THE ROLE OF MOVIE TRAILERS IN GENERATING WORD-OF-MOUTH

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ABSTRACT:

Filmmakers increasingly depend on trailers as advertising and to generate word-of-mouth (WOM). This paper investigates the extent to which trailers influence WOM in the pre-release context by testing a conceptual model separately on the three most popular movie genres. Where viewers perceive greater understanding of the movie from the trailer, the prospect of liking it is significantly increased. This leads to a substantial increase in their intent to generate WOM and ultimately their willingness to pay to see the movie. These novel findings lead to practical impacts for studios hoping to stimulate consumer interest, with wider contributions to advertising theory.

KEY WORDS:

Motion Picture Industry, Movie Trailers, word-of-mouth, WOM Volume and Valence
MANAGEMENT SLANT:

1. Across three main movie genres, a perception of understanding prompted by a trailer is linked with greater likelihood for viewers to believe they will like the movie.

2. In combination, these are positively related to increased intention to engage in WOM.

3. The model explains a high proportion of the variance in respondents’ intention to purchase.

4. Therefore, by ensuring audiences understand the essence of the movie from the trailer, sales may be positively impacted.

5. Our findings can help studios develop pre-release engagement with the movie ahead of the critical first weekend box office.
INTRODUCTION

The movie production and distribution industry is economically and socially significant (Booth & Geis 2006). Employing 866,000 people and generating revenues of $92 billion per year globally, the motion picture industry is a serious player for consumer dollars (IBIS World 2014). However, planning a movie is still believed to be “an enormous crapshoot” (Squire, 2006: p5) where significant costs are sunk before the product even reaches audiences. Historically speaking, films with well-thought-out pre-release strategies often do better on the market in terms of audience success; producers invest considerable people hours and funds to this end (Vogel 2001). The dominant model is one wherein studios take advantage of a short promotional window immediately ahead of release (Friedman 2006). They organize their strategies into a ‘blitz’ formation, where all marketing tactics are run simultaneously (Eliashberg et al. 2000). Pre-release marketing campaigns are usually omni-medium communicators directly with audiences, including: (1) advertising and public relations support such as trailers and teaser campaigns (Dellarocas et al. 2007); (2) exploiting the pull of the movie’s main stars through interviews and other appearances (Elberse 2007); and (3) utilizing critical reviews from professional and amateur critics to drive interest to the movies (Chakravarty et al. 2010). These elements aim not only to increase potential consumers’ intention to pay to see the movie, but also to create personal recommendations (Eliashberg et al. 2000) and word-of-mouth (WOM)—all key factors in generating box office success (Liu 2006).

Movie trailers are short promotional videos (less than 2 minutes 30 seconds) that exist to excite patrons about full-length movies to come. Trailers have been shown to be particularly impactful in stimulating WOM prior to release and drive box
office sales. They are an important part of the film ‘paratext’, a term that is borrowed from the literary world (Genette and Maclean, 1991). In this context, it refers to the information that surrounds the movie itself, including the trailer (Preece, 2011; Kernan, 2004). Originally used as advertisements shown on TV and in cinemas, trailers are now also widely shared on social media (Kietzmann et al. 2011). The most popular trailers generate tens of millions of views and stimulate significant eWOM in the form of shares, ‘likes’ and comments.

WOM refers to the influence exerted on consumers’ brand considerations by people within their networks (Dichter 1966) and is noted to be an important factor in the purchasing decisions (Richins & Root-Shaffer 1988; Keller & Fay 2009). While research into the phenomenon dates back to the 1960s, it has been the subject of significant interest in the past decade as electronic channels have intensified the effect of personal recommendations (Hennig-Thurau et al. 2004; Yeo 2012).

A complementary effect between advertising and WOM exists (Day 1971), where WOM, coupled with advertising amplifies the efficacy and persuasiveness of the campaign threefold (Hogan et al. 2004). The same phenomenon has been tested in the movie industry (Eliashberg et al. 2006), but the focus has tended to be on the role of advertising in stimulating a direct effect on box office success and in testing WOM as a post-release phenomenon (Elberse & Eliashberg 2003; Basuroy et al. 2006; Clement et al. 2013). This is due to satisfaction being one of the antecedents of WOM (Brown et al. 2005), which cannot exist in the pre-release phase. However, since trailers provide a “free sample” of the finished product (Kernan 2004), and a significant proportion of online content references the characteristics of the movie (Nguyen and Romaniuk 2014), it is clear that opinions on the movie can be formed
prior to release. Consequently, it is feasible that the valence of posters’ WOM can be affected by their opinions of the movie formed from the trailer in isolation.

While numerous studies have charted the influence of trailer content and timing, very limited research has been conducted regarding the relationship between trailers, WOM and box office success. The paper makes three key contributions: (1) an operationalization of extant literature on trailers, which is impactful to movie producers as they commission promotional campaigns; (2) a contextual extension to WOM theory, by empirically testing key antecedents that show a clear increase in intended WOM engagement; and (3) it adds to an important narrative in this and other journals which explores the complementarities between advertising and WOM.

