies. Those scholars who have linked advertising spending in the weeks after a movie’s release with box-office results have found elasticities for post-release advertising that are even slightly higher than those for pre-release advertising. Specifically, Gopinath et al. (2013) report an advertising elasticity of about 0.50 in the four weeks after the movie’s release, and Basuroy et al. (2006) find a weekly post-release advertising elasticity as high as 0.71. Those results should be interpreted with care, however; we have shown that ad spending for movies is, in general, *much* lower after a movie’s release which affects the interpretation of elasticities (i.e., the lower *absolute* dollar amounts provide a much smaller initial base). And it is also highly selective, with successful films getting the lion’s share of post-release ad spending. Thus, producers should not interpret these results as a call for higher post-release ad spending (but make sure to read our thoughts on such reallocation in the following section).

Moreover, the results from Luan and Sudhir suggest that post-release advertising is largely *ineffective* in later distribution channels. In their study

of DVD sales, the authors find that advertising effectiveness declines by 30% per week after release and vanishes completely in the fourth week. Regarding advertising formats in this time frame, Smith and Telang (2016) compared the effectiveness of different digital advertising formats for home entertainment revenues of catalog movies in a series of field experiments. Whereas their findings do not show any differences in ROI between search advertising and banner ads, one type of advertising produced a superior ROI: cookie-based retargeting of users who had shown an interest in a movie via their “online journey.” The scholars suggest that managers should pay more attention to this “under-used aspect of online advertising” (p. 3). Managers who want to use consumer journeys to guide ad spending, however, will benefit strongly from a rich understanding of consumer’s entertainment-related decision making.²⁹⁶

Games. The studies that have looked at post-release advertising effects for games show a somewhat different pattern than those for movies. Burmester et al. (2015) find, in their weekly analysis of German games sales, an elasticity of 0.08 that is one-third smaller than for the pre-release period for a cumulative “stock” measure of advertising. Our analysis of global game sales also shows a lower impact for post-versus pre-release ads (Marchand et al. 2016).

Our findings point at something else though: when estimating advertising effects for different weeks, we find a U-shaped pattern for advertising effectiveness, with an elasticity of 0.06 immediately after the release, complete ineffectiveness in the following weeks, and an elasticity of 0.07 in week 8 (the last one we looked at). Similar to what we have said for movies, however, this latter finding might be affected by a concentration of advertising on successful titles, as well as clearly lower spending levels over time.

Books. Brinja Meiseberg (2016), using a data set of 30,000 books that were already available for purchase, does not look at conventional advertising, but the book samples that are provided to readers. Meiseberg uses an unconditional quantile regression approach to see how the provision of a sample influences the sales rank of a book at Amazon’s German site. Controlling for a large number of alternative influences (but not for conventional advertising), she finds that the provision of a sample indeed goes

²⁹⁶Our discussion of this process in our entertainment consumption chapter might serve as a good start.

along with higher book sales. The influence is strongest for the lowest selling 20% of books in her data, but it is also significant for the top-selling quantile. Overall, the effect is quite substantial—on average, samples improve a book's sales rank in her data set by between 7% (for higher-ranked books) and 11% (for lower-ranked books).²⁹⁷

Music. In the music context, Dewan and Ramaprasad (2014) analyze how airplay influences the sales of music that has already been released. They examine a comprehensive data set comprised of weekly sales from 2006 for about 1,000 songs and 594 corresponding albums. Via a VAR model (which addresses the endogenous nature of airplay—hits are played more often), the scholars analyze “lagged” effects, isolating how the amount of airplay in a given week influences sales in the same week and also in the following weeks.

They find that airplay impacts both song and album sales, and that it does so most strongly in the week it takes place, wearing out shortly afterward. The short-term airplay elasticities are about 0.04, which is a little higher than what Papies and van Heerde (2015) reported. But we have to keep in mind that Dewan and Ramaprasad look at a *specific* song or album instead of airplay effects on an *artist's* total repertoire of music. Interesting insights also come from an additional analysis of subsets of data: here the authors find that airplay effects are substantially higher for independent songs and albums (which struggle to get airplay at all!) and also for music by artists who do *not* have a high reputation, a finding similar to what Shehu et al. (2014) found for books.

Balancing Advertising Timing Within and Between Sequential Distribution Channels

The comparison of pre-release and post-release advertising effects are informative, but they do not directly address the question of whether allocating advertising budgets differently over time would impact product success. Can *Entertainment Science* teach us something regarding this complicated matter?

²⁹⁷In Meiseberg's study, the bivariate correlation of -0.39 between the provision of a sample and the book's sales rank is higher than for most other variables such as word of mouth and price, and comparable to the correlation of sales with the TV appearance of a book title.

When Bruce et al. (2012) conduct extensive simulations for their movie data set, they conclude that about 55% of the films in their data set would have benefitted from having allocated more of their advertising budgets *earlier* in the process. They calculate that such a shift would have increased theatrical revenues per film by up to 15%. For the home entertainment stage, their results suggest a similar move: here, 44% of the films would have gained revenue (up to +16%) by spending a larger share of the advertising budget earlier. Figure 11.5 shows the percentage shifts in advertising spending that Bruce et al. recommend for both the theater and the home video stage across their data set of films.

The scholars also offer a glimpse into how product characteristics influence the effectiveness of such intertemporal advertising decisions. With regard to advertising for the theatrical release, they recommend that films that critics rate highly benefit strongly from shifting advertising toward pre-release, a conclusion that is line with the finding that high quality entertainment benefits from early advertising because it triggers communication among consumers (which raises awareness and creates “buzz”). For action films, in contrast, moving a larger share toward later weeks might be preferable, perhaps because of the low uncertainty that consumers perceive for this rather clearly defined type of entertainment.

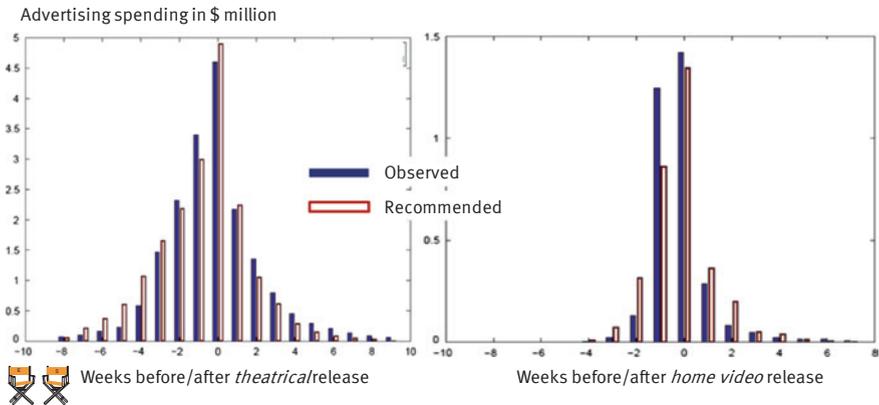


Fig. 11.5 Actual versus “optimal” allocation of movie advertising over time
 Source: Reprinted with minor adjustments with permission from Journal of Marketing Research, published by the American Marketing Association, Bruce et al. (2012) Dynamic Effectiveness of Advertising and Word of Mouth in Sequential Distribution of New Products, August 2012, Vol. 49, No. 4, pp. 469–486.

