

A RESEARCH ON THE EXTENT OF THE APPLICATION OF
PROMOTIONAL MIX VARIABLES BY CINEMA THEATRES
IN NAIROBI

BY

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DECLARATION

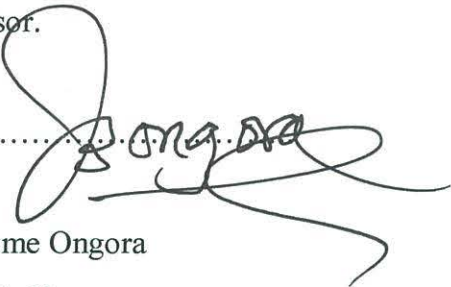
This project is my original work and has not been submitted for a degree in any other university.

Signed 

ANDREW WANYOIKE NJUGUNA

Date... 21/08/2007

This project has been submitted for examination with my approval as the university supervisor.

Signed..... 

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Date... 27.09.07



DEDICATION

This project is dedicated to my family, extended family, my friends and my supervisor for their support, guidance, encouragement throughout my study, thank you all. All glory be to God.

TABLE OF CONTENTS

DECLARATION.....	i
DEDICATION.....	ii
CHAPTER ONE	1
1.0 INTRODUCTION.....	1
1.1 Background	1
1.2 Statement of the Problem.....	3
1.3 General Objectives	4
1.4 Specific Objectives	4
1.5 Importance of the Study.....	4
1.6 Scope of the Study.....	5
CHAPTER TWO.....	6
2.0 LITEARTURE REVIEW	6
2.1 Introduction	6
2.2 Definition of Cinema Theatres and Cinema Studios.....	6
2.3 Definition of Services	7
2.4The History of Cinema.....	10
2.5 Challenges Facing the Cinema Theatres.....	13
2.6Options for Growth by Cinema Theatres... ..	16
CHAPTER THREE.....	17
3.0 RESEARCH METHODOLOGY	17
3.1 The Population	17
3.2Research Design.....	17
3.3 Sampling Design and Sample Size	17
3.4 Data Collection Method.....	17
3.5Research Procedures.....	17
3.6Data Analysis	18
CHAPTER FOUR	19
4.1 Findings and Data Analysis	19
CHAPTER FIVE.....	25
5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	25
5.1 Summary	25
5.2 Conclusions	26
5.3 Recommendations to Cinema Theatres	27
5.4 Limitations of the Study and Suggestions for Further Research.....	27
APPENDICES	28
BIBLIOGRAPHY.....	36

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

The cinema industry plays a powerful role in communicating ideas, information and ideology. For individuals, film provides at least an indirect link to the rest of society. It is an important aspect of leisure that many people throughout Kenya and the world as a whole enjoy.

It has the potential to create a common culture and system of values as well as inform people of a diversity of cultures and ideas. Economically, this is an industry which turns over billions of dollars and generates millions of jobs through out the world (South African Film and Television Industry Report, 1998).

The role of promotion is to communicate with individuals, groups, or organizations to directly or indirectly facilitate exchanges by influencing one or more of the audiences to accept an organizations products or services (Pride and Ferrel 1980). No business can successfully achieve its objectives without emphasis on promotion. It is important to note that promotional efforts must be properly planned, implemented, coordinated and controlled. This is emphasized in an example by (Dibb and Simkin et al 1991) in their book entitled "Marketing" in which: "a major telephone company in America that attempted to justify a price increase in several areas, sent several news releases to newspapers in those areas explaining that a price increase was necessary to prevent the firm from continuing to lose money. At the same time the company advertised in a national magazine aimed at investors that the company's earnings were quite high."

Such inconsistent communications have adverse effects on their audiences. Furthermore, a firm's effective use of the promotion mix variables depends heavily on the quantity and quality of information taken in by an organization. Achieving a competitive advantage is a major objective of senior management in competitive fast growing markets, which is the

case in the cinema service industry. The rapid growth of commercialized entertainment, owes a lot to technology and gaining strategic leverage is very challenging for businesses in such highly technological sectors. Thus, creation and marketing of cinema experiences has risen to being one of the most dynamic, exciting and rewarding careers available (Cunningham and Hugh, 1980).

Cinema theatres often overlook promotion yet it is an integral part of the marketing mix. Promotion has evolved into a vital communication system for both consumers and businesses. The ability of an organization to deliver carefully prepared messages to target audiences causes an increased reliance on promotional efforts to market their products or services. In market based situations, consumers have learnt to rely on advertising and other forms of promotion for information they can use in making purchase decisions. (Belch and Belch, 1995).

In the United States, cinema audiences have been rising steadily each year for the last fifty years or so (Lewis and Francis, 2002). A large percentage of individuals in developed countries have the resources to spend on leisure activities. These individuals find going to the cinema a completely different experience to watching television at home as they experience far greater impact. Three factors which explain why the multiplex cinema theatres in developed countries do well, are, global economic integration, domestic deregulation, and the evolution of information and telecommunications technology. Together, these factors have led to intensified competition in the entertainment industry (carltonadvertising.com). In contrast, audience numbers in Kenya have been fluctuating since the introduction of videotapes around 1976 (Gherani, 2005). As a result of harsh economic conditions, only a small percentage of Kenyans have money to spend on leisure activities such as watching films at the cinemas. Cinema theatres must therefore, be prepared to adapt their promotional strategies in order to compete effectively with their competitors for the few customers that are able and willing to purchase. (Www.nationarchives.info).

