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Advertising In The Environment Of Movies, A Literature Study

Horváth Ádám

PhD Student, Assistant Lecturer, Szent István University, Hungary

Gyenge Balázs

PhD, Associate Professor, Szent István University, Hungary

Abstract

While it is common practice to interrupt various programs – even movies – on our television sets for advertisement breaks, the same could be inconceivable for the average person in a movie theatre setting, or in a home movie watching scenario where the interruption would come in the middle of a previously purchased (or one provided through a subscription based streaming service) movie. The relevance of this scientific problem is that movies and the interest they generate in either mass or niche segments of consumers represent an excellent opportunity for any company to use in the development of their promotional campaign. The reason for this opportunity is that movies themselves are already equipped with many unique features (examples being the genre or the talent involved on either side of the camera) that aid tremendously in the practical implementation of targeted marketing, as in many cases they too are aiming to attract certain consumer segments.

The main purpose of the literature study is to sort the various seemingly ordinary advertisement methods by the types of movie mediums they are attached to, to showcase their main features, possibilities and restrictions which was conducted by summarizing the arguments and counterarguments within the scientific discussion on the topic. The systematization of literary sources and approaches indicate that we are witnessing the effects of the changing movie consumption mechanisms – which mostly occur due to technological changes – on the advertisements that are bounded to them. Last, but not least, through the reassessment of previous studies, we aim to measure the effects of advertisements coming from various mediums and newer solutions have had on consumers, what is the consensus on them in the current scientific discussion and how these might have changed over the past years. The results of the study can be useful for content creators and marketers to have a better grasp on how they could and should approach various kinds of consumer markets. All the while it will serve as one of the main pillars in a future empirical research on consumer behavior regarding movie consumption.

Keywords: consumer behavior, cultural marketing, movie consumption, advertising.

JEL Classification: M31, M37.

Introduction

Investigation the relation between advertisement and movies we may find numerous connections, such as the movies' very own adverts (in the form of teasers and trailers); the appearance of movies in other products, thus creating cross-promotional campaigns (merchandising); advertising placed inside the movie itself (product placement, also known as embedded marketing); and the seemingly traditional advertisement that you can find in the environment of movies – often sharing the very same channel of media. In our study we will present these advertising methods and their characteristics in the proximity of movies. We will typify them according to their occurrence, remarking their effects on consumers and the particularities that arise from the given medium involved.

For the sake of easier understanding it should be highlighted that in the study we will focus on the relation between three main factors: the movies themselves, the mediums (as the environment for the channels that carry the movies), and the various advertisement methods.

When grouping the various types of movies we may go by the intended release, similarly to the international movie data base (iMDb) classification (which can be seen in Table 1.), thus avoiding the problems that may arise by over-fragmenting through the introduction of genre based sorting methods.

Table 1. Film/TV/Video Title Categorization Guidelines of iMDb

	FILM	TV Movie	TV Miniseries	TV Series
Initial wide release	Theatrical	TV	TV	TV/Internet
Actual total running time	Any	less than 240 min	240 min or more	Any
Normally shown in how many parts/ episodes?	1	1 or 2	2 to 4	4+
How many seasons/years?	N/A	1	1	1 or more

Source: own elaboration based on imdb.com (2019).

According to this classification we can talk about the so called 'feature movies' (which initially are released in movie theatres) and TV movies (aimed for the television screens), but due to the topic at hand we must also address the various serialized contents, where we can differentiate between the more reserved miniseries and the open ended TV series (the main difference being their length, be it the singular episodes' runtime or the overall number of episodes/seasons). It should be noted however, that due to the vast number of content re-leased yearly (and the subsequent frequency of unique cases among these releases) the above classification naturally does not fit every single movie (there are several mentions of exceptions and special cases in the guide iMDb created for the use of its database as well).

In the case of the mediums carrying the movies the primary grouping aspect is presented by the location of the viewing. Traditionally speaking, out-of-home movie experiences are provided by movie theatres, while in-home movie watching is usually conveyed through the television, the function of which has long over-passed the relevancy of the regularly broadcasted television channels (especially after the widespread of VHS, then DVD and Bluray players) and as a consequence of the continuous technological advances, even more solutions and screens have appeared in the daily (be it in- or out-of-home) movie consuming practices. The digital methods (either legal and illegal) fit into both category, including downloadable (often referred to Video on Demand, or VoD contents), and streamed contents (that are viewable without download) that are available to consume in various portable devices, most notably on smartphones. These services and devices carry on the effects of the changing movie consumption system for the movie related advertisement as well (like digital tracking and the highly personalized targeted commercials).

