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Published in:
Proceedings of the 37th Macromarketing Conference

Publication date:
2012

Document Version
Publisher's PDF, also known as Version of record

[Link to publication from Aalborg University](#)

Citation for published version (APA):
Dholakia, N., & Turcan, R. V. (2012). Hype, Hope, and Hit in Movies: A Contribution to the Metatheory of Bubbles. In M. Haase, & M. Kleinaltenkamp (Eds.), Proceedings of the 37th Macromarketing Conference (pp. 202-206). Macromarketing Society, Inc.

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Hype, Hope, and Hit in Movies: A Contribution to the Metatheory of Bubbles

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INTRODUCTION

Modern history has been punctuated by bubbles – instances where (for a while) hype outpaces reasonable expectations by wide, and rising, margins (Garber 1990; Sheeran and Spain 2004). In a broader sense, bubbles are not merely financial phenomena but are market-cultural phenomena, entailing interactions of marketing hype and buyer expectations. This paper is part of an ongoing research stream to develop an interdisciplinary metatheory of bubbles, relevant to the contemporary era of globalization and rapid, technology-aided communication flows. Just in the first few years of the 21st century, several bubbles have appeared – the so-called dotcom bubble (Dholakia and Pandya 2007; Pandya and Dholakia 2005; Leger and Leone 2008; Siegel 2003; Turcan 2011), the housing bubble (Baker 2007), and the financial derivatives bubble (Cohan 2009; Dholakia 2011; Martin 2011).

The understanding of massive bubbles of the type just mentioned requires huge systemic studies – which of course are done from time to time (Siegel 2003), usually within circumscribed disciplinary frames such as economics (Garber 1990) or political economy (Sheeran and Spain 2004), and much more rarely in cross-disciplinary ways (Compton and Ozler 2011). The dotcom and housing bubbles, however, showed the need for interdisciplinary approaches for understanding bubbles. With increasing connectivity and globalization, contemporary and future bubbles cannot be studied from mono-disciplinary perspectives. In studying bubbles or bubble-like phenomena, the imperative of interlacing economic perspectives with social, cultural and psychological perspectives has become compelling (Shiller 2006).

To develop a more general and multidisciplinary conceptual framework for understanding bubbles, we have ongoing projects looking at bubbles of various types: technological, financial, and cultural. This paper focuses on a particular cultural field where relatively small bubbles may form. Movies represent a good arena to examine cultural bubbles on a scale that is not daunting, and where the hype-hope-hit dynamics can be observed more frequently than in most other settings. There are numerous instances where marketing efforts are made to “hype” a movie, but where either box office performance, or assessment by critics, or both fall short of the hype. There are also instances where performance meets or even exceeds the hype. Austin (2002) notes that in the film industry’s hype-hope-hit dynamics, there are “three overlapping and heterogeneous areas of activity: film marketing, media coverage and audiences” (p. 6). He observes that...

... marketing campaigns and film critics clearly make attempts to *supervise* the meanings attributed to a film. There may be some match between these protocols, or between them and interpretations made by viewers, but it is not complete or inevitable (p. 6, emphasis added).

We define hype “...as the overall sentiment of the environmental context... about the future” (Turcan 2011, p. 221). One of the underlying assumptions of the hype phenomenon is that the overall outcome arises as a result of the interaction among individuals and the changes in behavior induced by such interactions (Ormerod 1998). A positive sentiment about an extant or a future event usually tends to reinforce that sentiment, sometimes leading to delusional optimism or over-optimism; an overall negative sentiment about an extant or a future event would usually lead to the opposite effect, e.g., skepticism or pessimism (Turcan 2011).

METHOD

We approach this study from a grounded empirical as well as a theoretical angle. In the empirical part of this paper, we explore the social processes that attempt to build up movie hype (Perren 2004), and their aftermath; and relate such exploration to an evolving generic and interdisciplinary theory of bubble formation, sustenance, and collapse. It is important to point out that we do *not* wish to contribute to the established stream of research that analyzes large samples of movies via statistical methods to determine relationships between budgets, revenues, star power, critics, director power, etc. (examples of such work are Basuroy, Chatterjee and Ravid 2003; Eliashberg and Shugan 1997; Ravid 1999; Hennig-Thurau, Houston and Walsh 2007).

In the conceptual part of the paper, we relate the hype-hope-hit process observable in the selected movies to a more generic view of the social-institutional processes that build reasoned expectations as well as hype – irrational exuberance, to use the book title from Shiller (2006) – and also the processes and performances that follow. Since movies are microcosmic phenomena compared to financial and technology hypes and bubbles – phenomena that are global, macroscopic, few, and historically infrequent – our hope is that studies of movie hype-hope-hit cycles would provide a more abundant, easy-to-access, and data-rich field for studying bubbles in general.

