

## Fitting the model of Marketing and Increasing the Number of Customers in the Iranian Film Industry

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**Abstract:** Iran is one of the few countries that has had a full cycle of cinematic activities for many years, including production, distribution and screening. Unfortunately, in spite of the very high number of Iranian movies, the number of cinemas, audiences and sales are extremely low. "The economic condition of the Iranian cinema is unfavorable", "people do not like cinema anymore" and "the Iranian cinema is not yet an industry" are among the statements which are heard a lot in recent years. Many articles and interviews have been published to explain them, but only a few authors and commentators have studied this problem from the market management perspective. In this regard, the present study has conducted to fit the model of marketing and increasing the number of customers in the Iranian film industry.

**Keywords:** Iranian cinema, marketing, sales increase

### 1. Introduction

Cinema is the newest branch of art, known as the seventh art, which offers one of the most popular art productions. However, an important issue that remains on the sidelines is the underrepresented industrial function of cinema. What guarantees the success of this profitable industry is its marketing activities. Although our country is one of the few countries with a cinema industry, it has an insignificant economic share in the world which shows that there is no understanding of the marketing process and little academic efforts have been done regarding this issue.

Also, since government support has significantly reduced the risk of investment in the most important part of film production - the provision of financial resources- many producers and filmmakers not only do not consider or respect the taste of the audience, but also they believe that it is not necessary to satisfy the desires of the audience, and this approach has led to a significant gap between the demand and supply. In such a condition, producers or filmmakers do not pay attention to the signals sent by the market and do whatever they want. In other words, regardless of the economic condition of the film industry, they produce more than sixty films every year with government support. Considering this, Iran has a significant position among the countries having a film industry in terms of film production.

On the other hand, filmmakers, producers, and distributors of Iranian cinema do not have a clear understanding of the marketing phenomenon as a specialty; they rarely know the film market, its importance and its functions. They are not aware of the global legal issues of film sales and do not consider the collective wisdom. Therefore, regarding the importance of marketing, it is necessary to establish systematic and principled specialties in the private sector, and important government centers (such as the Foreign Trade Department, Farabi Cinema Foundation, The Ministry of Culture and Islamic Guidance) should support the holding of scientific courses, and make the gained experiences available to the private sector orally and in writing. The implementation of such an effort requires practical research to be able to provide the necessary orientation to those involved in the Iranian cinema in the field of film marketing.

Therefore, in film studies, in addition to the producer's point of view, the consumer's point of view must also be considered in order to identify the base of the choice of cultural products. Value creation begins at a point where the customers (viewers) get aware of the film, trying to understand the messages sent by the filmmakers, film marketers, the media, and other viewers. This process ends where the customer examines his or her experience after consumption and decides to watch it again, to recommend it to others, or to watch a related film. Therefore, in order to influence the behavior of the consumers, paying attention to design an appropriate experimental model can have the following benefits for film production companies:

- Providing a set of marketing suggestions that appeal to cinema lovers.
- Finding the distinctive and special feature of a film or a movie theater over others.

- Positioning through considering features. For example, a movie theatre with several halls, the most stylish one, the most modern one...
- Positioning through considering advantages. For example, a movie theatre with a calm and cozy environment for having conversation, an old and nostalgic movie theatre, an accessible movie theatre, a movie theatre with advanced equipment, or a movie theatre next to a large shopping center ...
- Positioning through considering viewers. For example, children's movies, social movies, family movies, art and experience movies ...

In this regard, the present study is conducted in order to fit the model of marketing and increasing the number of customers in the Iranian film industry. For this purpose, the rest of the article is organized as follows:

After the introduction, the theoretical foundations and research background are reviewed in the literature section. The third section is devoted to research methodology. The fourth section presents the research results. Finally, the paper summarizes and presents the suggestions.

## 2. The Literature

### 2-1. Theoretical Foundations

#### 2-1-1. Comprehensive Marketing Model in Film and Cinema

Comprehensive marketing has four components: integrated marketing; relationship marketing; internal marketing; and socially responsible marketing.

**Integrated marketing** is a concept that represents itself in a coherent program of film marketing, including the five intertwined elements of marketing in relation to the audience.