In the case of advertisements we can talk about numerous subgroups, the classically interpreted ATL and BTL advertisement types both appear in the proximity of movies. The usability of these depend highly on the given medium, in the case of out-of-home movie watching for example we can think of more unique POS solutions like the sponsorship or brand placement of individual movie theatre halls (it was no coincidence, that Lwin and Morrin (2012) has conducted their research on the efficiency of scents inside movie theatres, where they observed the effects of the multisensory approach on the attitude towards a given brand or the ability to recall the adherent advertisement).

Methodology

In the study we collected literary sources and researches for review purposes, where we focused on the relation between the three main factors described in the introduction: the movies themselves, the mediums (as the environment for the channels that carry the movies), and the various advertisement methods. The main struc-ture was created according by the given mediums, where we collected theoretical and research data concerning advertisement in the environment of movies. The following chapters disclose the results of our literature re-view.

While advertisement particularly aimed for the silver screen represents a somewhat smaller ratio of the overall communication budget, an example being the Hungarian advertisement spending in the year 2018, as it can be seen in Table 2.

Table 2. Advertisement spending in Hungary 2018 (figures in Million USD)

	2017	2018	Change to 2018
Television	$204,97M	$206,71M	0,85 %
Print	$130,44M	$134,99M	3,49 %
Internet	$261,20M	$297,71M	13,98 %
DM	$111,70M	$117,06M	4,8 %
Outdoor	$63,45M	$73,78M	16,28 %
Ambient	$9,52M	$9,76M	2,54 %
Radio	$33,94M	$37,17M	9,51 %
Movie theatre	$8,45M	$9,72M	15 %

Source: own elaboration based on Gulyás and Hivatal (2019).

It should be highlighted that looking at the absolute numbers and considering the opportunities of advertising in movie theatres, these results show great potential, especially as they have been steadily increasing in the past years, which is first and foremost due to the increasing attendance numbers in movie theatres. The various kinds of advertisements inside the movie theatres may be further categorized by their placement, thus we may discuss the so called on-screen and off-screen activities.

On-screen activities are the ones commonly referred to when talking about promoting inside the movie theatres in the traditional sense, meaning the advertisements shown on the silver screen before the start of a given movie. As in our study we aim to examine these "regular" advertisement, we should point out that these are not to be confused with movie trailers and teasers that are also presented before the featured movie, but with the intention to highlight the impending premier of other movies (Horváth and Gyenge, 2018). One of the advantages of showing advertisement before movies is that attendees are in an above average receptive state, more open to see advertisements, which are deemed as a part of the overall movie watching experience / celebratory mood they have towards the movie itself (Papp-Váry, 2009). Another benefit is that the movie consuming audience may be very well identified and described (as we may see different types of attendants for family matinees, than horror movies for example). Advertisement agencies that handle movie theatres create separate packages accordingly, thus creating the possibility to only show a given advertisement in a particularly curated list of movies and only in selected halls of the movie theatre (clients may choose for example to only purchase spots in front of Marvel branded superhero movies that are shown in an IMAX hall). Földényi (2016) showcased a somewhat more pessimistic look on the future when he compared the current movie theatre halls (along all of the extra services they carry) with watching movies in the comfort of our home. He theorized that movies would have to fight for the limited attention span of the viewers, with the outside world appearing through the smartphone screens being the main rival (in this environment advertisement plays a similar role to the outside world, being an alien entity interrupting the experience).

Off-screen activities include all the other advertisement opportunities of the movie theatres, meaning the various products and services appear in the proximity of the movies, treating the area of the movie theatre as a quasi retailing channel. These activities include the various hostess promotion events, the spreading of free samples and promotional materials and the use of indoor advertising spaces (poster, sticker, LCD screens) as well some more specific BTL methods tailored to the movie theatres (MédiaPiac, 2010), such as menu promotions (connecting the featured movies with snacks and beverages, sometimes even creating unique collectors items' in the process), hosting private events in some halls, or having sponsorship deals for them (as a complex package clients can have their brands and logos appear on the tickets, the entrance or on the walls of the lobby (MédiaPiac, 2018)).

All the while we should also emphasis that it would be a mistake to mash the various kinds of movie theatres together, similarly to the other mediums (that are more or less unitary). As movie theatres can be found in different locations, vary greatly by size (both number of seats and hall), and have different additional opportunities (the aforementioned IMAX hall for example is only available in one complex of the currently largest Hungarian movie theatre chain, Cinema City), which result in vastly different marketing potentials and visitor numbers. In their research Somlo et al. (2010) have pointed out that because of these differences the best practice is often to think on a per-theatre basis, which they found true for both the movie distributing companies (what movies to release in a particular movie theatre, in how many halls and for how long should they

keep it on schedule) and advertisers looking to promote in the close proximity of movies (what demographic features can be used to best describe the attendees of the various combinations of movies and theatres and what communication methods are the most efficient to reach them). This aspect carries even more significance on the international level, than in Hungary, where the opportunity cost of competing movie theatres is not even part of the equation. The reason for this is that Cinema City has been in a quasi monopolistic situation since 2011, when it acquired the movie theatre complexes (mostly found in shopping malls) of its main competitor, Palace Cinemas (Előd, 2015).

