

ENHANCING CULTURAL POSITIONING: UNDERSTANDING THE SUCCESS AND FAILURE OF HOLLYWOOD MOVIES IN GERMANY

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SUMMARY

The U.S. motion picture industry today suffers from an enormous rise of production and marketing costs. Average costs for making a movie rose from \$9.4m in 1980 to \$96.2m in 2005 (MPAA 2006). Due to rising costs, a global perspective has become essential to profitably market American movies. While from the 1950s up to the 1980s exports constituted around one-third of American movie revenues, in 1997 overseas box office equaled for the first time the domestic figures. Today, the worldwide market is more than twice as large than the domestic U.S. market, with a total box office of \$23bn and \$9bn, respectively (MPAA 2006).

In many product categories, it is typical to adjust the positioning of a product for international markets according to market requirements. However, movie marketers can rarely build on comprehensive research when attempting to customize movies or movie-related communications to different cultural settings. We argue that though cultural positioning Hollywood studios can market their films more effectively in overseas markets. Generally, positioning aims at influencing potential customers' overall perception of a product (e.g., Urban 1975). The concept of positioning assumes that consumers evaluate and compare products on the basis of important features. Because a film's position is the way the film is defined by consumers on important attributes, each film's position, even within the same genre, can be quite different. Consumers can position a film with or without the help of movie marketers. However, movie marketers would be ill-advised to leave their films' positions to chance and hence, need to carefully plan positions that give their films the greatest advantage in selected target markets.

In a cross-cultural context it is possible to influence different product attributes in different countries. Richardson (1996) argues that firms can develop both a general market position and parallel cultural positioning. The latter assumes that there is a cultural best fit between the firm and the customers. Cultural positioning is then concerned with the task of identifying and producing that best fit. Understanding a product's cultural position is to understand why consumers in different countries are

prompted to buy it in the first place. In analyzing the drivers of movie success in different countries (i.e., by distinguishing between important and less important product attributes in terms of product success) we can gain a better understanding of how U.S. movies should be positioned in other countries. To optimize the success of Hollywood movies in foreign markets a global perspective, a cultural frame, and an empirical foundation are needed. To consider the global perspective the research focus is the success of American movies in the German market. A cultural framework is developed to evaluate possible factors determining the success of U.S. movies released abroad and to derive hypotheses.

The hypotheses are empirically tested against a sample of 231 U.S.-produced motion pictures. In our study, we considered six variables; movies genre/themes, movie style, cultural familiarity, star power, domestic (i.e., U.S.) success, and awards. Our results show that different factors impact movie success in both countries. As to genre and themes, the results revealed that some genres have a differential impact on U.S. and German box office and generate different grosses. Important findings include that Germans like romantic movies. It appears, German moviegoers appreciate love stories which is in contrast with the Germans' image of being effective and rationale instead of "emotion-driven." For studios, our cultural framework suggests to reposition movies according to a country's moviegoers' preferences. For example, the movie *FOR LOVE OF THE GAME* might have been more successful in Germany had it been positioned as a love story (which it contains) instead of a sports movie (which it is). Furthermore, Germans are shown to be more likely than U.S. moviegoers to prefer movies that deal with sexual and erotic themes, which is consistent with our finding that family movies are more successful in the U.S. One implication for studios is that German film distributors might emphasize sex-related themes when advertising movies or even release, customized extended film versions abroad which contain more explicit material which have be cut out of the movie for its U.S. release.

The empirical results have implications for future research in terms of corroborating our findings. The results may be generalizable to countries sufficiently similar in movie consumption and in economic terms.

Replications could test our hypotheses in other countries as well as examine how certain movie characteristics (e.g., genre preference) vary according to the culture. The information provided here can be used to forecast the acceptance of a new motion picture in Germany even before the production stage of motion picture management, as well as adjust a film's positioning before its

release. Gathering similar information for other important foreign markets can contribute to a global early warning system which may help Hollywood studios to enhance the effectiveness of movie-related cultural positioning and hence reduce the dangers of economic failures of future movies outside the U.S. market.

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