1.2 Statement of the Problem

According to an article by Ogova Ondego on the website www.artmatters.info, the number of film-goers in Nairobi has been dwindling, forcing some theatres to be turned into either full time or short time worship centres as piracy and economic problems soar in Kenya. Nairobi Cinema, which boasts the largest screen in East Africa, attracts only 30 percent of its total capacity, which is an 825-seater theatre. The 480-seater Casino gets less than 60 viewers per day. Sun City and Eastlands theatres, which screen mainly videos, advertise themselves as offering six films for one ticket in an attempt to pull crowds. The ultra modern 20th Century and Fox Cineplex are getting only a third of their expected 520 and 560 viewers, respectively, per show. The writer goes further to say that, to survive, one rundown theatre is even advertising that it is screening films it is not. Last year, the 850-seater Embassy Cinema joined the long list of theatres that have closed down like Globe on Kijabe street, Shan in Ngara and Nairobi West's Rainbow have been transformed into permanent churches for lack of business while many other theatres serve as lunch time and Sunday worship centres since renting theatres to churches brings in more money than showing films.

The entertainment industry in Kenya was hurt badly in the late 1990's and early 2000's by an increase in violent crimes such as carjackings, which caused people to avoid going out at night. However, with a marked improvement in the security situation and the shifting of cinemas to more secure suburban malls, audiences have started to return and a cinema-going culture is developing across all age groups (www.artmatters.info). Nu Metro marketing manager, Trushna Buddhey said that their ticket sales had been increasing by 100,000 annually since 2003. Fox theatres general manager, Nick Gherani also confirmed the improved outlook, saying that their ticket sales had risen by 10% for the year 2005 and expected the same to continue (www.nationaudio.com).

1.3 General Objectives

This research study therefore hopes to:

Identify which promotion mix variables are used by cinema service providers.

Measure the extent to which these promotion mix variables are used by cinema service providers.

1.4 Specific Objectives

The specific objectives of this study will be to determine;

The importance of advertising

The importance of sales promotion

The importance of publicity and public relations

The impact of personal selling and direct marketing

1.5 Importance of the Study

The findings of this study will be of importance to:

Cinema service providers can use the study to evaluate themselves and be able to design better promotion strategies.

Potential investors can use the study to determine whether or not the cinema industry in Nairobi is worth investing in or not.

The study will also add to the existing body of knowledge on the subject.

1.6 Scope of the Study

1.6.1 Geographical Scope

The study encompassed all cinema theatres found in Nairobi province. This made the research more manageable due to financial and time constraints

1.6.2 Time Scope

The study was expected to last three months in total. This was expected to be enough time to carry out all the specific tasks and satisfy the study objectives

1.6.3 Content Scope

This study was restricted to cinema theatres only. Other aspects of movie entertainment that include mobile cinemas and video halls were not introduced into the study. This is because there exist distinct differences between the organizational structure and behaviour of the businesses. In addition this focus on cinema theatres helped narrow down the scope of the study.

CHAPTER TWO

2.0 LITEARTURE REVIEW

2.1 Introduction

Promotion can be defined as the planning, implementing, and controlling of the communications of an organization with its customers and other target audiences. The promotion mix has five components which are defined below by (Kotler, 1997) as:

- (i) Advertising It is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.
- (ii) Sales Promotions are a variety of short-term incentives to encourage trial or purchase of a product or service.
- (iii) Personal selling is making a one-on-one offer to potential customers in order to persuade them to buy the service.
- (iv) Publicity and Public relations is a variety of programs designed to promote and /or protect a company's image or its individual products.
- (v) Direct marketing is the use of mail, telephone, fax, e-mail, and other non-personal contact tools to communicate directly with customers or prospects.

2.2 Definition of Cinema Theatres and Cinema Studios

A cinema theatre or movie theatre is a location, usually a building where viewing movies is done. Informal expressions, mostly used for cinemas collectively, include *the silver screen*, *the big screen*. Traditionally a movie theatre consists of a single auditorium with rows of comfortable seats, as well as a lobby area containing refreshment facilities, and washrooms. Generally, theatres are not owned by individuals, but rather operated by corporations and visited by anyone who can attend the film showing after buying a ticket.

Cinema studio is a term used to describe a corporation that is in the business of movie-making as an art and an industry, including its production techniques, its creative artists, and the distribution and exhibition of its products. Examples of cinema studios in the United States are, Warner Bros. Company, Columbia Pictures, Dreamworks etc. (www.answers.com/definitions)

Marketing literature has tended to concentrate on consumer and industrial goods as opposed to services. This is mainly because products have been responsible for the evolution of many service industries. For example the development of the automobile early in the last century gave birth to over 200,000 service establishments that provided repairs for motor vehicles in the United States (Schwartz, 1981). From the above definitions of Cinema theatres and Cinema studios, it can be seen that Cinema studios create films which are products that Cinema theatres purchase and then charge audiences to watch. Cinema theatres are therefore in a service industry.

2.3 Definition of Services

Many authors have defined "Service" in different ways. The American Marketing Association for instance, defines service as "activities, benefits, and satisfaction which are offered for sale or are provided in accompaniment with the sales of goods." (Cravens 1991) has defined services as those separately identifiable, essentially intangible activities that provide want satisfaction, and that are not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of the tangible goods. Service has also been defined as "any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product (Kotler and Armstrong, 1989).

2.3.1 Characteristics of Services

In reality, product marketing and service marketing are essentially the same, as in each case the marketer has to select a target market, set a price, carry out promotional activities, come up with a product and think about how this product will be accessible to the prospective

customers. However, it should be noted that, the strategies and tactics used in conventional product marketing often are inappropriate for service marketing (Bateson, 1977). As intangible-dominant products, services are not easily promoted. The intangible is difficult to depict in advertising, whether the medium is print, television, or radio (Pride and Ferrell, 1991).

Whether public or private, profit or nonprofit, services have four major characteristics that greatly affect the design of marketing programs. They are intangibility, inseparability, variability and perishability. Some writers have referred to these four unique elements of services as the “four I’s of services,” (Berkowitz et al, 1989). These characteristics are briefly explained below:

Intangibility

Services are intangible, because they cannot be seen, tasted, felt, heard or smelled before they are bought. A customer may purchase a particular service but typically has nothing physical to display as a result of that purchase. They will draw conclusions about quality from the place, people, equipment, communication material and price that they see. Therefore the service provider’s task is to make the service more tangible (Kotler and Armstrong, 1989).