**Relationship marketing** mainly emphasizes the formation of long-term, reciprocal and satisfying relationships with cinema stakeholders - beyond the audience; the goal of this type of marketing is to build lasting relationships with key stakeholders and effective customers, which will ultimately lead to mutual support from the cinema. Relationship marketing in cinema is influenced by three forces: the audience, the community, and competitive pressures. In the context of Iranian society, the government factor can also be considered as part of these forces.

**Internal marketing** includes different parts of movie theatres and staff at different levels (answering the phones, selling tickets, online ticket reservations, in-room guide and even the management) and expects them to be customer-oriented. Due to their knowledge of the mission and understanding of the distinctive features of cinema and the possibility of direct communication with stakeholders and key customers, individuals in internal marketing have a special position and are considered as one of the real assets of cinema.

**Socially Responsible Marketing** has a commitment to the society and focuses on social, moral, and environmental issues. Because of their cultural and social nature and constant contact with the people and the community, movie theaters must have an acceptable level of social responsibility. Perhaps the "social" genre which is the most-watched one in filmmaking is a sign of this approach among filmmakers. However, in some cases, this feature can lead to a certain method of selection and distribution of movies, or it can present showtimes for certain groups of viewers. (Lano, 2019).

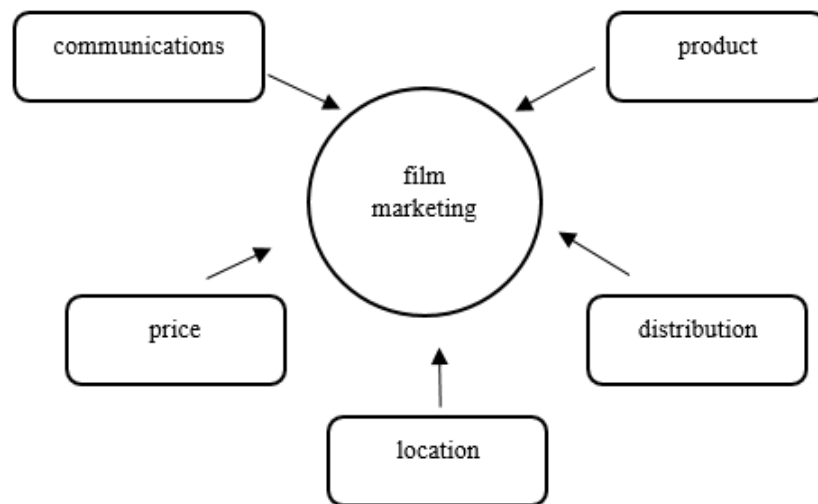
#### 2-1-2. The conceptual model of research

The film industry, like any other industry, has products which are offered to the audience. For film marketing, like any other product marketing, you need to know its components to use them in designing the marketing program. These components, here called the combination, are the focus of film marketing, because these components are what is used in the layout of promotional campaigns. One of the main differences between cinema and other consumer goods is the combination of its costs. The economic value of a film is determined by selling its rights to be released. These rights can be divided and sold separately in terms of media (cinema, television, DVD) and in terms of territory (country or region) and for a limited or permanent period of time. The location of presenting the product in the film industry is defined by the type of distribution.

In the last years of the 1980s, the phenomenon of cineplex or multiplex acted like a double-edged sword, and during the time when the number of audiences fell to an all-time low, cineplexes attracted the audience. Since the 1990s, film markets and festivals have played an increasingly important role in strategic planning to find distributors for independent films.

In these festivals and markets, the film experiences a wider territory and an increased number of potential audiences that will help it sell and distribute internationally. By participating in these markets and festivals, individuals can choose their films to be on screen in that year. The key to a film's success is the way it enters the

market and the way it is distributed. Distribution and marketing are very closely related and involve a wide range of activities that are directly or indirectly related to the promotion, advertisement and release of a film. The challenge is to identify the target audience for a particular film, creating and maintaining awareness among the audience, and turn that awareness into a desire to watch the film.



**Fig.1-** The Initial Model of the Research (Carter, 2010)

### 2-2-1- Foreign Studies

In an article titled "Marketing of Cinematic Services and Customer Relationship Management", Lee (2019) stated that in the present age, with the development of technology, marketing is somehow related to our everyday lives and plays a key role in business. Marketing is a management tool that, while recognizing the needs of customers and providing the right product or service for them, seeks to surpass its competitors. The world of marketing is vast and scattered, and is looking for ways and information to attract loyal customers. Therefore, various marketing methods are created every day. Service marketing is also a type of marketing. We all benefit from services on a daily basis. Service is an intangible action offered by one side to the other in which we see no ownership. Service marketing strives to increase customer loyalty and high profitability for the organization by increasing the quality of services provided and greater benefits to the customer.

