

**DEMAND FOR LOCALLY PRODUCED FILMS BY RESIDENTS
OF NAIROBI COUNTY, KENYA**

DAVID NDIRANGU NG'ANG'A

**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
ECONOMIC THEORY IN THE SCHOOL OF ECONOMICS IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE
DEGREE OF MASTER OF ECONOMICS (POLICY AND MANAGEMENT) OF
KENYATTA UNIVERSITY**

DECEMBER, 2015

DECLARATION

This research project is my original work and has not been presented for a degree in any University or for any other award.

Signature: _____ Date _____

DAVID NDIRANGU NG'ANG'A (Bachelor of Economics and Statistics)

Reg No: K102/26337/2013

We confirm that the work reported in this project was carried out by the candidate under our supervision

Signature: _____ Date _____

Mwangi Paul Gachanja (PhD)

Department of Economic Theory

Kenyatta University

Signature: _____ Date _____

Perez Ayieko Onono (PhD)

Department of Applied Economics

Kenyatta University

DEDICATION

To my parents Peter and Margaret Ng'ang'a, my brothers Christopher, Stephen and Boniface.

ACKNOWLEDGEMENTS

First I thank the Almighty God for giving me strength, knowledge and ability through Jesus Christ our Lord.

I thank all the lecturers from the School of Economics for taking me through my studies this far. I am specifically grateful to my supervisors Dr. Perez Onono and Dr. Paul M. Gachanja for their commitment and immense guidance in doing this project. I also thank Dr. Maingi for his contributions. The assistance of Decosta, Angela, Nelly, Elizabeth, Urbanus and all the staff from the school of Economics is also greatly appreciated.

I am greatly indebted to the Kenyatta University Management for giving me a scholarship to pursue this Masters course. I appreciate the work of Kenya Film Commission and Kenya National Bureau of Statistics which has been of great assistance in shaping this project.

Special appreciation is given to my mother Margaret Ng'ang'a, my father Peter Ng'ang'a, my brothers Christopher Mwangi, Stephen Kamau and Boniface Kamau for their support and encouragement throughout my studies.

Finally, I thank all my classmates for their companionship and the teamwork we enjoyed throughout our studies.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABBREVIATIONS AND ACRONYMS.....	x
OPERATIONAL DEFINITION OF TERMS	xi
ABSTRACT	xiii
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background.....	1
1.1.1 Kenyan Film Industry	1
1.1.2 Film Consumption in Kenya	4
1.1.3 Film as an Experience and Hedonic Good.....	9
1.2 Statement of the Problem.....	13
1.3 Research Questions.....	15
1.4 Objectives of the Study.....	15
1.5 Significance of the Study.....	16
1.6 Scope of the Study	16
1.7 Organization of the study.....	16
CHAPTER TWO.....	17
LITERATURE REVIEW.....	17
2.1 Introduction.....	17
2.2 Theoretical literature.....	17
2.2.1 Consumer behavior theory.....	17
2.2.2 The Theory of Buyer Behaviour	19
2.2.3 The Rational Addiction Theory	21

2.2.4 Learning by consuming Theory	23
2.3 Empirical Literature	25
2.4 Overview of literature	33
CHAPTER THREE	36
METHODOLOGY	36
3.2 Introduction.....	36
3.2 Research design	36
3.3 Conceptual framework.....	36
3.4 Empirical model.....	40
3.5 Description and measurement of variables	41
3.6 Study area	42
3.7 Sampling technique and size.....	43
3.8 Data type and source.....	44
3.9 Data collection	45
3.10 Data cleaning, coding and refinement	45
3.11 Data analysis	45
CHAPTER FOUR	47
4.1 Introduction.....	47
4.2 Descriptive Analysis of the Data	47
4.2.1 Response Rate	47
4.2.2 Sex of the Respondents	48
4.2.3 Age of Respondents	48
4.2.4 Level of Education of Respondents	49
4.2.5 Income of Respondents	50
4.2.6 Film Preference among the Respondents between Local Films and Foreign Films.....	51
4.2.7 Analysis of Collinearity between Explanatory Variables	52
4.3 Empirical results	53
4.3.1 Consumption behavior of residents of Nairobi County on locally produced films.....	54
4.3.1.1 Preference for Locally Produced Films across Sex	54

4.3.1.2 Local Film preference by age	55
4.3.1.3 Local Film preference by Level of Education	57
4.3.1.4 Local Film preference by Income Level	58
4.3.1.5 Watching frequency of Locally Produced Films	60
4.3.1.6 Place of watching	61
4.3.1.7 Source of Information about Locally Produced Films	63
4.3.1.8 Influence of Actors' Characteristics on Consumer's Film Preference	65
4.3.1.9 Influence of Reviews on Consumer's film preference	69
4.3.1.10 Genre preference	72
4.3.1.11 Accessing local films	73
4.3.1.12 Expenditure on Local Films	75
4.3.2 Determinants of Demand for Locally Produced Films in Nairobi County	77
CHAPTER FIVE	86
SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS	86
5.1 Introduction	86
5.2 Summary	86
5.3 Conclusions	88
5.4 Policy Implications	90
5.5 Areas for Further Research	94
REFERENCES	95
APPENDICES	111
Appendix I	111
Questionnaire	111
Appendix II	114
Logit Regression Tables	114
Appendix III	116
Model Evaluation	116
Research Permit	117

LIST OF TABLES

Table 4.1: Sex of the Respondents.....	48
Table 4.2: Age of the Respondents	49
Table 4.3: Highest level of education reached by the respondents	50
Table 4.4: Gross income of the respondents.....	50
Table 4.5: Collinearity Statistics	53
Table 4.6: Local Film preference by sex	54
Table 4.7: Local Film preference by age	56
Table 4.8: Local Film preference by Level of Education.....	57
Table 4.9: Local Film preference by income Level	59
Table 4.10: Frequency of watching films in a week.....	60
Table 4.11: Places people prefer to watch Local films.....	62
Table 4.12: Source of Information about Locally Produced Films.....	63
Table 4.13: Influence of Star attribute.....	66
Table 4.14: Influence of previous performance	67
Table 4.15: Influence of actors' age group.....	68
Table 4.16: Influence of reviews and comments on choice of film.....	70
Table 4.17: Genre preferences.....	72
Table 4.18: Means of accessing local films.....	73
Table 4.19: Spending on Local Films	76
Table 4.20: Effects of Various Factors on Preference of Films by Residents of Nairobi County	78
Table A1: Logit Regression	114
Table A2: Logit Regression Reporting Odds Ratio.....	114
Table A3: Marginal Effects of the Logit Regression.....	115
Table A4: Hosmer and Lemeshow Test	116
Table A5: Omnibus Tests of Model Coefficients (Likelihood Ratio Test).....	116
Table A6: Classification Table	116

LIST OF FIGURES

Figure 1.1: Kenyans frequency of visiting cinemas	5
Figure 1.2: Frequency of visiting cinema to watch a locally produced movie..	6
Figure 1.3: Frequency of watching movies with local content.....	8
Figure 4.1: Preference between Local Films and Foreign Films.....	52

ABBREVIATIONS AND ACRONYMS

DVD	Digital Versatile Disc
GDP	Gross Domestic Product
IPTV	Internet Protocol Television
KFC	Kenya Film Commission
TV	Television
UIS	Unesco Institute of Statistics
UNESCO	United Nations Educational, Scientific and Cultural Organization
USA	United States of America
VAT	Value Added Tax
WSO	World Story Organization

OPERATIONAL DEFINITION OF TERMS

Audience are the spectators or listeners of an event, publication or broadcast.

Bollywood is a term used to refer to the Indian Film Industry.

Broadcast means to transmit by radio or television.

Cinema also referred to as a *movie theatre* or *theater*, is a venue where movies are shown for public entertainment.

Digitalization means the process of converting information into a digital format. The term is used here to indicate the liberalization of TV and radio airwaves.

Experience good is a product or service where product characteristics, such as quality or price are difficult to observe in advance, but these characteristics can be ascertained upon consumption.

Film also referred to as *movie* is a story or event recorded by a camera as a set of moving images and shown in a theater or on television. (In this study TV programmes are not included.)

Film industry also referred to as *motion picture industry* comprises the technological and commercial institutions of filmmaking, i.e., film production companies, film studios, cinematography, film production, screenwriting, pre-production, post production, film festivals, distribution; and actors, film directors and other film crew personnel.

Foreign films herein also referred to as *non-local films*, include films made outside Kenya by foreign organizations and comprise foreign content.

Genre refers to the method, based on similarities in the narrative elements like story and treatment, from which films are constructed.

Hedonic product is one whose consumption is primarily characterized by an affective and sensory experience of aesthetic or sensual pleasure, fantasy and fun.

Hollywood is a term used to refer to the American Film Industry.