Inseparability

Physical goods are produced, then stored, later sold and still later, consumed. But services are first sold then produced and consumed at the same time. Services are inseparable from the providers whether the providers are persons or machines. If a person provides the service then the person is a part of the service. Since the client is also present at the provision of the service, provider–client interaction is a special feature of services marketing. Thus inseparability often means that direct sales are the only feasible channel of distribution (Pezullo, 1982). Nevertheless, quality can be standardized somewhat by introduction of standardized procedures and uniform training of employees (Shostack, 1977). When clients have strong provider preferences, price is used to ration the limited supply of the preferred provider’s time (Kotler and Armstrong, 1989).

Variability (Heterogeneity)

The quality of a service can vary from producer to producer or from customer to customer due to the peculiarities in the human nature and from time to time due to extraneous factors (Zeithaml et al, 1985). Thus services are highly variable as their quality depends on who provides them as well as when and where they are provided (Kotler & Armstrong, 1989). In essence, therefore, the quality of the service product is typically highly dependent on the quality of the personnel conducting the transaction. As a result, the potential for variability is high and quality management and control is difficult. Variability of service quality can be reduced by the use of techniques to standardize service delivery.

Perhaps the best way to reduce variability in services is to very carefully hire and train employees (Dalrymple and Parsons 1990). As a measure against variability, (Levitt 1976) propounded industrialization of service, where technology both equipment and pre-planned systems replaces the personal operations in service. Moreover, the service provider must think of himself as a 'manufacturer' rather than a servant thereby introducing an element of production engineering. However, (Shostack 1977) suggested that standard procedures are more appealing to service firms because there is the retained element of 'people' and personal contact which is an age-old virtue of service.

Perishability

Services are considered perishable as they cannot be stored. As a result, they must be produced on demand and often can only be produced in the presence of the customer. Inevitably, this will create problems with levels of demand and the issue of how to react in situations where demand is greater than supply or vice versa. Due to the involvement of the customer, demand cannot be forecast and effectively planned for and thus demand and capacity can only be adjusted simultaneously for a closer fit (Sasser, 1976). Service firms can use several strategies for producing a better match between demand and supply in a service business. On the demand side, charging different prices at different times will shift some demand from peak to off-peak periods. On the supply side, part-time employees can be hired to serve peak demand.

Or peak periods can be handled more efficiently, having employees do only essential tasks during peak periods (Kotler and Armstrong, 1989).

2.4 The History of Cinema

The birth of cinema, as well as its radical development, can largely be traced back to the United States. The first recorded instance of photographs capturing and reproducing motion was Edward Muybridge's series of photographs of a running horse, which he captured in Palo Alto, California, using a set of still cameras placed in a row (Christopher Ames, 1997).

In the early 1900s the film industry was still relatively new and many immigrants, particularly Jews, found employment in it (Gabler, 1988). Since these immigrants were kept out of other occupations by racial prejudice, they made their mark in this brand-new business of film making. They exhibited short films in storefront theaters called nickelodeons, because the admission price was a nickel (five cents) (Bordwell et al, 1985). Within a few years, ambitious men like Samuel Goldwyn, Carl Laemmle, Adolph Zukor, Louis B. Mayer, and the Warner Brothers (Harry, Albert, Samuel, and Jack) had switched to the production side of the business. Soon they were the heads of a new kind of enterprise; the movie studio. It is worth noting that the US had at least one female director, producer and studio head in these early years who was Alice Guy Blaché, and these individuals set the stage for the industry's internationalism (Ames 1997).

In Kenya the first experimental film making dates from as early as 1936 when the Bantu Educational Cinema, sponsored by the International Missionary council, the Carnegie Foundation and the British colonial Office, Produced in East Africa, a total of about 35 films, with spoken commentary in English and eight African languages on subjects ranging from the Post Office savings Banks, soil erosion, infant malaria, and coffee marketing. The unit traveled around East and Central Africa in 1936 and 1937 showing these films to over 100,000 people. Soon after this unit was disbanded however, the East African and British governments felt unable to continue financing these projects, as there was some doubt about the effectiveness of the medium as a form of instruction (Banfield, 1964). Later on

the British Administrators in Kenya set up a film unit in 1950, mainly in the event to produce propaganda films because of the Mau Mau emergency. Before it was disbanded in 1961 on grounds of economy the unit made films on cotton growing, as part of a large concerted government campaign using posters, radio, exhibits etc. and some informational films on tuberculosis, fishing, the necessity of paying taxes, how the government works, and some tourist films.

In The United States and Britain, moviemaking had become big business in the 1950's, and motion picture companies made money by operating under the so-called studio system. The major studios kept thousands of people on salary, from actors, producers, directors, writers, stuntmen, 'craftpersons', and technicians. At that time, they also owned hundreds of theaters in cities and towns across the nation which showed their films (Prince, 2000).

Many film historians have remarked upon the many great works of cinema that emerged from this period of highly regimented filmmaking. One reason this was possible is that, with so many movies being made, not each and every one had to be a big hit. A studio could gamble on a medium-budget feature with a good script and relatively unknown actors, for instance *Citizen Kane*, directed by Orson Welles and widely regarded as one of the greatest movies of all time, fits that description. In other cases, strong-willed directors like Howard Hawks (1896-1977) and Frank Capra (1897-1991) battled the studios in order to achieve their artistic visions (Rollin, 1998). The studio system itself succumbed to two forces in the late 1950's. These were a federal antitrust action that separated the production of films from their exhibition; and the advent of television. The federal antitrust action therefore prohibited a Cinema studio from owning Cinema theatres and this gave birth to a different chain of distribution in the film industry. Cinema studios therefore had to sell films they made to cinema theatres owned by other corporations so as to make revenue. The number of movies being made dropped sharply, even as the average budget soared, marking a change in strategy for the industry. Studios now aimed to produce entertainment that could not be offered by television: spectacular, larger-than-life productions, while others would lose the rights to their theatrical film libraries to other companies to sell to television (Rouverol, 2000).

