

# Consumption Habits Regarding Movies

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## Abstract

**Purpose** – This paper aims to explore the main characteristics of the home cinema as well as to study the various influences on the choices regarding watching movies at home. All the while the paper also seeks the answer to find out what opportunities could be pursued for the sake of leading the consumers back to the legal territory.

**Methodology** – Apart from the literature review, the study contains a secondary research that was conducted by collecting torrent tracker data from an aggregating website for a five-year period, from which the user base data was separated and highlighted.

**Findings** – The paper presents an overview of some literature regarding movie consumption and points out the main classical behavior tropes that are also applicable to the case of watching movies as well as some potential alternative method – which could prove to be viable even with users who commonly tend to use illegal downloads to obtain movies – that could switch up the current ones.

**Research limitations** – The goal is to expose the main theoretical correlations, while the primary research is not part of the paper, thus, further primary research is needed in the future to provide more insight into the thought process behind the choices of movie consumers.

**Value** – The paper explores the movie related decision making process as well as it tries to gain an understanding about the main mechanisms behind movie industry related phenomena.

**Classification** – Conceptual paper.

**Keywords** – marketing, consumer behavior, culture, research, movie consumption, synergy, society.

**Note** – I attended and presented with a similar abstract (in the same topic as the following paper) at the MakeLearn&TIIM 2015 International Conference.

## 1. Introduction

Movie theatres and home cinema in general play a large part in the life of modern societies, especially among the younger generations, as previous studies that aimed to divide the use of free time showed (Ságvári, 2009). The growing tendencies of watching movies in our own home can be followed in various studies concerning computer activities as well (Rácz, 2010).



We could say that we live in the new age of digital multimedia where movie distribution is facing major changes as well, especially when it comes to the Internet (Deák, 2008). The greatest challenge of the movie industry is often perceived to be the online black market. From a different point of view, this challenge could also be considered an opportunity. Instead of trying to minimize losses and fighting the hopeless battles against the various pirate sites, the movie distributors could focus more on turning the situation to their benefit by accommodating to the new habits of culture consumption and offering competitive alternatives to the illegal downloads (following the examples seen in the music industry or the various on-demand media providers that are mostly common overseas).

## **2. Factors affecting consumer purchases**

### **2.1. Defining changes of technology in home cinema**

For home cinema, the greatest change came from the digital revolution beginning with the lightning-fast spread of the DVD (Lobenwein and Pápai, 2000). The new format which relieved the aging VHS had a more resistant build, came with far superior picture and sound quality as well as previously unknown interactive freedom with a variety of choices for the viewer in the form of extra elements that came with the extra storage capacity. Among these were the numerous language options of sound- and subtitle tracks that came with the movie as well as several kinds of various extra content, such as the now commonly used audio commentary made by the filmmakers (which provides continuous narration about how the movie was made, background information and behind the scenes secrets) or the collection of deleted scenes (that were left out of the final cut because of time restrictions or some other reasons). The next step was the appearance of the Blu-ray technology which gained a lot of attention mostly because of the even greater storage capacity which helped to move high definition into the living room.

The second wave – which greatly affects our daily lives as well – came in the form of the widespread of the practically limitless broadband Internet connection. Data from 2014 shows 74% of the population of Hungary as Internet users, while the whole of Europe has an Internet penetration of 70.5% (Internet World Stats, 2014). All the while we are living in a new era of digital multimedia where a large proportion of all content is created by users. Even the movie industry feels like it is freshly awakening from the shock it got into after the explosive jumpstart of independent and amateur filmmaking that was unleashed on the Internet. There is much to think through as customers slowly move the main scene of watching movies from the movie theatres to their own homes (though we should not draw quick conclusions to the death of cinema as the differing mediums are capable of attending different needs and ultimately can live on next to each other without problems) and movie distribution itself is facing major changes, especially concerning the opportunities that come with the Internet (Deák, 2008). With the spreading of the continuously improving video and audio compression methods, both the illegal and legal ways of Internet distributed movies gained a lot, which resulted in offering better quality with smaller file sizes to download or to instantly watch with video streaming technology (Ozer, 2011).