Locally produced films herein also referred to as *local films*, include films made in Kenya by Kenyan organizations or co-produced in conjunction with foreign organizations and comprise local content.

Piracy is the illegal copying and distribution of movies in print, videos, DVDs or electronic files.

Screen a flat panel or area on an electronic device such as a television, computer, or Smartphone, on which images and data are displayed. In this study the term the term is used to refer to cinema displays.

ABSTRACT

Despite the aggressive marketing of local films and the creation of policies aimed at boosting their consumption in Kenya, consumption is still low. Attempts to critically analyze this problem have focused on the qualitative content in films with little investigation of consumers' tastes and preferences. The aim of this study was to identify and analyze factors that affect demand for locally produced films in Nairobi County, Kenya. Film being a hedonic and experience good, the study investigated the effect of factors concerned with film consumption and consumer's characteristics on film choices. Stratified and purposive sampling was used to select a sample of 384 respondents from around Nairobi County. The data was collected by interviewers guided by a structured questionnaire. Regression analysis was used in which the preference of the respondents between locally produced films and foreign films was the dependent variable while factors that affect demand for films were the independent variables. A logit model was adopted. Results from this study revealed the consumption behavior of residents on locally produced films and factors that affect demand for locally produced films. The study found that increased age of consumers and increased consumers' expenditure on local films increased demand for local films while increased income of consumers, increase in consumers' film watching frequency and increase in consumers' expenditure on foreign films reduced demand for local films. The study also found that there was a significant difference in film preferences between males and females where females have a higher demand for local films than males. Individuals who had reached lower levels of education were found to prefer local films more than individuals who had reached higher education levels. The study recommends that local film producers should consider tastes across the different social demographic groups in creating content of their films. The study also recommends that producers and distributors of films should ensure that the locally produced films are readily available and easily accessible to the consumers.

CHAPTER ONE

INTRODUCTION

1.1 Background

1.1.1 Kenyan Film Industry

The Kenyan film industry encompasses activities such as local film and video productions, foreign film and video productions, film and video production support services such as hire of locations and facilities, and production of film and television commercials (Ndung'u, 2014). It employs a wide cadre of people and they include among others script writers, story writers, story board experts, legal service providers, production managers, actors, lighting providers, makeup artists, set and costume designers, editors, cinematographers, special effects experts, animal trainers, sound technologist, animators and directors (Kenya Film Commission (KFC), 2013). According to (Republic of Kenya (RoK), 2011) the film industry is worth Kshs. 4 billion and employs approximately 15,000 people. The film industry in Kenya is commonly referred to as Riverwood. It is named so because it thrives on River Road in Nairobi. A place regarded as the center of indigenous filmmaking in Kenya (World Story Organization (WSO), 2008).

The film industry has been lauded for its economic potential. “The film industry is an important vehicle for social, cultural, political and economic development because a well nurtured film industry can be a major source of employment and an effective tool and platform for the cultured expression of a people” (RoK, 2011, p. 3). Film industries

worldwide have been hailed for their impact on the economy because they introduce a new concept of economic growth being one of the few sectors where dynamic development is expected (Lash and Urry, 1994; Pine and Gilmore, 1999). This realization has led to the growth of academic research related to the motion picture industry (Eliashberg, Elberse and Leenders, 2006). It has been noticed that very little research had been done on the film industry. According to Chambers (2013, p.4), “The breadth of research pertaining to the motion picture industry is very limited, providing a unique and interesting niche for academic research. Even scarcer is research on relationships between films and audience demographics”. United Nations Educational Scientific and Cultural Organization (UNESCO) (2012) stated that for a long time, cultural industries as an economic phenomenon were not a subject of special research interest. It noted that by the end of the 1990s, results of research conducted in developed countries showed that cultural and creative industries generate a high growth rate of Gross Domestic Product and employment, and that they have the potential of becoming a leading sector that can generate growth of the overall economy.

The government promotes, supports and regulates the film industry through the Kenya Film commission. The main objective of KFC is to enhance the economic and social well being of Kenyans by building a self-sustaining and vibrant local film industry (KFC, 2013). A national film policy was created in 2011 with an aim of promoting efficient, effective and economical management of the film industry. It sought to provide a foundation to enable a complete and profitable turn around for the film industry thereby making it an investment sector of choice. It also aimed at promoting

local films while providing a platform by which Kenyans will develop a sense of identity and understanding and communicate to each other and to the rest of the world (RoK, 2011). It noted that the film industry in Kenya has not been exploited fully due lack of an effective policy framework. Some of the key challenges stated include; Lack of clear criteria or regulation to manage local/foreign film productions for the benefit of Kenyans, higher levels of piracy that denies producers and distributors their returns on investment in film production, lack of effective local industry association and minimal local content in productions and inadequate training tailored to increase local content (RoK, 2011). As far as consumption of local films is concerned, the film policy was created with the following objectives; Ensure Kenyans have access to film and television programs which reflect Kenyan identity, character and cultural diversity, Improve the innovativeness, quality and performance of Kenyan film production and distribution, Improve the quantity and quality of marketing and distribution of Kenyan film productions, Encourage greater audience for local film productions that are tandem with national values and aspirations of the Kenyan people, Increase the making of competitive local stories and Improve the capacity for accessing productions (RoK, 2011).

The government has made several attempts to boost the film industry. In the 2009 budget, the government decided to reduce the cost of film making in Kenya through a removal of import duty of 25% and VAT of 16% on television Cameras, digital cameras and video camera recorders, zero-rating for VAT and taxable goods and services offered to film producers and granting a 100% investment deduction on capital

expenditure incurred by a film producer on purchase of any filming equipment (RoK, 2009). In the 2015 budget, the government declared zero-rating on film equipment imports (RoK, 2015). The move would see a reduction in prices of all equipments meant for film production and an increased entry of foreign production firms. Other government policies include the 40% broadcast of local content directive to media stations and digitalization. RoK (2011) however notes that the liberalization of the airwaves and the creation of many TV stations have not benefited local film makers because licenses are issued without conditions that require local content to be broadcast in these stations. It also notes that efforts have mostly been towards selling Kenya as a filming location to foreign film producers. It therefore proposed that similar efforts be directed towards developing indigenous Kenyan productions so as to add value to the cultural and artistic heritage of Kenyans.

1.1.2 Film Consumption in Kenya

The film market in Kenya is characterized by a low number of movie outlets and cinemas. Most of the cinemas are located in Nairobi and the other major urban centers. Distribution outlets for films in Kenya are relatively weak (KFC, 2011). According to MacMillan and Smith (2001) low levels of screen density can lead to lower demand because they leave cinema-goers with a small range of films to choose from and high transport costs to attend more distant cinemas. The small number of cinemas can therefore be attributed to the low cinema attendance rates in Kenya. According to KFC (2010) the frequency of visiting cinemas by Kenyans is shown in the Figure 1.1

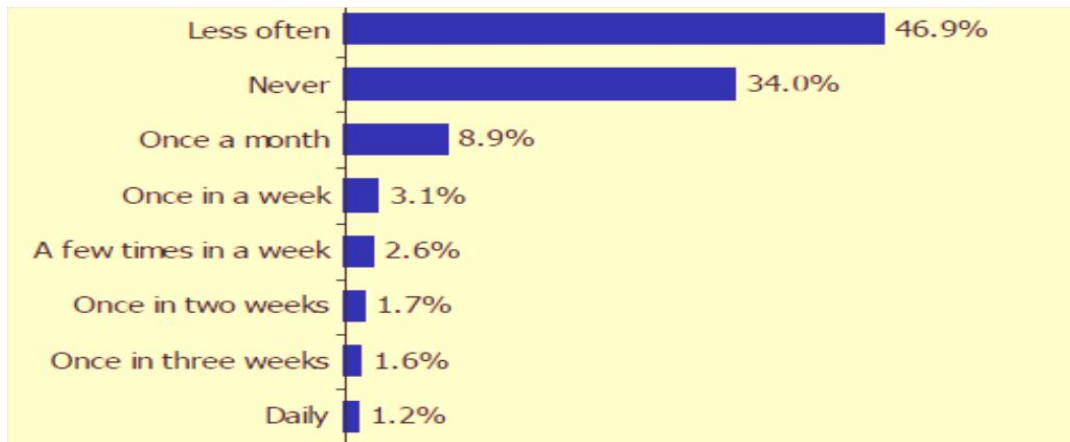


Figure 1.1: Kenyans frequency of visiting cinemas

SOURCE: Kenya Film Commission 2010

As evidenced in Figure 1.1, the highest percentage of respondents (46.9%) indicated that they visit cinemas less often while 34 % indicated they have never visited cinemas. Those who visit cinemas most often are only 1.2% of respondents. This indicates that Kenyans are not cinemagoers as majority are those who either visit less often or have never visited a cinema. This may also suggest that Kenyans are not frequent film consumers or that those who consume films frequently, do so in other places rather than cinemas. These characteristic may be the cause of the decline in the establishments of cinemas in the country. A low number of cinemas can be attributed to the few visitors they receive, which translates to low earnings, as the income of movie theatres is mainly dependant on the number of visitors to the theatres (Gil and Hartmann, 2007).

