The Overriding Influence of Social Media as the Key Driver of Cinematic Movie Sales

Chinonye Love Moses, Olokundun, Maxwell Ayodele, Omotayo, Adegbuyi, Amaihian. Augusta, Akinbode, Mosunmola Oluwafunmilayo and Fred Inelo
Department of Business, Management Covenant University,
P.M.B. 1023, Ota, Ogun State, Nigeria

Abstract: This study draws upon literature on social learning to investigate the relationships between feedbacks generated from peers of a social network and product marketing. The study analysed the significantly over-riding effects of social media on demand shift factors in the context of product/service marketing or sales based on a review of literature and meta-synthesis approach. Specifically the work looks at the significant influence and impact of social media on sales and marketing of cinematic movies as having an overriding effect on the influence of the competing economic theory of shift factors of demand on product/service sales. Social media in this context focuses on feedbacks generated from online technologically facilitated networks such as face book, twitter, etc.

Key words: Social network, social media, demand shift factors, experience goods, product

INTRODUCTION

The choices consumers make in the cultural and creative industries are not just a function of the factors that affect a change in demand (shift factors) as stated in economics but also a function of the choices that others make. Thus, consumption trends are greatly determined by the choices that others make in a social network. The government of most nations as a panacea for sustainable development has identified the vital role of the creative and cultural industries. Thus, the choice of cinematic movie made owes largely to the fact that it is a product that cuts across most nations in the context of their creative and cultural industries. Cinematic movies therefore represent one of the most highly demanded experience goods in most nations of the world. A critical review and analysis is therefore carried out in consistency with the proposed research model.

Prior research and various literatures have examined the influence of social media on product sales and marketability. Various literatures and academic work also assert the effect of demand shift factors as a key determinant of product sales and marketing. It is important to note that both theories are usually examined in isolation and independently, without cognisance to theoretical conflicts in the context of their influence on product sales and marketing. Thus, the existing literatures and academic papers on both theories provide a strong basis for a comprehensive review and critical analysis of literature in the context of this study.

The world has become a global village particularly facilitated by social media. Social media which began as tools of entertainment for young people are today used by people of all ages for business purposes. This trend poses both as a threat as well as an opportunity for companies and organisations. Consequently, social learning from social media plays a very important role in influencing purchasing decisions as regards movie sales and marketing. Movies as an experience good attract a lot of comments, reviews and opinions from consumers. The context of movies therefore provides a good platform to conduct a study of social media versus demand shift factors in the context of product sales and marketing.

Research objective: This study beyond examining the significant effect of social media on the sales and marketability of cinematic movies also seeks to analyse the over-riding effects of social media over the traditional economic concept of shift factors of demand. Thus, this study is aimed at creating a broader knowledge on the enormously significant influence of social media on the movie industry. Firstly, the study conceptualises social learning based on movie reviews from social media. Secondly, the study also provides conceptual arguments

Corresponding Author: Chinonye Love Moses, Department of Business, Management Covenant University, P.M.B. 1023, Ota, Ogun State, Nigeria
as regards the significantly over riding influence and effects of social media on basic economies theory of demand shift factors in the context of movie sales and marketing.

Research question: The study examines one key research question: In what ways does social learning from social media sites influence over demand shift factors in the context of cinematic movie sales and marketing?

Statement of problem: Reynolds describes the theory of demand as a model of consumer behaviour, he further explains that the theory of demand attempts to identify the factors that influence the choices that consumers make. This suggests that traditionally, consumer behaviour as regards consumption trends are generally analysed from the view perspective of demand theory. The economic theory of shift factors of demand suggests that individual consumers make independent decisions as regards what to consume based on certain factors regarded as non-price determinants. This results in either a positive or negative change in consumption trends. The theory states that at the same prevailing market prices consumers will demand more or less than previously demanded as a result of these non-price determinants.

A publication of Management Centre Europe on business trends overview, describe the world as a reflection of a village because of the influences of social networking tools like face book, my space, twitter and all kinds of blogs. Individuals give feedbacks about their experiences about a business that companies cannot control, yet these feedbacks have great impacts on future sales of company products. Companies are therefore left with no option than to embrace this phenomenon in an attempt to make it work for them.