The paper is organized into four parts: first, the context of the present study is outlined through a brief overview of WOM and social media in the movie industry. Next, the production of trailers as an extended form of advertising is considered. Then, the procedure for the study is outlined and the findings are presented. Finally, the implications for theory and practice are discussed.

**WOM IN THE MOVIE INDUSTRY**

Marketing is one of the main drivers of the performance of a movie (Prag & Casavant 1994) and positively influences box office success even if the product is poor (Basuroy et al. 2006; Hennig-Thurau et al. 2006; Elberse & Anand 2007). The inclusion of user generated content (UCG) is noted to extend the accuracy of forecasting models, and complementary effects between advertising and this form of WOM are apparent (Dellarocas et al. 2007).

In general, while advertising can set the scene for success (Day 1971; Allsop et al. 2007), WOM is the key factor that influences purchasing decisions (Dichter 1966; Riegner 2007). This is particularly true of experiential purchases such as
movies (Eliashberg et al. 2000). WOM is a key antecedent to distribution decisions (Clement et al. 2013) and is directly associated with box office (BO) success (Liu 2006; Duan et al. 2008; Karniouchina 2011).

The volume of WOM has consistently performed well as a key predictor of BO success, with a direct, strong influence (Eliashberg et al. 2000; Hennig-Thurau et al. 2007; Chintagunta 2010). Inconsistencies exist in the findings of research into the direct effect of the valence of pre-release WOM on BO success. Online reviews were found not to influence BO success (Liu 2006), although this is contradicted by later findings where valence exerted a positive, direct effect on BO success (Chintagunta 2010). Despite this, as indicated in Figure 1, positive WOM (where the poster portrays a degree of empathy and interest in the movie) has a significant relationship to box office performance and consequently leads to greater volume of WOM (Duan et al. 2008). In this sense, WOM is both an antecedent and an outcome of box office sales.

The marketing campaign initiated by Lionsgate to support the release of The Hunger Games: Catching Fire has been highly regarded (Maloney 2013) and is an
exemplar of the theoretical model shown in Figure 1. The high levels of engagement with content in specially-built communities and partner platforms (e.g., a challenge for online Minecraft players to build ‘districts’) led to a large volume of pre-release buzz. The supporting paratexts (including the trailer) were recognized to reflect the themes of economic inequality and the effects of violence that pervade the books and movies. Early viewers adjudged the movie to have delivered on the promise made in the promotional material and this contributed to the positive sentiment in the WOM generated immediately following release. Engagement is conceptualised in these types of communities in line with Sashi (2012) where customers can develop relationships with brands and other members, thereby engaging in co-created experiences. The conclusion that can be drawn by using the model is that this perpetuated the growing volume of WOM, as well as having a direct effect on the box office revenues.

Despite its importance to the movie industry, its value in generating pre-release buzz (Phelps et al. 2004; Dellarocas et al., 2007), WOM has received little attention from scholars.

**MOVIE TRAILERS**

The first movie trailer was produced in 1913 for the musical *The Pleasure Seekers*, as an alternative to a card showing the list of upcoming shows traditionally presented at the end of the performance; hence the name trailer. Later, trailers became previews; they were moved to the beginning of the movie and, ultimately, outside of the film experience altogether, but they kept the name ‘trailer’. Trailers have become the main feature in that they have their own reviews, specially-composed music, and are nominated for awards (Doperalski, 2012). Over time, trailer design has gone through a number of trends, with some experts suggesting that they should be “vague and teasing”, where others prefer a more direct approach: “not a narrative, but an
abstract representation of one” (Crookes 2011). Trailers are promoted via social
media up to a year ahead of the planned release date, often well in advance of the
movie being completed, with the aim of whetting the audience’s appetite for more
information. By the time of release, there are likely to be multiple versions available,
varying in timing, character focus, and theme (Fowler quoted in Crookes, 2011).
Evidence of the positive role played by trailers in the direct generation of BO success
is more readily available (Hennig-Thurau et al. 2007; Epstein 2005; Young et al.
2008; Gong et al. 2011).

In its current form, the literature offers general advice about producing trailers
that are intended to stimulate viewing desire. One key theme is to capture the essence
of the movie, being as true to its nature as possible (Flanagan 2012). There are three
key questions a trailer should answer for the audience: “Who is this person or these

In sum, the advice to trailer designers is that there is a range of necessary traits
that can be used to develop the viewer’s understanding and liking of the movie itself,
with the goal of achieving two positive outcome intentions: (1) recommending the
movie to friends; and (2) paying to see it. As previously noted, these consequences are
complementary in nature as suggested by Figure 2.
HYPOTHESES DEVELOPMENT

The conceptual model reflects and develops extant theory on the relationship between WOM and purchasing behavior. Unlike the majority of prior literature the focus is on pre-release WOM leading the authors to consider the issue of self-reported measures that focus on future intentions.