Advertisement related to movies on TV screens

While we stated in the abstract that it was only inconceivable for the general public to have commercial breaks in the movie theatre and the same is common practice in television, we would have to further clarify this notion, as these ad breaks are also just endured by the consumers due to their inability to change them. As it has been pointed out by the research on the disturbing effects on promotional tools done by GFK (2006), consumers had a negative taste for ad breaks in-between television shows (in the multi-year long panel research, 43% of the respondents have marked these as annoying) and were especially adamant about rejecting commercial breaks that interrupted the content they were watching (marked by 80% of the respondents). The rejection towards the latter was also confirmed by the Hungarian National Media and Infocommunications Authority (NMHH, 2011), highlighting that they often interfere with the structure of the movie, its dramaturgy, quasi slicing up the movie experience. Nonetheless in the past years the ratio of content-interrupting commercial breaks grew compared to the breaks that are in-between shows. Legal regulation mostly refers to the public broadcasting television channels, unlike the privately owned broadcasting channels they are not allowed to interrupt movies or series for the sake of commercials (they may only do so with variety shows and sport event broadcasts). Another study, aiming to explore the opinion on content-interrupting commercials, has showed that different genres have a different retention capability on their viewers, specifically people who watch historical or adventure movies are more likely to change the channel during the break, while long serialized dramas (or soap operas) have a higher than average chance to keep a hold of theirs (Gálik and Urbán, 2009). Schweidel and Kent (2010) got a similar result by analyzing the data of set top boxes placed in consumer homes, where they found that drama as a genre had the greatest retention effect for the commercial break.

Another interesting question is the type of the advertisement and its relation to the content or broadcasting channel that is hosting it. As Wilbur (2016) has pointed it out, television channels that don't exclusively show feature movies, but do so from time to time, have an ultimately higher risk of changing the channel, which can be further affected by the nature of the particular commercial (showing trailers for other movies had greater retention effect, than advertisement for car insurance, web portals or women's clothing, that all instead induced to change the channel). While researching product placements, Schweidel et al. (2014) concluded that there is a positive relation between the product or brand featured in the movie and the very first commercial shown in the ad break if it is the same one. Still, due to the commercial breaks being often designed by time slots, it is common occurrence for people to see the very same commercials on broadcasting channels that have vastly different programming.

We can also see that public and privately owned broadcasting channels have a different extent and placement methods, when it comes to commercial breaks. While due to the aforementioned legal regulation, public broadcasting channels have no breaks during movies, the same is rather a rarity for privately owned broadcasting channels, sometimes even deemed as a sort of extra service on their part. An example for this was the 2010 summer promotional campaign of the channel Viasat3 in Hungary, where they highlighted the ad-free showing of feature movies in their communication (NMHH, 2011). Similarly we can think of such premium cable channels, such as HBO, which involves no such commercial breaks at all (and only does self-promotion while in-between two movies). Another unique approach is the so called "movie rental", where instead of having interrupting commercial breaks, a singular company would sponsor the particular movie and would be the only one showing commercials directly before and after it (NMHH, 2011). Discovery Channel had a similar deal in 2018, when it carried the *Shark Week* event and only showcased documentaries focusing on sharks for a week (it was the 30th anniversary of the event). During this time they only included advertisement from the 26 partnered brands in their commercial breaks (Wong, 2018).

It should be mentioned that the consumer push to avoid commercial breaks interrupting movies on the television has had great progress due to various highly customizable analog and digital video recorder (also known

as DVR) devices, which made it easier to fast-forward commercials in the recorded programming (Wilbur, 2008; Nyírő and Urbán, 2010). To counter-measure the fast forwarding, broadcasting channels had the option to use more product placement and also to include unique graphic overlays, that usually appear on the bottom third of the TV screen from time to time (usually promoting other shows and movies). In the exploratory research conducted by Sharp (2010), he has reported that television channels usually take extra care on the placement of such overlays, so they avoid affecting the more emotionally charged moments of the plot.

In the case of televisions we should also discuss the close relatives of movies, that are series, which, due to their plot structure, production and fame (depending on their genre) can be treated as sort of lower runtime short movies, or even as spliced up extended movies. During the development of such tv shows the creators usually already prepare the plot around the forced commercial breaks, which they often consciously use to give more impact to the story before the inevitable pause (for example timing the ad break just after a dramatic turn of events, or twist), similar to the way regular theatres use the curtain drop that symbolizes the end of an act in a play. All the while we should highlight that nowadays most of the best received shows of the American series industry originate from such premium cable or streaming service providers where the writers did not have to account for commercial breaks (Lawson, 2014). As Johnson (2012) has pointed it out, these cable channels differentiate in nationally broadcasted channels in both their programing (focusing on unique contents and smaller audiences) and their revenue streams (which derived from both advertisement fees and subscriptions). Similarly in their communication they had to convince both their subscribers on the extra value for their fees and the advertisers on the ability to allure highly valuable target segments, that would compensate for the overall lower viewer count.