Dei world-wide argues that 60% of consumers are reported to agree that the recommendations from other individuals on line are valuable, credible and could influence their perceptions of a brand and hence influence their purchasing decisions. In other words a high degree of authenticity is associated with social learning from social media. Particularly in the context of the movie industry, Moretti (2011) describes social learning as an important determinant of movie sales. He further argues that ‘social learning makes successful movies more successful and unsuccessful movies more unsuccessful’. This is consistent with the assumption that consumers update their perception of the quality of a movie based on the purchasing decision of their peers (Moretti, 2011). Consequently, the role of social media as an effective tool of influencing consumption trends and sales of movies cannot be over emphasised and hardly a subject of debate.

Rajshree and Barry (2002), argue that demand shifts due to non-price factors is the major determinant of increased sales described as ‘sales take off’ particularly in the context of a new market. Thus supporting the traditional demand theory of shift factors as the key driver of product sales and marketing. Reynolds argues that traditional media advertising can be used to brand a product or increase the demand for the product. This implies that advertising which is a shift factor of the traditional demand theory is considered a key determinant for increased sales of products.

Even though extensive research has been carried out on the significant effect of social media on product sales, a closer look at the effects of demand shift factors suggests a conflicting theory. For example should the operators of cinemas and theatres, expect high sales during summer based on climatic conditions? or should they study on line reviews about a movie as a platform for sales prediction. There is therefore, a need to compare both theories with an underlying objective of improved movie sales and marketing. This is consequent upon the fact that critical reviews of both theories indicate a degree of conflict and competitiveness particularly in the context of consumer behaviour as regards consumption trends and purchasing decisions.

GAP in literature: Previous studies often investigate the social media theory as a complement of the theory of demand shift factors (Hirschman, 1985, Hamansu, 2008). The enormous complexity of the overriding influence of social media theory on the theory of demand shift factors is hardly recognized. This study proposes that more attention should be given to social learning and feedbacks of movie reviews from technologically facilitated networks referred to as social media in the marketing of movies.

Contribution to knowledge: Thus, this study contributes to the literature by taking into account the impact of social media as a significant determinant of movie marketing and as a primary reference for movie sales.

Literature review

Conceptual framework

Social network: Various literature and scholarly papers on the concept of social networks reveal the unending interest on the subject. “A social network can be defined as connectivity between individual agents where the actions of other agents within the network informs
production and consumption trends”. It can therefore be deduced that human beings have the ability to connect with one another, generate and interpret information from each other. These networks are usually defined connections which could also be technologically facilitated (facebook, twitter, etc.). A social network therefore is not just a group of people one is familiar with for example friends, families and colleagues but as described by Granovetter (1973) social networks also consist of the concept of information networks.

Social media: Social media has become pivotal in the general study of social networks. Mayfield describes social media as a new set of online media sharing characteristics of participation, openness, conversation, community and connectedness. Consumers can easily post their views and comments through various routes (e.g., face book blogs, etc.) and also read the comments of friends, family, anonymous peers or experts or share opinions and views about products or services with other potential consumers. Owing to this technologically aided mass dissemination of information with its aptness and speed, it has become apparent that the comments and views of other individuals posted through various routes have the ability to influence the choices that individuals make as regards consumption trends and purchasing decisions.

Experience goods: Products are classified into three categories namely; search, experience and credence products. Search products are those consumers can obtain complete information before purchase, experience products are those consumers can only obtain information during or after purchase of the product while credence products are those consumers cannot obtain information before or even after purchase (Marcus, 2008). Generally, consumers purchasing experience goods place more value on descriptions and evaluations of prior experiences of others who have consumed the goods. Such information reduces the uncertainty of the quality of goods in focus and facilitates effective decision-making (Marcus, 2008). It can therefore be deduced that online reviews and comments posted about goods or products classified as experience goods are given greater priority than those of search or credence goods. Hence, this study focuses on the examination of the influence of social media on the sales and marketing of cinematic movies.