The low cinema attendance rates have also affected the performance of local films in Kenyan cinemas. Compared with the United States where a new movie is shown on over 6000 screens, in Kenya a local movie is only shown on an average of 6 screens

around Kenya because most screens in Kenya are reserved for the latest Hollywood and Bollywood Films (WSO, 2008). This can be attributed to poor attendance of cinemas by Kenyans to watch films and especially local films. According to KFC (2010) the frequency of Kenyans in visiting Cinemas to watch a locally produced movie is shown in Figure 1.2.

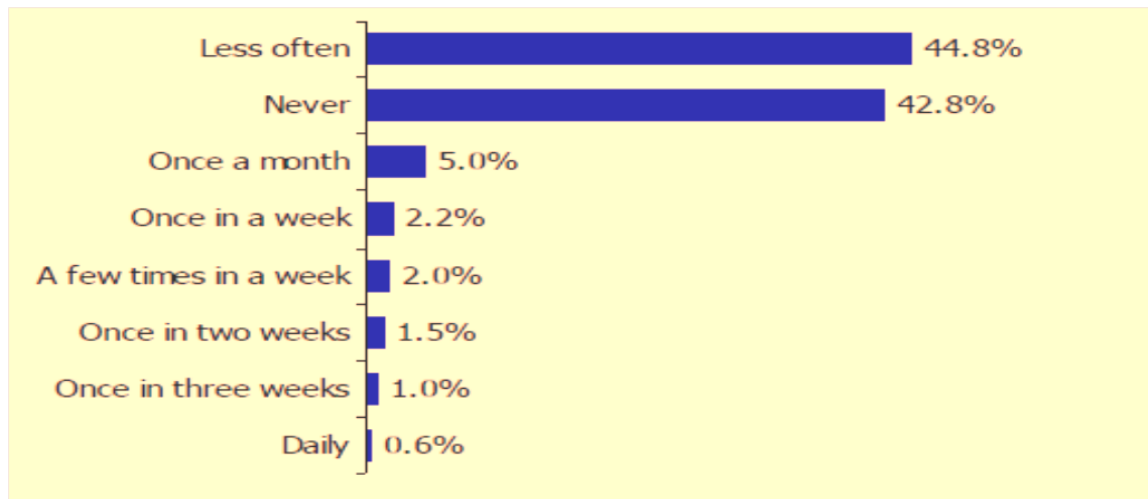


Figure 1.2: Frequency of visiting cinema to watch a locally produced movie

SOURCE: Kenya Film Commission 2010

Looking at Figure 1.2 and Figure 1.1, even though not many Kenyans attend cinemas, the few who attend do not go to watch locally produced films. About 42.8% never visit a cinema to watch locally produced films while 44.8% of people do it less often. Only 0.6% of Kenyans attend the cinema to watch locally produced movies daily. This indicates that a Kenyan film being shown in a cinema will receive a poor audience implying that local producers are better off showcasing their productions in alternative platforms like the DVD market. The DVD market is however affected by piracy and therefore the only profitable option is the cinema market. These prospects are however dimmed by the poor sales attributed to the low cinema attendance rates.

Kenyan films can also be seen at home if packaged in distributable formats. The films are usually distributed via DVDs, computer storage devices and internet. This market has received stiff competition brought about by the increase of cheap DVDs in the market. Some of these DVD carry more than 10 movies from mostly Nigeria and USA. These DVDs go for as low as Kshs. 50 which is far lower than the common price of one local film. Most new local films are sold at Kshs. 500 shillings with old films being sold at Ksh. 100 shillings.

The consumption of Kenyan films by Kenyans is low, mainly attributed to low quality which brings low satisfaction because consumers purchase the good for the experience it brings (Towse, 2010). Films coming out of Kenya will inevitably reflect the life, culture, and values of Kenyan, which are mostly negative things like violence (Mugubi, 2014). Giannetti (2008) noted that Third World films tend to be preoccupied with issues such as neocolonialism, underdevelopment, oppression of women and poverty. Normally people prefer to watch films that show them a different and better experience. Therefore Kenyans rarely watch films with local content. According to KFC (2010) the frequency with which Kenyans watch movies with local content is shown in Figure 1.3.

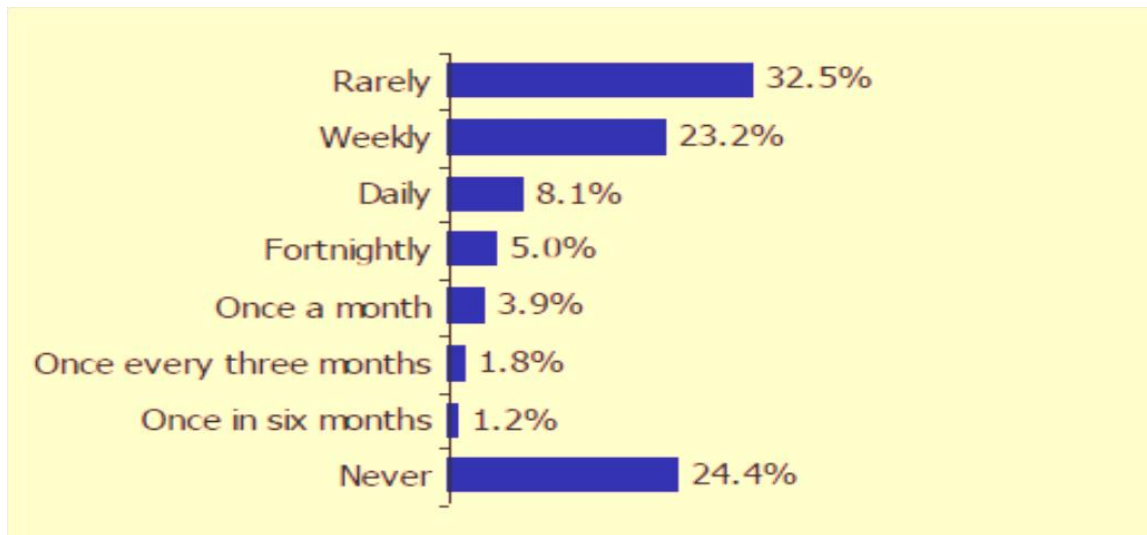


Figure 1.3: Frequency of watching movies with local content

SOURCE: Kenya Film Commission 2010

From Figure 1.3, 24.4% of Kenyans have never watched a movie with local content. It is also clear that majority of Kenyans are not interested with movies with local content, as a large number of Kenyans (32.5%) rarely watch them. This is an indication that there is no market for Kenyan films locally. This suggests that local films are poorly distributed and therefore people are unaware of their existence. However, if people are aware of their existence and they choose to watch foreign movies instead, it indicates that local films are of poor quality.

Within the film industry there is a need to study the film consumer. Austin (1983) stated that there was a paucity of research on the consumer, the one who watches the movies. He noted that audience research was used in all areas of mass communication except film. According to Austin, film audiences are worth looking at because of the amount of money consumers are willing to spend on film. The changing consumer behavior

observed in the film industry also calls for further research as noted by Silver and McDonnell (2007) “The cinema industry also needs to come to terms with changing audience demographics” (p. 9). Napoli (2008) noted that audiences are changing the dynamics of how they consume media products. He stated that undermining traditional conceptual and analytical approaches, new technologies for measuring and monitoring audience behavior are revealing aspects of how and why audiences consume media that previously were unknown. The emergence of new media has also changed the way in which products of culture are being consumed (UNESCO, 2012). In the Kenyan case like everywhere in the world, audiences have been seen to change regularly (Oriare, Okello-Orlale and Ugangu, 2010). There is therefore a need to regularly study consumers so as to discover new consumption trends and behaviors. The knowledge of consumer behavior will also reveal the contribution of consumers in the performance of film products and the overall growth of film industries.

