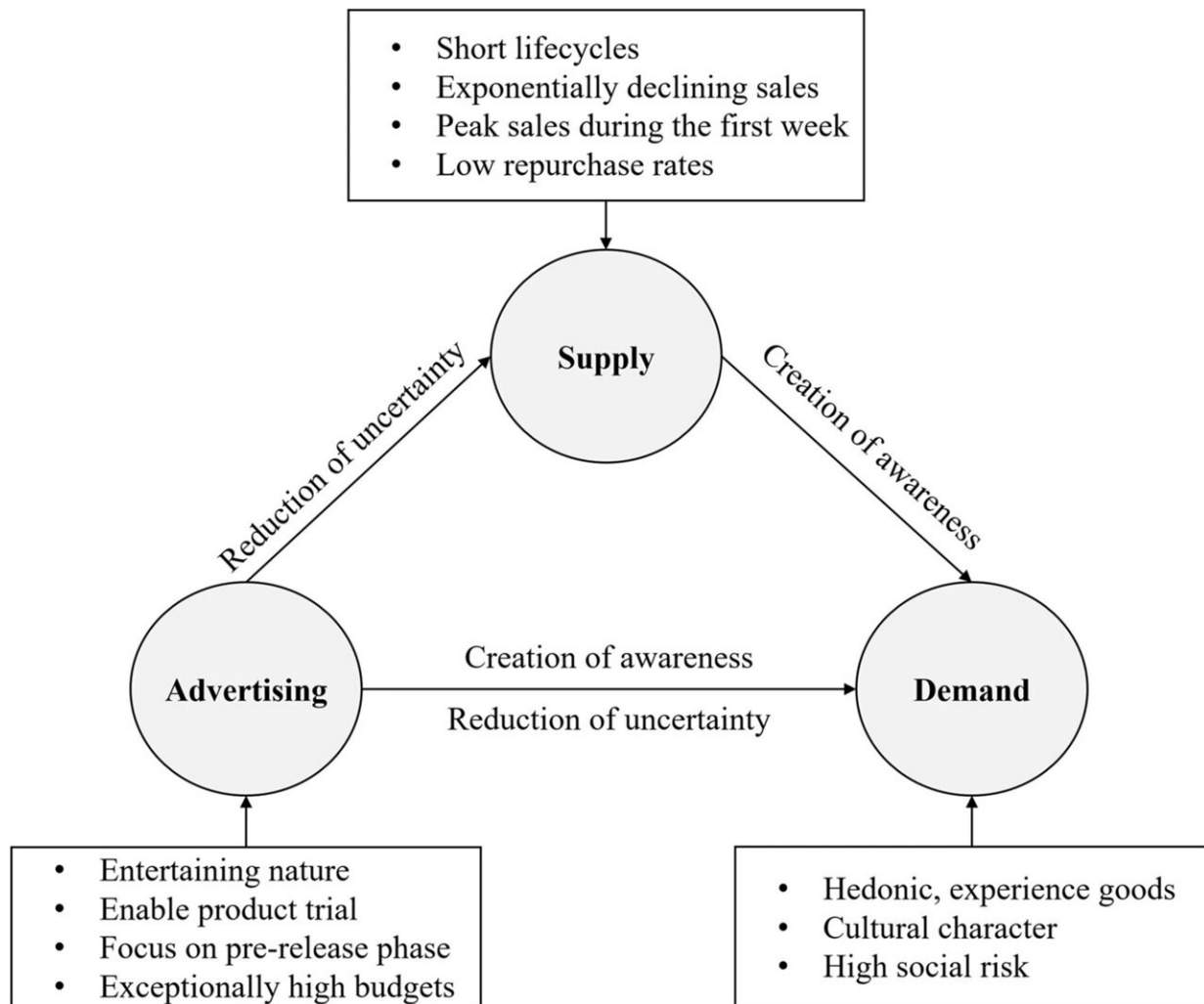


# Study shows record-breaking advertising expenses on films pay off

October 11 2023, by Lisa Wolf



Specifics of the entertainment industry. Credit: *Journal of the Academy of Marketing Science* (2023). DOI: 10.1007/s11747-022-00916-0

Films, video games, music releases—the entertainment industry is well known for its high spending on advertising. The marketing budget of blockbuster film Barbie was even greater than its total production costs. A new meta-analysis shows that this approach is worthwhile. Increasing spending on film ads by one percent increases revenue by 0.33 percent—nearly three times as much as in other industries.

This was established in a [study](#) by researchers at the University of Cologne, KLU (Kühne Logistics University), KU Leuven, and the universities of Hamburg and Leipzig. These results can aid marketing managers in planning expenses more accurately and in better forecasting their efficacy.

"Our results show that spending on [advertising](#) in this industry in particular pays off," said Alexa Burmester, assistant professor of applied [quantitative methods](#) at KLU. She cited film advertising as an example, "In addition to movie-goers, the ads also reach cinema operators. More cinemas show the film and more people see it, which increases revenue as well."

The effect here is very robust. "Advertising works—no matter the country and also in economically tough times," said Prof. André Marchand of the University of Leipzig. Generally, the influence of advertising has decreased since the mid-2000s due to the emergence of [social networking](#) services such as Twitter.

## **A model for other industries**

"For consumers, compared to other industries it is particularly difficult to estimate the quality of entertainment products before purchase. Viewers only know if they like the film after seeing it. Advertising can help decrease this uncertainty, for example, by showing clips of the film in trailers and testing the product," explained Dr. Andrea Schöndeling of

the University of Cologne.

"What's more, advertising in the [entertainment industry](#) banks heavily on storytelling. It tells thrilling stories and arouses emotions, animating discussion and sharing on social networks. Even prior to a film's release, hype can be generated that can motivate cinema operators and distributors to place the product more prominently," Prof. Alexander Edeling of KU Leven added.

The principles of product testing and storytelling presumably make advertising more effective. Other industries could integrate these effects into their ad campaigns.

The analysis synthesizes the results of 59 studies on marketing in the entertainment industry from 1994 to 2021. The study is published in the *Journal of the Academy of Marketing Science*.

**More information:** Andrea Schöndeling et al, Marvelous advertising returns? A meta-analysis of advertising elasticities in the entertainment industry, *Journal of the Academy of Marketing Science* (2023). [DOI: 10.1007/s11747-022-00916-0](#)

Provided by Kühne Logistics University

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