

## CHAPTER I

### INTRODUCTION

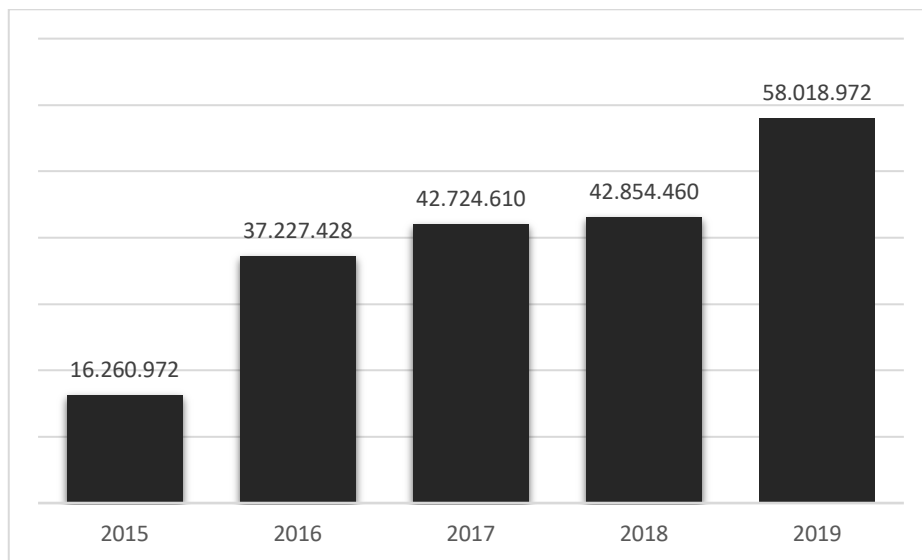
#### A. Research Background

The creative industry can become a major for supporting economic welfare. The creative economy sector can play a vital role as the cornerstone for a country's economy, as happened in South Korea, the UK, Canada, and Brazil (Bell & Jayne, 2010; Kim, 2017; Munro, 2017; de Figueiredo et al., 2019). According to the Indonesian Ministry of Trade (2009), the creative industry is an industry that originates from the utilization of the skills, creativity, and talents of individuals in creating prosperity and employment. Indonesia's Gross Domestic Product (GDP) of the creative economy in 2018 rose to Rp. 1.105 trillion with a contribution value of 7.16% to the National GDP (BEKRAF, 2019). Based on the framework of the creative industry, the film industry is considered one of its sub-sectors.

As a part of the creative business, the film industry is still experiencing significant growth even though economic times are in a difficult situation, with film theatre admissions in the US increased in 2008 by around 16% from 2007 (Toumarkine, 2009). While according to the Indonesian Film Database (2019), the

number of Indonesian film audiences has increased in the past few years. The number of Indonesian film audiences reached 58 million by the end of 2019, up 262% from 2015, with an average revenue per year users (ARPU) spent on cinema tickets currently amounts to US\$ 2.8 (Statista, 2019).

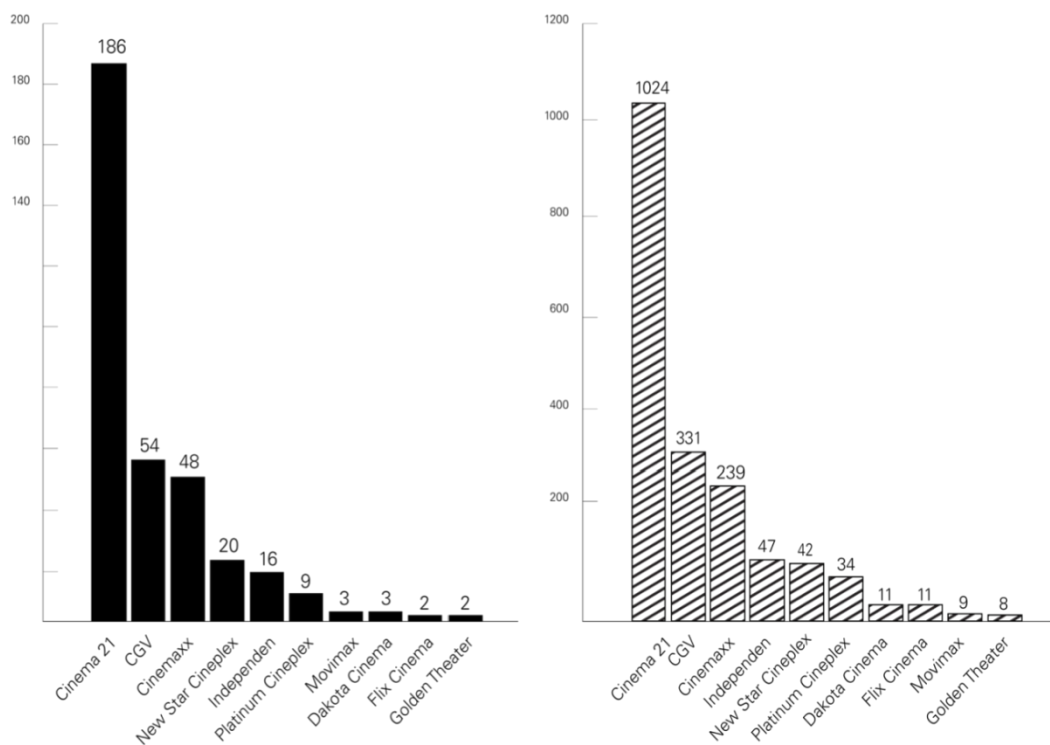
**Figure 1.1 Indonesian Film Audiences**