Intention to generate WOM and purchase

There has been a tradition of modeling intentions for both WOM and purchase in retailing (Maxham & Netemeyer, 2002; Babin et al, 2005) and similarly in other contexts, for example: intention to donate in the charity sector (Ford & Merchant, 2010) or WOM related to switching intention (Lee and Romaniuk, 2009). However, potential limitations of WOM intent measures were recognized, particularly those that are recommendation-based (Romaniuk et al, 2011; East et al, 2015), albeit noting that behavioral alternatives were also challenging (Delarocas et al, 2007). Similar reservations apply to purchase intent scales (Wright & MacRae, 2007; Mortwtiz et al, 2007) although in this case, the choice was less problematic, due to the pre-release context of the study, where intention to pay to see the movie was the only suitable measure.

It was concluded that while self-reported, intention-based dependent variables were imperfect, they were appropriate in this case for four reasons: (1) the exploratory nature of the study itself; (2) the desire to test a single model, requiring equivalent data; (3) the collection of empirical data that reflects the real-world (i.e. responses from test audiences) from which costly advertising decisions are made; and (4) the focus being on consumer engagement rather than recommendations specifically.

Understanding
The role of understanding a message such as one contained in a movie trailers is not well developed in the academic literature and thus forms an exploratory element of the study. Conversely, conventional wisdom in the form of expert practitioner advice tends to focus on the outcome or ‘the essence’ of the movie as captured in the trailer (Flanagan, 2012). This was supported by Iida et al (2014) and in such cases, the viewer feels a heightened sense of understanding, which is defined as a representation of an individual’s knowledge of concepts based on their view of underlying objects, events, and actions (Rumelhart 1991). This conceptualization is congruent with information-processing based persuasion models (McGuire, 1968) where comprehension is the basis of ongoing consideration. In experiments on comprehension, message reception and comprehension have led to greater levels of agreement (Chaiken & Eagly 1976; Eagly 1974; Jacoby & Hoyer, 1982). This effect has been noted especially for televised messages, as opposed to audiotaped and text messages (Chaiken & Eagly, 1976). Consequently, prior studies are operationalized by testing the respondent’s perception of understanding of the movie as a result of their initial viewing of its trailer. This is the starting point of the conceptual model shown in Figure 2.

Liking

When respondents understand the movie, liking the trailer increases, which is measurable as enhanced sympathy with and interest in the movie itself (Iida et al. 2012). In combination, the authors refer to these as an increased liking on the part of the respondent toward the movie, which is consistent with previous perspectives (Morgan 2000). Tests that matched electroencephalographic (EEG) results with self-reported liking, were found to predict not only individual viewing preference, but also population-wide BO success (Boksem and Smidts, 2015). While contradictory
evidence has been reported regarding the direct effect of the valence of WOM on box
office success, there is much more convergence in researchers’ findings regarding its
overall effect (Chintagunta 2010; Duan et al. 2008; Eliashberg et al. 2000; Liu 2006).
Therefore, as previously established, the measurement of the respondents’ liking or
otherwise of the movie is an important factor as this acts as an indicator of the valence
of any WOM generated. This leads to the following hypotheses that describe the
direct effects shown in the model:

**H$_1$** Increased understanding of the movie perceived by the respondents as a result
of viewing its trailer generates a positive effect on their:

(a) Liking the movie.
(b) Intention to contribute to WOM.
(c) Purchase intent.

**H$_2$** Increased levels of liking the movie as a result of viewing the trailer lead to
increased:

(a) Intention to contribute to WOM.
(b) Purchase intent.

**H$_3$** Intent to engage in WOM about a movie as a result of viewing a trailer is
correlated with intention to purchase.

Theoretical contributions can often be derived from the investigation of
conceptual models such as the one presented in Figure 2. Extant research indicates
that engagement with online communities provides a positive route for increased
brand engagement (Sashi 2012). This is supported by examples outlined previously,
where studios have successfully used WOM to develop a community following for
their movie (Lang 2014). From the consumer perspective, engagement with brands in
this way is positively linked with sustained interest (Richins & Root-Shaffer 1988).
Consequently, the following hypotheses are tested:
H4 WOM mediates the relationship between:

(a) The understanding of the trailer and the intention to purchase.
(b) Liking the movie and the intention to purchase.

PROCEDURE

Pilot Study

A pilot study was designed to confirm: (1) that the interpretation of the literature led to the development of a plausible model for testing; (2) that the stimuli (movie trailers) feasibly prompt the WOM engagement inferred from the literature; and (3) that the measures – particularly related to understanding and sharing behavior – were supportable. A range of heavily promoted movies was selected and, following the procedure for categorization outlined by Rich (1992), a theoretical categorization of trailers was conducted. Evidence was uncovered of a range of features that, in combination, contribute to the viewers’ understanding of the movie as a result of viewing the trailer. These include: (1) timing (Tourmarkine 2005); (2) the role of characters in developing or outlining the plot (Campbell 2008; Flanagan 2012); (3) the nature of the narrative (Maier 2009; Crookes 2011); and (4) the trailer’s explanatory power (Iida et al. 2012). Three separate focus groups were conducted (n = 18) where respondents viewed a range of trailers and discussed the extent to which this would lead them to engage with the movie. The categorization of understanding related to the trailer archetypes was broadly congruent based on respondents’ verbal indication with the model. This supports the notion that understanding operationalizes practitioner advice to ‘capture the essence’ of the movie (Campbell 2008) and confirmed that the stimuli and measures were appropriate. By investigating respondents’ intended sharing behavior the authors were able to validate
the suitability of chosen WOM measures. In combination, this supported the authors’ interpretation of the literature and the development of the conceptual model.