Though television broke the movie industry's domination in entertainment, the rise of television would prove advantageous to the movies. This is because public opinion about the quality of television content soon declined, and by contrast, cinema's status began to be regarded more and more as a serious art form worthy of respect and study as a fine art (Segrave and Mc Farland 1998).

The 'post-classical cinema' is a term used to describe the period following the decline of the studio system in the 1950s and 1960s and the end of the production code. It is defined by a greater tendency to dramatize such things as sexuality and violence. 'Post-classical cinema' is also used to describe the changing methods of storytelling in the 'New Hollywood'. It has been argued that new approaches to drama and characterization were due to changing audience expectations (Sova, 1998). Spectacular epics which took advantage of new widescreen processes were increasingly popular from the 1950s onwards. Since then, films have become increasingly divided into two categories: blockbusters and independent films. Studios have focused on relying on a handful of extremely expensive releases every year in order to remain profitable. Such blockbusters emphasize spectacle, star power, and high production value, all of which entail an enormous budget. Blockbusters typically rely upon star power and massive advertising to attract a huge audience (Trumpbour, 2002). A successful blockbuster will attract an audience large enough to offset production costs and reap considerable profits, though such productions carry a substantial risk of.

Studios also supplement their revenues with 'independent' movie productions, made with small budgets and often independently of the studio corporation. Movies made in this manner typically emphasize high professional quality in terms of acting, directing, screenwriting, and other elements associated with production, and also upon creativity and innovation (Merritt, 2001). These movies usually rely upon critical praise or niche marketing to garner an audience. Because of an independent film's low budgets, a successful independent film can have a high profit-to-cost ratio, while a failure will incur minimal losses, allowing for studios to sponsor dozens of such productions in addition to the blockbuster releases. This is good for the Cinema Theatres as well, because when many movies are released in a given year they are in a position to offer a wider variety of choice to audiences (Biskind, 2005).

In the mid 1970s acceptance of video-cassettes by Cinema studios opened a vast new business to exploit which allowed many acclaimed films which performed poorly in the cinema theaters to find success in the video market. It also saw the first generation of film makers with access to video tapes emerge.

The rise of the DVD in the 21st century has quickly become even more profitable to studios and has led to packaging of extra scenes, extended versions, and commentary tracks within the films. (Trumpbour, 2002). Although this has become good news for Cinema studios it has been bad for Cinema theatres. Cinema theatres today more than ever before face even stiffer competition in the distribution of films as technology continues to evolve.

2.5 Challenges Facing the Cinema Theatres

2.5.1 Piracy of Copyright Material

From studies about Consumer behavior it is known that consumers value consumption sooner rather than later. However, early consumption seems particularly more important in the consumption of information goods such as films (Burgess and Evans 2001).

In Kenya apart from the legitimate DVD/ VHS copies that are imported from countries where a film has already been released there are many pirated copies, mostly from Asia, that make their way into the market. The government machinery is either unwilling or unable to curb this menace which further undermines Cinema theatre attendance. (The Daily Nation, Saturday Magazine 12th Feb, 2005).

2.5.2 Parallel Importance

Parallel importing is the importation of legitimately-produced goods without the consent of the relevant copyright, trademark or patent holder (or her agent) in the recipient country. It is not trade in pirated or counterfeit goods. In a research by (Burgess and Evans,2001), in which they used a natural experiment in the New Zealand film distribution industry

between May 1998 and November 2001. They examined the effect of parallel importation on quality as it relates to the timing of the availability of film media. They demonstrated that:

2.5.2.1 Cinema revenues were undermined as consumers substituted viewing films on parallel imported DVDs for the cinema format and;

2.5.2.2 Studios' responded to the threat of parallel imported DVDs by bringing forward the release of films into New Zealand cinemas.

Theatre revenues as a result are undermined when consumers substitute viewing the film in cinemas for buying or renting a DVD. Films are sequentially released on to various formats, with cinema generally being the first. Subsequently, films are released on DVD/VHS for sale and rental about 3 to 6 months after cinema release, pay-per-view or subscription television in 12 months and finally free-to-air television in a minimum of 24 months later. Studios employ sequential release of films on different media and strategic pricing, in which the price of access to films falls with time after release, as strategies to maximize net revenues. Only major blockbusters and films deemed to carry a strong likelihood of success will be released in a number of countries at about the same time as in the United States of America. This occurs when marketing spillover effects are deemed strong enough to justify foregoing the benefits of delay (Burgess and Evans, 2001).

2.5.3 Government Regulation

In this country, the Kenya Film Censorship Board (KFCB) which gets its mandate from the Films and Stage Plays Act Cap 222 of 1963 is the organization responsible for regulating what kind of films cinemas can show.

In Kenya, films are rated as 'General Exhibition', which are unsuitable for children under ten years old, 'Unsuitable for Children Under 16' and 'Adults Only'. Countries such as Britain and the US rate films as 'U' which are suitable for General audiences, 'PG' which means that parental guidance is advised for children under the age indicated and 'R' which

means that the content is restricted to viewers under 17, unless they have an accompanying parent. More explicit materials are 'X-rated' and are only viewable by persons over the age of 18 (The Standard, 10th April 2006).

The Cinemas are obligated to submit all films they intend to show to KFCB so that they can view them and apply the appropriate rating and this applies also to all the television networks. The KFCB therefore gets overwhelmed with material and often take too long to process, approve and release the films back to the Cinemas. This 'red-tape' makes the Cinemas lose money because some consumers, as explained earlier may opt for DVD or VHS formats so as to consume films as soon as possible. However, the KFCB chairman, Mr. Muhika Mutahi was quoted as saying that they require about 20 video inspectors to allow for decentralisation of their services to the provincial and district levels. Without adequate manpower, the work of video inspection is slowed down. Mutahi was optimistic that once appointed the inspectors could be in a position to be much more efficient (www.artmatters.info).