1.1.3 Film as an Experience and Hedonic Good.

An experience good is one in which consumers can evaluate quality only after purchase and consumption e.g. entertainment products such as movies, concerts, sporting events and services such as vacation packages, hair styling and restaurant meals (Neelamegham and Jain, 1997). Experience may be defined as an event that involves a person in a memorable way (Pine and Gilmore, 1999). Schmitt (1999) defined experiential goods as goods with the following characteristics; first is that they are primarily intangible and thus refer to symbols and multisensorial perceptions, secondly they are characterized by the reasons guiding their choice whereby utilitarian criteria are

replaced by subjective criteria such as personality expression, dream realization, search for pleasure, and fun and lastly the experiential model focuses on consumption rather than on purchase. Hedonic goods are goods whose consumption is primarily characterized by an affective and sensory experience of aesthetic or sensual pleasure, excitement, fantasy, and fun (Hirschman and Holbrook, 1982a). This means that experience and hedonic goods are goods meant to satisfy emotional senses in addition to satisfying a certain need as opposed to utilitarian goods which are only meant to serve a functional need. Utilitarian goods are those whose consumption is more cognitively driven, instrumental, and goal oriented and accomplishes a functional or practical task (Strahilevitz and George, 1998; Myers, 1998).

According to Towse (2010) consumers purchase a good for the experience it brings therefore they need to experience the good in order to get reliable information about it and thereby judge its quality. Towse also stated that the pleasure and enjoyment increases with experiences. Film being an experience good means that consumers may know of its quality in advance thanks to expert opinions from critics, reviews in the press or other people's comments, however, consumers will ultimately know about quality of a film only after watching it (Vegas, 2009). Customers are satisfied not only by the functional characteristics of a product but they also need and look for experience (Bassi, 2010).

Babin, Darden and Griffin (1994) distinguished shopping motivations by utilitarian shopping motivation and pleasurable hedonic shopping motivation. He asserted that

utilitarian shopping motivation is purpose-oriented and rationalized buying whereas hedonic shopping motivation pursues potential pleasures and emotional values of shopping as consumers pursue the double desires of satisfying utility and pleasure at the same time. Hirschman and Holbrook (1982a) showed that the traditional model to describe consumer behavior cannot completely explain hedonistic consumption, and proposed an experiential model. Hirschman and Holbrook (1982b) noted that the traditional model of customer behavior does not consider all emotional dimensions of purchase and consumption; instead, emotions can explain choices better than attitude and cognitive components. The hedonic experiential value of the environment is also important because consumers regard the pleasure and arousal from the media environment as important as the utilitarian value (Jang, Kwak and Lee, 2012).

Therefore in analyzing film consumption, there is need to consider that consumers have certain expectations from consuming a film. These expectations are derived from past experience with similar products and comments from previous consumers. However, the ultimate evaluation of quality and degree of satisfaction can only be established upon actual consumption of the film. There is also a need to consider that consumers seek to satisfy some emotional pleasures while consuming a film. These emotional pleasures are affected by the environment of which films are consumed and the content in the films. Emotional senses usually vary across individuals depending on their social and demographic characteristics and therefore the degree of satisfying these emotional pleasures is expected to be different across consumers. This implies that it is important

to consider the characteristics of film consumers. There is therefore a need to adopt a model that combines hedonic, experiential and utilitarian aspects of film consumption.

1.2 Statement of the Problem

The Kenyan film industry has a potential of earning the country over Kshs. 40 billion and creating 250,000 jobs annually, it is however worth Kshs. 4 billion and employs approximately 15,000 people (RoK, 2011). One major challenge facing the film industry is lack of an audience for the locally produced films (WSO, 2008; KFC 2010). Attempts have been made by the government and stakeholders to boost consumption of local films; these include organized seminars, campaigns, improvement in advertising, cost cutting measures and offering incentives (RoK, 2011; KFC, 2011). Despite these policies, demand for local productions is still low. A survey by Kenya film commission showed that 32.5% of the respondents rarely watch films with local content while 24.4% have never watched a movie with local content. About 44.8% of respondents indicated that they have never visited cinemas to watch a locally produced film while 42.8% indicated that they less often visit a cinema to watch a locally produced film (KFC, 2010). Despite being heavy consumers of films, Kenyans have opted to consume more of foreign productions as compared to local productions and therefore local film makers experience heavy losses due to poor cinema attendance which denies them an audience for their products (PricewaterhouseCoopers (PWC), 2013).

Researchers have attributed the worldwide decline of cinema attendance and cinema sales to new consumption habits and emergence of substitutes (Fernández-Blanco and Pino, 1997; Pautz, 2002; Jang *et al.*, 2012; Masood, 2015). Studies in Kenya have dealt with the media industry at large (Oriare *et al.*, 2010; PWC, 2013), with little focus on the film industry. Others have focused on management of film organizations (Ndung'u,

2014; Bala, 2013), while others have focused on the artistic content in films (Diang'a, 2013; M'erimba, 2015; Mugubi, 2014). There have also been numerous policy recommendations on improving distribution of local films with little consideration of consumers' preferences and attributes (KFC, 2010, 2011, 2013; RoK, 2011). KFC (2011) while acknowledging the fact that there is limited scientific information about the Kenya film industry stated that production in most cases has not been guided by consumer trends. The small market has therefore affected quality of local productions because with large sunk costs, an enlarged market leads to larger investments in products, causing an improvement in quality (Ferreira, 2012).

There is need to understand consumer behavior and preferences as far as consumption of local films is concerned. According to Vale (1982) the consumer holds a very important role in how a movie is constructed and presented because many producers support a movie based on how the audience respond to an idea. The purpose of this research was to establish the consumption behavior of Nairobi County residents on locally produced films and to identify and analyze factors that affect demand for locally produced films.

1.3 Research Questions

The study sought to provide answers to the following questions:

- i. What is the consumption behavior of residents of Nairobi County on locally produced films?
- ii. Which factors determine the demand for locally produced films in Nairobi County?

1.4 Objectives of the Study

The main objective of this study was to identify and analyze factors that affect demand for locally produced films in Nairobi County. The specific objectives are:

- i. To establish the consumption behavior of residents of Nairobi County on locally produced films.
- ii. To find out the factors that determine the demand for locally produced films in Nairobi County.

1.5 Significance of the Study

This study sought to provide further empirical evidence to the ones which are already there as far as film consumption is concerned. It provided information on the consumption behavior of Nairobi County residents on locally produced films. This information was of assistance in identifying factors that affect demand for locally produced films. The findings were used in creating policies that will guide stakeholders in boosting consumption of locally produced films. Application of the results of this study will contribute to the growth of the Kenyan film industry.

1.6 Scope of the Study

The study investigated consumption behavior of a sample of residents in Nairobi County. This consisted of individuals who indicated that they watch both local and foreign films. The social demographic attributes of film consumers were considered. Film characteristics and their influence on consumption choices were also taken into consideration. Film preferences of the consumers were also investigated.

1.7 Organization of the study

This project is presented in five chapters. Chapter one has provided background information to the study. Chapter two entails a review of relevant theoretical and empirical literature. Chapter three provides the methodology to be adopted in providing answers to the research questions. Chapter Four presents the data analysis, findings of the study and their interpretation. Chapter Five provides the summary of the study's findings, conclusions and policy implications.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of selected literature on the theoretical approaches to film consumption and studies showing empirical investigations from several countries. A summary of several issues raised from the literature is presented at the end of the chapter.

2.2 Theoretical literature

2.2.1 Consumer behavior theory

The consumer behavior theory otherwise known as the EKB model was created by Engel, Kollat and Blackwell in 1968 and has gone through several revisions. It is a comprehensive model that shows the components of decision making and the relationships and interactions among them. Entry to the model is through need recognition when the consumer acknowledges a discrepancy between their current state and some desirable alternative. The consumer embarks on a search for information, both internally through the consumers' memory bank of previous experiences, and externally (Bray, 2008).

This model consists of four stages. The first stage is the decision process stage which includes; Problem recognition, search for alternatives, alternate evaluation, purchase, and outcomes. The second stage consists of inputs which include all kinds of stimuli

from our contact with the world around us, these are our experiences or contact with others, marketer-controlled stimuli (e.g., advertising, store display, demonstrations), other stimuli (e.g., personal recollections, conversations with friends) and external search. The third stage is called information processing and it explains how Stimuli are processed into meaningful information. It states five methods of information processing: exposure, attention, comprehension/perception, yielding/acceptance and retention of incoming information. This means that the consumer must first be exposed to the message, allocate space for this information, interpret the stimuli, and retain the message by transferring the input to long-term memory. The fourth stage consists of variables influencing the decision process. This includes all those individual qualities that make consumers unique. These are individual and environmental influences that affect all stages of the decision process. Decision process variables include Individual characteristics such as motives, values, beliefs lifestyle, and personality; the social influences are culture, reference groups, and family. Situational influences, such as a consumer's financial condition, also influence the decision process (Abdallat and El-Emam, 2009).

The consumer decision model is therefore a means of describing the processes that consumers go through before, during, and after making a purchase (choice). It shows the causes or antecedents of a particular behavior and each of its results or consequences. The environmental and individual variables have however drawn criticism due to the vagueness of their definition and role in affecting behavior within the decision process (Loudon, Della Bitta and Della Bitta, 1993; Bray, 2008). It has also

been criticized because the influence of environmental and individual factors is specific to certain process within the model which is counter intuitive, and ignores other impacts that such variables may have on the wider processes (Bray, 2008).