MATERIALS AND METHODS

This study is carried out based on a comparison between the theories of social media and demand shift factors in the context of cinematic movie sales and marketing. The aim of this study is to establish the overriding influence exerted by the social media theory over the theory of the demand shift factors particularly in the context of movie sales and marketing. An objective, thorough summary and critical analysis and review of the relevant available research and non research literature on the topic being studied is carried out to collate data consistent with the aim and objective of this study.

RESULTS

In order to accurately determine the effects and influences of the theories of demand shift factors and social media on movie sales and marketing, a contextual application of both theories is carried out on cinematic movie sales and marketing. A meta-synthesis approach is used to critically analyse the effects and influences of both theories as reviewed in literature to determine which theory exerts an override on the other as regards movie sales and marketing. In other words a critical analysis and synthesis of findings presents a probable reflection as regards which theory exerts a comparatively greater influence particularly in the context of movie sales and marketing.

Theoretical framework

Word of mouth: Tourism researchers have established that recommendations and suggestions from acquaintances and family are the most commonly obtained and significant source of information used by customers or clients in their travel decision making (Perdue, 1993). The information communicated by acquaintances and family is construed to be more convincing, straightforward and dependable than those generated from marketers given that the communicators are not rewarded for the recommendations. Development in the Internet and Web 2.0 technology and know-how currently permit clients to gain access to personally meaningful appraisals not only from acquaintances and family but also from unfamiliar persons. Thus, word of mouth through the social media influences the decisions of buyers and consumers particularly in the context of an experience product such as cinematic movies.

Psychological ownership theory and perceived control: Asatryan and Oh (2008) employed psychological ownership theory in elucidating why previous guests are actuated to recommend WOM feedbacks. From one perspective, some clients build up a stance of relations with firms they are dedicated to that translates into a sense of ownership as substantiated by the use of languages such as ‘mine’, ‘my’ and ‘our’ in their
reviews. In such situations, one would pre-suppose that
loyal customers would offer optimistic and affirmative
feedback to others, directing their unenthusiastic
feedback to management (Mattila, 2001). On the other
hand, in the absence of such loyalty, the intention to write
either an unconstructive or optimistic review may well be
a craving to be in charge of or control the business
obliquely by communicating with its prospective probable
customers.

Therefore, loyal customers’ motives in posting
affirmative reviews on social media are efforts to
compensate firms such as cinematic movie operators. The
motives of non-loyal clients are based on the fulfillment
achieved in being useful to other customers. As argued
by Pierce et al. (2003), the longing by the consumer to be
in charge through such communications possibly will
result in feelings of worth and value as well as inherent
pleasure and extrinsic contentment in providing such
recommendations to others.

Theory of consumer behaviour: The theory of consumer
behaviour as developed and propagated by Alfred
Marshall is based on the assumption that an individual
consumer is a rational buyer who has access to
perfect information and knowledge about the market
(Schiffman and Kamuk, 2007). The theory also
suggests that the individual consumer is fully aware and
conversant with his or her desires and needs hence
possess the ability to determine the most appropriate
approach to satisfying them (Hirschman, 1985).
Specifically, the theory suggests that the demand for an
individual consumer is based on four primary factors.
Firstly, a consumer buys based on the price of the
product given that all other factors remain unchanged.
Therefore, in principle the higher the price the less of a
product a consumer demands and vice-versa. Secondly,
a consumer’s income also largely determines how much of
a product is demanded. This suggests that the greater an
individual’s income the greater the capacity to demand.
Thirdly, it is also assumed that the prices of closely
related products are also salient factors in determining the
demand of a consumer for a product. Fourthly, consumer
tastes and preferences also determine to a large extent the
demand of an individual. Reynolds and Paul and William
in support of the role of demand shift factors also state
that effectiveness of advertisement and size of population
are important factors that determine the demand of
consumers given that all other factors are under control.

Social media versus demand shift factors
Average income of consumers versus social learning:
Based on the theory of demand, nations or communities
with wealthy families generally demand more of all goods
and services, than nations or communities with averagely
poor families (Collander, 2008). From this view perspective
it is assumed that communities with wealthy families will
demand more movies than the communities with poor
families, at the prevailing market prices of various
movies. Thus, it is assumed that more people will go to
the theatres and cinemas to watch movies in communities
where the families are averagely wealthy and on the other
hand less people will go to the theatres or cinemas to
watch movies in communities where the families are
averagely poor. The implication is that it is assumed that
movie sales will be higher in communities with wealthy
families than the communities with averagely poor families.