The other mainline movie consumption in our homes is to watch recorded contents (be it VHS tapes, DVD or Bluray discs), albeit we can only perceive a rather low utilization for advertisement on these mediums, as the extra capacities these formats carry are rather used to include further extra contents (like the audio commentary that is made with the involvement of the movies' creators, where they share anecdotes and other insider information, or the addition of deleted scenes, short documentaries on the production etc.), with trailers of other movies showing up occasionally as well.

Advertisement in proximity of streaming and downloadable movies

As consumers are becoming more versed and trusting in the world of digital technologies, more and more services are moving towards the digital space, which has an effect on both movie consumption and advertising in their environment. Originally based in the United States, the "cord cutting" sentiment (a large scale subscription canceling behavior) is now becoming to a worldwide phenomenon according to the researchers of PwC, based on their study of 27 nations (2019). More than half of their respondents have said that they use streaming services to watch movies or tv shows at least two times a week, while narrowing down to only the Z generation, they do so in a daily manner. The technological change and the following increase of consumption (both in terms of frequency and overall time spent, example being the now widespread term "to binge" , which refers to watching several episodes of a show one after another, without any break in-between) has great effects on not only the production and distribution side, but the possible advertisement strategies as well (Matrix, 2014). In their research conducted on the Hungarian market, Babocsay and Virág (2013) found the absence of commercials and larger user freedom as the main motivating factor for younger generations concerning the popularity towards online streaming and downloadable movies/shows (while they noted similar rejection towards television commercial breaks as it was presented earlier, mainly due to their interrupting, often irritating nature).

Concerning the possibilities to watch digital movies in a legal or illegal manner, the low amount of advertisement in their proximity is a common ground between the two. The most prevailing advertisement method we may find on illegal download and streaming websites are the various pop-up and banner ads (the operators often pay the upkeep of the website from the revenues originating from these). On the legal side YouTube has also attempted a business practice very similar to that of the broadcasting television channels, when it launched a free movie watching platform in 2018, with the addition of commercial breaks, while using its roots of social media to target (and measure) particular user segments (Sloane, 2018).

The vast majority of streaming services (among them the current market leader Netflix) however does not see the future in the freely provided (but ad-filled) content, as they still continue to pursue subscription based models instead. There is no room for commercials in their systems that are built to leave client software,

search pages and downloads behind in favor of complex algorithms designed to give movie and series recommendations based on a single click (and single decision) of the user (Baski, 2015). Research conducted on the European and US markets (Werliin, 2019; Giegengack, 2018) has shown that users will not tolerate advertisement on Netflix, the majority of whom declared that in case of their appearance they would cancel their subscription even if the subscription fee was lowered accordingly.

In case of Hungary the first stop on the road for streaming to gain real popularity would be to emphasize the value carried through legal forms of digital content, so they could convert the average consumers from the currently prevailing digital piracy. In their search for a solution, many have seen the answer in placing the focus on localized contents, or ones specifically made for the Hungarian region (Baski, 2015), a sentiment shared by content providers as well, as HBO started to invest in Hungarian made television shows in the past few years and Netflix also introducing some of its newly premiered feature movies with Hungarian dubbed voice track for the first time in 2019.

Conclusions, limitations

Change and its effects can be perceived in marketing messages all around the environment of movies, in all its form, be it showing on the silver screens (with special care to what is worth promoting before a given movie) or placed in the proximity of the movie theatre, shown on the television (primarily tied to timeslots or a specific deal), or appearing on the legal and illegal interfaces of the digital world (or rather trying to break free from their influence).

What we may conclude from consumer evaluations, and especially the responses from research conducted on the younger generations, we can see that the emphasis is slowly shifting towards the multi-channel, multi-screen and unique offerings (that is fitting with their interests). All the while we can observe an increasing amount of advertisement avoidance (or in case of the digital mediums, straight up rejection), which calls the need of less intrusive (and in some cases, more creative) means for promoters in the future.

The study does not include primary research as it was created as a literature overview, all used and presented data and result originated from outside sources. We aimed to thoroughly demonstrate these sources, exploring the relations that had importance in the international, European and Hungarian aspects of movie related advertisement. In future studies it would be worthwhile to analyze the effects of advertisement placed in the environment of movies in a primary manner, with special care to the cases of digital content providers (with emphasis on Netflix) that are shaping up to lead the industry in the following years.

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