## 2.2. Group dynamics and opinion leadership

Consumer behavior is greatly affected by their immediate environment, especially those groups that one is, or would like to be a member of (Hofmeister-Tóth, 2006). The need to identify with a group may have an influence similar to the classical choices of products or brands in the case of choosing a certain movie to watch as well. This is an especially interesting point, considering that sorting by the extent of influence coming from the group (Bearden and Etzel, 1982), movie watching can be placed in both the visible and the invisible (or hidden) consumption groups. Depending on whether they watch a movie alone or with acquaintances, entirely different factors may predominate in the choices of the consumers: while they might prefer a certain genre and type of movie with a given group, they might prefer something completely different at home, alone. Typical examples of this phenomenon could be the movies that are commonly referred to (mostly in the American slang) as "guilty pleasures" that might not be considered favorable in public by anyone even if they have seen them numerous times (Kelly, 2007).

Group influence also plays a huge part in the prominent method of watching movies. The general worth of watching a movie to a reference group that acts like an identification point may determine that the primary acquisition method of a movie is an illegal download (under the idea that a movie does not deserve to be spent on), a purchase or watching it in the movie theatre.

One of the defining phenomena of our days is the opportunity to share our ideas and opinions on Internet-based platforms, a good example would be the various Internet forums (where usually they have separate sections for movie-related discussions) or topical websites and blogs focusing entirely on movies and movie ratings (where most commonly users have the opportunity to write comments under every entry). The communities that form around these kinds of online platforms (while discussing movies and exchanging opinions about them) may prove to be a strong influence on movie choice as well, be it just a few lines worth of appreciating or condemning text, or just simply a numerical rating that users may give to a movie (which the website could even aggregate to show average values).

On movie-related websites, it is becoming common practice to have users who – by the choice of the site's administrators or just by their activity on the site – get flagged and become more emphasized by some way, like a separate color use in their entries for example, which gets the attention of other readers and shows that it should be worthwhile to pay attention to their writings. They are the (organic or artificially appointed) opinion leaders of the online platforms, who – in most cases – filter, interpret and supply information for the others (Hofmeister-Tóth, 2006).

Among the opinion leaders are the movie critics (quasi industry experts) who are in an even more privileged position and write their reviews and analyses in various cinematographic journals and movie related websites. These shorter or longer essays usually gain a lot of traction and the measure of their influence on an individual level could be said to be quite high. Their writings extend over the usual life cycle of a movie, as they start to gather and systematize information long before the first screenings and the actual premier, all the while they might return to a movie years or even decades after it has premiered with a more detailed – potentially touching upon its significance in film history and effects on its genre – analysis.

### 2.3. Sensation and perception

Numerous studies on factors that affect attention have shown that perception depends on personal factors as well. People generally notice (or rather pay attention to) ads that feel familiar to them, or are in a subject that is interesting to them anyways, or are related to a matter that they are in some way attached to. Thus, movie-related advertisements are also placed purposely in the most relevant surrounding. This may refer to the movie trailers that are attached to a given video (and show up on its list of related videos) or to place advertisement in a magazine that covers a certain target demographic. Also mentionable are the websites that offer a service based on their huge aggregated user database where – with the aid of a complex algorithm that takes all of the movie-related data into account, like the user reviews, the genre, the various keywords or even the information that may be gathered from the users social network – they are relatively accurately able to determine that given a user likes a particular movie or which other titles should be recommended based on that (and the aforementioned) information (He and Chu, 2010).

From a marketing standpoint, among the important areas of sensation, the most prominent one is the price perception and in that the reference price, which shows the consumer's expectations on how much a certain product should cost. In the case of home cinema, the most significant pricing is that of the DVD and Blu-ray releases, which may vary on a quite large scale as reputation and age of different movies all have great effects on them. This system might appear as a kind of marker of quality in the eyes of the customers, where it is rightfully expected that summer blockbuster hits freshly out of movie theatres should cost more than the relatively unknown releases.