Another challenge to Cinema theatres is that recently the Information assistant minister Koigi Wamwere declared that Kenyan youth had been enslaved in sexism due to the ineptitude of the Kenya Film Censorship Board. He declared the KFCB to be dissolved because it had become lazy and adopted a 'don't care' attitude towards pornographic material in the Kenyan media. Cinema owners however point out that no movies that were actually pornographic are approved by the KFCB. In fact, the KFCB applies a stricter rating than the Motion Picture Association of America.

If parliament were to make amendments to the current Films and Stage Plays Act Cap 222 of 1963, and put in place stricter legislation to govern the entertainment industry, cinemas theatres would certainly be affected because the quantity and quality of their offering to consumers would diminish considerably.

2.6 Options for Growth by Cinema Theatres

Cinema theatres could introduce non-film programming, which would enable them to make more use of their "downtime" during the week, and encourages non-regulars to visit modern venues with their innovative sound and projection facilities (Sitney, 1999).

A good example would be to screen World Cup matches live in 2006, or alternatively, hold a computer games tournament, with the action being viewed up on the big screen.

Steven Spielberg once suggested that, "the cinema, to us, is an out-of-home big-screen experience. For the majority of people, that means, and will continue to mean, films, but if we can put other things on the screen, which are entertaining and benefit from the big-screen format, we will." (1985).

In another move to increase the frequency of attendance, cinema theaters can introduce loyalty schemes. An example would be to launch a trial VIP card. The card may entitle cardholders to VIP seating, access to preview screenings and question-and-answer sessions with stars and directors (Whitfield, 1997).

Introduction of a gallery package, which gives customers willing to pay twice the normal ticket price free soft drinks, popcorn and hot beverages could be implemented (Trumpbour, 2002).

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 The Population

The population of interest in this study consisted of all those cinema theatres in Nairobi province of Kenya. According to records at the office of the registrar of companies, there are currently seven registered cinema theatres operating in Nairobi.

3.2 Research Design

The research will be carried out using a structured questionnaire to operating cinema halls.

3.3 Sampling Design and Sample Size

The judgmental sampling design of non-probability sampling method will be used in this study. As the number of cinema theatres was only seven, the researchers decided to include all of them in the study. This was because the researchers felt that getting a sample of such a small group would not have yielded findings that were truly representative.

3.4 Data Collection Method

The data was collected through the use of a structured questionnaire that consisted of 20 questions and will be administered by me and an assistant through personal contact.

3.5 Research Procedures.

The research is to be conducted over a period of two weeks by myself and my research assistant.

3.6 Data Analysis

The questionnaire was analyzed through use of descriptive statistics, primarily the percentages.

The rating scale was used to measure the extent to which cinema theatres use different methods of promotion. The rating scale was also used to measure the extent to which cinema theatres apply the different methods of conducting advertising, sales promotion, direct marketing, personal selling and publicity programmes.

CHAPTER FOUR

4.1 Findings and Data Analysis

The oldest cinema has been running for 60 years, whereas the newest has existed for only 4 years as shown by table 1 below.

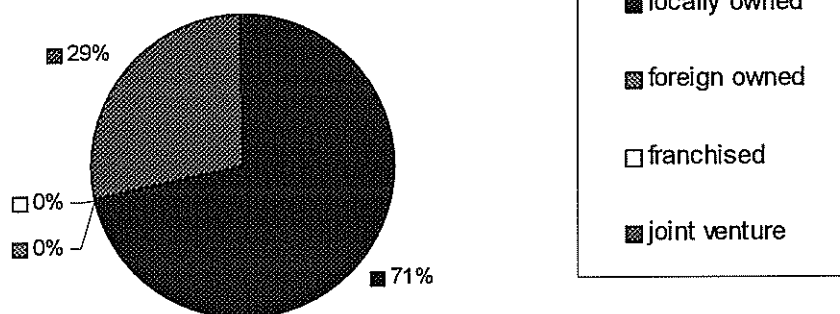
Table 1: Number of years Cinema has been in operation

Name of Cinema	Years
Eastlands	16
Fox theatres	20
Kenya	33
Belle-vue	18
Nu Metro	4
Nairobi	25
Odeon	60

The pie chart below shows that 71% of the cinemas are locally owned, while only 29 % are joint ventures. There are no cinemas that are either franchised or foreign owned.