And as entertainment products are often released sequentially through different distribution channels,²⁹⁸ how should advertising be allocated across these channels? The channel-specific elasticities we reported before provide guidance, but there is also evidence that success in the initial channel spills over to impact product success in later channels via what we call “uninformed cascades.”²⁹⁹ So it seems logical to suggest that advertising in the first channel will, if influential, spur this spillover process, which further enhances the attractiveness of initial-channel advertising over less-powerful sequential-channel advertising.

In summary, what do we learn from the numerous studies into the effectiveness of entertainment advertising covered in this section of the book? We find that early advertising can be highly effective for “high-quality” movies and, to a lesser degree, games; its impact is leveraged as it is capable of setting off communication and buzz cascades for products in which consumers have interest. So, if products are “buzz-worthy,” making them well known early in the process makes sense. Although there is no empirical evidence, doing so should also work when a product is highly unique, such that it can instantly trigger chatter and build awareness, essentially “building” the product brand—think of movies such as *INCEPTION* and *AVATAR* or games like *RED DEAD REDEMPTION*. Quality (or its anticipation) will matter here, too.

If a new entertainment product has only limited means to signal strong quality and thus has low communication potential, pre-release advertising will be less effective. Very high amounts of ad spending would be needed to generate sufficient awareness to ensure marketability in this case. But for such products, advertising *after* the release can be impactful, as evidenced by post-release advertising elasticities. Studies suggest that the impact of post-release advertising is affected by quality, too, but experiences play a bigger role than anticipations for them. For music, receiving airplay is a powerful way to boost sales, particularly for independent labels and unknown artists. In the case that a product is *lacking* quality (both signaled and experienced, in the views of consumers and experts), results suggest that advertising may not help much even after its release.

Empirical research also shows that advertising elasticities clearly vary between the different forms of entertainment, being highest for movies, followed by games and then music. Regarding books, we need to see more empirical evidence before making definite judgments, but paid advertising, as well as the provision of samples as a form of advertising, seems to help product success.

²⁹⁸Please see our discussion of this issue in our chapter on entertainment distribution.

²⁹⁹We look into this phenomenon more deeply in our discussion of “earned” communication in the next chapter.

But paid communication must no longer be restricted to advertising. Today, advertising needs to be complemented with the “new kid in communication town”—owned channels, and social media, in particular. Let us now explore the role that such channels play for entertainment success—and what we know regarding their effective use.

Attracting (and Keeping) Audiences via Owned Media: Playing Pinball

“For long periods, [pinball] was widely regarded as a form of gambling, a game of pure chance. [But] anyone who plays today realizes instantly that pinball demands skill: how you can bang the machine’s side to change the trajectory of the ball – but not too hard, or else a tilt ends everything; how to trap the ball on a flipper, teeing it up to aim at targets with different scores; how to direct the ball into a slingshot channel... and so on, and so on.”

—Cornwell (2011).

Back in 2009, then-CEO of Sony Pictures Michael Lynton named the new realities that confront entertainment in the digital era: “[the] Internet with Twitter, Facebook, YouTube or MySpace, but also mobile phones have completely changed how we [as consumers] perceive and understand our environment” (Lynton 2009). With MySpace long gone, replaced by new platforms such as Snapchat (where Mr. Lynton now serves as chairman), his words captured the essence of what is new: entertainment consumers are no longer passive receivers of information, but have adopted a new role as active co-producers of the value they strive for, a role that creates novel expectations and requirements for managers.

The digital space, providing consumers with literally unlimited room for expression and exchanges, as well as multifarious new ways to entertain themselves, offers consumers more power when it comes to dealing with marketers, and consumers have adjusted their behaviors accordingly (Labrecque et al. 2013). In this new world, firms cannot simply speak *to* customers via traditional advertising vehicles as they could in the analogue days. Instead, firms must find ways to *engage* consumers regarding their entertainment products and brands. Internet-based platforms provide entertainment producers with rooms for such engagement to take place—such as Facebook brand pages, Twitter accounts, YouTube channels, and presences on Instagram, Snapchat, etc. These environments are the “owned media” we are talking about in this section—it is here where consumers can be equal

participants with firms (or their personnel) in wide-open discussions and interactions.³⁰⁰

Although entertainment firms, with their highly involving, emotional, and identity-related products, should be ideal candidates for embracing the potentials of owned media, the road toward owned media has been somewhat rocky for them. Although there are some wonderful examples of how entertainment producers have unlocked the potentials of owned media (we describe them below), the majority of the industry has been rather hesitant to adopt new approaches. They have instead employed the Internet, and owned media platforms, as a purely promotional vehicle—another broadcasting channel instead of making use of the customer’s active co-production potentials. As Fritz (2015) described it: “Despite efficient new digital platforms, rarely are producers, executives, and other power players behind a movie willing to try something new that could be blamed for a weak box office performance.”

But with the “Nobody-Knows-Anything” mantra as the starting point of our journey toward *Entertainment Science*, this should not really come as a surprise. “Nobody Knows” stands for a risk-averse attitude, implying that nothing can be learned or generalized, and it favors existing models (because with them nobody can be blamed for bad outcomes when one did things the standard way), whereas new approaches and experimentation incur personal responsibility for failure.

Entertainment Science scholars have taken a quite different path—one that provides a way forward for managers. Scholars have been uncovering the “rules” for effective owned-media marketing decisions, which turn out to be paradigmatically different from the rules for traditional media. One key insight is that these new rules resemble those of a chaotic pinball machine, so that marketing activities work best when entertainment marketers consider themselves as “pinball players” when designing owned media strategies, investing in what it takes to become a dedicated digital media “pinball wizard.”

In the following, we will first explore more deeply this notion of entertainment marketing via owned media as pinball playing. Then we focus on two of the pinball metaphor’s key aspects: (1) finding the “right” content

³⁰⁰The term “owned media” itself is actually a little misleading, as producers usually only *rent* the media from the platform providers or use it for free, compensating the platform with advertising spendings. It can be considered a reminder of the early days of such digital meeting places, where the places were usually “brand community” websites hosted by producers themselves. Although such sites still exist, their relevance has fallen far behind those environments provided by platform providers.

that is needed to play successfully (or, to stay true to the metaphor, choosing the “pinball” itself), and (2) moderating the conversations (i.e., handling the “flippers”). Afterward we will inspect what empirical studies tell us about the effectiveness of owned media in entertainment. And we will end the section with a quick look at a non-digital kind of “owned media”—the packaging of physical entertainment, such as a book’s or album’s cover. But let’s play pinball now!

The Pinball Framework of (Entertainment) Communication

Why use a pinball metaphor to understand the digital era? We argue that in the older analogue world without social media, the task of marketing a product was somewhat similar to the activity of bowling—communication, via paid advertising, was linear and one-directional. In a bowling metaphor, consumers are the pins and the ad is the bowling ball that impacts them and causes them to fall (i.e., seeing a new movie or buying a new game). The bowling alley is mass media which transports the ball (ad) to the pins (consumer) (see Hennig-Thurau et al. 2013).

We argue that in the digital world, the bowling metaphor has lost its meaning, and marketing is now better characterized as a pinball game (Hennig-Thurau et al. 2010). In this pinball framework, information about a new product—the “ball”—is introduced, but the consumers are no longer pins that fall down once they have received the information. Instead, they are the various elements of the pinball field, such as bumpers, kickers, and slingshots; these elements are no passive receivers, but actively divert the ball, accelerate or slow it, and shoot it back at the player with high speed.

