



Investigating the Factors Affecting the Capability of Iranian Film Industry to Enter Global Markets (A Case Study: Art Domain)

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Abstract: *The aim of the current study was to investigate the factors affecting the capability of Iranian film industry to enter global markets (a case study: art domain). The independent variables of this study included factors affecting the sales of film, factors associated with the producer, factors associated with the host country, nature of the products, factors associated with the producing country, the firm's readiness to enter the global market. Moreover, its dependent variable was the entrance to global markets. In the current research, a descriptive-survey method was used to investigate the hypotheses and respond to research questions. The statistical population of this study included managers, assistants, and employees of art domain in Tehran which was ultimately 201 members. A questionnaire was used to collect the data. To analyze the collected data and investigate the research hypotheses, Lisrel software has been utilized. The findings indicated that the independent variables of this study including the factors affecting the sales of film, factors associated with the produced firm, factors associated with the host country, nature of the products, factors associated with the producing state and willingness of the firm to enter the global market had a significant effect on entering Iranian film productions to global markets.*

Keywords: *Entrance to Global Markets, Factors Affecting Movie Sales, Factors Associated with the Manufacturer*

INTRODUCTION

Expanding the globalization process of firms, they are no more able to achieve appropriate growth through producing goods and services for domestic markets. Hence, they need to exchange goods and services, transfer technology and information, financial and capital international proceedings to get economically progressed. Many firms do not consider the entrance to international arenas as a hobby, rather they speculate it as a necessity for their economic life (Atebbayi, 2009). Although cinema was just a hobby one day, it has become a strong product these days that brings a high profitability to activists. It is really beneficial to those who have the ability to globalize their products and those who are able to enter global markets and take advantage of the huge interests of them. Despite the fact that people get familiar with each other through cinema, it has become a strong product regarding profitability. Therefore, it is natural that a powerful cinema, which is

capable of attracting more audiences especially at the international level, can achieve its business goals (Esfahani, 2011).

Literature Review

Dadgharan and Abari (2014) conducted an article entitled the investigation of factors affecting the capability on Iranian film industry to enter global markets. The results indicated that the state of all variables and their explanatory components in cinema industry were undesirable and need to be improved in all levels. Accordingly, the components of national space are prior for modification and optimization, then the components of international relations, industry structure and the characteristics of film institutions are considered.

Gholamrezai (2013) conducted research entitled film marketing and its propaganda: providing a model for marketing production of Islamic republic of Iran. The results of this research indicated that in the macroenvironment measurement model, the technological variable with a factor loading of 70 / 70 had a great effect on its group. Moreover, the marketing mix variable with a factor loading of 98 / 98, had also a great effect on its group. Furthermore, in the structural model, the macroenvironment with the factor loading of 58/0 had more effect on marketing variabilities of television products than marketing mix with the factor loading of 43/0. It is note worthy that in the structural model, the financial-economic macroenvironment variable with the factor loading of 97/0 as well as the price variable in the marketing mix with the factor loading of 85 / 0, each had the greatest effect on their variables in their groups.

Habibi (2012) has considered the screening of the film as a service. Using mix marketing service, he has investigated and measured it. He also prioritized the effect of each element on the host of film sales among the spectators. Thus, it is clear that there is a big gap in the marketing domain and its effect on film sales, which has been addressed in this study.

Mohammadian (2012) has conducted a research entitled the needed strategies for improving the presentation in global markets of Iranian film. The results of this study showed that among 152 healthy questionnaires being collected, 30.9 % of the respondents were female and 67.8 % of the respondents were male. All in all, 55.9 % of respondents were Iranian and 44.1 % of the respondents were not Iranian. To analyze the data, Kolmogorov - Smirnov test, Wilcoxon signed-rank test of one sided one sample run test and Friedman test were used. Research results showed that socio - cultural motivation was the most important motivation of participants in the international film market.

Hawkins (2015) explored the economics of film and film industry during the economic crisis. They declared that in light of the economic crisis and the increase in competitive environment over the last few years, the media involved in the film industry and cinema have to determine their competitive strategy by considering all elements involved in the value chain.

Chang et al., (2014) in a part of his book, published under the title of strategic management in media, investigated the role of value chain in media. They stated that the value chain included two main activities and supports. They had identified each of the elements involved in the process. Media managers have to consider industry value chain as one of the pillars of economic development of organizations to increase productivity in their activities.