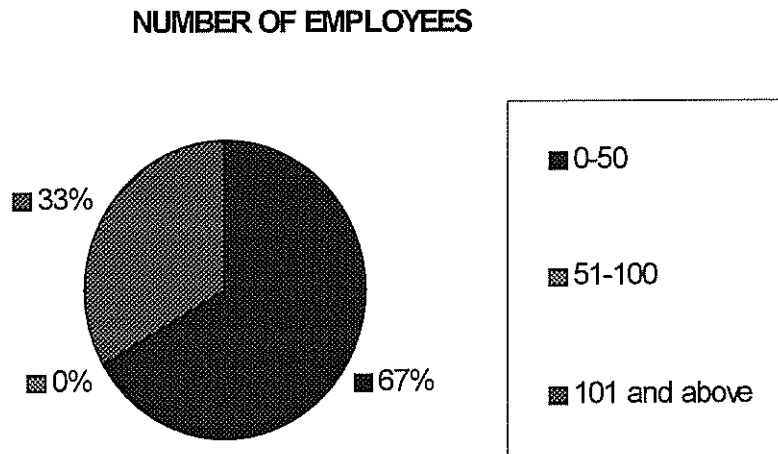
Figure 1: Ownership of Organization

OWNERSHIP OF ORGANIZATION



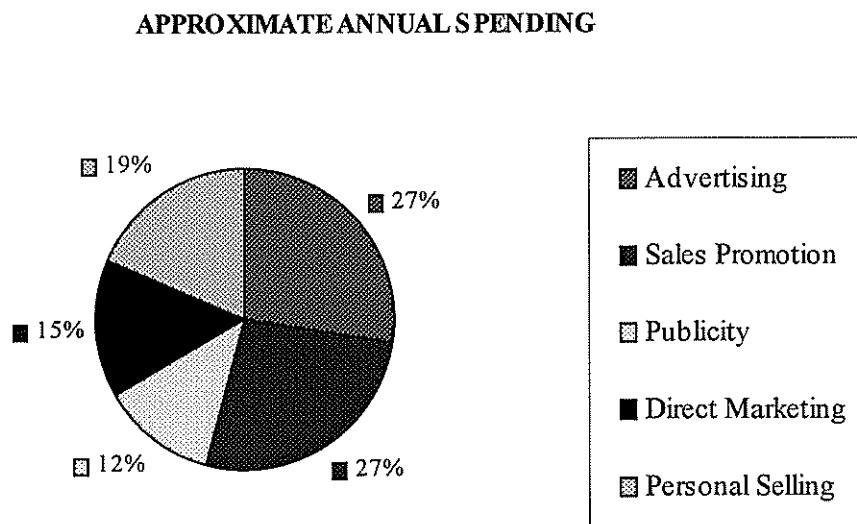
All the cinema theatres fall into two categories when viewed in terms of the number of employees they have. As shown in the figure 2 below 67% of them employ between 0-50 workers, while the remaining 33% employ more than 101 workers.

Figure 2: Number of Employees



As can be seen in figure 3 below, of the total amount budgeted for promotional activities by each organization, approximately 27% is spent on advertising and sales promotion each. Another 19% is spent on personal selling, 15% on direct marketing and the remaining 12% is allocated to publicity and public relations.

Figure 3: Budget allocated to different Promotion mix variables



All cinemas have a marketing department and the methods of advertising that they most frequently use are the daily newspaper, the weekly newspapers and consumer magazines, which had average ratings of 4.29, 4.29 and 2.14 respectively. Local television channels, in-flight magazines, billboards, pre-printed inserts, bus station posters and the Internet, all have average ratings of less than 2, which means that they are rarely used as advertising media. It can also be seen from the data that Nu Metro and Fox Theatres stand out as being the firms that use the widest range of advertising media at their disposal. The other cinemas tend to concentrate their advertising efforts in Newspapers as can be seen in Table 2 below.

Table 2: Advertising Media used by Cinemas

Advertising media	Name of Cinema							Average Rating
	Nu Metro	Odeon	Kenya	Belle-Vue	Nairobi	Eastlands	Fo x	
Local Television Channels	4	1	2	1	1	1	3	1.98
Local radio station	3	1	2	1	2	1	3	1.86
Consumer magazines	4	1	2	1	2	1	3	2
In-flight magazines	2	1	1	1	1	1	2	1.29
Daily newspapers	5	4	4	4	4	4	5	4.29
Weekly newspapers	5	4	4	4	4	4	5	4.29
Pre-printed inserts	2	1	1	1	1	1	2	1.29
Billboards	2	1	2	1	1	1	2	1.43
Electronic Billboards	2	1	1	1	1	1	2	1.29
Flyers	2	1	2	1	2	1	2	1.57
Banners	3	1	2	1	2	1	3	1.86
Transit posters	1	1	1	1	1	1	1	1
Terminal/ Bus station posters	2	1	1	1	1	1	1	1.14
Internet	3	1	2	1	2	1	3	1.86
Ball point pens	2	1	1	1	1	1	2	1.28
Key rings	3	1	2	1	1	1	3	1.71
Calendars	3	1	2	1	2	1	3	1.85
T-shirts	3	1	2	1	2	1	3	1.85

Scale: Never=1, Rarely=2, Sometimes=3, Often=4, Very Often=5

Table 3 below shows that overall, sales promotion is not widely carried out by theatres. The only method of sales promotion that had widespread applicability was the use of special rates on movies. The remaining methods were not applied to any significant extent probably because of the intangibility that characterizes most services. Buyers therefore look for evidence of service quality from the place, people, equipment, communication material, and price that they encounter. It is the reason why Nu metro and Fox theaters are the two most profitable firms in the industry, since they use clean comfortable premises, high quality equipment and communication materials and charge higher prices.

Table 3: Methods of Sales Promotion used

Sales promotion methods	Name of Cinema							Average Rating
	Nu Metro	Odeon	Kenya	Belle-Vue	Nairobi	Eastlands	Fox	
Special rates on movies	4	3	4	3	4	3	4	3.57
Free samples/gifts	2	1	1	1	1	1	2	1.28
Discounts on large sales	1	1	1	1	1	1	1	1
Discounts on repeat purchases	1	1	1	1	1	1	1	1
Contests	2	1	1	1	1	1	1	1.14

Scale: Not Applicable = 1

Very Applicable = 5

From the data collected it was however found that 71.43% of the respondents concurrently advertised a sales promotion while 28.57% said they did not. This shows that for a sales promotion effort to be successful an integrated marketing approach has to be employed. That is, a sales promotion has to be accompanied by any of the other four promotional methods in communicating to the target audience. After all, many consumers for example, would not have known about the offer by Safaricom of getting free 'talktime' minutes for every scratch card purchase of 250, 500, 1000 shillings, if it was not concurrently advertised.

None of the respondents have ever conducted a customer survey on public attitudes and this is justified by the relatively little emphasis placed on publicity and public relations as shown in table 4 below.

