

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

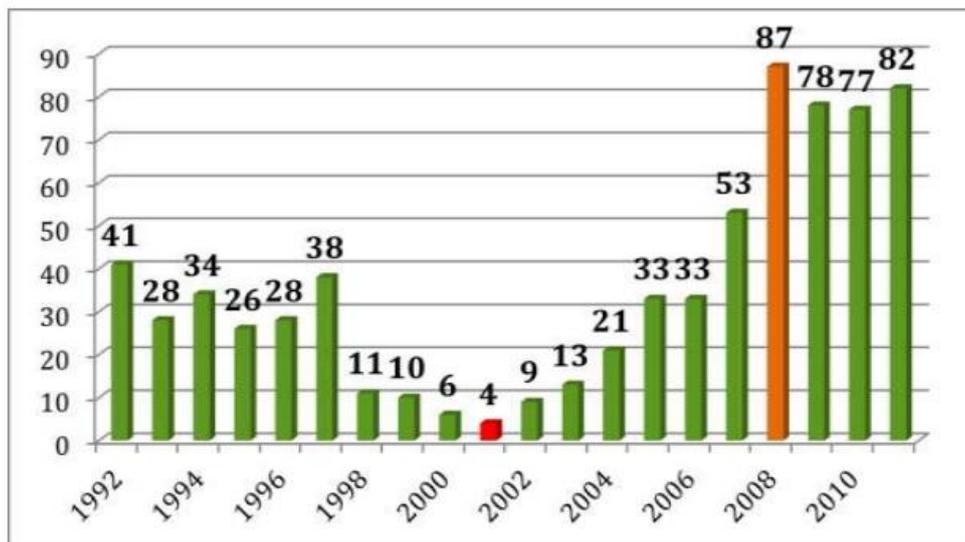
Since the years of 2002, Indonesia creative industry has grown 2.5% annually as shown by the Ministry of Tourism and Creative Economy. Data from the Ministry of Tourism and Creative Economy (Kemenparekraf) in 2012 shows that the creative economy ranks 7th out of 10 sectors of the national economy by contributing to the Gross Domestic Product (GDP) of 6.9% or Rp573,89 trillion worth of total national economy Rp8.309.57 trillion. Creative economy ranks 4th out of 10 economic sectors in the category of the workforce in 2012. The creative economy accounted for 11,799,568 people or 10.65% of the total national workforce of 110,808,154 people. In addition, the creative economy ranks 3rd of 10 economic sectors with 5,398,162 businesses or accounted for 9.72% of the total number of businesses as much as 55,510,746 businesses. Contribution of the creative industries is constantly increasing (<http://br-online.co>, retrieved on 07 January 2016).

Data from the Ministry of Tourism and Creative Economy in 2014 and said the creative industries to contribute to GDP amounted to 7.29 percent in 2013 and valued at 486.1 trillion rupiah. The government at that time targeting the acceleration of the development of the national creative industry to be able to contribute at least 8 percent of Indonesia's GDP. In 2014, the contribution of the creative industries to GDP reached 7.29 percent of total GDP. While the amount of labor that is absorbed reaches 8.6 million or 7.9 percent of total employee. Creative economy became the fourth most important sector in its contribution to employment and the third most important category of business number (<http://br-online.co>, retrieved on 07 January 2016).

However, as one creative industries sector, the film industry contribution to Gross Domestic Product (GDP) of Indonesia is estimated to be less than 0.1 percent. As compared to the film industry in the UK and South Korea that could

contribute revenue to the respective governments of USD 4. 2 billion and USD 6. 6 billion (<http://www.merdeka.com>, retrieved on 07 January 2016). From the movie industry itself, Indonesia has gotten Rp27. 074 trillion for its GDP. From the employment, there were 491, 800 more jobs available and tax revenues have increased by Rp2. 818 trillion. Though the contribution is small, the movie demand has been increasing, both the foreign and the local movies, as income increases (<http://apindo.or.id>, retrieved on 07 January 2016)

Furthermore, Indonesian film industry is coming up again, as there were almost no existences of it in the year of 2000 due to the four movies that was release in that year. However, in the past 10 years there were significant increases in movie production. The production is now increasing to more than 50 movies per year.