However, a news release by MCW of Britain’s
mass affluent consumers’ lifestyle summarised a
research conducted by Master Card in partnership
with future laboratory. This news release argues that
with affordability rarely in question, a major
percentage of those surveyed indicate that purchasing
decisions are made only after thorough examinations of
options and price ranges, making use of the internet for
personal recommendations and price comparison sites.
Furthermore, ACCC a guideline research for consumer
product safety recall summarise different demographic
groups and their preferred communication methods. A
careful study of the summary indicates that consumers
with higher incomes have shown a significantly increased
use of on line communication, suggesting the major
determinant and influence of their business and social
activities.

These findings particularly in the context of cinematic
movie sales and marketing suggest that communities or
individuals with higher incomes who are expected to
demand higher quantities of goods also make most of
their purchasing decisions based on social learning and
feedbacks from social media. Thus, there is an indication
that social learning about a movie from social media would
exert greater influence on the purchasing decisions of
individuals than average income.

- Hypothesis 1: reviews and comments posted about
  a movie on social media exert greater influence on
  purchasing decisions than average income of
  consumers

Size of market/population versus social learning: The
size of a market or the population in a place largely affects
the demand trend for goods and services. In principle
therefore, based on the assumption that all things remain
constant, the total quantity of goods demanded increases in the same ratio as an increase in the size of the market or the population of a place. Consequently, the assumption is that a highly populated community will reflect a very higher demand for movies compared with areas or communities with lower population. From the perspective of the demand shift factor theory, it is expected that more individuals will go to theatres and cinemas to watch movies in highly populated communities and fewer individuals will do the same in densely populated areas.

Quite conversely with the concept of globalisation and de-localisation in focus, Smith and Doyle argue that most interactive activities and engagements that were characterised by face to face involvements or localisation are now carried out across great distances. They further argued that activities, interactions and relationships have been uprooted from local origins and cultures. Consequently, the simple notions of distance and territory are being redefined. The ‘spaces’ we occupy when we carry out economic and social activities using the internet creates a different definition of place and the community we belong.

It is important to note that activities in local neighbourhoods are increasingly being influenced by the actions of people and systems operational in distant places as such people and system are increasingly interdependent. Thus, the world seemingly consist of separate and sovereign individuals, firms, nations or cities but a more complex reality is that the world actually is made up of multiple connections. Businesses therefore as described by Smith and Doyle (2002) are organised around networks of production, management and distribution. Thus, sophisticated information systems are regarded as essential ingredients in the context of the concept of globalisation.

Therefore, it could imply particularly in the context of cinematic movie sales that the size of the market or population of individuals in a city does not necessarily culminate into higher marketability or increased sales. There may be an indication that the size of market does not necessarily imply increased sales which in this context is may be primarily a function of social learning from social media.

- Hypothesis 2: reviews and comments posted about a movie on social media exert greater influence on purchasing decisions than size of market/population

**Price and availability of close substitutes versus social learning:** The price and availability of a good substitute to a product is also assumed to largely affect the consumption trend of consumers. From this view point, if the cost of watching a new movie at a cinema is far more expensive than the cost of watching a substitute movie at another cinema, then less individuals will demand the new movie and vice-versa. In other words, it is assumed that the degree of sales a new movie makes at cinemas or theatres depends largely on the availability and price of good substitute movies. It also implies that even if a new movie promises to be a blockbuster, sales and marketability of the movie depends largely on the availability and price of a substitute movie.

On the other hand, Pang and Lee (2008) argue that ‘what other people think’ has always been a determinant for decision making for most people long before the awareness of World Wide Web. It is worthy to note therefore, that the internet among many other things has made it possible to have access to opinions and experiences of a vast pool of individuals who may neither be personal acquaintances nor experts but are always ready to give their opinions to strangers via the internet (Pang and Lee, 2008). A summary of two surveys of >2000 American adults conducted on opinion mining, reports that consumers are willing to pay from 20-99% more for a 5 star rated item than a 4 star rated item (Pang and Lee, 2008). These ratings symbolise the opinions, reviews and perceptions of other individuals about a product from social media.

