

Research looks at how a box office success can translate internationally

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Hollywood will have the box office heating up this summer with dozens of blockbuster films. But whether a movie is a worldwide box office bomb or a box office bonanza has a lot to do with the culture and release strategy in other countries, says a Kansas State University researcher.

Reo Song, assistant professor of marketing, studies [international business](#) and focuses on the impact of [marketing strategy](#) and culture on the international performance of new products. He is currently working on seven movie-related studies, four of which have been submitted to top-tier [academic journals](#).

"The [movie industry](#) is very competitive," Song said. "Every week, especially in the summer, a new big-budget movie opens and creates more competition for the [movies](#) currently in theaters. This means that movie studios have a limited time window to generate buzz for their film and roll the movie out to different countries to capitalize on it while they still can."

Song said the goal of these studies is to help studios determine how to best use their resources when targeting an international audience.

For the study "International [Launch Window](#) and Performance: Analysis of Movies," Song and Venkatesh Shankar at Texas A&M University looked at the time frame used by hundreds of Hollywood movies that opened in multiple countries and how various decisions by the studios affected film reception and fiscal performance.

The researchers used a unique dataset of more than 225 movies that were released in 62 countries from 2007-2008. They looked at the timing of when each movie opened internationally; what determined the launch window in the countries; how the launch window affected the film's international box office; and how prelaunch advertising and word-of-mouth affected the film.

Researchers found that studios with large budgets for prelaunch advertising could quickly generate worldwide buzz for a movie, though the buzz is generally diminished with each new big-budget movie released in theaters. Similarly, they found that studios spent less on prelaunch advertising for sequels because the franchise had already been established.

Song and Shankar found that word-of-mouth for a movie has a longer effect, but the word-of-mouth slows the rate that the movie can be released in international countries because it requires time to generate and demand for an international rollout of the film. Song recommended the word-of-mouth model for smaller and independent studios that typically have smaller advertising budgets.

If studios wait too long to enter a foreign market, they may lose the spillover effect created by strong advertising, Song said. If they enter too soon, however, they may not benefit from the positive word-of-mouth effect.

"Movies that are not likely to generate much positive word-of-mouth should consider entering quickly into foreign markets," Song said. "Much anticipated sequels, such as 'Iron Man 2' or 'Iron Man 3,' do better with this strategy as the demand for them is already high and is less likely to be helped by new word-of-mouth."

The researchers also found that studios release American movies faster

to countries that are culturally similar to the U.S.

"Culture is relevant to international products like movies," Song said. "As a cultural product, movies transmit the value system of the culture that made it. How similar that value system is to audiences in other countries can have a large effect on whether the movie succeeds in the international market."

Replacing the original English dialogue of a big-budget film with an audio track in another language—a process called dubbing—has little effect on when a movie becomes available for an international audience. [Countries](#) like Spain, Germany, Austria, South Korea and Japan frequently keep the English audio track and add subtitles. Similarly, more action-heavy films often have less dialogue than character-driven films, which can help non-English speaking viewers.

Some of the other studies looked at:

- The country order that movies are launched for sequential international releases;
- Why user ratings on websites like IMDB, Metacritic and forums sometimes differ greatly from country to country and the cause of those score differences;
- The different purposes of prelaunch advertising versus post-launch advertising for movies;
- The effect of product placement on the performance of movies;
- The effect of social media on the performance of movies.

Provided by Kansas State University

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