Seven and Thomas (2018) suggested that the key to the success of a film is the way it enters the market and the way it is distributed. Distribution and marketing are very closely related and involve a wide range of activities that are directly or indirectly related to the promotion, advertisement and release of a film. The challenge is to identify the target audience for a particular film, creating and maintaining awareness among the audience, and turn that awareness into a desire to watch the film.

Eva (2017) stated that the main focus of buying and selling in film markets is on gaining trust through face-to-face communication; Therefore, online film advertising campaigns cannot be as successful as traditional advertising. The film's website can be used to inform the audience as a complement along with other advertising content.

### 2-2-2. Internal Studies

In an article titled "Factors Affecting the Marketing of Iranian Movies through Social Media", Salavatian et al. stated that the technical factors of the movie including "social media security" and "social media graphic quality", content factors including "movie quality", "attractiveness of the loaded teaser or trailer", "posting attractive dialogues", "comments by those who have watched the movie", "comments of the critics and experts", and "the presence of movie stars", process factors including "appropriated selection of social media," "popularity of social media," "word of mouth marketing," "forming fan clubs," "interacting and communicating with users", "opening a social account while making the movie", "getting to know the audience", "posting behind the scenes and interesting news", "advertising by fans" and factors related to message management including "publishing appropriate and correct information" have been agreed upon by the experts.

Akbari et al. (2017) in an article titled "An Analysis of Demand Determining Factors in Cinema: A Case Study, Cinema in Zanjan", stated that after reviewing the theoretical foundations related to art and cinema, descriptive and analytical methods were used to examine the factors affecting cinema demand and 505 questionnaires were distributed in Zanjan. The results showed that out of 505 respondents, 318 ones desired to go to the cinema at least

once a year, which is about 63% of the total number of the sample. Only some economic and demographic factors in this study have affected the demand for cinema, including income, gender and marital status, and it can be noted that there is a significant relationship between the two variables of income and cinema demand.

Maleki (2015) stated in an article titled "Marketing in the Cinema" that according to the research findings, the researcher's opinion is that media organizations and institutions can, with the help of programming experts, design a software with the features and capabilities of social media which includes stages and factors related to film marketing and sales through its special design and graphics, and succeeds through long-term planning.

Ashtiani (2011) in a study titled "Investigation of factors affecting the management of cinema advertising in terms of the effectiveness of social acceptance of cinema productions" stated that advertising is a tool for selling and offering products. So advertising- the purpose, means, industry, science, art or anything else- can convey the message, purpose, and strategy of selling the product better than any other means. The advertising strategy of movies is a set of techniques, tactics, programs and decisions that regularly determine what the purpose of advertising is and what general advertising strategy should be proposed to achieve this goal. If we want to successfully convey a message to the audience, we need to target the right audience so that the message can be noticed, understood and accepted. In order for communication to be effective, the message must be formed to be relevant to the cognitive capacity of the target audience and to have a strong scientific foundation. Since the purpose of advertising is to motivate the audience and viewers to watch the produced movies, it is necessary to use the correct principles and methods of management in film advertising. Advertising in cinema as one of the effective factors in attracting the audience has different methods. In the Iranian cinema, there is no advertising management of movies and this is one of the problems of Iranian cinema. Films are usually presented to the audience using the usual and common methods. Few different cases are usually the result of the personal creativeness of the professional filmmakers. Sometimes producers try to use the director's fame and prestige in film advertising. Having this in mind, the question that arises here is how to achieve the goal of advertising for movies? How best can the audience be attracted to the film produced? How can the product be introduced most efficiently? The answer given to these "how" questions reflects the strategy adopted in cinema advertising management. In this study, the effects of artistic management on the methods of advertising movies as well as the performance of these methods and the relationship between them are examined and the effects of advertising methods on social acceptance are analyzed, considering the increased number of cinematic productions. Then, the advertising tools and means, or in other words, communication channels through which the message can be conveyed to the audience, are presented. On the other hand, adapting film advertising to environmental conditions, the method of presenting the advertisement, using different media and considering changes in each type of advertising is essential for movies. One of the special elements in film advertising is paying attention to the function of cognitive and emotional mechanisms. The method of the research is descriptive-survey method and content analysis has been mainly used. The statistical population includes the students of the Faculty of Fine Arts, University of Tehran. In order to measure the independent and dependent variables, the statistical sample was selected using randomized "multi-stage cluster" sampling and was evaluated based on the questionnaire.