2.2.2 The Theory of Buyer Behaviour

It was first developed by Howard and Sheth (1969) and further developed by Howard and Ostlund (1973) to become the ‘Theory of Buyer Behaviour’ (or Howard and Sheth Model). It provides an integration of the various social, psychological and marketing influences on consumer choice into a coherent sequence of information processing (Foxall, 1990; Bray, 2008).

This model suggests three levels of decision making. The first level is the extensive problem solving where the consumer does not have any basic information or knowledge about the brand and he does not have any preferences for any product. The consumer will therefore seek information about all the different brands in the market before purchasing. The second level is limited problem solving where consumers have little knowledge about the market, or partial knowledge about what they want to purchase. Comparative brand information is sought to arrive at a brand preference. The third level is a habitual response behavior where the consumer knows very well about the different brands and he can differentiate between the different characteristics of each product, and he already decides to purchase a particular product (Abdallat and El-Emam, 2009).

There are four major sets of variables in this model; input variables, hypothetical Constructs (or intervening Variables), exogenous (external) variables and output variables. The input variables are the information sources or the environmental stimuli that the consumer is subjected to. They include significant and symbolic stimuli variables like quality price, distinctiveness, service and availability. There are also social stimuli like family, reference groups and social class. Hypothetical Constructs (or Intervening Variables) can be classified in two categories: Perceptual constructs and learning constructs. Perceptual constructs serve to control, filter and process the stimuli that are received. They include sensitivity to information, perceptual bias and search for information. Learning constructs influence the extent to which the consumer considers future purchases and seek new information. They include motive, decision mediators, predispositions, inhibitors and satisfaction. Exogenous variables consist of a number of external variables that can significantly influence decisions but are not directly part of the decision-making process. They contain the history of the buyer up to the beginning of the period of observation. They include the importance of the purchase, consumer personality traits, religion, and time pressure. Output variables represent the buyers' response, and follow the progressive steps to purchase. They are the results of the perceptual and learning variables and how the consumers will respond to these variables. They include attention, comprehension, attitudes, intention and purchase behavior (Bray, 2008; Abdallat and El-Emam, 2009).

The theory suggested that consumer decision making differs according to the strength of

the attitude toward the available brands, largely governed by the consumer's knowledge and familiarity with the product class. This theory however makes explicit measurement to be difficult due to the unobservable nature of many of the intervening variables (Foxall, 1990; Loudon *et al.*, 1993). In evaluating this theory, Neman (1972) proposed the use of non-linear relationships which may be more valid in exploring behavioral actions as opposed to linear models (Bray, 2008).

2.2.3 The Rational Addiction Theory

Stigler and Becker (1977) were the first to propose that consumption of cultural goods is an addictive consumption. They applied extended neoclassical economic theories to construct a model of demand for an addictive good. According to the theory tastes are given, stable, constant over time and similar among people. They concluded that choices about which goods to consume and a willingness to pay for them is not affected by differences in taste but completely depend on relative prices, income and obtained utility. This study led to the development of the rational addiction theory by Becker and Murphy (1988) who noted that the classical theory of demand falls short when applied to markets for experience goods. They branded products and behaviors such as alcohol, cocaine, cigarettes, work, eating, music, television, standard of living, other people and religion as addictive. The theory states that as accumulated consumption increases, there is decreasing demand elasticity and thus an addiction develops. Utility of an individual at any moment is said to depend on the consumption of two goods c and y . It is assumed that current utility also depends on a measure of past consumption of c but not of y . That is utility for a consumer in period t is given by

$$U(t) = U[c(t), s(t), y(t)] \quad (2.1)$$

Where $c(t)$ is the consumption of the addictive good, $s(t)$ is the stock of consumption capital of c (e.g. Knowledge) and $y(t)$ is the consumption of other (non-addictive) goods. U is assumed to be a strongly concave function of y , c and s . therefore utility increases as s increases (Marginal utility of Knowledge).

Strong addiction to a good requires a big effect of past consumption of the good on current consumption. In this theory, ‘rational’ means that individuals maximize utility consistently over time and a good is potentially addictive if increases in past consumption raise current consumption. Therefore a person is addicted to a good only when past consumption of the good raises the marginal utility of present consumption. It shows that steady-state consumption of addictive goods is unstable when the degree of addiction is strong, that is, when the complementarity between past and current consumption is strong. It notes that unstable steady states are a major tool in the analysis of addictive behavior and that consumption rises over time when above unstable steady-state levels, and it falls over time when below unstable steady states. According to the theory other things the same, individuals who discount the future heavily are more likely to become addicted. The level of incomes, temporary stressful events that stimulate the demand for addictive goods, and the level and path of prices also affect the likelihood of becoming addicted. Permanent changes in prices of addictive goods may have a modest short-run effect on the consumption of addictive goods. However the long-run demand for addictive goods tends to be more elastic than

the demand for non-addictive goods. Anticipated future increases in price reduce current consumption of addictive goods because their consumption at different moments of time is complements. Thus temporary changes in the price of an addictive good have smaller effects on current consumption than (compensated) permanent changes.

The theory notes that a good may be addictive to some persons but not to others, and a person may be addicted to some goods but not to other goods. It also notes that individuals with the same utility function and the same wealth who face the same prices may have different degrees of addiction if they have different experiences. A major conclusion from the theory is that addictions, even strong ones, are usually rational in the sense of involving forward-looking maximization with stable preferences. It was noted that addiction poses a major challenge to the theory of rational behavior and that the theory of rational addiction provides a better explanation of well-known features of addictions and addictive implications than other approaches.

2.2.4 Learning by consuming Theory

Proposed by Lévy-Garboua and Montmarquette (1996) and further developed by Lévy-Garboua and Montmarquette (2002), the learning by consuming theory relates to taste formulation. This theory accepts and verifies that taste is changeable over time and differs among people. A consumer is not aware of his taste but he can learn it through repeated exposures. Taste for arts is acquired or discovered as the rate of art consumption increases over time with exposure. Every new experience generated from artistic or cultural activities may have unexpected negative or positive increment on a

consumer's taste for it, and by treating this increment, ex ante, as a zero mean random variable. Someone who discovers that he has a taste for the theatre will normally experience over time repeated pleasant surprises by going to see new plays and will revise his expectations upwards. The theory states that representation of the effects of experience has three advantages; first it is compatible with the strong heterogeneity of tastes and individual choices, second, it allows for the great differentiation of cultural goods and finally the uncertainty regarding preference prevents the individual from correctly anticipating the taste he will acquire for consumption of a differentiated good.

The quantity of each good is weighted for its quality, whose essential component is subjective. This subjective quality reflects the intrinsic taste for, and accumulated experience of, the good and is directly proportional to total surprises, whether pleasant or unpleasant, resulting from past consumption. According to the theory s_{ir}^{t-1} stands for the subjective qualities for each good anticipated before the decision and it depends on previous personal consumption experiences of them. Expectations are individual and $s_{ir}^{t-1} = E_{t-1}(s_{ir})$ represents the subjective quality of good i anticipated by the consumer for the future period. The experienced taste for the art consumption of period t is $s_t = E_{t-1}(s_t) + \varepsilon_t$, where E_{t-1} represents the expectation operator before period t 's choice and ε_t is the taste surprise experienced in period t where $E_{t-1}(\varepsilon_t) = 0$. Since consumers base their expectation of taste solely on their own past experience of the specific art form, the expectation of taste one period ahead is no different than its expectation in the more distant future. This demand model is said to be more

parsimonious than the addiction or rational habit formation models, since it retains a hypothesis of intertemporal separability of utility conditional on past consumption.

Taste is accumulated along with times of exposure and levels off after a certain degree. Therefore the entire learning process of taste shows a diminishing return to scale, where the first exposure contributes the most on taste. This indicates that past exposure plays an important role in explaining the consumption of cultural goods since it can lead to a better purchase decision in the future. However, price, income and other socio-demographic factors still have their usual places in this model. The model allows calculation of price elasticities on survey data as soon as the accumulated experience and taste for consumption of the good are measured. The theory finds that demand for cultural goods is price-elastic and that the substitution effects of televised theatre broadcasts, cinema and reading are important. The distinctive property of cultural goods is their uniqueness or great differentiation, which means that they are hard to reproduce, but it also means that their choice involves long learning processes.