Boluri (2014) stated that the value chain included three dimenrsions of upward vertical, downward vertical, and horizontal. The upward vertical linkages included the associations of film institutions with a set of non-suppliers and the downstream vertical linkages involved an association of film institutions with distribution and showing channels. The relationship of film institutes with eachother is considered as the horizontal dimension of the industry. Each agent involved in the film industry is involved in collaboration and is closely related to other factors; thus the internal relationships of the chain components is the key success factor of the industry.

According to Dimik (2012), regarding the fact that firms in the cinema industry produce distinct products that are not substitutes for each other, as well as the fact that market structure is usually a multilateral monopoly

or monopoly competition, there doesn't exist a strong competition among existing manufacturers in this industry . However, film firms are competing to attract resources (financial, human), absorb contents, attract sponsors, and others.

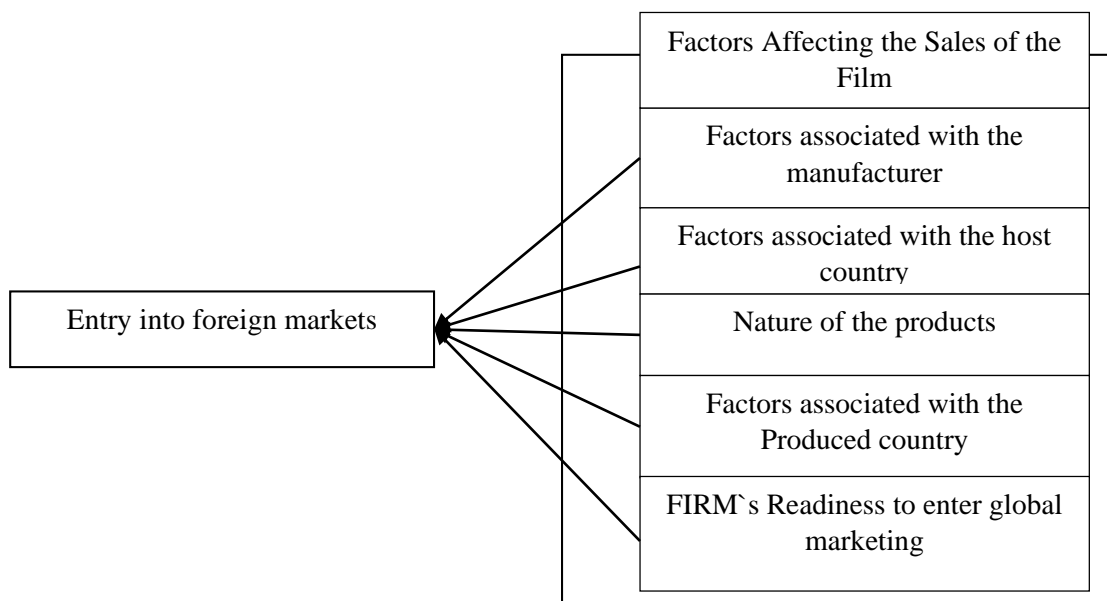
In his study, Almostad (2010) concluded that media structures have cooperational strategies that have more applications in the formation of coalition, strategic networks, shopping strategies and integration strategies for improving firms' power when absorbing more resources.

Methodology

The present study was applied in terms of purpose and it was descriptive - survey in terms of method. In the present study, after stating the problem, the literature review part was investigated. To collect the required information, a questionnaire has been utilized. Firstly, the questionnaire has been confirmed by experts and pundits of the study. The statistical population of this research included managers, assistants and staff of art domain whose total population were consisted of 420 members. To estimate the sample size, the Krejcie and Morgan table was used that 201 people were selected as the final population of the study. Simple random method was utilized for selecting the samples. In the current research, the validity of the questionnaire was checked. Cronbach's alpha was used for checking the reliability of the method. To analyze the data, Kolmogorov - Smirnov test was used at the first phase. Later on, Spss software was utilized for determining the normality of the data. Factor analysis and structural equation modeling of both analyzes were conducted through Lisrel and PLS software.

Research Model

In this study, to investigate the factors affecting the sales of domestic films in foreign markets (case study: Iranian films), Chan Olmstead et al., (2014) 's model has been utilized. His model is as follows:



Conceptual model of the research: Source; Chan Olmstead and colleagues (2014).

Research hypotheses:

- Factors associated with the film - producing firm influence the capability of Iranian film to enter global markets.

- Factors associated with the host country influence the capability of the Iranian film industry to enter global markets
- The factors associated with the nature of the products influence the capability of Iranian film to enter global markets.
- Factors associated with the state producing the film influence the capability of Iranian film industry to enter global markets.
- Firm`s readiness to enter global markets influence the capability of Iranian film industry to enter global markets.