**Figure 1**  
**Movie Production in Indonesia**

Note. Ministry of Tourism and Creative Economy (2012)

The significant rise of movie industries also benefited various service industries and significant employment in other sectors. Movie industry helped produce an indirect contribution to Gross Domestic Product (GDP) by US \$ 1. 23 million in 2010 and supports the creation of an additional 158 900 new jobs. Furthermore, the key findings of the Oxford economic report on the economic contribution of the film and television industry in Indonesia in 2010 include: (1)

direct economic contribution of US \$ 845. 1 million; (2) 191 779 jobs in film and television; (3) direct tax revenue of US \$ 86. 5 million; (4) the total economic contribution of US \$ 2. 98 million or 0. 43% of national GDP; (5) helping to create 491 800 jobs nationally, or 0. 45% of jobs nationwide; (6) total tax revenues of US \$ 310. 3 million or 0. 39% of total revenue (<http://www.beritasatu.com>, retrieved on 07 January 2016).

Even though the movie industry had been increase significantly, there is challenge that faced by the cinemas. Based on a report of 2014, the amount of people visiting the theatres has not been this low since 1995. Having so much of benefits found in the movie industry, the challenges lie in the visitors. The age group of 14- 24 has been the sharpest decline in the visitors to the theatre, as they are more technologized so they prefer streaming in services such as Netflix, Hulu Plus, Amazon Instant Video or even download in Torrent, as its cheaper, easier and more convenient. Ever since, the cinemas have been dying, theatres are said to be of no value to consumers. Movie theatres need to focus on giving the best experience to their consumers instead of concentrating on just being convenient. They need to look for ways to offer more than just watching latest movies released (<http://www.makeuseof.com>, retrieved on 10 January 2016).

The fact was also braced by MPAA (Motion Picture Association of America), which said that people are busy downloading movies at home is the reason they do not go for movies in the cinemas. People know that by them downloading movies at home, it will not be the main cause for the movie industry to be going down but is because the movies now produced are competing with other entertainment options and that the experience and the joy of going for movie is now no more there, all the theatre seems to be filled and when people sit in the theatre studio, they will still have to watch the commercials that is being advertised before the movie is being played. The movie ticket price has been increasing always (<http://www.makeuseof.com>, retrieved on 10 January 2016).

Survey has shown that about 73% of people prefers watching movies at home, through online streaming or through downloads. (<https://www.techdirt.com>, retrieved on 10 January 2016). However, there are still many reason why people like go to cinema. The feeling to be going to a crowded cinema packed with filmgoers; whether the gathered crowd is anxious to see some sci-fi adventure unspool on screen, or laughing along with the latest comedy or whether screaming at a horror film or sobbing with a drama, there is never a moment when a viewer can feel quite as connected to a film than when surrounded by fellow fans in a bustling cinema. And then there is the matter of atmosphere. Cinema having kept up many film posters, enticed by the smell of popcorn, there's a quality to the in-person theatrical experience that simply cannot be replicated in living room. Where the cinemas are equipped with super-deluxe, stadium seating, multi-screen movie studios. And then there is the ritual when someone goes to the theatre. Choosing a time for the selected movie, buying the tickets, the mid-lobby, post-film conversation, all these gestures are what make people enthusiastic to go to the theatres especially with a group of friends or family. Even though, there are online movie sites or even the DVD or even to download it, but have to wait for few months to be able to watch it and also by then all the spoilers are out (<http://www.ign.com>, retrieved on 10 June 2016). Furthermore, watching Movies has become habit or major entertainment in the society. Some families watch movies as a source of bonding time after their individual day.

Even though, most of people still enjoy go to cinema, not all the movies played at cinema can attract moviegoers to come and watch movie at cinema. Some movies are success to become a box office movie, some are failed. There are many reasons for a film to fail at the box-office - the major causes are lack of studio promotion, heavy competition from other movies released at the same time, exorbitant productions costs difficult to recoup and other production problems, negative word of mouth (especially in the era of the Internet and social media) or critical reviews, or other external factors such as bad timing or economic problems in society at large (<http://www.filmsite.org>, retrieved on 10 June 2016).

That is why, it is important to found out factors that influencing people choice of movie at cinemas.