**Sample**

The sample frame was consistent with the audience segment recognized as being the most frequent visitors to movie theatres \( (age = 18-34) \) (MPAA 2015). This type of purposive sampling method is acceptable where the criteria are objectively derived (e.g., age), supported by the context (in this case, the consumer segment), and where results are not generalized beyond the group from which the sample was derived (Black 1999). Participants were recruited through the promotion of the survey link through social media by the researchers and participants were encouraged to share the survey link, thereby creating a snowball effect. While possible limitations of this approach are acknowledged, its application in this context is supported. First, it is impossible to acquire population lists of social media to perform randomized sampling (Tow et al, 2010). Second, this is common in the type of study where adult Internet users are the population of interest (McMillan et al. 2003; Matook et al, 2015). Third, respondents who did not meet the exact criteria for age (18-34) or who did not confirm that they had paid to view movies in the two months prior to completing the questionnaire were excluded from the data collection. Furthermore, the procedures reflected those outlined by Matook et al (2015) to counter-balance concerns of bias from snowball sampling: the survey was seeded over two disjoint social media sites, Facebook and Twitter, by researchers based in different countries with almost no overlap in their networked connections. Together these measures were aimed at reducing the likelihood of participant repetition, thereby increasing the validity of the overall study (Sudman and Kalton, 1986).
Survey Design & Procedure

In order to stimulate respondents’ perceptions of the movie, four movies were initially selected that were due for release to theatres in the late summer of 2014 in North America and Europe. Movies were initially selected from the Science Fiction / Fantasy genre (hereafter referred to as sci-fi). In order to test the model across different genres, the study was replicated twice: first with comedies (comedy) and later with movies that would fit with the thriller classification (thriller). While the movie selection was centered around the studios’ release schedules, bias was controlled for as rigorously as possible: (1) all trailers were at least 3 months ahead of release at the time the survey was taken; (2) all were big movie releases supported by big studios and a minimum of $10m advertising spend; (3) each had at least one major movie star as part of the cast; and (4) the trailers used were ‘official’ trailers rather than very early stage ‘teasers’. It is acknowledged that controlling for endogeneity in models of this type is problematic, and only fully resolved by experimental conditions. However, by testing 12 different trailers, from three genres, across three time horizons, sufficient variation to the study was introduced to minimize bias as a result of endogeneity in the model (Shugan, 2004).

In order to simulate the experience of viewing the trailer online, the html code from the YouTube channel for each trailer was embedded into an online survey instrument. The order of the trailers was randomized, which controlled for order effects. In order to establish a common experience that was similar to the norm in the chosen platform, respondents were asked to watch the embedded trailer in the same window rather than open a new browser window or tab. Participants watched four trailers and answered related questions immediately after viewing each one and were
only able to move forward after the trailer had finished. Demographic and secondary questions were asked at the end of the survey.

After all four trailers, the following scales were shown: (1) understanding of the film, measured using a 5-item scale that was developed using Rumelhardt’s (1991) concepts as outlined previously (Likert scale; Strongly Disagree – Strongly Agree); (2) WOM intent, measured using an adapted 5-item WOM scale (Babin et al. 2005) (7-points: Strongly Disagree – Strongly Agree); (3) liking of film, trailer and story of each film, measured using a 3-item scale (6-points: Like Very Much – Dislike Very Much); (4) purchase intent, measured using a 3-item scale specific to the context (7-points: Strongly Disagree – Strongly Agree). The understanding and purchase intent scales were very particular to the context of the study and were developed with the outcomes of the pilot study. As outlined in a prior section, because the context of the study was trailers released several months ahead of release and the desire was to test a single model with equivalent data, intent scales were the only feasible option, although possible limitations are recognized. The survey instrument was designed to minimize the risk of common method bias, including: reversed questions, different Likert scales (7 and 6), tasks designed to offer variance in respondent activity, and clearly stated questions to avoid confusion (Mackenzie and Podsakoff, 2012).

In order to test the model, partial least squares structural equation modeling (PLS-SEM) was selected, where relationships between multiple constructs can be measured simultaneously. The technique is often linked with exploratory studies. In this case, elements of the study have been previously tested (liking, intent to generate WOM and purchase intent). However, two elements are exploratory and have been incorporated with the specific intention to develop theory: first, the relationship
between understanding and other constructs is underexplored and second, testing this in relation to movie trailers is novel.