Research Findings

The investigation of the status in terms of gender indicator:

Table 1. Frequency of the statistical sample

Variable	Frequency	Percentage	Cumulative percentage
male	137	68.2	68.2
Female	64	31.8	100.0
TOTAL	201	100.0	

Investigating the statistical society in terms of marital status:

Table 2. Frequency of statistical sample based on marital status

Variable	Frequency	Percentage	Cumulative percent
Single	61	30.3	30.3
Married	140	69.7	100.0
TOTAL	201	100.0	

Investigating the statistical population in terms of education degree index

Table 3. Frequency of participants based on the degree of education

Variable	Frequency	Percentage	Cumulative percent
associate and under-associate	37	18.4	18.4
Bachelor	124	61.7	80.1
Masters and Higher Education	40	19.9	100.0
TOTAL	201	100.0	

Investigating the statistical community in terms of business history:

Table 4. Frequency of statistical sample based on work experience

Variable	Frequency	Percentage	Cumulative percent
Under 5 years	44	21.9	21.9
6-10	42	20.9	42.8
11-15	45	22.4	65.2
16-20	43	21.4	86.6

Over 21 years	27	13.4	100.0
TOTAL	201	100.0	

Investigation of the statistical community in terms of age:

Table 5. Frequency of statistical sample based on age

Variable	Frequency	Percentage	Cumulative percent
under 30 years old	42	20.9	20.9
31 - 35	41	20.4	41.3
36 to 40	45	22.4	63.7
41 - 45	44	21.9	85.5
Over 46 years old	29	14.4	100.0
TOTAL	201	100.0	

Deductive statistics:

Structural equations model or path analysis

In the path model, the conceptual model of the research is tested. The results of path analysis is shown in figures (1) and (2). Since the RMSEA index for the model was equal to 0.0225 / 0, it was not referable. Thus, some improvements have to be done on the path model.