Table 4: Methods of Implementing Public Relations

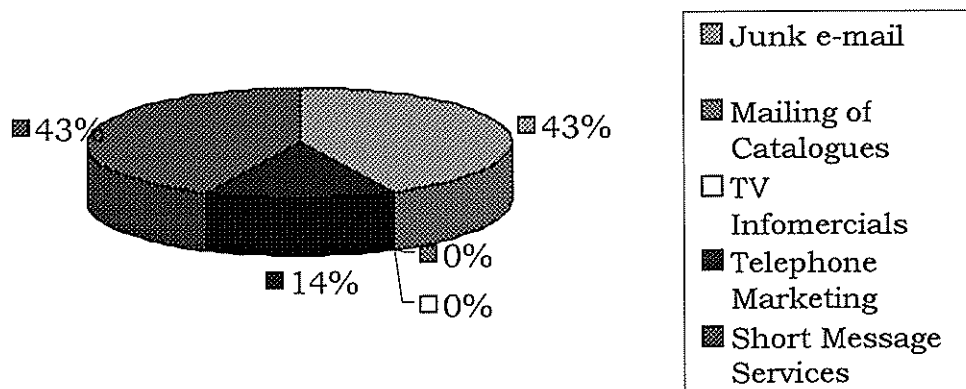
Methods of implementing public relations	Name of Cinema							Average Rating
	Nu Metro	Odeon	Kenya	Belle-Vue	Nairobi	Eastlands	Fo x	
Press release	4	1	2	1	2	1	4	2.75
Press conferences	2	1	1	1	1	1	2	1.14
Medium exclusives	1	1	1	1	1	1	1	1
Interviews	4	2	3	2	3	2	4	3
Community involvement	3	1	2	1	2	2	2	1.85
Event sponsorship	2	1	2	1	1	1	2	1.42
Influencing influencers	2	1	2	1	2	2	2	1.71
Lobbying	1	2	2	1	2	3	1	1.71
Corporate reports	4	1	2	1	2	1	4	2.75

Scale: Never=1, Rarely=2, Sometimes=3, Often=4, Very Often=5

The most highly rated methods of Public relations used were conducting of interviews and issuing of press releases, which had average ratings of 3 and 2.75 respectively.

As can be seen in Figure 4 below, short message services (SMSs) and junk mail were the most used methods of direct marketing each having a 43% affirmation. Direct marketing through telephone was carried out by only 14% of the respondents.

Figure 4: Methods of performing Direct Marketing



All the respondents agreed to the fact that they do receive complaints, with 86% of them using suggestion boxes and 14% using the visitors' book to collect these complaints from their customers.

All the respondents agreed to the idea that they depended on word-of-mouth as a means of communication to customers.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This research lays foundations for other areas of study. A research on the “factors that influence the purchase decision of cinema-goers,” for instance, would be good because cinema theatres can use the findings in designing good marketing programmes.

5.1.1 Ethical Concerns

The study helped uncover that some cinemas that advertise on the paper show pornographic material and I discovered that there were minors according to the law, that is, under eighteen years who were watching the pornographic movies. The management should be more vigilant and make sure that they abide by the laws of the land that state that “such material should be viewed by adults, that is, people over the age of eighteen years

Journalistic ethics is concerned with making sound moral decisions in journalistic performance, and it assumes the presence of societal morality. Morality has to do with actions guided by generally acceptable human values and responsibilities. By applying the normative ethics or applied ethics we see that they are based on moral principles and goals which should affect ethical decisions and actions. These principles are based on duties or responsibilities which a journalist believes are owed to: self, media owners and/or controllers; society or community; human nature; God or Allah and so forth. Journalists may for instance, base their ethical decisions on a sense of self-respect and decide that it is unbecoming for them to perform journalistic chores in a certain manner. Or they may base the ethical decision on the fact that their employers expect them to do it, or the fact that their society, community, God or Allah may view the action as correct. Taking a case study

of foreign owned cinemas, (FOX group of cinema) and (NU METRO group of cinemas), versus the locally owned (EASTLANDS) and (ODEON), FOX cinemas have five branches in Nairobi while NU METRO has three. These two can afford to buy the right to the latest movies. While the locally owned EASTLANDS AND ODEON, cannot afford to buy the right to the latest movies so they show adult movies and I observed patrons who looked like the were under age going to view those movies, which is morally wrong. This leads to increased under age sex which leads to an increase in the spread of HIV/AIDS

5.2 Conclusions

From the findings in chapter 4 several conclusions may be made. Firstly it can be seen that all cinemas in Nairobi are either locally owned or are a joint venture. Those that are locally owned can be considered to be smaller since they spend fewer resources on promotion as a whole and employ 50 employees or less. These locally owned cinemas also use a narrow range of methods offered by each of the promotion mix variables fro communication to customers. That is, under advertising for instance they heavily rely on print media such as newspapers and magazines and rarely or never advertise on television, radio, billboards and posters etc.

On the other hand cinemas that are a joint venture can be said to be the larger ones in the industry. These joint venture cinemas which are Nu Metro and Fox theatres spend larger amounts of money on promotion and employ over 100 employees each. They also have several branches as opposed to the local cinemas that only operate from one location. Nu Metro and Fox theatres both use a wider range of methods offered by each of the promotion mix variables to communicate to customers. In terms of advertising for instance they use television, radio, billboards and posters as well as print media on a regular basis.

The researchers would also like to make note of the fact that some Cinemas may not see the need to promote themselves as much as other typical service providers. This is because a lot of promotion effort is done by Cinema studios for the films that they produce. In fact the Cinema Studios make advertisements commonly referred to as movie trailers that are a preview of the film and then sell them to the cinema theatres along with the movie, which

doesn't increase the cost of the movie by much due to economies of scale. Cinema studios sometimes even make websites dedicated to a particular film being released. As a result many consumers around the world already know about a new film being released and wait for it to start showing in Cinemas. Cinemas therefore only have to inform the public that they are showing the new movie being released by a certain Cinema studio, and need not try to convince the audience that the film is worth watching.