Initially, in order to found factors that influencing people movie choice at cinema, the researcher was conducting preliminary survey. From initial survey of 20 people, the research found that there are factors that influence people choice of movie at cinema, those are:

**Table 1**  
**Preliminary Interview**

Variable	Factors
Trailer	<ol style="list-style-type: none"> <li>1. The trailer is entertaining.</li> <li>2. The trailer makes the respondent feel excited to watch the movie.</li> <li>3. The trailer makes the respondents have positive perception of the quality of the movie.</li> <li>4. Trailer that shows how the movie would be like are very helpful in my decision to watch a movie.</li> </ol>
Star power	<ol style="list-style-type: none"> <li>1. Good or popular star attract the respondent to watch the movie.</li> <li>2. The celebrity in the movie makes the respondent feel the movie is a good one.</li> <li>3. Star is important factor when the respondent choosing a movie to watch.</li> </ol>
Word of mouth	<ol style="list-style-type: none"> <li>1. Respondent feel information provided by words of mouth is interesting.</li> <li>2. Respondent feel information provided by words of mouth is informative.</li> </ol>
Critics review	<ol style="list-style-type: none"> <li>1. Respondent feel the evaluations provided by professionals are informative.</li> <li>2. Respondent tend to use as much information as possible when choosing a movie to watch.</li> <li>3. Respondent feel comfortable making decision on what movies to watch based on critic review.</li> <li>4. Respondent feel confident in making the right decision on movies to watch based on critic review.</li> </ol>

Note. Interview Summary (2016)

A trailer of a movie is about one to three minutes showing roughly about the movie. Usually, images from a determined movie is shown while concentrating on the quality of the movie. Trailer of a movie will be able to help in consumers wanting to go for a movie by directly targeting moviegoers at the time when they have already shown their enthusiast in watching the movies. To do this, trailers are played in cinema before starting the movie and also showing trailers that have the same genre with the movie that is being shown. To promote a film theatrical release, trailers are made. Trailer is a form of advertising to attract consumers to watch movie in cinema. It is because of the emotional and visual nature in the trailer (Finsterwalder et al., 2012; Kernan, 2004).

Star power creates the wow factor which empower it to attract consumers to watch the movie especially during the opening week. All the more if the stars are well known, it will be affect the consumers even more on the movie consumption. Star power is also strong enough to gain consumer interest and also get them excited while watching a movie (Karnoouchina, 2011; Levin et al., 1997; Ravid, 1999).

Word of mouth is related to the decision making on movie consumption. Word of mouth can be strongly affected by the audience when selecting a movie to watch, audience grasp word of mouth to be a more reliable source of information. Buzz marketing is a potent way to motivate moviegoers by highlighting the positive feeling that audience could enjoy while watching movie in the theatre. With the internet era now, online word of mouth happens to be the most common and also crucial stimuli to influence the audience to make decision on movie consumption (Liu, 2001; Mohr, 2007; Chakravarty et al., 2010).

A person influence to watch movie can be gotten from the critics' review that acts as third party information. Advertising and critics review are totally different as review can be hostile since it is common to see a bad movie review. Critics review comes from a source independent from movie studios. That is why critic review is considered to be more trustworthy and conceivable by the consumers. Because of this, consumers are more likely to make their conclusion to watch a movie on critic review. The large effect on opening weekend box office sales are based on positive critics' review, which managed to persuade consumers in watching the movie (Chakravarty et al., 2010; Reinstein & Snyder, 2005).

One of Indonesian box office movies in 2016 is *My Stupid Boss*. *My Stupid Boss* recounts the story of an absurd boss and his employees. Bossman is an Indonesian who owns a company in Kuala Lumpur. A large but disorganized company. The culprit for the disarray in the organization is the bossman himself. His first principle of management is that *Bossman Is Always Right*. Which means

whatever the Bossman fancies, he will get it done. And that is his following principle: Impossible We Do Miracle We Try. In the midst of this is Diana, the Bossman's secretary, who has to juggle at every turn with the odds that never seem to add up in the company. Diana's daily confronted with her boss's antics and her patience and good sense are all put to the test. Taking comedy as their genre, My Stupid Boss played by Reza Rahadian and Bunga Citra Lestari, stared 7.7 out of 10 by 384 people based on imdb, watched by more than three million audiences and considered as one of the most successful Indonesian movies in 2016. Furthermore, their trailers had been viewed more than 800 thousand times on youtube.