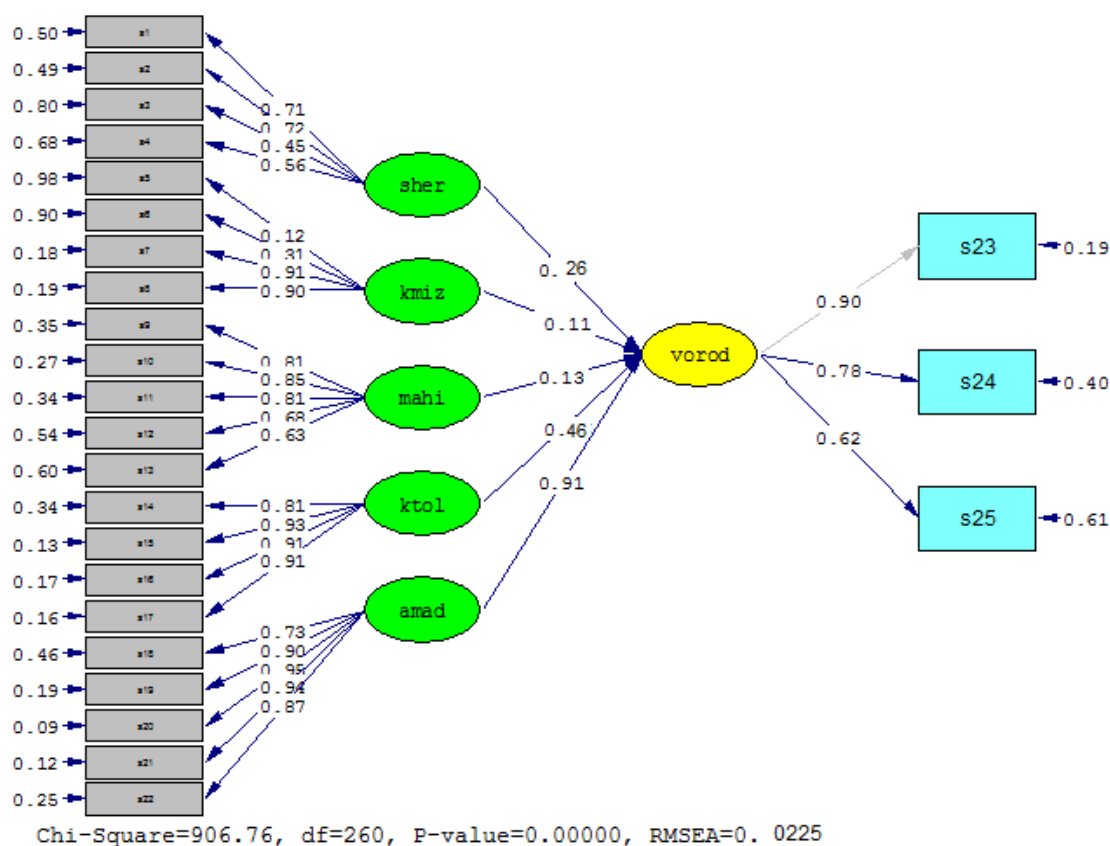


Figure 1: Standardized coefficients of the conceptual model of the research

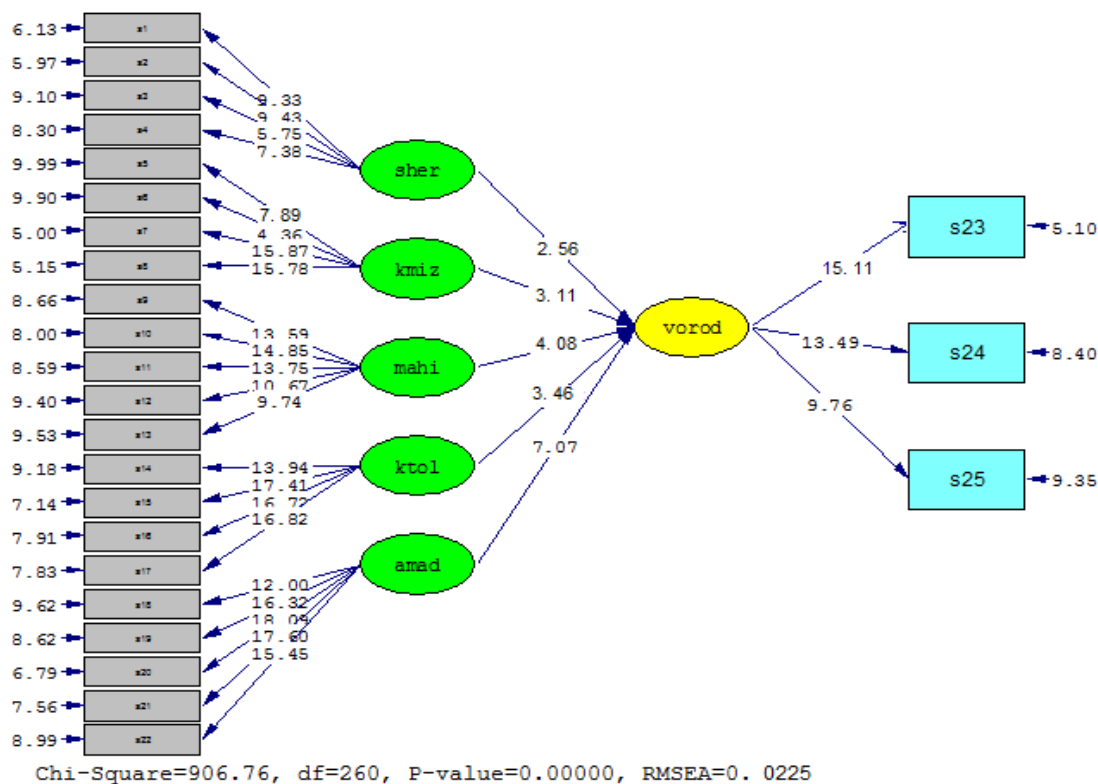


Figure 2: T values for the conceptual model of the research

Investigating research hypotheses using path analysis model

- **First hypothesis: Factors associated with the film producing firm influence the capability of Iranian film industry to enter global markets.**

According to the results of the table (6), this hypothesis was approved with 95% confidence. Moreover, the factors associated with the production firm of film producer affected the capability of Iranian film industry to enter global markets.

Table 6: The effect of factors associated with the film producer on the capability of Iranian film industry

Relationship type	standard coefficient of path	T Value	Comparison with critical value	Significance
Straight	0.26	2.56	2.56 > 1.96	significant

- **Second hypothesis: Factors associated with host country affect the capability of Iranian film industry to enter global markets.**

According to the results of table (7), the reaserch hypothesis was approved with confidence of 95%. Moreover, the factors associated with host country affected the capability of Iranian film industry to enter global markets.

Table 7: The effect of factors associated with host country on the capability of Iranian film industry

Relationship type	Standard coefficient of path	T value	Comparison with critical value	Significance
Straight	0.11	3.11	3.11 > 96.1	significant

- Third hypothesis: Factors associated with the nature of the products affect the capability of Iranian film industry to enter into global markets.