### 3. Research Methodology

In terms of purpose, the present study is an explanatory study and in terms of results, it is applied and will use little amount of data.

The statistical population and sample include all customers of movie theaters located in Enghelab Square in Tehran province. Due to the unlimited statistical population of 384 it was considered as the sample size using Cochran's formula.

$$n = \frac{z^2 \times pq}{d^2}$$

The Cochran formula (1)

$$p=q=0,5$$

$$Z=1.96$$

$$\text{Level of significance} = 0.95$$

$$n=\text{sample size}$$

$$d=0.05 \text{ level of error}$$

$$\underline{n} = \frac{(1.96^2) \times 0.5 \times 0.5}{0.05^2} = 384$$

#### 4- Analysis

In this section, after determining the concept model, the appropriateness of the sample size and effectiveness of all identified dimensions on the model, we use partial least square and bootstrapping for quantification, the results are shown in figures (1) and (2). The results reveal that all the coefficients obtained are positive and all t values obtained are more than 1.96 in Table Z, so it can be concluded that the model is significant and the obtained results are reliable.

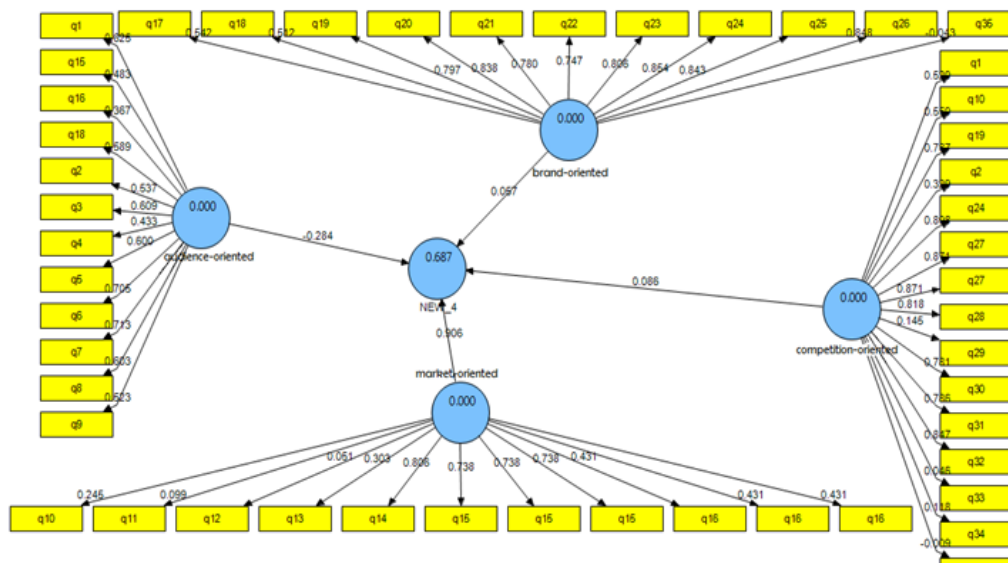


Fig 2. The Model in the standard mode

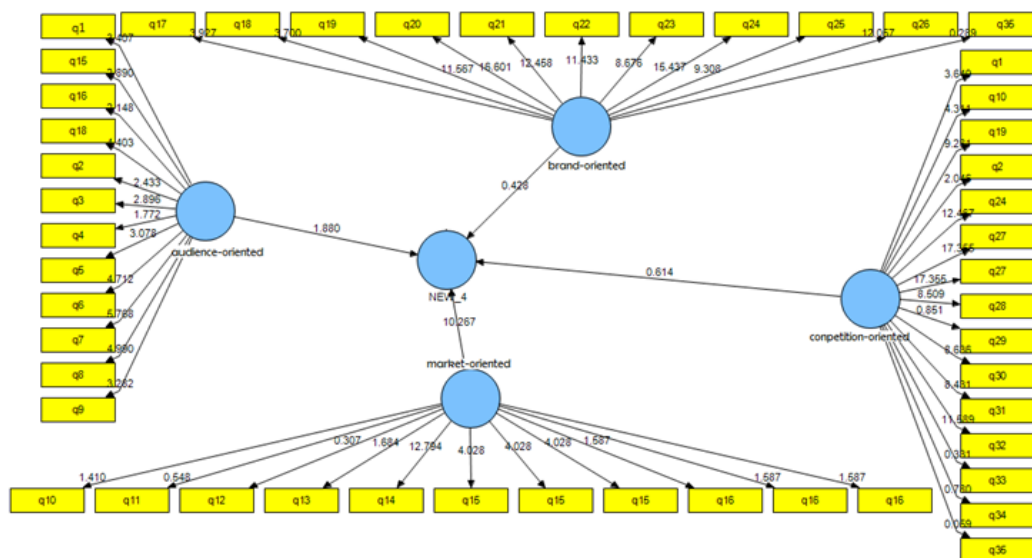


Fig 3. The Model in the significant mode