This reflects the role of consumers in the digital “pinball” environment, who are no longer passive and isolated, but active and interconnected within digital social networks. Consumers can change the intensity and even the meaning of an original message in numerous ways, such as by sharing information, feelings, and experiences with friends via status updates or via reviews posted as videos (Hennig-Thurau et al. 2013). Because such consumer actions happen so fast and can be observed by large numbers of other consumers, a single voice can escalate into massive word-of-mouth and buzz cascades—the equivalent to multi-ball play in a pinball game, if you will.

Unfortunately for entertainment firms, these cascades are not limited to positive information, but can also take the form of negative firestorms (such as when fans do not agree with a casting decision for their hero character;

e.g., Pfeffer et al. 2014, as well as our own work in Hansen et al. 2017). And then there is still traditional mass media. Instead of providing the level path to the consumer as in a bowling alley, mass media now further add to the pinball game's unpredictability by serving as additional bumpers and slingshots that can, through its coverage, multiply individual consumers' social media episodes and provides the basis for even more drastic pinball actions.

Figure 11.6 illustrates the complexities and dynamics of entertainment communication in a pinball environment. Brands stimulate and interact with active and networked consumers, who use and contribute to digital and social media, chatting about the brand, but also “firing back” at it directly. Consumers also get input from (traditional) mass media, which are themselves closely connected with digital and social media, both covering their activities, but also spurring them.

But most importantly, the *goals* of marketing communication need to be different when playing pinball. Whereas bowling was all about making

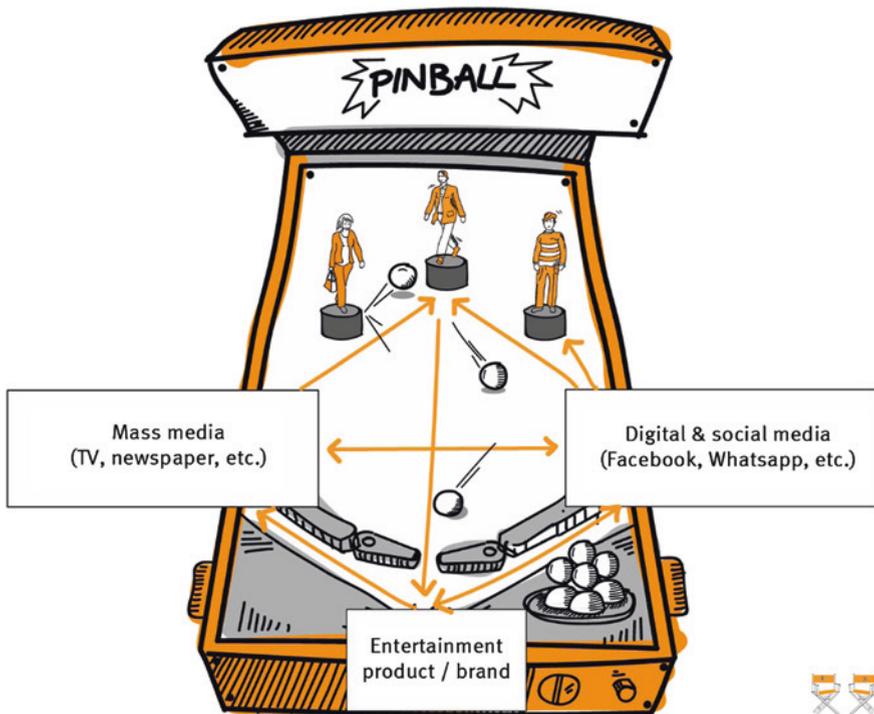


Fig. 11.6 Entertainment communication as playing pinball

Notes: Authors' own illustration based on ideas from Hennig-Thurau et al. (2010). Graphical design by Studio Tense.

people notice and hopefully purchase a new entertainment product, this is not how the pinball machine works. Instead, success in pinball is achieved by stimulating the engagement of consumers and triggering feedback loops (that hopefully are positive) among consumers and media. Scoring points via engagement gets more people involved (creating awareness), but also is the foundation for strong anticipation as expressed in high buzz levels—a key antecedents for success in most entertainment markets.

Scoring pinball points requires excellence in two related fields: (a) in selecting and offering powerful content via owned media platforms that meets these objectives, and (b) in moderating the chatter by the use of specific communicative and organizational practices. Whereas some consider playing pinball a random game, a lottery, a pure gamble (that's why it was banned in the 1920s and 1930s in large parts of the U.S.), it is actually a game of skill: a player's performance in pinball largely depends on his or her ability to manage "deterministic chaos"—to anticipate and react to unpredictable events in a competent manner (see Cornwell's introductory quote to this section).

It is hard to find a major entertainment release for which its producers have not set up a Facebook brand page. But taking a pinball perspective shows that this is not the same as mastering the game. We will now discuss what kind of content (i.e., pinballs) works best in social media and then study the art of moderating interactions (i.e., operating the flippers).

Content that Matters

In pinball times, content has two functions. First, it has to send consumers along a standard decision-making journey, from awareness to buying. Consumers increasingly use producers' owned-media resources on social networks, such as YouTube and Facebook, as important means for getting information about new entertainment products, supplementing what they learn from traditional media channels (see Tedford 2015). But second, content must also trigger engagement because engagement is the source that can make the content go viral among consumers. This changes our understanding of what defines "good" communication content: content has to function in both paid media (where it is used to generate awareness and interest) and owned media (where the goal is to stimulate engagement and feedback).

For stimulating this level of consumer engagement, offering "valuable" content is crucial. This brings us back to the "what-to-communicate"

question we discussed earlier—Disney expertly edited their trailers for *THE FORCE AWAKENS* in a way that not only generated high awareness and interest, but at the same time invited consumers to fill the social media space with intense speculation regarding the meaning of the content of the trailer (Gallagher 2015). But pinball content is not limited to reediting traditional communication formats such as trailers, as is evidenced on social media pages on a daily basis. Whereas in 2016 the global Facebook page of Marvel offered a rich blend of news, background information about their superheroes, podcasts, and interviews, rival DC Comics at the same point in time basically provided only information about their titles' release dates. Marvel's Facebook page had 18 million fans, while DC's was "liked" by only 2.8 million (Jecke et al. 2015).

So, what exactly makes content valuable in a pinball world? Initial insights come from general scientific endeavors that shed useful light on this evolving issue. For example, based on about 100 qualitative "means-end" interviews (a series of "Why is this important to you?" questions) with users of brand pages on social media, we identified 14 different (and combinable) content practices that provide benefits to consumers on brands' social media sites (Kaczinski et al. 2016). With a follow-up survey of more than 4,000 representative German consumers, we then assessed the value of each type of content for consumers by measuring how often it was mentioned by respondents and linked the content types to consumer behaviors that provide economic contributions to a brand or firm.

We find that the value of content practices differs for customers versus firms, but also between industries. Figure 11.7 shows the Top 10 practices in terms of their value for consumers and also their impact on firm success ("customer engagement value").³⁰¹ For media brands (a heterogeneous set of news and entertainment brands/firms in this study), respondents were most often impressed by high-quality and topical content and general (versus product-specific) information. But we found the strongest *economic* impacts for content that is exclusive, shares background insights, and is aesthetic. Also, several content types, such as playful content, are more important in an entertainment context than they are in other industries.

Whereas our study focused on consumers' liking of a brand page, others have put the *virality* of its content on center stage. The work by Jonah Berger and his collaborators, using econometric techniques to explore which

³⁰¹Customer engagement value is a multi-dimensional performance indicator, combining consumers' repurchase and referral intentions, among other contributions. For a more detailed look at the concept, we refer you to the article by Kumar et al. (2010).