2.3 Empirical Literature

Fernández-Blanco and Pino (1997) empirically investigated the main factors causing the decline in cinema attendance that had been observed in Spain between 1968 and 1992. The study applied cointegration analysis where an individual demand function for cinema was expressed in terms of average attendance per inhabitant and year. The study found that cinema demand was positively and significantly affected by income and the price of substitutes, while it was negatively and positively influenced by the price of

cinema, the price of complementary goods and the influence of TV and video which had led to a change in consumers' preferences. The study also concluded that cinema is a luxury good as the income elasticity was greater than one and that cinema demand was highly elastic with respect to its price especially in the long-term. The main drawback identified in the study is that it didn't include quality in the analysis even though it had been identified as a significant determinant.

Neelamegham and Jain (1997) applied an econometric analysis to investigate, model and analyze the multistage consumer choice processes for experience products. The modeling framework incorporated latent psychological variables within a discrete choice formulation. Data was collected using a questionnaire in two stages: pre-choice and post-choice. The pre-choice model consisted of the following components: Information sources (word of mouth and critic reviews), pre-choice expectations, genre preferences and innovation disposition. Respondents included students (undergraduate or graduate) and professionals. Sample sizes collected were 202 for the first stage and 125 for the second stage. Three movies were used in the experiment. Factor analysis was used to obtain measures for pre-choice expectations and innovation disposition. A probit measurement error model was applied to account for measurement errors in latent variables. Critic reviews, word of mouth and innovation dispositions were found to influence choice of movies. Genre preferences were found to have little influence. The study also found that post-choice judgments for a movie are influenced by consumers' post consumption perceptions as opposed to pre-choice expectations. A major drawback of this study is that it did not investigate the direct influence of consumers' social-

demographic variables and economic determinants. Another drawback is its focus on latent variables and thus failing to explicitly interpret the observable variables.

Pautz (2002) investigated the factors behind the decline in Average Weekly Cinema Attendance for the period 1930-2000 in the U.S. Multiple regression analysis was used to analyze how the total number of screens in the U.S, the number of feature films released each year, the average admission price adjusted for inflation, real gross domestic product (GDP) and the number of households with one or more televisions impacted the average weekly cinema attendance. The study found that the total number of screens had a positive relationship with attendance while number of films released, average admission price and number of households with televisions had a negative impact on attendance. Real GDP was the only variable found to have no significant impact on cinema attendance. The study indicated that there are other factors that could affect attendance but were not included as they could not be easily quantified; these include changes in attitudes regarding film and the changing quality of film.

Maxfield (2003) while analyzing the movie-viewing audience, attempted to determine why people go to the movies to see the film they see. The study examined the following variables: general advertising, subject matter/genre, movie stars, directors, trailers, word of mouth and critic reviews. Data was collected from a sample of 400 respondents, from several theater locations in central and north central Florida. Data was collected using a likert scale and the means of the results was used in analysis. The study found that there was high correlation between movie-viewing choice and movie stars, trailers, subject

matter and genre, advertisements and word-of-mouth. There was a low correlation between movie-viewing choice and critiques and the director of the film. The study also found that magazine was the most effective form of advertising while TV was the least effective. One weakness identified in this study is that some people in the survey could have gone to the theater for other activities apart from watching a movie. It was also noted that the study results are only specific to the theater studied and the time of the year and the day the study was carried out.

Vegas (2009) analysed the domestic demand for Spanish cinema while focusing on the popularity of star film directors as a determinant for theatre attendance. The study estimated a regression model to explain total attendance using a data set of the 88 best seen Spanish movies over the period 2004-2008. The model was specified as

$$Spect = a + 1PTick + 2CInc + 3DirPop + 4CastPop + 5Gnr + u \quad (2.2)$$

The dependent variable used was the total number of spectators per movie (*Spect*). Explanatory variables were divided in two groups; first, there were variables for a standard demand function and second, variables pertaining to demand for the cinema. Variables for the standard demand function include price (*PTick*) and consumer income (*CInc*). Other standard variables like price of substitutes and population did not appear in the model. Price of substitutes was excluded due to difficulty in constructing an adequate proxy for it. However population was included through the adjustment of number of spectators to the yearly population growth rate. The variables of non-standard demand variables reflected qualitative aspects that specifically affect demand for film products. These include: popularity of the director (*DirPop*), cast popularity

(CastPop) and genre (Gnr). Correlation analysis, linear and non-linear regression was applied. Ticket price was found to have a negative significant impact on number of spectators while consumer income had a negative impact on the number of spectators but was not significant. Cast popularity was found to be positively significant. Director's popularity on its own had a minimum impact but combining it with cast popularity resulted in a positive effect. For the genres thriller was found to be positively significant, comedy showed a negative significant effect while action, drama and animation yielded no significant correlations. The study acknowledged that there were variables which may be influential but were not used, these include: the film's budget, box office revenue, subsidy, piracy, price of substitutes, running time and awards and experts' opinion.

Suominen (2011) investigated factors explaining the weekly admissions in Finland in 2003. The main objective was to determine the effects of critics review and preceding week's admission on movie admissions. The explanatory variables investigated were critics, word of mouth, ticket price, number of screens and time factor/weeks since released. Panel data analysis was applied where both fixed and random effects were calculated. The study however found that the fixed effect model was the most suitable for explaining weekly movie admissions. The study found word of mouth, ticket price, number of screens and the time factor were all significant variables in explaining movie admissions. Critical reviews were found to be not significant. Word of mouth had a positive effect on movie admissions. The admissions were inelastic with respect to

screen while the price elasticity was -1. The time factor showed that the admission was highest during the first weeks.

Jang *et al.*, (2012) in an empirical analysis to determine factors influencing consumer behavior in movie media selection in Korea, sought to analyze the influences of utilitarian and hedonic experiential value which the consumers feel when they select the movie media. The study hoped to contribute ideas to the effort of converting the demand for illegitimate media to legitimate media. An offline survey of 248 respondents in their 10s' to 50s' was used to analyze the movie consumer behaviors. The degree of satisfaction with either theatre or online media was the dependent variable, while the independent variables included hedonic values of theater, hedonic values of online media and cognition of media fees which was used as the utilitarian value. Hedonic values of theater included large screen, sound system, facilities, newest movies and accompanying acquaintances. Hedonic values of online media included customer service, interactive communication, personalized information, diversity in genre and safety and ease of payment. Factor analysis, reliability analysis, and regression analysis were carried out on the variables. The study found that the hedonic experiential value of theaters positively influences consumers' satisfaction while the utilitarian value did not significantly influence their satisfaction in the case of theaters, while both utilitarian value and hedonic experiential value had significant influences on consumers' satisfaction with online media. The major weakness identified in the study is that it only focused on three media platforms: theaters, legitimate online media and illegitimate online media. It did not include IPTV, satellite TV, and mobile TV.

Han (2012) investigated the impact of living environment on online movie consumption, with an objective to find out whether a change in living environment has any influence on online movie consumption. The target population of the survey concentrated on the Chinese students pursuing bachelors, masters and PhD degrees in Netherlands.

A multiple linear regression was employed in this research.

$$\begin{aligned} Consumption = & \beta_0 + \beta_1 years_i + \beta_2 resgr_i + \beta_3 nonresgr_i + \beta_4 pastex_i + \\ & \beta_5 elder_i + \beta_6 female_i + \beta_7 bachelor_i + \beta_8 larcity_i + \epsilon_i \end{aligned} \quad (2.3)$$

The independent variables included number of years lived (years), whether the individual was a resident (resgr), whether the individual was a non-resident (nonresgr), past exposure (pastex), the age of the individual (elder), the gender (female), whether they were married (bachelor) and whether they lived in a large city (larcity). Ordinary least squares method was employed in this research. Years and nonresgr were found to have a significant positive influence on the online movie consumption. Watching frequency of the resident reference group and past exposures did not show an expected significant result in the model. The study also investigated the motivation of consuming online movies. Four primary motives were noted, they include cheaper price, plentiful choices, convenient to consume, and the common behavior of surrounding people. There are some limitations identified by the researcher in this study. First, the survey was only held among Chinese students and scholars in the Netherlands. Secondly, it

only considered socio-demographic factors leaving out economic determinants, such as price, price of substitute, and income.

Chambers (2013) while predicting the power of film attributes with respect to audience demographics used multiple linear regression to determine the spatial relationship between film attributes and gender/age demographic variables. Movie demographic data and film attribute data for wide release films was collected for the period 2010-2012 in Canada. Film attribute was the independent variable while gender/age cohorts were the dependent variables. The film attributes considered were the different genres and the film runtime. The study ran the model for each dependent gender/age cohort and produced three sets of outputs for each cohort. It then analyzed and compared the results both within and between study regions. The study hoped to achieve results which would guide allocation of newly released films to theatre markets. Results showed consistency in all regions and the study concluded that the film attributes can be used to predict audience demographic proportions. It was also observed that as the cohorts got older, the number of significant predictors decreased. The study however noted that film variables not used in the research may influence the audience proportion of older cohorts; these include the numbers of awards, actor appeal, film budget and season. Due to the use of aggregated data and the fairly concise and narrow selection of independent variables, the study acknowledged that it provided a limited analysis and thus analyzing at a smaller scale may produce different results. The study limited itself to specific Canadian theatre markets.

