HIGH MARKETING COSTS TO SUPPORT US FILMS

In 2002 there was an increase of over 10% in the number of tickets sold in US cinemas and an increase of as much as 13% in box office, which rose from 8.4 billion dollars to 9.5 billion, recording the highest growth in the last 20 years. Yet box office in the rest of the world grew even more, with a 20% leap, reaching 9.64 billion dollars and overtaking the United States. Taking into consideration the fact that a little under half of this box office comes from Europe alone, where the market share of films “made in the USA” comes to around at least 70%, it is easy to understand the satisfaction expressed on several occasions by the Motion Picture Association, whose members receive the largest portion of this box office.

However, as Jack Valenti, President of the MPA, emphasised in his talk at ShoWest 2003, every victory has its price. And the price to pay for the increased success of films by the majors is the enormous rise in production and marketing costs. “Producing and promoting a film in 2002 cost the majors an average of 89.4 million dollars, i.e. an extra 10.7 million compared to 2001”, stated Valenti. This means a percentage increase of 13.6%, or a little more than the growth in box office, flattering though this is. And even though in 2002 this increase is due exclusively to production costs – those for marketing did in fact drop by 1.2% – a glance at the trend for the 1985-2002 period makes it possible to understand the strategic direction taken by the majors more accurately.

If in 1985 these companies spent an average of 6.5 million dollars for the marketing of a full-length feature, as against 16.8 million for its production (i.e. with a ratio of 1 to 2.6), in 1990 the figures were respectively 12 and 26.8 million (1:2.2). The cost of marketing has continued to grow more than that of production, reaching a ratio of 1 to 1.5 in 2001 (or 31 million for marketing and 47.7 for production).

What is even more striking is the fact that of the two elements that constitute marketing costs, i.e. the cost of prints and that of advertising, it is the latter that has undergone a real boom. Between 1985 and 2002, the cost of copies had not even tripled, whilst that for advertising had increased more than five times (respectively from 1.21 million dollars to 3.31 and from 5.24 to 27.31).

MPA subsidiary companies, such as Sony Pictures Classics, Fox Searchlight, New Line and Miramax, have also experienced a large increase in marketing costs: from 5.48 million dollars in ’98 to 11.18 in 2002. The figures are lower than those of the majors but have grown even faster: in fact they have more than doubled in the space of five years and, above all, are clearly higher than those for European films, which allocate only 3-6% of their budget (approximately 4 million dollars on average) to marketing.

If we then examine the spending of the money allocated by US companies to what is globally defined as “advertising”, it can be seen that as much as 19% goes to aspects not included in traditional advertising (trailers, billboards, space in newspapers, on television, radio etc.) and that it includes, for example, market research or services and initiatives specifically addressing exhibitors.

This means that when trying to understand the reasons for the difficulty encountered by European films in affirming themselves internationally, it is impossible to ignore the impact of this powerful – and what is more – growing market strategy. And when we are tempted, as often happens, to make a facile distinction between films that suit the taste of the general public, which would comprise commercial films – mostly American – and “niche products” that pay little attention to audiences’ demands, or which are even incapable of satisfying them, it will be useful to remember that marketing is one of the factors that has a decisive influence on taste and contributes, over time, to the shaping of it.

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