<i>Content</i>	<i>Value for consumers (rank from 1 to 10) – media / all brands & firms</i>	<i>Value for firms (rank from 1 to 10) – media / all brands & firms</i>
Premium quality content	#1 / #3	#6 / #5
Topical content	#2 / #1	#8 / -
General trends and developments	#3 / #2	- / #10
Comedic content	#4 / #8	#10 / #7
Official content	#5 / #10	- / #6
Background insights	#6 / #6	#2 / #3
Diverse content	#7 / #5	- / -
Playful content	#8 / #9	#5 / -
Aesthetic content	#9 / #7	#3 / #4
Education	#10 / -	#4 / #1
Exclusive content	- / -	#1 / #2
Economic incentives	- / -	#7 / #9
Dramatic content	- / -	#9 / #8

Fig. 11.7 Most valuable types of social media content

Notes: Authors' own illustration based on data from Kaczinski et al. (2016). The number before the slash is the importance for media brands and firms only; the number after the slash is the importance rank for all brands and firms. The value for consumers reflects how often a content type was mentioned as valuable by participants; the value for firms is its impact on a multi-item measure of "customer engagement value," estimated through OLS regression. "-" means that a content type was not among the Top 10.

facets of content engage people, is particularly insightful here. In a study of almost 7,000 New York Times articles published during a three-month period in 2008, Berger and Milkman (2012) investigate what makes a newspaper article more likely to be shared with others (via email) by its reader. Using a logistic regression approach (whether an article appeared in the most-emailed list is their dependent variable), they find that it matters for sharing whether the content of an article can provoke consumer emotions.

But we have learned that emotions are a complex, more-dimensional concept. For virality, Berger and Milkman report that content that offers a positive (versus negative) experience gets a general bump in terms of sharing, particularly articles with the potential to spur high-arousal positive emotions (such as awe). But as with entertainment products in general, triggering negative emotions with communicative content is not necessarily a bad thing; news associated with high-arousal negative emotions (anger and anxiety) are also shared more often.³⁰² In contrast, sad articles ("negative low-arousal")

³⁰²In Berger and Milkman's study, engagement is most strongly stimulated by anger and awe—a one standard-deviation increase results in a 34% (anger) and 30% (awe) higher probability that content is shared with others. The authors used different methods to measure their drivers of sharing behavior—general emotionality and valence were measured with an automated text mining approach, whereas they used human coders to determine the specific emotional potential of articles.

tend to be shared less by readers. The scholars also find that if a text is considered to be “interesting,” “informative,” or “surprising,” readers’ engagement is higher too.

Although stimulating engagement is important, it needs to lead to consumption in the end to warrant entertainment success. Akpinar and Berger (2017) study this link in an advertising context; for 240 online ads they track not only the number of shares by consumers over a six-month period, but also the purchases of the advertised products. In line with Berger’s earlier work, they find that emotional appeals (e.g., ads that make strong use of dramatic elements and music) are shared more often—but informative appeals are more effective than solely emotional ones for triggering purchases of the advertised product. Thus, content should integrate emotions and information if the goal is to result in sharing and sales. In some ways, this finding resembles what we have known for offline communication for quite some time: that not everything that arouses consumers (the half-naked model) gets them to buy the product (that he/she is promoting). It is also consistent with our own findings regarding the differential impact of social media content on consumer enjoyment versus spending.

Although entertainment producers have generally been hesitant in their adoption of engagement-targeted communication strategies, some masterful exceptions exist that offer enormous room for learning. Among those entertainment campaigns that triggered enormous engagement and were very successful financially is the one for the low-budget independent horror film *THE BLAIR WITCH PROJECT*. Considered one of the “best-ever” social media campaigns (regardless of industry affiliation), the campaign was all about content and engagement at a point in time when social media did not even exist (Facebook was founded half a decade later). The rights owners of the film set up a unique website months before its release, creating the illusion that the film would actually be authentic, “lost footage” from the three filmmakers, instead of being a work of fiction. The website provided a timeline of “events” about the “Blair Witch” myth, faux newspaper clippings about the crew’s disappearance, police photos of found evidence and their missing car, and interviews with fictional experts (in dedicated MOV format!), such as David Mercer, an anthropology professor from the University of Maryland whose student had discovered a bag that belonged to the missing filmmakers.³⁰³

³⁰³At the time of writing this, the original website for the film was still accessible in its historic format: explore it (at your own risk...) via <https://goo.gl/2w3gm4>.

The website content was accompanied by filmed “mockumentaries” that were aired by regular TV stations before the release and missing-persons leaflets that were handed out at the Sundance Film Festival. Consumers enjoyed the speculation surrounding the film; preceding the film’s theatrical release, the website was the most-visited film website of 1999 and among the 50 most-visited sites on the entire Internet. Online forums were full with discussions about the film’s mysterious status (e.g., “Re: the answer to if THE BLAIR WITCH PROJECT is true!!!;” Harris 2001). The film ended up grossing almost \$350 million (in 2017 value) in theaters alone and ranks as one of the most profitable entertainment products of all time.

A more recent entertainment example of using owned-media channels to provide content that works effectively in the pinball environment is the movie TED, an R-rated comedy about a foul-mouthed teddy bear. About three months before the film’s release in the summer of 2012, the newly created Twitter account @WhatTedSaid greeted potential moviegoers in the lead character’s dedicated offensive style: “Hello, Twitter. Kindly go f*ck yourself.” In the following weeks, the bear sent almost 200 tweets in which he insulted nearly everyone, proving to have a seemingly unlimited repertoire of abusive language. On opening night, he demanded his followers to see his film, tweeting “Here I go, f*cktards! Smoke a fattie and come hang out with me this weekend at your local theater. Or, go to one far away, I don’t care.”

Such messages, pushed out to the phones of more than half a million consumers, certainly classify as high activation content, particularly as they were consistent in tone with the on-screen persona of the title character. To assure this match, they were worded by Alec Sulkin and Wellesley Wild, the film’s screenwriters. The producing studio Universal honored their special social media service with extra salary and provided them with immense latitude; according to the studio’s responsible manager, “The parameters were, ‘Just go to town’” (Doug Neil, senior vice president of digital marketing, quoted in Dodes 2012). Most tweets were retweeted more than 1,000 times, and consumers’ high engagement levels translated into hit status: the film (produced for \$50 million and involving only TED’s co-star Mark Wahlberg and creator Seth MacFarlane as brands) greatly exceeded industry expectations and generated theatrical revenues of more than half a billion dollars.³⁰⁴

³⁰⁴As an aside, the film’s producers were later (unsuccessfully) sued for similarities of their teddy bear character and their social media marketing approach, including the wording of some Twitter posts, with a web series that had aired on YouTube three years earlier and its marketing campaign (see Robb 2014).

But TED also carries one more general insight for entertainment managers: whereas the film's producers used a similar social media approach and the same Twitter account for the sequel, audiences were clearly less enthusiastic the second time. We assume that the approach had worn out its welcome somewhat (i.e., reduced novelty equals fewer sensations) and had diminished potential for activating and engaging consumers. The writers also seemed somewhat less excited this time, as they crafted only 130 tweets over a five-month span, compared to 200 tweets in three months for the parent film. Thus, originality is crucial for stimulating audiences, even for sequels of hit films, or even more so for them. In pinball times, "routine" has a tough job.