On the other hand, the number of screens and theaters is another significant recent growth of the Indonesian film industry. According to the Indonesian Creative Economic Agency's (2019), in 2012, Indonesia only had 145 cinemas with 609 screens. This number increased sharply to 343 theaters with 1,756 screens in December 2018. It means, in the last six years, the number of cinemas has increased to 136.5 percent, and the number of screens has increased to 188.34 percent (BEKRAF, 2019). The Indonesian film industry's growth also shows from

consumer spending on films, which increased by 316% from 2015 with initially only IDR 569 billion to IDR 1.8 trillion in 2019 (Film Indonesia, 2020).

**Figure 1.2 Growth of Cinema and Screens in 2018**



Despite being hit by a pandemic, the film industry can still survive with changes in film consumption through online streaming media. Netflix users have doubled from 2019 to 2020, with an estimated total of more than 906,000 subscribers in Indonesia (Film Indonesia, 2020).

The film is a shape of artwork that most people can enjoy. Bordwell et al. (2017) describe a film as art, creativity, technology, and business. The film occupies a notable portion of media products consumed by the public (Kubrak, 2020).

Watching a film can be entertaining, even those making it a lifestyle (Mahmood, 2013).

A central part of a film's success depends on how flourishing the promotion and marketing strategy are. Before the internet era, production houses had to advertise to their customers through conventional media like billboards, streets, and public transportation affixed with posters (Joshi & Hanssens, 2009). Film marketer relies so much upon the trailer as it is so crucial for them, and marketer will spend remarkable cash on the trailer to be shown (Flanagan, 2012). A good trailer will play an important role in the success of the full movie (Gray, 2010). Without these kinds of promotions, the film has the potential to fail in attracting target audiences and losing profit spent by production studios (Peña, 2020).

Film promotion needs to be sufficient to guide the target market and attract them to see the film. One of the most mainstream and effective promotional film campaigns is film trailers (Bordwell, Thompson, & Smith, 2017). A trailer is a film advertisement that cuts certain scenes based on the film by including existing elements from the complete film (Johnston, 2009). The production studio is more aggressively trying to market its products, and they must create good trailers that can attract the attention and interest of the targeted audience (Hixson, 2006).

According to the survey conducted by IDN Times, students are the ones who watch movies the most compared to others. Lead the percentage with 59.1% while others such as private employees stand in the second position with 27.7%, job seeker 5.1%, entrepreneur with 4.6%, and government employees in the last position with 3.4%. Moreover, based on the survey, people tend to see a movie after seeing the trailer because it makes them curious about the full film. Trailers become the primary consideration to watch a film, steer the pole with 43.9% in the survey. At the same time, genre preferences stand in the second position with 16.4%, actors power in the third pole with 14.5%, directors in the following position with 12.7%, films that went viral or trend with 8.8%. Therefore, trailers have become the most extraordinary promotional campaign in the film industry.