Thus, these findings provide evidence that other people’s perception of the quality of a product regardless of the availability and price of close substitutes largely informs the purchasing decisions of individuals.

- Hypothesis 3: reviews and comments posted about a movie on social media exert greater influence on purchasing decisions than price and availability of close substitutes

**Individual taste(s) and preference(s) versus social learning:** It is assumed that the demand trends of individuals are largely determined by subjective factors like individual tastes and preferences for goods and services. Consequently, a new movie may promise to be entertaining and be of high quality but individuals still may not demand such movies if the movies are not consistent with their tastes and preferences. It is therefore, assumed that movies are not marketable just for their high quality or presence and performance of certain actors but particularly because they align with individual taste and preferences. Here, the individual taste or preference is regarded as a principal factor in the explanation of demand trends in the context of movie sales.
Jeong in a research on the 'you tube' model, argue that the uncertainty in user interest prediction is suggestive of potential effects for social interaction as largely reflective of individual preferences and actions being dependent on the decisions of others. The researchers further argue that identifying social influence is complicated owing to an indication that individual choices are reflective of the choices of a social group to which they belong. She argues that the evolution of the web and the increased use of social media influence purchasing decisions and affect the consumption of cultural goods in a significant way. She argues that the consumption of cultural goods rely on word of mouth, taste cultures and popularity in such a way that there is clear indication that individual choices are dominated by information feedback from social networks as against innate preferences and price signals.

The findings of this study reflect an indication that most consumption decisions are primarily done based on feedbacks, reviews and opinions from social media. Individual tastes and preferences have become subjective to wider online social and cultural matrix. In the context of cinematic movies, most individuals may only be favourably disposed to watching movies that are highly rated in opinion and review sites from social media and would also be unfavourably disposed to watching movies with negative reviews and opinions. Social media in this context thus exerts an override on innate preferences as regards purchasing decisions hence, a comparatively major determinant of cinematic movie sales and marketing.

- Hypothesis 4: reviews and comments posted about a movie on social media exert greater influence on purchasing decisions than individual tastes and preferences

**Mass media vs. social learning:** It is assumed that effective advertisement of a good or service increases the awareness of a larger part of a market thus facilitating sales. It therefore, implies that a movie well advertised is expected to be very marketable and reflect a high degree of sales. On the other hand, a movie not effectively advertised should reflect very low sales and marketability. In other words, more individuals will go to theatres and cinemas to watch movies effectively advertised and vice versa. It is important to note that advertisement in this context includes traditional media like the television, radio, print media and etcetera.

Linvile argues that the influence of traditional mass media institutions is strongly challenged by what he refers to as audience participation and co-creation in online media production. He further, argues that internet based social media tools such as blogs and other social network sites have given voice to the opinions and perception of millions of consumers' worldwide virtually breaking down the dividing walls between the consumer and producer or the public and audience. With information about the quality of a product in focus, Linville argue that traditional media like the television and print media are ranked at the lowest bottom by consumers owing to the fact that social media is considered a quick and more reliable source of information as regards the quality of a film. Even though the conventional mass media like the television, radio and other print media still occupy a pivot place as regards the dissemination of mainstream information, it is increasingly evident that they are deeply influenced by the online conversations taking place on social media.

Therefore, social media on product sales may exert greater influence than the effects of the traditional mass media. Particularly in the context of cinematic movie sales as an experience good, the influence of social media may reflect an override on the effects of traditional mass media thus giving credence to the possible comparatively greater influence of social media over mass media, particularly in the context of cinematic movie sales.