Managing Consumer Engagement: Co-Creation and Moderation

"Don't forget I'm doin' Q&A today at 3 PM EST. Just use #AskTed and will someone remind me? I'm gonna be wicked stoned."

—*Character Ted from the movie carrying the same name via Twitter on June 6, 2012*

Playing pinball requires the "right" content, but it needs much more from a marketer than a smooth ball to succeed in this chaotic environment. In pinball marketing times, consumers demand an active role, and marketers have to find ways to deliver. Co-creating value by moderating a conversation with entertainment consumers about brands and their meaning is a potentially powerful approach to address this consumer need. But we also acknowledge that implementing such co-creation is far from trivial—how can you interact with individual consumers when there are millions of them?

The Logic of Co-Creating Entertainment Brand Stories

A brand's image, which is made up of what consumers like about the brand and identify with, is not static, but must change with and adapt to societal and cultural changes. As individuals, we all know this need for constant updating well; think of the way we talk (you don't say 'groovy' anymore, do you?), the information channels (bye-bye MySpace!) and devices (Blackberry anyone?) we use, and how we dress (the painful moment when we are told that we simply cannot wear our favorite suit anymore). The same applies to brands: when the environment changes (and it does all the time), brands have to adjust their appearance and values. In the pinball era, the way brand images are developed must account for consumers' active roles.

A core format for defining brands is through brand stories, which have traditionally been told to consumers via advertising and related communication activities. Ben and Jerry's is all about its origins (the "first ice cream scoop shop in a renovated gas station in Burlington, Vermont"; *BenJerry.com* 2017) and the Disney brand is about the vision of its legendary founder Walt to "make people happy" through entertainment. Each valuable entertainment brand has its own stories to tell.

Such brand stories, with lead characters, a plot, and an emotional outcome that is intended to enable brand attachment, have traditionally been determined solely by managers and then offered to consumers. But today's active consumers question this storytelling monopoly arrangement. They want to share their own brand stories, and the Internet and social media empowers them to do it. Take Britney Spears as an example: When a demo tape for her song *HOLD IT AGAINST ME* was leaked on the Internet, over 2,000 consumers recorded and uploaded video remixes of the song, with some of them attracting more than 700,000 views (Kaplan and Haenlein 2012).

Marketing scholars Gensler et al. (2013) compare the development of brand stories in pinball times to the assembling and re-configuration of a "brand story puzzle." We illustrate this brand-story-puzzle logic in Fig. 11.8: firm-generated, "official" puzzle pieces (the white elements in the figure) co-exist with consumer-generated, "unofficial" pieces (the orange puzzle pieces). These unofficial pieces are things like consumer reviews and essays, fan-made trailers, recuts, mash-ups, and spoofs. Whereas official puzzle pieces are centrally coordinated, those created by consumers are often heterogeneous, stemming from various sources and offering interpretations that are not necessarily in line with the manager's official narrative.

Gensler et al. recommend that managers should find ways to listen to and integrate some of the "user-generated" brand stories in the overall meaning of the brand, instead of ignoring consumers' actions and insisting on the firm's right to legally define the brand (remember that we have taken a consumer perspective when defining entertainment brands: it matters what consumers think of the brand, not what the firm wants them to do).

This co-creation of brand meaning is illustrated in the figure's right-hand side, where two puzzle pieces originally contributed by consumers have now been turned from orange to white—they have been embraced by the brand's managers and have become part of the brand's official narrative. The figure also shows that such treatment will only happen to a few selected consumer-generated

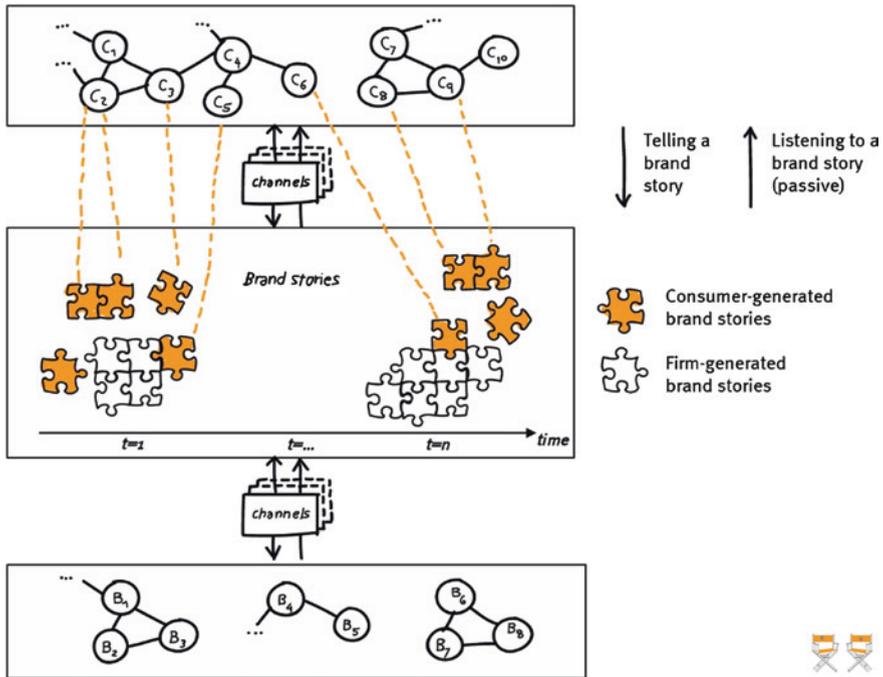


Fig. 11.8 Creating brand stories in pinball times

Notes: Authors' own illustration based on Gensler et al. (2013). Graphical design by Studio Tense.

stories; other orange puzzle pieces have not shared these pieces' destiny, but have remained separate from the brand's historiography (and were hopefully forgotten by consumers).

The key for succeeding in this puzzle task is *moderation*. In addition to developing plans for their brand, managers need to coordinate what is happening in the cacophonous pinball environment, stimulating some kinds of engagement while redirecting, or softening, others. Co-creation must not be confused with offering consumers the driver's seat of an entertainment brand's story and identity. Instead, the manager needs to remain the driver—but he or she should listen to the suggestions that consumers, as passengers, offer and be open to them.

Given that such co-creation of brand meaning implies at least a partial loss of control over one's own brand, and that it is immensely complicated, why should managers nevertheless *voluntarily* embrace such an approach? Here are three reasons:

- *Because the potential gain is immense.* Consumers today *want* to be active and taken seriously. Enabling active consumer involvement via moderation addresses that need. Consumers' thankfulness can set off powerful cascades, often in close connection with their creativity in producing innovative verbal or visual material for free.
- *Because it helps the brand to remain relevant.* Listening to consumers' engagement offers managers of entertainment brands a chance to keep in line with the continuously changing ambitions and desires of a brand's fans, helping to assure the timeliness and relevance of the brand and contributing to its longevity. Given the dynamics of culture, this should be considered essential for any entertainment brand.
- *Because it is happening anyway, and ignoring those who love a brand can only make things worse.* The Internet is full of user-created content for any major entertainment brand, and this content influences the perceptions of millions of consumers, even when managers look away. Several million consumers had seen "fan-made" trailers about *THE LAST JEDI* in April 2017 (when no official material was yet available), and almost 3.5 million had watched a fan-made teaser trailer for an *AVATAR* sequel user-titled *RETURN TO PANDORA*, influencing their expectations and anticipation for the actual coming attractions. Ignoring such engagement and lacking a close connection with fans carries the risk of affronting them and making them feel unwanted. This can be counter-productive given the crucial role of "core fans" for the broader adoption of any brand, but particularly for those ones which depend on consumers' emotional attachment—the standard case for hedonic entertainment brands. Alienating one's fan base can become particularly dangerous in times of (brand) crisis, when the support of these diehard fans is needed to change the brand narrative back to the better.

