

Forget “The Nobody-Knows-Anything” It's Time for Entertainment Science!

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Certificate of Original Authorship

I, Atya Zeb declare that this thesis is submitted in fulfillment of the requirements for the award of doctor of philosophy, in the Business School at the University of Technology Sydney.

This thesis is wholly my work unless otherwise reference or acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

This document has not been submitted for qualifications at any other academic institution.

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Table of Contents

Abstract.....	7
Introduction.....	9
References.....	13
Essay 1: Putting words back into WOM: The case of motion pictures.....	14
Introduction.....	14
Related Literature.....	16
Conceptual Framework.....	18
Accessibility-diagnostics of experiential cues in WOM	19
The diagnostics of experiential actor and plot cues	19
The valence of experiential cues	21
The temporal unfolding of experiential cues	22
Hypothesis Development	22
Actor	22
Plot.....	24
Method	26
Data and Variables	26
Model.....	28
WOM content analysis	28
Empirical model.....	31
Revenue equation	32
WOM equation.....	33
Screen equation	34
Estimation	34
Results	35
Revenue equation	35
WOM_Volume equation	40
Screen equation	41
Robustness checks	41
Regression with Gaussian copula	41
3SLS with WOM and revenue equations.....	42
Discussion.....	43
Research contribution	43
Managerial contribution	46

Limitation and future research.....	49
Conclusion	50
References.....	52
Appendix.....	74
Essay 2: From Spiderman to Spiderman 2 and 3: meta-analytic examination of brand extensions impact on movies performance	78
Introduction.....	78
Literature background	81
Meta-analysis framework.....	83
Short-term vs long-term performance	84
Sequel effectiveness overtime.....	86
Sequels concentration	87
Method	88
Inclusion criteria	89
Effect size and moderators	89
Model development.....	91
Results	92
Overview	92
Effect size heterogeneity	92
Publication bias	93
Univariate Meta-Analysis.....	93
Meta regression	94
Discussion.....	97
Conclusion	101
References.....	102
Conclusion	120

List of Illustrations and Tables

Essay 1

Figure 1: Conceptual framework	63
Figure 2: Positivity about the Actors	64
Figure 3. Positivity about the Plot	64
Figure 4. Negativity about the Plot	65

Table 1. Previous research on WOM and movies performance	66
Table 2. List of variables, measures and descriptions	67
Table 3. Summary statistics	68
Table 4. 3SLS results for revenue	69
Table 5. 3SLS results for WOM	70
Table 6. 3SLS results for revenue	70
Table 7. Regression with copula as control function	71
Table 8. 3SLS for revenue equation	72

Essay 2

Table 1 Variables and coding	112
Table 2. Descriptive statistics	113
Table 3 Results for summary meta-analysis	114
Table 4 Results for meta-regression	115
Table 5. Results for meta-regression sub-sample	116
Table 6. Correlation table	116

Figure. 1. Effect size over median year	110
Figure. 2. The meta-analysis framework	110
Figure 3. Sequels as a percentage of top grossing movies release in the U.S	111
Figure 4 Number of sequels over year	111

Abstract

My thesis deals with the impact of WOM and brand extension strategy on box-office revenue to provide insights to studios and academics on how to reduce uncertainty in movie performance.

Essay1 examines the impact of WOM experiential content on box-office performance at the micro level beyond the aggregate measures of WOM. Word-of-mouth (WOM) is the most important source of information for consumers while making purchase decisions and its impact has been studied extensively in the movies industry. However, a major limitation of prior online WOM research is that most studies have focused on the quantitative attributes of WOM—volume, valence, and variance— while ignoring the information conveyed by the text of reviews. To overcome this limitation the authors analysed unstructured experiential information in the form of textual reviews and its impact on a movie box-office revenue. Natural Language Processing (NLP) methods were used to extract unstructured experiential information from a total sample of 24368 reviews for 79 movies. Results show that experiential information about actors and the plot influences box-office revenue, above and beyond the quantitative WOM measures found in the literature. Furthermore, the authors find that experiential information about the performance of the actors and the quality of the plot has a stronger positive effect on box-office at the beginning of the movie life cycle before quickly fading away. Hence, as predicted by accessibility and diagnosticity theory, the impact of experiential cues saturates after the initial product launch. Overall, these findings suggest that studios can better predict movie box-office performance by monitoring reviews content and can also better leverage WOM by investing in acting performance and plot quality.

Essay 2 aims to quantify and generalize the impact of sequels on box-office performance through a meta-analysis.

Sequels are brand extensions that are expected to offer higher returns while involving less risk. The movie industry is relying on sequels to generate more revenue as the share of sequels in the top-grossing films is on the rise. The extant movie literature has also found that sequels perform better than non-sequel movies however, the estimates of the effect vary considerably. To quantify the mean effect of sequels and determine their effectiveness, this study integrated a total of 91 studies from 1989 until 2019 reporting 170 effects and found that sequels positively influence movies box-office performance. The sequel's short-term box-office performance is greater than long-term box-office performance due to the familiarity with the parent movie and steady over time. However, too many sequels released in a year negatively affect sequel's box-office performance providing insights for studios managers that too much competition could lead to box office cannibalization of otherwise successful movies.