**Figure 2**  
**My Stupid Boss Poster**  
 Note. Google (2016)



**Figure 3**  
**My Stupid Boss Trailer**  
 Note. Youtube (2016)



**Figure 4**

**My Stupid Boss Review**

Note. imdb (2016)

Not many cinemas manage to survive in Indonesia. One of the most well-known cinemas in Indonesia is Cinema 21. Cinema 21 which is now known as Cinema XXI is the biggest theatre in Indonesia. It all started in 1987 when it is opened as an entertainment industry. It is been more than 28 years since Cinema 21 has committed to give the best experience and enjoyment for the Indonesian citizen. As of August 2015, Cinema 21 has a total of 823 screens in 35 cities in 152 locations in whole of Indonesia. Cinema 21 does not only shows movies made by the Indonesians but also air movies that are from abroad. With the technology changing, Cinema 21 also follows the changes and complete equip with facilities such as two and three Dimensional (<http://www.21cineplex.com>, retrieved on 12 January 2016). As one of the biggest city in Indonesia, Surabaya have nine Cinema XXI. One of the biggest Cinema XXI in Surabaya is Ciputra World XXI. Compare to others cinemas, Ciputra World XXI offers large amount and variety of theater.

**Table 2**  
**Surabaya Cinema XXI**

Cinema XXI	Regular Theater	The Premiere	IMAX
Sutos XXI	6	0	0
Tunjungan XXI	3	0	0
Tunjungan 5 XXI	3	2	1
Supermall XXI	5	0	0
Galaxy XXI	5	0	0
Grand City XXI	6	1	0
Lenmarc XXI	4	1	0
Pakuwon XXI	4	0	0
Ciputra World XXI	8	2	0

Note. Observation (2016)

Based on the phenomenon, preliminary interview, and observation that have been discussed on research background, this research entitled “The Effect of Trailer, Star Power, Word of Mouth and Movie Critics on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya”.

## **1.2 Research Problems**

1. Is there a significant effect of Trailer on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya?
2. Is there a significant effect of Star Power on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya?
3. Is there a significant effect of Word of Mouth on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya?
4. Is there a significant effect of Movie Critics on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya?

## **1.3 Research Objectives**

1. To determine whether there is a significant effect of Trailer on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya.
2. To determine whether there is a significant effect of Star Power on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya.
3. To determine whether there is a significant effect of Word of Mouth on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya.
4. To determine whether there is a significant effect of Movie Critics on Moviegoers Decision on Watching My Stupid Boss at Cinema XXI Ciputra World Surabaya.

## **1.4 Research contributions**

### **1.4.1 Theoretical Advantage**

This study made its contribution as a reference in Consumer Behavior, by identifying the significance of factors that affect consumer decision making in watching movie. This study is also a reference for further studies related or similar to the field of study.

### **1.4.2 Empirical Advantages**

#### 1. For Cinema XXI Ciputra World Surabaya

The result of this study can be used for by Cinema XXI Ciputra World Surabaya regarding their consumer behavior and how they can improve their strategies in marketing by learning about their consumers and how to create effective marketing channel through the variables.

#### 2. For movie producers and directors

The result of this study can be used by movie producers and directors regarding their movies and how they can improve their strategies in by learning about moviegoers' preferences and how to create box office movies through the variables.

#### 3. For the researcher

This study deepens the researcher's knowledge about consumer behavior particularly in the sub- field of consumer behavior. It gives the researcher a much broader awareness of the intricacy of effective decision making and its elements to its branding strategy.

## **1.5 Research Limitations**

This study was conducted in order to find out the reason behind moviegoers choice in movie. This research used trailer, star power, word of mouth, critic reviews as the dependent variable. The researcher is limited in terms of location because the research will be done in Surabaya, Indonesia. The respondents will be limited to those who have had experience watching My Stupid Boss in Cinema XXI Ciputra World Surabaya. The research data gathering are conducted on June – July 2016.

## **1.6 Research Outlines**

Research outline explains the systematic writing of this study. The outline is divided into five chapters as follows:

### **Chapter I**

This chapter sets up the research problem for the reader. It also provides the background information defining the issue and important terms. It specifies the research objectives explored in greater detail to contribute to understanding the research problem.

### **Chapter II**

This chapter summarizes the major studies and findings that have been published on the research topic and how this study contributes or adds to what has already been studied. This chapter also states a clear description of theories that apply to the research problem, an explanation of why it is relevant, and how the modeling efforts address the hypothesis to be tested.

### **Chapter III**

This chapter explains the detailed technical and scientific activities which include the research design, sampling plan, instrumentation, statistical tools, and treatment of data.

### **Chapter IV**

This chapter organizes the logical presentation of all findings in the research questions, and focus on how these key findings relate back to the theory and prior researches presented in the beginning of the study.

### **Chapter V**

This chapter outlines the implications, conclusions, and recommendation supposed to advance the study of the research topics by its theoretical, methodological, or substantive contributions that may be necessary to overcome the limitations of existing empirical facts.