Let us stress that moderation is not the same as the mere stimulation of engagement. It also implies the need to respond to critical articulations from fans. Scholars Parmentier and Fischer (2015) argue that the decay of the TV show *AMERICA'S NEXT TOP MODEL* was caused by consumers' cascading negative word of mouth, creating doppelgänger brands, etc. Fans had "reframed" the brand's identity, with a focus on host's Tyra Banks persona as a "media mogul." This reframed identity then was the basis for consumer "remixing" activities when fans learned about a candidate in the show that violated its rules (such as creating belittling cartoons naming the candidate "Little Miss Cheater," a sarcastic blend of the criticized candidate with the character of the *LITTLE MISS SUNSHINE* movie). The scholars argue that the

remixing finally led to consumers' "rejection" of the show, when its managers' made a decision regarding which fans were found to be in contrast with what the managers considered the "true" identity of the show. Certainly, the lack of serious moderation efforts and skills by the show's managers was a major factor that contributed to the brand's destabilization process.

We will now name a number of practical examples of actual moderation practices today in entertainment. In addition to demonstrating the approach's potentials through them, we also illustrate some limitations of current implementations and also the pitfalls of underdeveloped pinball playing.

Some Practical Examples of Co-Creating Entertainment Brand Stories with Fans

Active moderation in entertainment is most prominent with musical artists, which, as human brands, occasionally manage their relationships with fans in ways that go beyond "broadcasting" status updates. Singer Britney Spears has relied heavily on the use of social media for managing her brand throughout her career, simultaneously running webpages, YouTube channels, a Twitter account, and a Facebook profile, with some of these channels dating back to 2005 (Kaplan and Haenlein 2012).

Ms. Spears regularly addresses her fans directly through these channels, sometimes directly asking for their responses; for example, her post "Happy Friday people! Am I part of your future?" alone triggered more than 1,000 replies from her fans. But she also actively encourages user-generated content that involves her products. When users created fan-video clips for her leaked song *HOLD IT AGAINST ME*, she not only stimulated them to do so, but also included links to some of them on her official BritneySpears.com website, recognizing their work and making them part of her official brand narrative (Kaplan and Haenlein 2012).

Other musicians are equally active as moderators of fan conversations (Taylor Swift, for example, sometimes even comments on fans' pages), as are some book authors (notably J.K. Rowling) and film actors (e.g., Russell Crowe, who takes the time to send fans individual birthday greetings, and Kevin Hart, who even has *called* individual fans on Facebook). Whereas such active moderation is less common on the level of "non-human" entertainment brands and products, some interesting examples exist. In the movie context, Marvel stresses the value of interacting with its customers when developing the brand stories of the characters in their Cinematic Universe.

Marvel-CEO Kevin Feige has stated that “the conversation that’s taking place around [the casting of actors for Marvel movies] is super-important. ... [O]ur upcoming announcements are going to show that we’ve been listening” (in Fleming 2016). Feige’s personal appearance and self-presentation also supports this co-creation approach; rejecting the “suits-suck” image that entertainment managers often carry and, instead, mostly wearing base cap and a sweatshirt, he seeks closeness with the fans and presents himself as a renowned Marvel connoisseur (Jecke et al. 2015).

The producers of the TED movie focused on content provision in general. But they also added some interactive elements such as hosting two live Q&A sessions via Twitter, where fans were able to ask the raunchy teddy bear some equally raunchy questions—our introductory quote for this section gives evidence. The Q&A sessions enabled fans to engage directly with the film’s lead character, actually turning their parasocial relationships into two-sided ones, at least for a period of time, and got fans excited about things to come, contributing to the further spreading of the film’s hashtag.

The TV series producers of SUITS used an approach that was more directly focused on engaging in conversations with consumers. The 3,400 Twitter followers of the series’ Mike Ross received a personal tweet from him in August 2013, asking “Are you a bike or limo to work kind of lawyer?” (Riehl 2014). What makes this interesting is that Mr. Ross is not a real person, but one of the series’ characters. The producers’ attempt at moderation was kind of halfhearted, however (like the majority of those we came across): although Mike sent out 70,000 replies and now has a follower base of more than 11,000, he meets all the stereotypes of a social bot, instead of a character with whom it pays to engage for fans. He follows only five others himself (all of them are characters from the series...also), has written just 25 tweets, and all his replies are variations of the 25, sent “personally” (but publically) to each of his followers. He would certainly not pass the Turing test for intelligent (human) behavior, this lawyer. Frank Underwood, the American President from Netflix’s HOUSE OF CARDS series, is much more effective when it comes to interacting with consumers; at @FrankUnderwood, he has assembled more than 240,000 fans and replies individually to them. The problem here: the character has taken on a life on its own—with the fan-operated account not being affiliated with the series at all...

Quite ambitious—and proficient—were the producers of the DARK KNIGHT movie in their efforts to moderate fan engagement. They developed an alternate reality game that required Batman’s fans to master several tasks,

some of which required a high level of activity and engagement. In other words, the moderation role was not carried out by humans, but assigned to smart software that provided individual fans with feedback and directions (although several parts of the ambitious game were indeed carried out with “human” support).

The game, in which 10 million people in 75 countries participated (Taylor 2010), was truly multi-media, ranging from “jokerized” \$1 bills found at the 2007 Comic-Con fair (which celebrates comics and related forms of entertainment, taking place annually in San Diego), phone numbers written in the sky (and to be called), a lot of online action, real-world scavenger hunts, and 22 actual cell phones stuffed into cakes, to free early-screening IMAX tickets (Lang 2011). Each of these activities was closely tied to the story of the movie which became the second-best selling film of all time. Whereas we are unable to determine the game’s exact contribution to DARK KNIGHT’s success, the enormous pre-release engagement that the game contributed did not go unnoticed.³⁰⁵

We have argued that moderation can be particularly valuable when a brand faces a crisis. But like any other marketing and management action, moderation requires skills, and ill-natured attempts at moderation can escalate criticism. Game producer EA posted that its “intent is to provide players with a sense of pride and accomplishment for unlocking different heroes” in response to early users’ revelations that it required enormous amounts of time and money to unlock key STAR WARS characters in STAR WARS BATTLEFRONT II, in addition to the upfront game price of \$60.³⁰⁶ EA’s moderation not only became the most down-voted comment in the history of the social media site Reddit (with almost 700,000 user votes; Minotti 2017), but also triggered additional negative feedback by other media—another pinball effect. Although the company later changed its moderation approach, now stating “We hear you loud and clear” in a blog post and (at least temporary) removing any in-game transactions at literally the last minute prior to release (Tassi 2017), it seems that the initial moderation activity still hurt game sales, as well as the company’s reputation and financial valuation. Consumers expressed frustration and even petitioned Disney to revoke the license from EA (Kim 2017).

³⁰⁵See this book’s discussion of the pre-release buzz concept and its contributions to entertainment success in the next chapter.

³⁰⁶An illustrative consumer comment was: “Seriously? I paid 80\$ to have Vader locked?”