### 2.4. Attitude

According to the literature's generally accepted definition, attitude is “a mental and neural state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual's response to all objects and situations with which it is related” (Allport, 1954 p. 810). Attitudes may easily lead to generalization, the previous negative experiences can brand the kind of movie-related processes like the direct to DVD sort of distribution (where the movie is not released on the big screen at all), of which the consumers are often quite suspicious, especially regarding their quality (as by their train of thought, if they are indeed full value movies, then why did they diverge from the traditional footsteps). Another generally negative stereotype applies to many people when it comes to the term "pirated copy" which they might automatically identify as the kind of footage that is recorded inside the movie theatres (which usually appear on download sites with the CAM tag attached to them) that generally have a terrible picture and sound quality. It is a different question altogether that these versions could be desirable for those who, for some reason, are unable to get to the movie theatres to watch them, but living by the fastened lifestyle of the "right away" trend they feel like they must acquire it without delay (Töröcsik and Szűcs, 2002), no time to waste waiting (in this case for the disc-based release of said movie or at least for another pirated copy to become available with better quality). An interesting note on the attitudes that lead to piracy is how it was noted several years ago that university students were getting largely accustomed to file sharing,

ultimately becoming more choosier consumers in the process, as they were more likely to base their value calculations and purchases around the availability of free content and previewing media via file sharing (Jones, 2002). It is clear that in the past years not paying has become mainstream, as one of the leading reasoning behind piracy is the phrase "everyone is doing it", while the physical aspect of actually owning content is no longer considered a motivator (Bothun and Lieberman, 2010).

All in all, it can be said that attitudes have a direct influence on our behavior, while the ability to react on any attitude should be highlighted as well. It may occur that even though one has a positive attitude towards a movie, the individual's financial status does not allow it to make the purchase of it. The same way it might happen that a certain – possibly long-awaited – movie somehow gets overlooked by the local distributors (or is unavailable for some other reason) and the only option left for the consumer is to download it from the Internet (which might appear in a specifically high number of suppletory downloads (Bodó and Lakatos, 2009)).

## 2.5. Consumer buying decision process

The types of buying decisions differ greatly by how big part do the external influences play on the consumers' choices, and by the amount of effort they place into researching the attributes of the product or service, ultimately how much time do they spend on making the decision.

Movie distributors often specifically try to urge consumers into unplanned impulse purchases with the various kinds of discounts and the coupling of movies (either placing them in one shared box, or by tagging them with "three for the price of two" and other kind of advertising stickers). A good example here would be the commonly used in-store advertising, where among the posters and flyers of the new releases it is not rare to have televisions set up to showcase movie trailers all day. Another one would be choosing the right stores (a great selection would be the various gas stations as often times when people take a longer trip to their friends or relatives they might consider to pick up some kind of present on the way there), or the way the point of sale displays are handled (usually near the checkout counter, placed in the height of eyesight).

Among routine decisions could be the cases where a new part of a well-known and liked movie series is released, of which the previous instances have already been purchased or watched in the movie theatre, in which case the decision could come as a question of quasi brand loyalty. Similarly, it could act like a routine decision when an individual favors a given genre or a nation's movies in particular, when it might appear to be a sort of repeated purchase (and just buy every new Japanese history-related movie right as they come out, without even thinking about it much). This behavior naturally is a lot more typical for Internet downloads where the prices of movies do not show up as a restricting force and in the worst case scenario picking a movie that did not fulfill previous expectations only comes as annoyance (and time wasted).

Limited decision in the case of movies most often happens when – instead of doing the leg work of gathering information themselves – consumers rely greatly on opinions and recommendations of their acquaintances to make a decision (or when they are straight up looking for discounted movies to begin with).

The extensive decision-making process or the true purchase decision primarily relates to the DVD or Blu-ray editions which represent a higher value. However, in the case of Internet downloads (which represent a different kind of value, which is mostly the time spent on watching the movies), the decision-making can be broken into the same separable stages, which according to Hofmeister-Tóth (2006) are described below.