In order to fit the model, *goodness of fit indices* such as GFI, AGFI and RMSEA have been used. The values obtained in Table (1) show that the results of the model are reliable. Because GFI and AGFI indices are both estimated to be higher than the target value, which is greater than 0.90. Also, the ratio of chi square to the degree of freedom ( $X^2/df$ ) has revealed an appropriate value. The RMSEA error criterion is also estimated to be 0.03, which is less than the limit of 0.08. Based on the estimates provided, it can be concluded that the model tested in the target community has a relatively acceptable fit. Therefore, the results of the research model show that the model used in the present study was fitted well.

Table 1-Statistics related to the goodness of fit

Fitness result	values	criteria	symbol	Fitness indices
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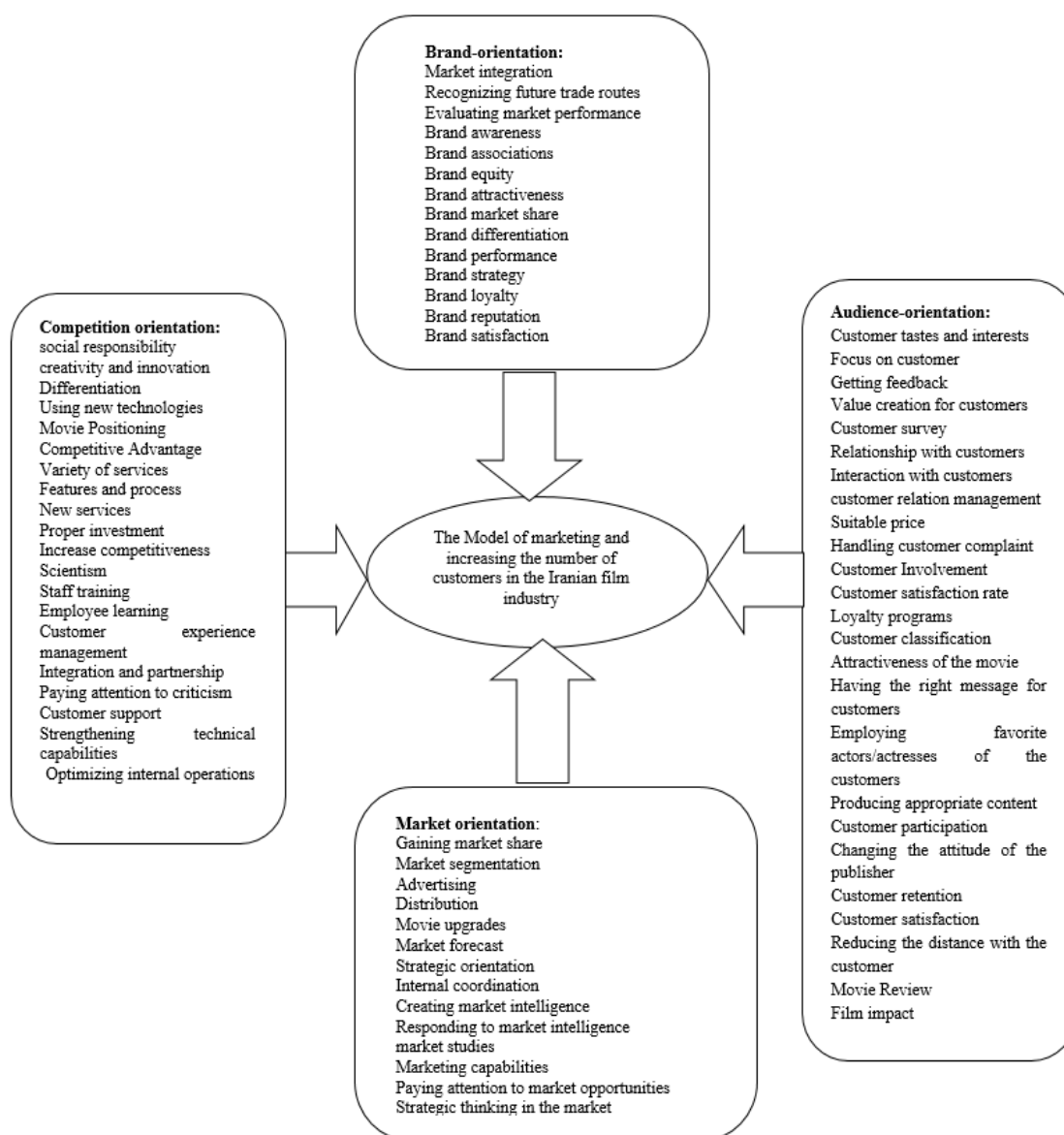
Goodness of fit	1.34	$\leq 3$	$X^2/df$	Dividing $X^2$ by the degrees of freedom
Goodness of fit	0.03	$\leq 0.08$	RMSEA	Root Mean Square Error of Approximation
Goodness of fit	0.94	$\geq 0.9$	GFI	goodness of fit indices
Goodness of fit	0.91	$\geq 0.9$	AGFI	Adjusted Goodness of Fit Index
Goodness of fit	0.95	$\geq 0.9$	CFI	comparative fit index
Goodness of fit	0.93	$\geq 0.9$	IFI	Incremental fit index
Goodness of fit	0.92	$\geq 0.9$	NFI	normed fit index
Goodness of fit	0.96	$\geq 0.9$	NNFI	Non-normed fit index
Goodness of fit	0.76	$\geq 0.7$	R <sup>2</sup>	coefficient of determination