Masood (2015) undertook a microeconomic analysis of cultural preferences between local and foreign movies in France. The study sought to investigate how preference across varieties of an addictive good was influenced by a liking by consuming capital and preference of other individuals through social interactions. The dependent variable was consumers' preference between French movies and non-French movies. The independent variables of interest were education level, exposure with either variety of films, number of DVDs bought and income. The study used survey data from the French Ministry of Culture and Communication where a sample of 5,004 individuals had been randomly selected and interviewed in several French Metropolitan regions in 2008. The data was analyzed using a probit model and average marginal effects were interpreted. The study found that level of education and higher exposure with the local variety were both positively and significantly correlated with preference for the local variety. Number of DVDs bought was negatively and significantly correlated with preference for the local variety. Income was negatively correlated but was not significant. Social interaction was included by examining the impact of individuals belonging to a certain age-gender-occupation group. The study found that the significance of its effect highly depended on prior exposure and hence prior exposure was the main determinant of movie preference. If an individual had too much experience with the foreign variety, the social interaction term had no impact.

2.4 Overview of literature

From the theoretical literature reviewed, it was noted that consumers go through various stages in making purchase decisions. It was also found that there are social,

psychological and marketing influences which guide consumer choices. Film has been identified as a cultural good which is addictive because increases in past consumption raise current consumption. It was also noted that a good may be addictive to some persons but not to others, and a person may be addicted to some goods but not to other goods. It has also been found that a consumer is not aware of his taste but he can learn it through repeated exposures and that past exposure plays an important role in explaining the consumption of cultural goods since it can lead to a better purchase decision in the future. Taste for arts is acquired or discovered as the rate of art consumption increases over time with exposure.

There is evidence of emotional influence on the purchasing decision of film consumers and thus the need to incorporate this aspect in analyzing the consumption of films as well as social-demographic and economic variables. Most studies used either one aspect or two and no study was able to model economic variables, social-demographic variables and variables pertaining to cinema/film demand together. Variables widely used include; age, gender, price, consumption convenience, watching frequency, education, type of film (genre), reviews, director and cast popularity, income, advertising and substitutes. It was also observed that majority of studies applied regression analysis (Fernández-Blanco and Pino, 1997; Neelamegham and Jain, 1997; Pautz, 2002; Vegas, 2009; Suominen, 2011; Jang *et al.*, 2012; Han, 2012; Chambers, 2013; Masood, 2015). A few used correlation analysis (Maxfield, 2003; Vegas, 2009). For the source of data, majority of studies used surveys data (Neelamegham and Jain, 1997; Maxfield, 2003; Jang *et al.*, 2012; Han, 2012; Chambers, 2013; Masood, 2015). Others used cinema attendance statistics (Fernández-Blanco and Pino, 1997; Pautz,

2002; Vegas, 2009; Suominen, 2011). This information is not available in Kenya. The empirical studies reported different results concerning the effect of the variables. It is also observed that no empirical study has been done in Kenya as far as consumption of locally produced films is concerned.

CHAPTER THREE

METHODOLOGY

3.2 Introduction

This chapter presents the research design, the conceptual framework that was used as a foundation for the estimation model, the model that was estimated and description and measurement of variables. It also contains a discussion of the data types, sources of data, data collection technique and methods used in data analysis.

3.2 Research design

The objective of this study was to identify factors that affect demand for locally produced films in Nairobi County. The study adopted a non-experimental research design since there was no manipulation of the participants or the variables. Quantitative and qualitative data was collected. Data was obtained from primary sources through interviews guided by a questionnaire. Stratified and purposive sampling was used to select a sample of respondents. Quantitative techniques that involved descriptive and regression analysis were employed on the data.

3.3 Conceptual framework

Film in nature being an experiential good cannot be treated with traditional criteria since it involves a greater affective component, hedonistic criteria and customers' personal characteristics (Babin *et al.*, 1994). Combining the output from traditional market research studies that use psychometric methods to understand consumer

perceptions with econometric choice models yields both powerful insights and predictions (Neelamegham and Jain, 1997; McFadden, 1986). The fact that film is a hedonic and experiential good creates the need for an integrated modeling approach which combines psychological variables and processes with a discrete choice formulation (Cortsjens and Gautchi, 1983; McFadden, 1986 and 1991; Winer, 1989; Ben Akiva, *et al.* 1994).

To conceptualize the model, the study adopted a model used by Neelamegham and Jain (1997), whose study investigated consumer choice processes for experience goods using econometric analysis. The framework was modeled based on previous research of consumer purchase decision processes (Engel and Blackwell, 1982; Howard and Sheth, 1969; Nicosia 1966). Consumers choose from a set of experience goods, whereby choice is a function of informational inputs, pre-choice expectations and consumer characteristics. They have limited tangible cues to quality prior to choice and therefore rely on psychological bases such as expectations and perceptions of brands. They also confer with previous consumers of the product to receive word of mouth inputs and reviews by experts. They also consider their own tastes and informational inputs such as advertising (Austin, 1989; Mahajan, Muller and Kerin, 1984). Other characteristics included in the model were consumers' innovation disposition and genre preferences (Eliashberg and Sawhney, 1994). The consumers' innovation disposition represents the ability to learn and adopt new products within a specific domain of interest and is closely linked to the information sources sought and used by individuals to make choice decisions (Goldsmith and Hofacker, 1991; Midgley and Dowling, 1993).

Specifying a discrete choice model that incorporates the variables discussed above, it is assumed that each consumer n has a feasible choice set C , with a fixed number of alternatives. Customer n 's utility for alternative i , u_{ni}^* , is represented as a function of the indirect utility (v_{ni}^*) and the random error component (e_{ni}).

$$\text{Utility function} \quad u_{ni}^* = v_{ni}^* + e_{ni} \quad (3.1)$$

Assuming linearity in parameters in the function for v_{ni}^* , the indirect utility function v_{ni}^* can be stated as a function of: movie specific constants, genre preferences, pre-choice expectations, word of mouth and critic reviews combined with individual's innovation disposition scores. A set of unknown parameters (denoted by β) which reflect the impact of each of these variables on the movie choice decision, can then be estimated on the basis of a linear function of v_{ni}

$$v_{ni} = \beta_{0i} + \beta_1 G_{j,ni} + \beta_2 p_{ni}^* + \beta_3 (c_{ni}) * (ln *) + \beta_4 (w_{ni}) * (ln *) \quad (3.2)$$

Where: G is genre preferences, p is pre-choice expectations, c is critical reviews, w is word of mouth and ln is innovation disposition. The interactions $(c_{ni}) * (ln *)$ and $(w_{ni}) * (ln *)$ which represents critic reviews with innovation disposition and word of mouth with innovation disposition respectively, imply that the influence of critic reviews and word of mouth on movie choice is mediated by individual's predisposition to innovate.

Consequently u_{ni}^* in equation (3.1) can be expressed as:

$$u_{ni}^* = \beta_{0i} + \beta_1 G_{j,ni} + \beta_2 p_{ni}^* + \beta_3 (c_{ni}) * (\ln *) + \beta_4 (w_{ni}) * (\ln *) + e_{ni} \quad (3.3)$$

Therefore utility is a function of genre preferences, pre-choice expectations, informational inputs, and consumer characteristics. Genre preferences are guided by consumer's characteristics (Austin and Gordon, 1987; Tamborini, Stiff and Zillmann, 1987; Fiscoff, Lewis and Antonio, 1997; Oliver, Weaver and Sargent, 2000). Pre-choice expectations are guided by the quantity consumed previously which depends on the frequency by which a consumer watches films (Becker and Murphy, 1988; Lévy-Garboua and Montmarquette, 1996; Masood, 2015). Informational inputs include word of mouth and critic reviews whose influence depends on consumer's characteristics (Moon, Bergey and Lacobucci, 2010; Jeon and Jiao, 2012). The consumer characteristics that influence film consumption include sex, age, income, education, expenditure on films (Vegas, 2009; Han, 2012; Chambers, 2013; Masood, 2015) and the consumer's preference of film consumption hedonic environment (Jang *et al.*, 2012; Herlina, 2012).

While the utility is not observable, the alternative chosen by each individual is observed. Based on the specification of the utility function,

$$\text{Choice Decision} \quad C_{ni} = 1 \text{ if } u_{ni}^* > u_{nj}^* \quad \forall j \neq i \quad (3.4)$$

The probability of alternative i being chosen by individual n is as follows

$$\text{Choice Probability} \quad P(C_{ni} = 1) = Pr [u_{ni}^* > u_{nj}^*] \quad (3.5)$$

This implies that the probability of an alternative being chosen over another, depends on the amount of utility derived from the two products, whereby utility is a function of consumer characteristics.