These individual examples provide ad hoc evidence of how skilled moderation might look in entertainment (and what should be avoided). Let us complement these insights with a look at the aggregated statistical evidence that scholars have already assembled regarding the power of pinball playing, despite the approach's youth.

How Effective is Communication Through Owned Media?

Among marketing scholars, quantifying the impact of social media activities on product success is certainly among the hottest topics these days. The results so far are pretty consistent and probably not really surprising, at least not for those who spend a substantial amount of their own time on the Internet and social media platforms: investments in owned media can indeed pay and generate substantial returns. But as with all other elements of marketing, communicating with consumers via social media is not a safe bet—its impact depends on how it is done, and what kind of owned media is used. What do we know so far from empirical research on how social media marketing affects the success of music, TV shows, and movies?

In the field of music, Chen et al. (2015) included two kinds of social media activities in their study of music sales from 616 artists at Amazon, in addition to advertising and user reviews. Those two were automated messages sent by the musician and his or her producer on the platform MySpace (i.e., “friend updates”) and personal messages from the artist via the same site (“bulletin board entries”). Both social media messages are “content-only” measures, with no interactive or moderating elements, and the scholars classify them both as “broadcasting.” Their panel VAR approach reveals that personal social media messages indeed affect the artists’ sales significantly, whereas automated messages have no such effect, with a parameter that is very close to zero.

And how strong is the effect of such personal messages? Chen et al. estimate an elasticity of 0.05, which is slightly higher than the one they find for traditional advertising—a 10% higher number of personal messages should, on average, convert into a sales rank increase of 0.5% without any additional monetary spending (but of course the artist’s time is also money, in a certain way). For star musicians (those who also use traditional advertising), personal messages are slightly more impactful, and they are *substantially* higher around the release of a new album. In this case, the elasticity for personal messages is almost 0.20, or four times as high as on average. So sending

personal messages to fans via social media around the time of a new product release seems to be a highly rewarding approach.

Other scholars have looked at “owned” social media for TV shows. When Lovett and Staelin (2016) analyzed the drivers of the popularity of TV show HUMAN TARGET among survey respondents, they also asked whether a consumer was engaged in content related to the show on the network’s website. Through their linear probability models, the scholars found that doing so had less of an impact than either paid advertising or word of mouth; the probability that a consumer watches an episode of the show increases only by 2%, an effect that is not statistically significant. We do not consider company websites as the kind of media with the highest engagement potential, so this finding should probably not be generalized too much to other used media platforms.

Such interpretation is in line with the results of Gong et al. (2017), who study how a TV show producer’s “tweets” (sent via the Chinese Twitter equivalent, Sina Weibo) about its shows affect the shows’ viewership among Chinese audiences. The scholars conduct a randomized field experiment in cooperation with a producer of documentaries, whose content is aired by several local TV stations in China. They either sent out a tweet on the day a new show is aired, or did not do so—randomly assigning 98 different shows aired via five stations to one of the two conditions.

And what did they learn? Shows with tweets were indeed watched by more viewers. The average viewing percentage is about two-thirds higher (1.25% versus 0.75%) when the producer sends a tweet about the show to his about 130,000 followers, compared to when the firm sends no such post. When controlling for channel and show characteristics (such as genre) and timing in an OLS regression (with robust standard errors), Gong et al. find that a producer tweet is, on average, associated with a rating increase of 0.6%. The authors also ran some analyses with the *absolute* number of viewers as dependent variable, finding that a posting added about 6,300 viewers, on average. The small scale of these numbers warns us that things could be different for more mainstream content and, as the producer in this study uses only owned social media to promote the content, if producers also use paid channels to promote their showings.

Finally, for a data set of all major movies released in North American theaters in 2012–2014, we examined whether the number of fans a film had attracted on its Facebook page until *three months before its release* affected its box-office results (Kupfer et al. 2018). Using a linear mixed effects model, in which the films’ weekly box office in North America serves as the dependent variable and which also included a large number of controls (such as the

“brand power” of the film), we find a positive and significant, but relatively decent elasticity of 0.05. In other words, a 10% higher number of such early Facebook fans contributes about 0.5% higher revenues over a film’s theatrical life cycle, above and beyond all other factors. Saboo et al. (2016) report a similar link for the number of social media followers of music artists and sales of music. Based on data for 73 weeks on several social media platforms and a control function analysis, their results suggest that the link between fans and music sales might be non-linear: when too many people like an artist on social media, others begin to lose interest in him or her.

And what about the social media actions by those people who are involved in the production of a new entertainment product, such as singers, actors, or directors, that serve as “ingredient brands”? At the heart of our study was a desire to see whether the social media activities of a film’s star actor can generate additional returns. Sean Bailey, as president of Walt Disney, revealed that Emma Watson’s social media activities were helpful, in that out of the 90 million who viewed the teaser trailer of *THE BEAUTY AND THE BEAST*, “almost half of them came from one of Emma’s vast social media channels. Imagine, 40 million plus views through her social media channels” (quoted in Fleming 2017). But does such activity also affect the bottom-line, bringing in additional revenues? And, if so, how?

Our regression results show that the size and “activity level” of the leading star’s Facebook fan base have a decent positive impact on their own, being similar in size to the one of the film’s fan base. But we find that what the star *does* with such power potential is the real deal for a producer. On average, we see that a 10% increase in a lead actor’s film-related posts leads to a weekly revenue increase of 2.4%, an effect that gets stronger as the actor’s fan base is bigger. And it also matters *what* the star posts: content that is authentic, exclusive, and/or persuasive drives box-office revenues notably, whereas posts that contain none of these elements hardly affect movie success. Figure 11.9 reports the dollar value of sending one such post (versus none) to North American moviegoers by a lead actor of a major movie, based on simulations—persuasive star postings bring in about half a million dollars on average.

Film producers thus should not only invest in their film’s social media performance; they would also benefit from hiring a star who not only can enchant audiences on the screen, but has also a vivid social media fan base.³⁰⁷

³⁰⁷One of the controls in our study is “traditional” star power of the actors, which remains significant and important. That’s why betting *exclusively* on an actor’s social media power would not be a good idea.

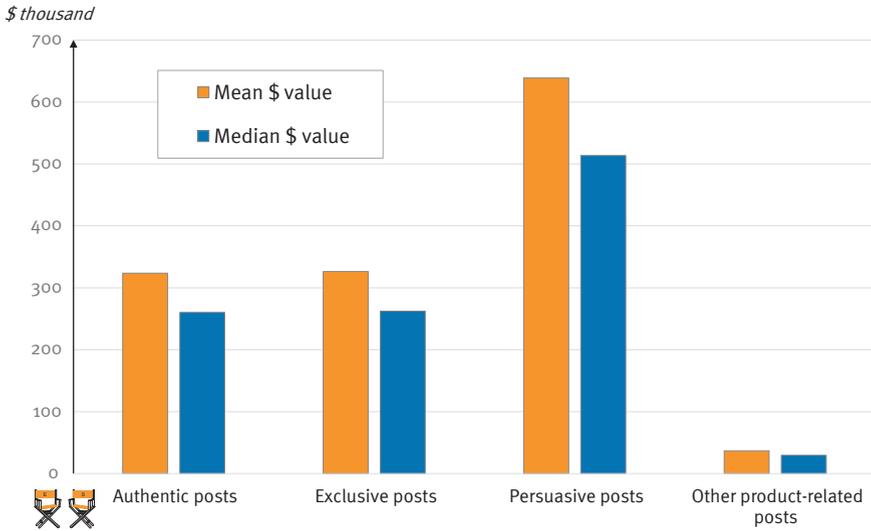


Fig. 11.9 How different kinds of stars' social media activities can help a movie

Notes: Authors' own illustration based on results reported in Kupfer et al. (2018). Numbers are the estimated dollar value of a Facebook post by a movie's lead actor in terms of the resulting change in the North American box office for the film. The top and bottom 5% film-actor combinations were dropped to limit the impact of outliers.