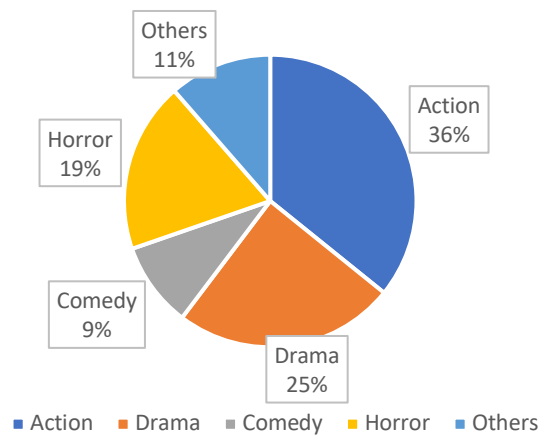
As the film industry keeps growing, the competition of the business becomes more challenging than before. The form of film promotion in trailers is increasingly crucial in the digital economy (Kerrigan, 2010). Therefore, the knowledge of attracting viewers from film trailers will be the success factor for the motion pictures industry.

Consumers already know about films from such a young age as time flies, they turn become young adults. They will have seen numerous film trailers, whether

on the internet, smartphones, social media, television, or cinema (Joshi & Hanssens, 2009). Film trailers act as marketing that creates excitement (Kuhn & Westwell, 2012) to persuade the viewers to watch the entire film when it releases (Kerrigan, 2010). This hype then leads to consumer expectations toward the film.

Based on several reasons above that strengthen the phenomenon, the researcher intends to know the effect of film trailers on the formation of consumer expectations. This research will help understand the phenomenon from a marketing point of view and indirectly support the production studio to make better valuable trailers.

**Figure 1.3 Preliminary Study Data about Genre Preference**



A preliminary study is a study conducted to obtain information about the research to be conducted. Moreover, this preliminary study helps the researcher to gain more insight into the phenomenon. A total of 53 responses fill the survey from

various college students in Indonesia. Based on the data, the setting of this research is consumer expectations for drama, action, comedy, and horror film trailers.

Consumer expectation is a belief in the probability that a product or service will contain particular attributes, features, or characteristics that will produce certain results as desired benefits or value (Zeithaml, Berry, & Parasuraman, 1993).

A consumer shapes expectations of a product or service corresponding to the exposure, other advertisement styles, preceding experience, and knowledge; these expectations will benchmark the performance of goods or services the consumers used (Bridges, 1993). The prior knowledge and the experience with services act as the focal element that influences consumer expectations (Carman, 1990).

The film trailer consists of several characteristics taken from the film like scenes, actor's name, director's name, producer's names, studio production, and another form of media from the full movie (Johnston, 2009). Film trailers are also known as coming attractions to the cinema that shows the complete version sample as promotion (Kernan, 2004). According to Finsterwalder et al. (2012), a trailer consists of actors, directors, writers, style, plot, and dialogue that form the film quality expectations; in contrast, exposure, music, and genre form the film content expectations.

This research is an operational replication of the research model of Finsterwalder, Kuppelwieser, and Villiers (2012). Operational replication is partial or improvisational on the settings, procedures, or others while sampling on the original research replicated (Kline, 2013). This study chooses to use consumer expectations toward action, horror, drama, and comedy film trailers. This study uses students' participants because of some data and facts that support that students are the majority of film viewers. In addition, the researcher also understands the student and has a connection to the student, who knows very well the ins and outs of the participant. Therefore, this research expects to explain the marketing phenomena in implementing consumer expectations to film trailers.

## **B. Research Question**

Based on the explanation in the research background, the research questions of this research are:

1. What is the effect of the bad and good trailer on consumer expectations?
2. Which aspects of the film trailer provide more influence on consumer expectations of the film?



### **C. Research Objective**

This research objective is to discover the effects of good and bad film trailers on forming consumer expectations after viewing film trailers. Moreover, this research attempts to highlight from a consumer's perspective which aspects of film trailers capture their attention effectively and affect their expectations toward the full film.

### **D. Research Benefit**

This research expects to provide benefits to the following:

1. Theoretical

The results of this study expect to become a preserve and reference to the theory used for future research. Moreover, this research adds new perceptions in the field related to film trailers and customer expectations.

2. Practice

This study could be a source of information and reference concerning to film and marketing field. Besides, it could be used as an application to decide business strategies to excite consumers' awareness.