According to table (8), the research hypothesis was approved with 95% confidence. Moreover, the factors associated with the nature of the products affected the ability of Iranian film industry to enter global markets.

Table 8: The effect of factors associated with the nature of products on the capability of Iranian film industry

Relationship type	Standard coefficient of path	T Value	Comparison with critical value	Significance
Straight	0.13	4.08	4.08>96.1	significant

- Fourth hypothesis: Factors associated with the state of film production affect the capability of Iranian film industry to enter global markets.

According to table (9), the research hypothesis was approved with 95% confidence. Moreover, the factors associated with the state of film production affected the capability of Iranian film industry to enter global markets.

Table 9: The effect of factors related to the state of film production on the capability of Iranian film industry

Relationship type	Standard coefficient of path	T Value	Comparison with critical value	Significance
Straight	0.46	3.46	1	significant

- The fifth hypothesis: Firm's readiness to enter global markets affected the capability of Iranian film industry to enter global markets.

According to Table 10, the research hypothesis was approved with 95% confidence. Moreover, the firm's willingness to enter global markets affected the capability of Iranian film industry to enter global markets.

Table 10: The effect of firm's readiness to enter global markets on the capability of Iranian film industry

Relationship type	Standard coefficient of path	T Value	Comparison with critical value	Significance
Straight	0.091	7.07	7.07>96.1	significant

Discussion and Conclusion

Analyzing the data obtained from the questionnaire, it became evident that the factors associated with the film producing firm affected the capability of Iranian film industry to enter global markets. This means that the variable factor determined and affected the capability of Iranian film industry to enter global markets. Based on the results obtained from the testing of hypotheses, the following suggestions are recommended:

- The level of the producing firm's financial resources should be sufficient to operate in global markets to enter the market and cover expenses.
- The host firm's strategy considerations to enter the global markets should be considered.
- The producing firm should use skilled and qualified human resources in the field of cinematic productions.
- The producing firm has to design appropriate and long-term policies for the production of cinematic productions regarding the export sector to the world markets.

Analyzing the data obtained from the questionnaire, the factors associated with host country affected the capability of Iranian film industry to enter global markets. This means that this variable was an effective factor in the capability of Iranian film industry to enter global markets. Based on the results obtained from the testing of this hypothesis, the following suggestions are recommended:

- The firm should choose a foreign country as a host and goal to enter the global market, which has a big and attractive market for film produced products.
- The firm should choose a foreign country as a host and goal to enter the global market whose economic level is appropriate and is capable of accepting film production.
- The firm should choose a foreign country as a host and goal to enter the global market, which does not constitute a significant cultural distance between the produced country's culture and the target country.
- The firm should choose a foreign country as a host and goal to enter the global market which would support the inclusion of the political climate and the country's legislation on the arrival of cinematic products.

Analyzing the data obtained from the questionnaire, the factors associated with the nature of products affected the capability of Iranian film industry to enter global markets. This means that this variable was a decisive factor in the capability of Iranian film industry to enter the global markets. Considering the results obtained from testing the hypotheses, the following suggestions are followed:

- The products of the cinematic productions should have strong cultural elements
- There should be a harmony between the story and the pivotal roles of the film with the culture of the target market.
- The quality of the products and produced films should be good and desirable in terms of content.
- The approved international standards for produced cinematic productions should be taken into account.
- The firm should use the most advanced technologies in the production of film products.

Analyzing the data obtained from the questionnaire, the factors associated with film producing countries affected the capability of Iranian film industry to enter global markets. This means that this variable was an effective factor in the capability of Iranian film industry to enter global markets. Based on the results obtained from the testing of this hypothesis, the following suggestions are recommended:

- The country's legal protection system should be in the right position regarding the field of international activities of art and cinema.
- The level of society's attention to the importance and status of art and economy should be appropriate.
- The resources and financial support required for firms should be available regarding the public and private institutions.
- The relevant economic and cultural sectors should move in one direction and support the arrival of cinematic products to global markets.

Analyzing the data obtained from the questionnaire, the firm's readiness to enter global markets affected the capability of Iranian film industry to enter global markets. This means that this variable was an effective factor in the capability of Iranian film industry to enter global markets. Based on the results obtained from the testing of this hypothesis, the following suggestions are recommended:

- The producing firm should have appropriate administrative and institutional structures to enter the market.

- The producing firm should have an international department to investigate the international markets and select the target market.
- The producing firm should have an appropriate research and development sector to enhance its quality of products.
- The firm's ability to compete with similar and rival firms in the country should be in an appropriate level.
- The producing firm should create strong political and cultural relations with the markets of the target countries.

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