Data on selected movies were drawn from the film review aggregator Rotten Tomatoes (www.rottentomatoes.com), from online movie publication and box office reporting services such as Box Office Mojo (www.boxofficemojo.com) and The-numbers (www.the-numbers.com), as well as from the Academy of Motion Picture Arts and Sciences (www.oscars.org) and the Hollywood Foreign Press Association’s annual Golden Globe Awards (www.goldenglobes.org). Table 1 presents the list of movies that we focus on. The first four movies, in the shaded rows, represent movies where Critical Acclaim significantly exceeds the ratings by movie viewers. The remaining four movies have the opposite characteristic: Viewer Popularity significantly exceeds the ratings by critics.

Thus, while the eight movies individually present cases of interest, the two subsets – Critical-Acclaim and Viewer-Popularity subsets – offer additional ways to explore the hype-hope-hit processes.

Movie	Rotten Tomatoes rating			Budget/revenue (USD, mln)				Effects			Comments			
	Viewers [V]	Critics [C]	Δ [V-C]	Pre-Release Marketing [M]	Opening weekend [W]	First week [F]	19 week box office [O]	Production budget [B]	Hype [H=M/(B+M)]	Instant effect [I=W/(B+M)]	Follow up sentiment [S=F/(B+M)]	Actual [A=O/(B+H)]	Residual [R=A-H]	
About Schmidt (2002)	64	85	-21	15	9	0.4	64	30	0.33	0.20	0.01	1.42	1.09	Golden Globe nominated (best motion picture - drama)
Shrek 2 (2004)	69	89	-20	50	108	165	441	150	0.25	0.54	0.83	2.21	1.96	
Minority Report (2002)	74	92	-18	40	36	52	132	102	0.28	0.25	0.37	0.93	0.65	Oscar nominated (sound editing)
Titanic (1997)	68	83	-15	40	29	53	562	200	0.17	0.12	0.22	2.34	2.18	Oscar winner (best picture) Golden Globe winner (best motion picture - drama)
Moulin Rouge (2001)	88	76	12	20	14	20	57	50	0.29	0.20	0.29	0.81	0.53	Oscar nominated (best picture) Golden Globe winner (best motion picture - comedy or musical)
Crash (2005)	89	76	13	21	9	13	53	6.5	0.76	0.33	0.46	1.93	1.16	Oscar winner (best picture)
Analyze that (2002)	45	27	18	30	11	14	32	60	0.33	0.12	0.16	0.36	0.02	
Home Alone (1990)	74	54	20	5	17	27	254	18	0.22	0.74	1.17	11.04	10.83	Golden Globe nominated (best motion picture - comedy or musical)

Table 1: Ratings, Budgets and Hype Characteristics of Selected Movies

We purposefully selected 8 movies where there was moderate – but not vast – divergence between ratings by movie critics and by movie-going consumers: somewhere between 10 and 20 points. In developing the list, we also looked at the marketing efforts that went into building the hype for the movie, the production budgets and revenue impacts. We collected the reviews before the movie was released and during the 19 weeks after its release in order to fully capture the effects of hype on the movie performance; the revenue collected also relates to this period and includes opening weekend, first week and 19-week box office. We use the ratio of the marketing effort to the sum of the production budget and marketing effort as a proxy for hype. We measure the instant effect of hype as the ratio of opening weekend revenue to the same denominator, i.e., sum of the production budget and marketing effort. We further use this denominator to measure the sentiments about a movie following its release as well as to measure the actual effect during the 19-week period.

Data analysis of this project is progressing in three steps. First, we analyze in-depth data pertaining to the reviews by critics and movie-going consumers for each movie separately (within-case analysis, following Miles and Huberman 1994). Second, we undertake a cross-case and cross-category analysis (Miles and Huberman 1994) by focusing on similarities and differences between the cases (each movie being treated as a case). And third, we theorize further in an attempt to move to a higher level of (analytical) generalizability, i.e., to move from substantive theory to formal theory. During this process of data analysis we employ theoretical coding (Glaser 1978) to conceptualize the emerging patterns within a case and across cases, and middle-range theorizing (Weick 1989) to help manage the complexity of the emergent patterns. Emerging constructs and selected quotes would be included in an Appendix to the full paper.

The findings that emerge from the data analysis will be presented in the full paper, followed by the theoretical reflections about how movie hype-hope-hit cycles can contribute to an evolving multidisciplinary theory of bubbles, with a conclusions section ending the paper.

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