It all starts with the recognition of a problem, when a consumer realizes the need for a given movie (in the case of movies this need does not necessitate immediate resolution). The process is typically started by the movie distributors themselves by their continuous promotional activities and advertising campaigns.

Once the consumer starts to deal with the recognized problem, the first thing to do is to search for information. This might happen in a passive way, where there is no actual search to speak of, but more attention is given to advertisements, while it might happen in the active way where consumers go on the Internet to research and gather all the available information. By general definition, information gathering is a long and tiresome work, however, when it comes to movies, consumers have a relatively easy job thanks to the Internet, where after searching for a title they are just a couple of clicks away from the movie's basic data and descriptions.

During the period of evaluation, the full range of alternatives are not available (mainly because of the huge number of movies in existence), so the consumer has to choose from the perceived selection. To make the decision, the consumers choose evaluation criteria, which for movies could be, for example, the price, the movies IMDb score (which is calculated from the average of user scores), the reviews of critics (that are respected by the consumer), the awards that the movie won or was nominated for (in various festivals and movie award shows) or the cast of actors and actresses (and other production people from the other side of the camera).

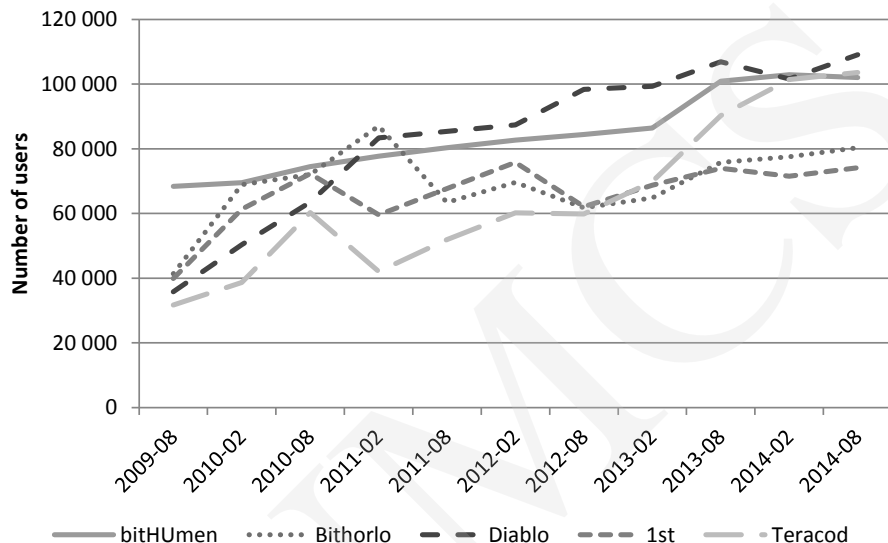
When it comes to purchase decision, the image of the store plays a great role in the overall decision. When buying DVD and Blu-ray releases the consumers are affected by the stores' location and approachableness as well as their sizes. It might be worthy to mention that in recent years, webshops are steadily increasing in popularity with their common discounts and extraordinary home delivery offers, allowing them to compete with their "offline" counterparts.

Post-purchase behavior usually consists of actually watching the movie, when it is finally decided if said movie actually lived up to the previous expectations or not. This is often followed by discussions with acquaintances who also saw the movie, or with other users of movie related websites and forums.

### **3. Online black market and alternative solutions**

When it comes to the Internet, the greatest challenge is perceived to be the online black market. In parallel with the spread of broadband Internet connection in Hungary, the traffic of download sites is growing as well. To study the latter it could be interesting to take a closer look on the constant growth of Hungarian torrent sites' user base in the past couple of years. As it can be seen on Figure 1, disregarding minor fluctuations, every site shows a steady – though because of their "invite only", private nature, a not too fast paced – growth from year to year.