- Hypothesis 5: reviews and comments posted about a movie on social media exert greater influence on purchase decisions than advertisement through mass media

**DISCUSSION**

Based on accumulated knowledge from these findings this study proposes that social media may exert an override effect on demand shift factors as regards purchasing decisions of individuals particularly in the context of cinematic movies. This study has examined the possible overriding effects of social media on demand shift factors in the context of movie marketing. The study has identified social media as the probable predominant determinant of increased sales particularly in the context of cinematic movie sales. It has observed that though more movie producers and marketers are beginning to appreciate the crucial role social media plays in movie marketing, more priority and focus needs to be given to social learning from social media as a basis for effective movie marketing.

The study argues that a decline in movie sales especially cinematic movies may owe largely to the assumption by stakeholders in the movie industry that non-price determinants of demand exert greater influence on purchasing decisions of individuals (Rotfeld, 2006). Analysing the influence of social learning from social media as a complement of traditional demand theory of
shift factors as regards sales and marketing of movies will greatly undermine the predominant effects of the social media theory.

Findings from literature reviewed in this study has shown that favourable social learning from social media does not only significantly affect attitudes and beliefs as regards purchasing decisions of individuals but as well as propel the buying intentions of consumers. This is particularly consequent upon the influence of peer group from social media. Individual consumers are greatly influenced by peer pressure from social media and usually tend to adopt the behavioural trends of their particular peer group in the context of purchasing decisions. The individual consumer usually makes the commitment to adopt peer group purchasing trends to remain in conformity with what is seen as fashionable amongst peer groups from social media.

Traditional marketing gives credence to the influence of relationships as regards purchasing decisions but the findings from literature has shown that social media exerts greater influence particularly in the context of purchasing intentions and decisions of individuals. This influence is enhanced by the opinions, reviews and perception of consumers from social media about a product. These opinions, reviews and perceptions are usually seen as credible as such individual consumers are greatly influenced by them.

Trusov et al. (2009) argue that social media occupies a pivotal place as regards current trends of consumer-to-consumer conversation and prospective gains of interpersonal marketing. Thus, a strong indication that social media is interlocked with movie marketing particularly because movies are experience products. It is therefore no exaggeration that an effective social media campaign can effectively facilitate movie sales in an exceptional way. Trusov et al. (2009) further argue that social media is predominantly based on the word of mouth, giving credence to the content of product marketed. Hence, in the context of cinematic movies, social media has the ability to boost sales and positively influence purchasing decisions.

Marketing is only effective where a large number of people pay attention. The concepts of globalisation and cyber space have generated large consumer traffic on social media. Hence, social media has become the most effective forum and platform for successful marketing of products and services. In the context of cinematic movies, engaging the audience on social media sites can effectively facilitate movie marketing by creating an awareness which largely increases fan base. This approach gives the audience a sense of belonging and stirs up interest in the movies marketed. That social media marketing has outpaced traditional ways of movie marketing like television and print media cannot be over emphasized (Rotfeld, 2006). Social media remains the only platform where a two-way communication is created between the consumers and the movie marketers, consequently increased sales is achieved by the multiplier effect of social learning from social media.

CONCLUSION

Generally, the recent dominance of online social and business activities cannot be over emphasised. Today >60-7% of the world’s population are involved with social media. Consequently, these interactive websites and messaging services have become individual outlets to the world. Apart from being interactive and re-creational these sites also serve as information banks for individuals. Thus, social media is a presumed to be a major overriding determinant of purchasing decisions particularly in the context of cinematic movies. As such it is advocated that studios and production houses should give greater priority to social media as regards their marketing budget. With these recent global trends, movie producers and marketers need to re-strategize to ensure that good quality movies are within the reach of all and sundry. The movie industry turn out a large number of films yearly, therefore, survival and success in this industry will possibly require an appropriate social media strategy consistent with the achievement of this goal and objective.

This research dots the possible role of customer feedback and social media as regards cinematic movie firms’ strategic benefit. Firstly, cinematic movie firms should underline and bring to the fore the awareness of psychological ownership and control among their customer base through loyalty and customer feedback. This is consequent upon the fact that cinematic movie firms should anticipate customers to both recompense and penalize their performance through social media.

RECOMMENDATIONS

This study proposed five hypotheses based on an extended review of literature. Thus, the obvious next line of action will be to carry out an empirical research geared at testing the hypotheses presented.

REFERENCES