5.3 Recommendations to Cinema Theatres

The locally owned theatres should think of re-branding themselves because most have a bad image perception which makes consumers shy away from them.

Cinema theatres should also take an active role in improving security around their premises, especially at night. They can do so by hiring security personnel and cooperate with the police, as is done by most night clubs, casinos and late night restaurants.

The locally owned theatres should improve the physical aspect of their service offering by upgrading the equipment they use, give their staff clean uniforms, fix or replace broken seats etc.

The respondents unanimously said they had never conducted consumer surveys. Perhaps they should do so in order to be able to find out if there are any unmet needs they have not satisfied for their target markets.

5.4 Limitations of the Study and Suggestions for Further Research

The current study was based in Nairobi only. Since movie entertainment is a significant leisure activity, future research should be done in other major cities like Kisumu and Mombasa.

This research lays foundations for other areas of study. A research on the "factors that influence the purchase decision of cinema-goers," for instance, would be good because cinema theatres can use the findings in designing good marketing programmes.

APPENDICES

APPENDIX I

KAMPALA INTERNATIONAL UNIVERSITY.
FACULTY OF SOCIAL SCIENCES

Dear Sir/ Madam,

INTRODUCTORY LETTER

Mr. Andrew Njuguna is a BMC student at the Kampala International University, Faculty of Social Sciences. In partial fulfillment of the requirements of the Bachelor of Mass Communication degree, he is conducting a study on "THE EXTENT OF APPLICATION OF PROMOTION BY CINEMA THEATRES IN NAIROBI."

Your organization has been selected to form part of this study. To this end, we kindly request your assistance in completing the questionnaire which forms an integral part of the research project. The above 2 named students will be responsible for the administration of the questionnaire. Any additional information you might feel necessary for this study will be welcomed.

The information and data required is needed for academic purposes and will be treated in strict confidence. A copy of the research project will be made available to your organization upon request.

Your cooperation will be highly appreciated.

Thank you.

APPENDIX II

QUESTIONNAIRE FOR CINEMA THEATRES

PART A: BACKGROUND INFORMATION. Tick (✓) whenever appropriate.

Name of organization.....

Number of Branches.....

Q1. How long has your organization been running in Kenya? (Number of years).....

Q2. Please state the nature of ownership of your organization.

Locally owned

Foreign owned

Franchised

Joint venture

Other (please specify).....

Q3. The number of employees ranges between?

10-50

51-100

101 and over

Q4. Does the organization have a marketing department?

Yes No

Q5. Listed below are a number of promotional activities, adjacent to years 2002-2005. Please indicate the approximated annual spending on either 1 or more of these activities with respect to your branch.

Amount spent in Kshs.						
Year	Advertising	Sales Promotion	Publicity	Direct Marketing	Personal Selling	Total Budget
2003/02						
2004/03						
2004/05						

PART B: ADVERTISING INFORMATION

Q6. Listed below are possible methods of advertising. Please indicate the extent to which you use any of them. (Check the appropriate box).

Statement	Never	Rarely	Sometimes	Often	Very often
Local television channels					
Local radio station					
Consumer magazines					
In-flight magazines					
Daily newspapers					
Weekly newspapers					
Preprinted inserts					
Billboards					
Electronic Billboards					
Flyers					
Banners					
Transit posters on buses, vans, trolleys, elevators)					
Terminal/ bus station posters					
The internet					

PART C: SALES PROMOTION INFORMATION.

Q7. Do you conduct sales promotions?

Yes No

Q8. If No, please state why?

.....

Q9. Please rate the extent of applicability of 1 or more, of the sales promotion activities listed below, with respect to your organization.

Sales promotion techniques	Applicability				
	Not Applicable		Very Applicable		
	1	2	3	4	5
Special rates on movies					
Free samples/ gifts					
Discounts on large sales					
Discount on repeat purchases					
Contests					

Q10. How often do you prior, advertise a sales promotion?

Never
 Rarely
 Sometimes
 Often
 Very Often

Q11. Do you concurrently advertise a sales promotion?

Yes No

PART D: PUBLICITY AND PUBLIC RELATIONS

Q12. Has your organization ever conducted a survey on public attitudes? (Check one answer).

- Yes (go to next Q) No (skip next Q)

Q13 How often is this survey conducted? (Check one answer).

- After 6 months
- 1 - 3 yrs
- 4 - 6 yrs
- 7-10 yrs
- 10 yrs and over

Q14 Listed below are possible methods of implementing public relations. Please indicate the extent to which you use any of them by checking the appropriate box. (Please check one answer only for each statement).

Statement	Never	Rarely	Sometimes	Often	Very Often
Press releases					
Press conferences					
Medium exclusives					
Interviews					
Community involvement					
Event sponsorship					
Influencing influencers					
Lobbying					
Corporate reports					

PART E: PERSONAL SELLING & DIRECT MARKETING

Q14. Does your organization have sales representatives?

Yes (go to next Q) No (skip next Q)

Q15. How many sales representatives are there in your company.....?

Q16. Under what methods do you collect customer complaints?

Suggestion box

Visitors' book

We do not amass complaints

Other (please specify).....

Q17. Do you collect customers' name, address, and other information?

Yes No

Q18. Below is a list of several possible methods of marketing directly to customers. Please tick all that apply to your company.

Junk mail via E-Mail

Mailing of catalogues

TV infomercials

Telephone marketing

Short Message Services

Q19. Do you present testimonials from customers to the general public?

Never

Rarely

Sometimes

Often

Very often

Q20. (Please tick one answer). The organization depends on word-of-mouth as a means of communication to customers.

- Strongly agree Agree
 Disagree Strongly disagree

Thank you for your cooperation.

APPENDIX III

CINEMA THEATRES IN NAIROBI

Nu metro cinemas

Odeon cinema

Kenya Cinema

Belle Vue cinema

Nairobi cinema

Fox cinemas

Eastland's cinema

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