Findings from Gong et al.'s (2017) study indicate that this impact might not even be limited to stars who are personally involved in the making of an entertainment product as ingredients. When the TV producer hired an "influencer" (with millions of followers on his own) to retweet their original tweet about a film, the film's average TV rating increases to 1.44 rating points—about 15% more than for the producer "tweet-only" condition.

A Different Kind of Owned Media: Packaging as a Communication Instrument

Before we wrap up our discussion of owned media and move on to "earned" media, let us take you on a quick detour and look at a very different kind of owned media: a product's packaging. Very much like websites and brand pages, product packaging is in full control of the producer and used, in addition to functional aspects related to logistics, for communicative measures. Lacking the interactive elements of social media, its role in the pinball framework is not one of moderation, though. Instead, the packaging provides a consumer with information about the product to encourage him to

buy the product. It is another pinball, if you want, because it can trigger engagement and set off interest cascades. In addition, packages on their own can provide consumers with value.

Several of the general findings we presented earlier on how to communicate a new entertainment product effectively also apply to packaging. However, one particularity is the context in which packaging affects place—consumers react differently to stimuli when they are watching an advertisement, compared to when they are in a shop selecting a book, game, or DVD from a large number of titles. Although we agree with McKay et al. (2012) that this area has remained somewhat under-researched and deserves more attention by (*Entertainment Science*) scholars, some basic empirical insights on packaging exist. Most of them deal with the role of packages in a consumer's decision-making process, and all of them are on books.

So, how are packages processed by entertainment consumers? Reutzel and Gali (1998) use a qualitative, observational approach for studying how children select books; their sample consists of 18 children from either first, third, or fifth school grade. Regarding the book cover as packaging, the scholars find the *design* of the cover to be an important part of the choice process. However, they do not make an attempt to quantify its role or even determine what defines a “good” cover and sets it apart from not-so-good ones. When adult British readers were asked for their purchase motivations for books in a study of book-buying habits (see Buchanan and McKay 2011), respondents similarly self-report books' cover design to be one of the most important drivers of book choice, followed in importance by the “content” displayed on the book.

Two studies avoid the pitfalls of such self-reported importance data and study the role of book covers with actual sales data. Both of them provide further support for the argument that packaging should be treated as an important element of the marketing mix for material entertainment products. Specifically, Meiseberg (2016), in her analysis of what drives the success of about 30,000 books on Amazon's German website, includes a very basic book cover variable—it takes the value of 1 for those books whose covers contain a photo (her measure of a cover's “vividness”), and 0 for those which had no such photo.

Meiseberg's results show that, across all books, photo covers correlate with books' sales ranks quite substantially ($r = -0.33$ —so the cover explains about 10% of the variation in sales ranks for the books in her data set, when ignoring potential overlap with other factors). And her regressions corroborate that effect; they suggest that a photo cover is associated with a 3% better sales rank for low-selling titles and with a nearly 7% better rank

for best-selling titles. Meiseberg does not account for potential endogeneity though: whereas her results indicate that a vivid cover helps a book sell better, it might also be possible that books with higher sales potential get more costly (and vivid) cover designs.

Whereas the study by Schmidt-Stölting et al. (2011) does not address the latter concern, it facilitates our understanding of the packaging effects in other ways. In their analysis of the success of 1,000+ books in Germany, the scholars measure the “appeal” of a book’s cover not with a binary variable, but instead asked four students to rate the “appeal” of each of the book covers (on a 1-to-5 “appealing” scale). They then include a mean appeal score in their SUR analysis of book success, together with several other success drivers.³⁰⁸ Their results show that, for paperback editions, appeal is associated with book sales—a one-point (or 25%) higher appeal results in 28% higher sales. But this effect is limited to paperbacks, at least in Schmidt-Stölting et al.’s data. For hardcover books they do not find that the appeal of a book’s cover will influence success. The authors “blame” advertising: they speculate that for paperbacks, for which usually little or no advertising is spent, the cover serves as the “face” of the book in stores and online, whereas advertising might absorb this effect in the case of hardcovers.³⁰⁹

Other areas in entertainment in which packaging can be used as a marketing tool include DVDs and Blu-ray, games, and CDs—as well as vinyl albums (once again). Is the recent renaissance of vinyl a result of pure nostalgia, superior technical quality, or primarily of the value that packaging provides for consumers? Premium packages often go along with other special features added to a product, an issue we return to in the context of versioning as a strategy of entertainment pricing. Across entertainment products, such special packages have established themselves as a niche offering, speaking to the needs of a limited number of highly involved consumers. Overall, it seems pretty clear that the economic role of packaging will tend to diminish as consumers increasingly turn toward digital offers that leave no room for this feat. But for those niche segments who stay loyal to material entertainment offerings, packaging might continue to play a main role.

³⁰⁸The authors integrate the four ratings by calculating the mean score across raters, which they weigh by each rater’s “confidence” in his/her judgment.

³⁰⁹To verify their somewhat surprising results, the scholars took an in-depth inspection of the book covers in their data set and found enormous differences in cover design: “The 50 most attractive are densely designed, with vibrant colors, whereas the 50 least attractive are sparsely designed, with a great deal of white space” (Schmidt-Stölting et al. 2011, p. 40).

Concluding Comments

This first of two chapters on entertainment communication decisions focused on those modes of communication through which managers can, more or less, control the message: paid and owned channels.

For paid channels, because the firm is paying a particular media entity (such as a TV channel, a newspaper, or a website) to share a message with that entity's consumers, the firm can specify the form and content of the actual message. Information that a firm shares via paid channels has the goals of creating awareness for the product and building the brand's image. We reviewed the empirical evidence on some of the major decisions facing the entertainment product manager when using paid channels, including how much information to reveal (enough to whet the appetite but not so much as to ruin the meal), along with how much to spend and when to do so. For entertainment products with their short life cycles and movies in particular, pre-release spending has particularly high elasticities.

For owned media (such as a film's Facebook page, Twitter account, or company website), the firm has full control of the initial information they release about their new entertainment product. However, the similarity to paid channels stops there as releasing information via owned media into the digital atmosphere is more like launching a pinball into a pinball machine that is full of bumpers, ramps, and flippers. We show that entertainment producers can benefit strongly from artfully operating the flippers, which offer the opportunity to react and keep the ball alive to spread engagement and anticipation among consumers. Research provides a good understanding about how to most effectively address entertainment consumers via owned media in a pinball world, including the role of content and how to co-create entertainment brand stories. If done properly, entertainment firms can benefit greatly from integrating the creative contributions of their highly-engaged fans, but it certainly requires some managerial courage to relinquish full control about its brands and products.

Let us now move on to the least-controllable category of entertainment communication: the communicative reactions that products "earn" from consumers. We will see that because of the special characteristics of entertainment products, such as their cultural nature (which assigns a public importance to entertainment products, granting them space in newspapers and on websites) and their experience character (which lets consumers value "substitute cues"), such "earned" channels are of particular importance for understanding and managing entertainment success.

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