After assessing the fit of the measurement and structural part of the model, the GOF criterion, an indicator for examining the fit of the model to predict endogenous variables, was used to assess the fit of the whole model. The value of this criterion fluctuates between [0-1]. The values which are closer to 1 indicate the appropriate quality of the model. This criterion examines the overall predictability of the model and the tested model predicts possible endogenous variables. This criterion is calculated through the following equation:

$$Gof = \sqrt{\text{communalities} \times \overline{R^2}} =$$

Communalities represents the mean of communality values, and  $R^2$  is the mean value of the  $R$ -squared values of the endogenous structures of the model. According to Table (1), the values of the coefficient of determination of  $R^2$  have been obtained. Also, the communality value is equal to 0.76, and according to the three values of 0.01, 0.25 and 0.36, which are introduced as poor, average and strong values for GOF, the resulted value of 0.65 for GOF indicates the general goodness of fit of the research model. Since the calculated value of GOF is greater than 0.36, it indicates the goodness of fit of the model. Therefore, the general goodness of fit of the model is approved.

According to the analysis, it was found that all routes ensure a 95% *significance level*, and as a result, the four main dimensions and sub-components related to the approved model were presented in the operational and final model of the marketing model in cinema.



## 5. Conclusion and Suggestions

From an artistic point of view, Iranian cinema undoubtedly has significant potentials, talents and facilities, and the gap that has long been existing between the intellectual cinema (films which attend the festivals) and the popular cinema is removed to a great extent. Also, the number of movies which attract the attention of both critics and audiences has increased in recent years. Therefore, the missing link should be sought in the marketing section. The goal of marketing in the film industry is the same as the original goal of marketing, which is to introduce a product and its characteristics to the customer in order to satisfy a specific need. In cinema, the product is the film, and the customer is the audience that could potentially spend part of their time in the cinema. In this regard, the present study was conducted to answer the following question:

**How is the fit of the model of marketing and increasing the number of customers of movies in the Iranian cinema?**

Based on Table (1), the goodness of fit of the model is approved. Regarding the fit indices of the model, it can be said that:

### • RMSEA index

The RMSEA index is used in most confirmatory factor analyzes and Structural equation modeling. According to McCallum, Brown, and Shogavara (1996), if the value of this index is less than 0.05, the fit of the model is good, and if it is between 0.05 and 0.88, the fit of the model is moderate.