From a methodological perspective, the justification for the use of PLS-SEM was made on the basis of key factors: (1) the goal was to predict ‘driver’ constructs (Hair, Ringle & Sarsted, 2011) which in this case refers to the extent to which WOM and IP are stimulated by variables in the model (2) the model includes both reflective and formative measures, meaning PLS-SEM was the most appropriate choice (Hair et al, 2014). Its efficacy when compared to CB-SEM has been found to be acceptable (Reinartz, Haenlein and Hensler, 2009) and it is considered suitable for testing marketing theory (Hair et al, 2011; Fornell and Bookstein, 1982; Gruber, Kalauier and Schlegelmilch, 2015); and (3) while the total data pool was 310 respondents, the model was tested in each genre as part of multi-group analysis. Subsequently the small sample advantages associated with PLS-SEM meant it was the only viable option using the ratio method of 1:10 recommended by Hair et al (2014).

RESULTS

After completing standard procedures to validate the data, completed surveys from 310 respondents were included in the analysis, each responding to four trailers leading to a total of 1,240 observations in the specified model (n = sci-fi, 94 [376]; comedy, 104 [416]; thriller, 112 [448]). The sample passed the ratio-method test for significance at the 10:1 level (Hair et al, 2014) on each individual movie, in each genre and in total. The sample was made up of 62% female respondents; and 76% were from Europe. A small number of survey responses was excluded from individuals whose age was outside the target range of 18-34 meaning that the final sample was drawn 100% from the most frequent movie-viewers range (MPAA, 2015).
Data and Model Validation

Tests were carried out according to procedures outlined by Hair et al. (2014) in SmartPLS version 3.0 (Ringle et al. 2014). Evaluation of outer loadings in Table 2 indicate that they exceed the threshold of <.708 indicating construct validity with the exception of one item (Und4). Consideration was given to deletion but this was rejected on basis that the outer loading is between the threshold where deletion is discretionary (0.40-0.70) and because the Composite Reliability score was acceptable (Hair et al., 2014). Composite Reliability scores (Table 2) comfortably exceed <.800 thereby meeting the threshold for construct reliability (Nunnaly, 1978).

<table>
<thead>
<tr>
<th>Items</th>
<th>Understanding</th>
<th>Liking</th>
<th>Intent to Generate WOM</th>
<th>Intent to Purchase</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Und1</td>
<td>The story makes sense to me</td>
<td>0.863</td>
<td>0.469</td>
<td>0.435</td>
<td>0.402</td>
</tr>
<tr>
<td>Und2</td>
<td>I understand the plot of the film</td>
<td>0.872</td>
<td>0.392</td>
<td>0.344</td>
<td>0.297</td>
</tr>
<tr>
<td>Und3</td>
<td>The film seems confusing (reverse)</td>
<td>0.817</td>
<td>0.517</td>
<td>0.307</td>
<td>0.223</td>
</tr>
<tr>
<td>Und4</td>
<td>The film has a clear formula</td>
<td>0.509</td>
<td>0.110</td>
<td>0.146</td>
<td>0.223</td>
</tr>
<tr>
<td>Und5</td>
<td>The story is hard to comprehend (reverse)</td>
<td>0.811</td>
<td>0.431</td>
<td>0.220</td>
<td>0.271</td>
</tr>
<tr>
<td>Aff1</td>
<td>Regarding the Trailer</td>
<td>0.490</td>
<td>0.918</td>
<td>0.543</td>
<td>0.480</td>
</tr>
<tr>
<td>Aff2</td>
<td>Regarding the Film</td>
<td>0.495</td>
<td>0.967</td>
<td>0.645</td>
<td>0.592</td>
</tr>
<tr>
<td>Aff3</td>
<td>Regarding the Story</td>
<td>0.497</td>
<td>0.955</td>
<td>0.041</td>
<td>0.589</td>
</tr>
<tr>
<td>WOM1</td>
<td>I am likely to spread WOM about this film</td>
<td>0.398</td>
<td>0.674</td>
<td>0.385</td>
<td>0.704</td>
</tr>
<tr>
<td>WOM2</td>
<td>I would recommend this film to my friends</td>
<td>0.415</td>
<td>0.632</td>
<td>0.920</td>
<td>0.790</td>
</tr>
<tr>
<td>WOM3</td>
<td>If my friends were planning to see a film I would tell them to watch this film</td>
<td>0.393</td>
<td>0.621</td>
<td>0.899</td>
<td>0.792</td>
</tr>
<tr>
<td>WOM4</td>
<td>I am likely to spread positive electronic WOM about this film</td>
<td>0.301</td>
<td>0.523</td>
<td>0.890</td>
<td>0.631</td>
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<tr>
<td>WOM5</td>
<td>I would post positively about this film on social media</td>
<td>0.292</td>
<td>0.459</td>
<td>0.861</td>
<td>0.650</td>
</tr>
<tr>
<td>IP1</td>
<td>In the future I intend to pay to see this film</td>
<td>0.332</td>
<td>0.499</td>
<td>0.724</td>
<td>0.994</td>
</tr>
<tr>
<td>IP2</td>
<td>If I were planning to visit the cinema I would be likely to see this film</td>
<td>0.362</td>
<td>0.585</td>
<td>0.791</td>
<td>0.938</td>
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<td>IP3</td>
<td>When it is release, I will not pay to see this film (reverse)</td>
<td>0.289</td>
<td>0.496</td>
<td>0.625</td>
<td>0.856</td>
</tr>
</tbody>
</table>