### User base of Hungarian torrent sites in the past years



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**Figure 1.** User base of Hungarian torrent sites in the past years

Source: Own elaboration using data of NetCigány aggregating website (2015).

All the while, as a previous study has pointed it out, file sharing, which is actually providing free access to content raises the interest in cultural products, ultimately widening the industry (Oberholzer-Gee and Strumpf, 2009). This result means that adapting to the modern culture consumption trends, the movie distributors could follow suit on the music industry's example, providing competitive alternates to the illegal downloads. Currently the main idea to resolve the issue still seems to be to minimize losses (a good example would be Disney's recent halt to release Blu-ray editions in the Hungarian region) and to fight an unwinnable battle against the pirates (where even after a long and tiresome court case and the removal of the targeted pirate site, another three will instantly fill the void it leaves behind), even though they could choose to turn the phenomenon into their advantage. This is where the various forms of legal online movie distribution systems could enter the picture, which however still have to overcome many obstacles. Among others, it is significant that in many cases, the legal downloads' price tags are completely identical to movies that are sold in ordinary brick and mortar stores, even though the physical data carrier (together with all of the cost associated to their production) is removed from the equation (Bodó and Lakatos, 2009). Another important issue is that the already existing systems (like HBO GO, which is currently tied to an HBO channel subscription) do not reach the five-figure numbers of movie selection that is provided by the American counterparts (for example, in the case of HBO GO, among the continuously available self-produced content, the only available list of movies are the ones that are currently featured on the television channel in that period of time).

The current opportunities of legal download might gain a major growth in the near future, as an overseas giant, Netflix has started to set up shops in Europe. The company focuses on the digital distribution of movies with the aid of streaming technology, while basically covering most basic user expectations as it is fast, convenient and has a wide range of selection, while keeping a relatively modest price in the form of monthly subscription fee (it is worthy of note that the above-mentioned expectations all came up in a recent Hungarian study as expected requirements of legal movie downloads (Hanula, 2014)).

Moving a bit further away from movies, it might be interesting to take a look on a totally different platform, namely Steam, which digitally distributes computer-based game software. They have unique solutions to convert users back to the legal ways, which is based on the premise that – as co-founder of Valve Corporation, the company behind Steam, Gabe Newell has pointed it out – piracy is actually a service problem and not a pricing problem. Their goal is to create a greater service value than what pirates are able to offer, which has been so successful that it has got to a point where piracy is not an issue anymore (Tufnell, 2011). Among the aforementioned solutions, the various ways they use temporarily or permanently free content should be highlighted, which serves as a flagship to convince users to start their client (Grubb, 2014). The next steps are the outstanding seasonal discounts and the diverse social functions (apart from the most basic social features like having a friend list and being able to chat, they also allow to give gifts to other users, to create private or public groups, to review games or to add keywords that describe them best, which is another form of user feedback). The goal with these is to find new ways to include the consumers in the service process which also serves as a method to compel them to stay longer.

## Conclusion and limitations

Same as with classical product or brand choices, group dynamics and perception have a role in choosing movies – which may be regarded as both visible and invisible (hidden) consumption – or even deciding on the general worth of one (which defines the primary method of acquiring or watching said movie). When it comes to the various attitude one might have towards certain aspects of movies, it should be highlighted that reacting on said attitudes is heavily dependent on the ability to do so, which comes to the question of whether it is affordable just as often as it does to the availability, while the latter points to the main reason of suppletory piracy (when there are no other means to obtain). While piracy is often cited as a great obstacle to the further growth of the movie industry, the modern tendencies to freely share content with one another is actually widening the industry. All the while, utilizing the knowledge and approaches of other industries – where they realized that one has to offer a better deal, or greater value than the "free" alternative – could ultimately help to converse casual movie watchers and enthusiasts alike into paying customers.

The paper was limited as it had no primary research. Future studies should also consider to examine the reasons behind the consumers' behavior and their view on the general worth of movies, how their lifestyle and general attitude towards movies (and other forms of related media) affects their decision-making process. This area of research seems suitable for further investigation.

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