### • GFI and AGFI indices

The GFI and AGFI indices proposed by Joreskog and Sorbom (1989) do not depend on sample size. The GFI value must be equal to or greater than 0.9. The Adjusted goodness of fit index (AGFI) is another fit index. This index is equivalent to the use of the mean squares instead of the sum of squares in the numerator and denominator of GFI. The range of GFI and AGFI fluctuates between [0-1]. The acceptable value must be equal to or greater than 0.9.

- **Chi<sup>2</sup> Normed Index (relative)**

One of the general indicators for calculating the free parameters in fit indices is the Chi<sup>2</sup> normed index, which is calculated by the simple division of  $X^2$  by the degree of freedom of the model. If this value is less than 2, it is desirable, and if it is less than 5, it is relatively acceptable.

- **Normed Fit Index (NFI)**

Normed Fit Index, also known as the Tucker-Lewis index, is used to compare the values of the Chi-square ( $X^2$ ) of the independent model (a model in which there is no relationship between the variables and their covariance is equal to zero) Chi-square ( $X^2$ ) of the saturated model. The range of acceptance of this index is considered to be higher than 0.9. If the value is higher than 0.95, the model has a good fit.

- **Non-normed Fit Index (NNFI)**

Since normed fit index is sensitive to sample size, underestimating fit for samples less than 200, the non-normed fit index is used. The only drawback of NNFI is that sometimes values can go above 1.0. The range of acceptance of this index is  $\geq 0.95$ .

- **Incremental Fit Index (IFI)**

The incremental fit index was developed based on the comparison between the theoretical model and the independent model. The range of acceptance of this indicator for accepting the developed model is 0.9 and for confirming the goodness of fit is at least 0.95.

- **Comparative Fit Index (CFI)**

One of the most appropriate and widely used interpretive indices for good or poor fit of the developed model is the comparative fit index, which compares the fit of the existing model with the independent model. One of the advantages of the comparative fitness index is its insensitivity to sample size so that it can be used instead of the root mean square error which is sensitive to sample size. The range of acceptance of this index is between [0.9-1], and if the CFI value is more than 0.95, the model has a very good fit. But what is important is the goodness of fit of the developed model. In this regard, it can be said that the  $X^2/df$  index is equal to 1.34 which is less than 3; the RMSEA index is 0.03 which is less than 0.08; the GFI index is 0.94 which is more than 0.90; and the AGFI index is equal to 0.9 which is more than 0.90; CFI, IFI, NFI and NNFI indices are more than 0.90, respectively (0.95, 0.93, 0.92 and 0.96); and also the GOF value is equal to 0.65, which reveals the goodness of fit of the model. Thus, the proposed model can increase the sales of movies according to the set goals.

Based on the obtained results, the following suggestions are presented:

1. Media organizations and institutions can, with the help of programming experts, design a software with the features and capabilities of social media which includes stages and factors related to film marketing and sales through its special design and graphics, and succeeds through long-term planning.
2. Movies should be released in appropriate times, such as the Fajr decade, in which one of the most important cinematic events- Fajr Film Festival- is held. Audiences reach for movies. Also showtimes should be announced to the audience and internet users through designing a website.
3. The presence of the leading-role actors/actresses in the cinema can encourage the audience to come and watch the movies in the cinema.
4. Public screenings are a good time to attract the audience. The film crew can take advantage of this opportunity to watch their films with the public in order to succeed in film marketing.
5. Finally, one of the suggestions in the field of increasing sales of movies is the formation of a strong industrial cluster composed of film companies, suppliers and related companies, granting financial, technical and managerial assistance to improve the quality of screenplays and ideas; Encouragement of research activities in order to produce ideas in filmmakers; development of marketing research activities in distribution offices; development of sales promotion activities; development of complementary sales activities; paying attention to new distribution technologies such as web network, changing and improving the mechanisms of the country's capital market to improve the financing process of domestic cinema companies by rationalizing the repayment period, guarantees,



securities and development of financial and credit facilities; requiring the government television to purchase and display the products of the domestic cinema; creating channels to show Iranian series and films; planning infrastructure measures for building cinema halls in suitable geographical areas of Tehran and other cities; taking supportive measures to develop and provide advanced cinematic equipment cinema; Upgrading the knowledge and skills of the cast and crew through holding training courses; coordinating and unifying all international operations through the establishment of an independent international section to prevent parallel activities are among the actions that should be taken into consideration.

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