17
Tests to assess discriminant validity were carried out in accordance with recent literature (Hair et al., 2014) and are presented in Table 3. In all cases, the Square Root of the Average Variance Extracted (AVE) is greater than the correlations with all other constructs. Therefore, by evaluation using the Fornell-Larcker criterion, discriminant validity is established. A further test is proposed by Hensler et al. (2014) referred to as the heterotrait-monotrait ratio (HTMT), where a construct score is <0.90, discriminant validity is validated (Table 4).

Table 1 – Psychometric Properties and Measurement Validity

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Understanding</td>
<td>0.785</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Liking</td>
<td>0.386</td>
<td>0.947</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Intent to Generate WOM</td>
<td>0.403</td>
<td>0.163</td>
<td>0.877</td>
</tr>
<tr>
<td>4</td>
<td>Intent to Purchase</td>
<td>0.390</td>
<td>0.065</td>
<td>0.795</td>
</tr>
</tbody>
</table>

Table 2 – Fournell-Larcker criterion test

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
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<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Understanding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Liking</td>
<td>0.553</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Intent to Generate WOM</td>
<td>0.413</td>
<td>0.671</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Intent to Purchase</td>
<td>0.419</td>
<td>0.639</td>
<td>0.861</td>
</tr>
</tbody>
</table>

Table 3 – Heterotrait-Monotrait test

Constructs were tested for variance inflation factor (VIF) and data were comfortably within the rigorous thresholds of VIF >.2 < 5 advocated by Hair et al. (2014) to confirm that findings are not inflated by multi-collinearity. Further, unrotated principle components factor analysis was used to test independent variables, identifying three factors with Eigenvalues of above 1, none of which explained the majority of the variance. Following procedures in Gruber et al. (2015), this was validated using Harman’s single factor test. While this does not guarantee the absence
of common method bias, it is not considered to be a concern. Validity tests were repeated for each genre separately with no anomalies found.

In summary, the data quality statistics confirm that the data met accepted standards for: convergent validity, discriminant validity, reliability and multicollinearity. Thus, the authors can be confident that the findings are reflective of specified relationships rather than the result of construct mis-measurement.

There has been some discussion on the suitability of overall fit indicators in PLS-SEM given its nature as a primarily exploratory method. However, the standardized root mean square residual (SRMR) has been recognized to indicate the suitability of the model to fit the data (Henseler et al. 2014). In this case SRMR = 0.07, within the most rigorous threshold referred to in the literature, indicating that the specified model is plausible (Hu & Bentler 1999). Further, the $R^2$ value of the dependent variable indicates the overall variance explained by the antecedent constructs and a value above .500 signifies strong explanatory value. In this case, with an $R^2$ of .646, where key paths are significant at >99% level, the specified model is considered to be a strong indicator (explaining 65% of the variance in intention to purchase).

**Hypothesis Testing**

Tests were carried out to assess the individual path level $R^2$ values along with their corresponding $p$-values, and $f^2$ statistics, which indicate the predictive value of the stated path (Table 5). The focus in this section is on the findings across all three genres in order to identify generalizable findings.
### Table 4 – Findings from PLS-SEM (all three genres)

The purpose of the $f^2$ statistic shown in Table 4 is to establish the effect size of the exogenous latent variable referred to in the respective hypothesis (Cohen, 1988). Note that the paths shown with bold lines in Figure 3 (representing $H_{1a}$, $H_{2a}$ and $H_{3}$) all exhibit large effects (>0.35).

<table>
<thead>
<tr>
<th>H#</th>
<th>Path Level</th>
<th>Path Coefficient</th>
<th>$p$ Value</th>
<th>$f^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>Understanding positively affects liking</td>
<td>0.537</td>
<td>***</td>
<td>0.405</td>
</tr>
<tr>
<td>H1b</td>
<td>Understanding positively affects WOM intent</td>
<td>0.072</td>
<td>**</td>
<td>0.006</td>
</tr>
<tr>
<td>H1c</td>
<td>Understanding positively affects purchase intent</td>
<td>0.010</td>
<td>NS</td>
<td>0.000</td>
</tr>
<tr>
<td>H2a</td>
<td>Liking positively affects WOM intent</td>
<td>0.607</td>
<td>***</td>
<td>0.454</td>
</tr>
<tr>
<td>H2b</td>
<td>Liking positively affects purchase intent</td>
<td>0.119</td>
<td>***</td>
<td>0.020</td>
</tr>
<tr>
<td>H3</td>
<td>WOM intent is correlated with purchase intent</td>
<td>0.717</td>
<td>***</td>
<td>0.839</td>
</tr>
</tbody>
</table>

#### Construct Level

<table>
<thead>
<tr>
<th></th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liking</td>
<td>0.288</td>
</tr>
<tr>
<td>Intent to Generate WOM</td>
<td>0.420</td>
</tr>
<tr>
<td>Intent to Purchase</td>
<td>0.645</td>
</tr>
</tbody>
</table>

**denotes $p < .005$ ***denotes $p < .001$

### Figure 3: Measurement Model with Results (all three genres)

Giving consideration to the hypothesized direct effects, $H_{1a}$ and $b$ are supported but the former indicates a substantially larger effect and a high degree of confidence. However, $H_{1c}$ is rejected in the overall model, indicating that merely understanding the trailer has no direct effect on resulting intent to purchase.
H$_{2a}$ and $b$ are both supported, indicating that increased liking of the movie leads to greater intent to generate WOM and to pay to see it, although the effect size in the case of H$_{2a}$ is also markedly larger. The last of the direct-effect hypotheses (H$_3$) focused on the relationship between WOM intent and purchase intent, and strong support of this notion is present in the data.

In testing the mediation effects, bootstrapping procedures outlined by Hair et al. (2014) were used, specifying 1,000 samples and generating the Variance Accounted For (VAF). This represents the proportion of the indirect effect to the total effect, where VAF > 75% indicates the presence of mediation (Hair et al, 2014). Thus, both hypotheses were accepted as described in H$_{4a}$ (understanding to purchase intent: VAF = 97%); and H$_{4b}$ (liking to purchase intent: VAF = 78%). In addition, it is noted that in the case of H$_{4a}$ full mediation is inferred on the basis that the direct relationship is non-significant and for H$_{4b}$ partial mediation is noted (Baron & Kenny, 1986).

**Assessing Differences between Genres**

Using multigroup analysis techniques, differences between the three genres at the path level were estimated, focusing on the relationships between those that are indicated by bold paths in Figure 2. In general, the nature of the model was the same across sci-fi, comedy and thriller, indicating congruence across the three most popular movie categories. In all but one case, differences between paths do not affect the interpretation of the model.

However, in the case of the path represented by H$_{1a}$ (understanding and liking), a significant difference between sci-fi and both other genres was noted ($R^2_{\text{difference}} = .170_{\text{comedy}}$ and $.242_{\text{thriller}}; p < .002$). When comedy was compared to thriller genres, the differences were marginal and non-significant, indicating congruence between the two. Further inspection of the model indicated that the direct
path between understanding and WOM in the sci-fi genre is larger ($R^2 = .227$) than in the model for comedy or thriller, where negligible effects in that path are observed. These are interesting when comparing the application of the model in different movie categories, but do not affect the overall interpretation of the model. While understanding is important in all three genres, the effect is concentrated on the relationship with liking in comedies and thrillers, whereas it is spread between liking and WOM intent for sci-fi. Possible explanations for this effect are considered in a later section and no other significant differences were noted.

**DISCUSSION AND CONCLUSION**

The above findings show that while liking a particular film and understanding of a trailer may be considered predictors of ultimate intent to purchase, these two constructs are mediated by WOM intent. Neither liking a particular film nor understanding of a trailer offer substantial predictive value of purchase intent without the WOM intention. Consequently, this can be seen as a form of consumer engagement. It extends that increased WOM engagement in social media will lead to an increased commitment to a product or service (Sashi, 2012). The findings presented above support the idea that liking the film alone is not a predictor of purchase intention. For filmmakers, merely making a great film will not guarantee audience members. Further, while trailer understanding is a must, alone, it is likewise insufficient to entice audiences to watch a film. However, when liking and understanding exist in unison, this increases the likelihood of WOM intention, which has a strong, positive relationship with purchase intent.

The evidence strongly indicates that ‘understanding’ acts as a suitable proxy for capturing “the essence” of the movie (Crookes 2011). This provides a combined perspective of the viewer factors that were previously found to predict the
effectiveness of a trailer: the story, the outline, and its ability to be understood. The study supports and extends these findings, indicating that understanding exerts a strong, direct effect on the respondent’s liking of the movie. These are novel findings, as these relationships have not previously been included in prediction models. However, one possible explanation for the findings is that while WOM has classically been linked with diffusion of innovations (Arndt 1967; Rogers 1962), recent research in this context has indicated that prior experience exerts a significant effect on the nature of WOM (Nguyen and Romaniuk, 2014).

In the case of sci-fi, it is clear that viewers of trailers are more inclined to engage in WOM in cases where liking the movie is not necessarily present. Possibly viewers wish to discuss complexities related to the plot or wish to engage with the science that underpins the story. Perusal of the comments related to trailers to recent sci-fi blockbusters Interstellar and The Martian support both notions: much of the discourse related to those trailers focuses on the physics that underpins the story rather than general discussion of the plot or the performances (for example Legend in the thrillers genre). It is not suggested that the reaction is more positive in Legend per se, simply that in the two SciFi examples, audiences were motivated to discuss a wider range of topics in social media.

The direct influence played by the respondents’ liking of the movie was tested directly with WOM and purchase intent (H2a and b). While these direct relationships do not specifically feature in prior literature related to the model of movie success, they are implied (Iida et al. 2012). As such, the relationships are intuitive, and they may not add significant contribution in isolation. Further, H3 specifically tested the direct relationship between the respondents’ propensity to generate WOM and their intent to purchase. There is strong support for the notion that there is significant
correlation between them, which provides further evidence of a complementary effect (Hogan et al. 2004).

The factors tested should be considered holistically and the overall explanatory power of the model is strong (as attested by the SRMR and the $R^2$ of the dependent variable). Specifically, this indicates that the combination of understanding and liking lead to greater intention to generate WOM and that this increases purchase intent. These findings indicate that WOM from those who felt they would like the movie generated a greater effect than those who did not (whose views were included in the direct path, where a much lower effect size was noted). This offers support to notion that valence of WOM influences purchases as found by Chintagunta (2010) whose results were in contradiction to prior research that found no direct effect (Liu 2006). This is an important contribution to the literature.

As highlighted previously, WOM is significant in the build up to the release of a movie (Delarocos et al., 2007). Further, while there has been some debate on the role of the valence of WOM, most recent research indicates that where it is positive, direct and indirect benefits are noted on box office success (Chakravarty et al. 2010). However, the role of the trailer has not previously been tested in stimulating these effects. The model tests the key factors, measuring liking in terms of positive WOM (Babin et al. 2005), and proposing that a perception of understanding the movie as a result of viewing the trailer is the measurable outcome of capturing its essence (Flanagan, 2012). This is a novel contribution to theory as it complements significant extant research which has focused on post-release WOM, where satisfaction is a key contributor, but is absent in cases where the movie itself has not been released. In the traditions of research into WOM in the context of the movie-industry, the authors
speculate that these findings may be applicable to a wider consumer setting. That said, considerations of practical implications are constrained to the direct context.

**IMPLICATIONS**

The model provides producers and marketers in the movie industry with evidence that could be operationalized in the aim to enhance engagement in the important pre-release phase of the movie. The factors in the model combine to explain a significant proportion of the variance in the intent to engage in discussion about the movie and to pay to view it. The challenge for practitioners is to stimulate and maintain consumer engagement levels to the point that the intention to view is converted to action.

This knowledge fits with the current practice of teasing movies up to a year ahead of theatrical release and producing several trailers that aim to build interest and excitement. On the basis of this evidence, studios may wish to focus on incrementally increasing audience understanding with two key benefits: (1) liking appears to be improved, meaning that any subsequent WOM can be assumed to be positive; and (2) volume of positive WOM explains a very significant proportion of variance in purchase intent.

The fact that the study was successfully replicated on two separate occasions gives confidence that it is broadly generalizable across the three most popular genres of movie in the largest movie-going age group. An interesting exception was noted in the case of sci-fi movies, where the relationships vary slightly, but the key take-out from the model itself – that understanding is the foundation – is not altered.

The model suggests that, by varying a key element of trailers depending on the stage of the movie lifecycle, filmmakers could potentially stimulate dialogue about the movie amongst potential audiences on social media. By doing so, studios can
encourage discussion and opinion-sharing which data can assist with future planning of the pre-release campaign. For example, determining the most appropriate release date, or developing an ongoing narrative in the community that develops around the movie on social media.

LIMITATIONS & FUTURE RESEARCH DIRECTIONS

The research was exploratory in nature, given the relatively scant focus on pre-release WOM in the movie industry and the lack of scholarly material on trailer design. As with all research of this type, some limitations must be acknowledged. First, the study focused on respondents of a certain age group and, while this adds value in that it reflects the opinions across an important segment of the movie industry audience, the authors are careful not to generalize beyond this age range. Future research may extend the sample frame to include more mature respondents, as those groups may exhibit different behaviors in relation to social media and eWOM. Second, it is necessary to reiterate the limitation of self-reported intention measures. It is acknowledged that for prediction models, these are inadequate proxies for future behavior although this is mitigated due to the primary interest being in the relationship between the factors rather than on predicting audiences per se. Nevertheless, future researchers may test actual WOM valence / volume and box office revenues with pre-release understanding scores. Studies of this nature are inherently subject to the possibility of an unidentified factor being the cause of the noted effects. While through the use of variation and different stimuli, which reduces the risk of endogeneity, this cannot be fully mitigated without the use of experimental conditions, these may be used in future research to identify the specific drivers of understanding in trailers. Similarly, by measuring the dependent variable using the same instrument as the independent variables, the study was subject to the risk of
common method bias (CMB). While the data passed appropriate tests to identify CMB, future experimental studies may use actual box office success as the ultimate dependent variable. Finally, it is recognized that the personal characteristics of the viewer and even the medium in which it is viewed (e.g. movie theatre or DVD trailer) may impact the results. Future researchers may be interested to consider these in depth, perhaps using experimental methods where such variations can be considered and causation discussed.

≈ end ≈

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