3.4 Empirical model

Following the conceptual arguments in section 3.3, the literature reviewed and considering the study's scope of study, film preference was expressed as a function of sex of an individual, age of an individual, education level of an individual, income of an individual, frequency of watching films by an individual, place of watching films preferred by an individual, individuals' expenditure on local films and individuals' expenditure on foreign films as follows

$$FPREF = f(SEX, AGE, EDU, INC, FREQ, PL, EL, EF) \quad (3.6)$$

where: *FPREF* film preference of an individual, *SEX* is the sex of an individual, *AGE* is the age of an individual, *EDU* is the education level of an individual, *INC* is the income of an individual, *FREQ* is the frequency of watching films by an individual, *PL* is the place of watching films preferred by an individual, *EL* is expenditure on local films by an individual, *EF* is expenditure on foreign films by an individual.

A logit model of the function was estimated and it was expressed as

$$\ln \frac{p}{1-p} = \beta_0 + \beta_1 SEX + \beta_2 AGE + \dots + \beta_8 EF \quad (3.7)$$

Where *p* is probability that an individual will prefer local films, *1-p* is probability that an individual will prefer foreign films, *ln* is natural logarithms, β_0 to β_8 are the parameters that were estimated and ε_i is the error term of the model

3.5 Description and measurement of variables

Film preference represents the consumer's choice between locally produced films and foreign produced films. It was captured by a dummy variable where 1 was equated to locally produced films and 0 for foreign produced films.

Sex is the gender of respondents captured by a dummy variable where 1 was equated to male and 0 was equated to female.

Age represents the respondent's age and was measured in years.

Education represents the highest level of education reached by the respondents. The levels were primary, secondary, college and university and they were represented by ordinal variables 1, 2, 3 and 4 respectively.

Income represents the gross earnings of the respondents measured by monthly income in Kenya shillings.

Frequency of watching films represents the number of days the respondents watched films in a week and was measured by the number of days indicated.

Place of watching represents the locations that respondents prefer to watch films between public places and private places. It was captured by a dummy variable where 1 was equated to private places and 0 was equated to public places

Source of Information about locally produced films represents the platforms by which a respondent accessed information about local films between word of mouth, internet, print media and Television.

Actors' characteristics were used to capture the influence of actor's star attribute, actor's previous performance and actor's age group on consumption choice. The level of influence was measured by an ordinal scale of 1 to 3.

Reviews is used to capture the influence of comments made by previous consumers on film consumption choice. The level of influence was measured by an ordinal scale of 1 to 3.

Genre preferences represents the type of films a respondent likes in form of the narrative elements like story and treatment of the films. The categories included comedy, action/war, horror, musical/dance, drama, science fiction and epics/historical.

Means of accessing local films represents the platform and locations by which a respondent accesses local films. The categories included free in multimedia devices, purchasing disks, visiting cinemas and accessing via the internet.

Expenditure on local films represents the average amount of money the respondent was spending to access a unit of a local film. It was measured in Kenya shillings.

Expenditure on foreign films represents the average amount of money the respondent was spending to access a unit of a foreign film. It was measured in Kenya shillings.

3.6 Study area

The study was conducted in the county of Nairobi, which is the capital city of Kenya. The county has an area of 696 km² and has a population of 3,138, 369. The county has 4 regions/districts; Nairobi West, Nairobi East, Nairobi North and Westlands (Republic of

Kenya, 2014). The choice of county was guided by the fact that it plays host to majority of cinemas and movie outlets in Kenya and thus residents are exposed to relevant facilities and information. The county also plays host to a diverse cultural and social-demographic population.

3.7 Sampling technique and size

A sample size of 384 respondents was chosen based on Fisher's formula as used by Mugenda and Mugenda (2003) in sample size determination. The formula is expressed as

$$n' = \frac{Z_{\alpha}^2 \times p(1-p)}{d^2} \quad (3.8)$$

Where: n' is the desired sample size, Z_{α} is the degree of confidence taken as 1.96 at 95%, d is the level of statistical significance taken as 0.05 and p is the proportion of the target population estimated to have the characteristic being measured (in this study the sample entailed individuals who watch both foreign and local films whose proportion in the population is unknown and hence taken as 0.5 at 50%). The resulting sample size is demonstrated below

$$n' = \frac{Z_{\alpha}^2 \times p(1-p)}{d^2} = \frac{1.96^2 \times 0.5(0.5)}{0.05^2} = 384.16$$

The figure was analyzed further by including population in sample size determination through a formula proposed by Israel (1992) which is expressed as

$$n = \frac{n'N}{1 + \frac{n'-1}{N}} \quad (3.9)$$

Where: n is the sample size, N is the accessible population (for this study the population of Nairobi is 3,138,369), n' is the sample size obtained in equation 3.8. The resulting sample size is

$$n = \frac{n'N}{1 + \frac{n'-1}{N}} = n = \frac{384.16 \times 3138369}{1 + \frac{384.16 - 1}{3138369}} = 384.11$$

A sample of 384 respondents was therefore used. The county was stratified into the 4 geographical regions identified in section 3.6; they include Nairobi West, Nairobi East, Nairobi North and Westlands. From the 4 regions, the number of respondents was selected proportionally considering the population of each region. According to Republic of Kenya (2014), Nairobi West consists of 21.8 percent of the total population, Nairobi East has 36.5 percent, Nairobi North has 33.8 percent and Westlands has 7.9 percent. Therefore among the 384 respondents, Nairobi West provided 84 respondents, Nairobi East provided 140 respondents, Nairobi North provided 130 respondents and Westlands provided 30 respondents. Within each region, purposive sampling was used to ensure fair representation across sex and age of the respondents.

3.8 Data type and source

The study used primary data of qualitative and quantitative nature from residents of Nairobi County.

3.9 Data collection

Data was sourced from 384 respondents during the month of August of the year 2015. Information was gathered by interviewers who were guided by a structured questionnaire. The interview method was preferred because it has a high response rate and fact that the interviewer is able to observe non-verbal responses. The method also allows for clarification of questions. 400 questionnaires were used so as to avoid problems with incomplete or spoilt questionnaires. This ensured that incase some questionnaires got lost or were destroyed there were enough questionnaires to be used in the analysis; it also ensured that only the correctly filled questionnaires were used.

3.10 Data cleaning, coding and refinement

Data was verified and cleaned to ensure only correctly filled questionnaires were used. Qualitative data of categorical nature were assigned dummy variables while those of ordinal nature were assigned ordinal numeric variables. The continuous data were grouped at varying intervals and the midpoint for each group was used. The data was then coded, refined and entered into a spreadsheet document from which it was analyzed using computer statistical software.

3.11 Data analysis

To determine the consumption behavior of residents of Nairobi County on locally produced films, the study used descriptive analysis. It analyzed preference for locally produced films across sex, age, education and income. It also investigated sources of

information about locally produced films, genre preferences of local films, means of accessing local films, watching frequency of local films, place of watching local films, influence of reviews and actors' characteristics on choice of local films and expenditure on local films. To find out which factors determine the demand for locally produced films, the study used regression analysis whereby the preference of the respondents between local and foreign films was the dependent variable while factors that affect demand for films were the independent variables. The aim of the analysis was to determine the effects of age, income, frequency of watching films, expenditure on local films and expenditure on foreign films on film preference. The analysis also sought to find out whether there were significant differences in film preference between males and females, and whether education levels of respondents and the places people preferred to watch films affected their film preferences between locally produced films and foreign films. A Logit model was used because it is recommended for binary dependent variables, its ability to handle non-linear effects and the fact that it gives probabilities that lie between 0 and 1. It is also easier to use and interpret (Cox and Snell, 1989; Hosmer, Hosmer and Lemeshow, 1997). Maximum likelihood estimation technique was applied to estimate the parameters. This technique gives estimators that are unbiased, consistent, normally distributed and efficient.

CHAPTER FOUR

EMPIRICAL FINDINGS

4.1 Introduction

This chapter contains the findings of the study. This entails a descriptive analysis of the respondents interviewed and an analysis of the consumption behavior of locally produced films. Logit regression results are also presented followed by their interpretation and discussion.

4.2 Descriptive Analysis of the Data

This section contains a discussion of the social demographic characteristics of the respondents sampled. These characteristics include sex, age, income and education. This analysis provided information about the composition and distribution of the social variables among the respondents. The section also contains the overall film preference of the respondents and an analysis of collinearity of the variables to be used in the regression model.

4.2.1 Response Rate

Out of the 400 questionnaires issued there was a response rate of 98 percent where 393 questionnaires were filled. Among the 393 questionnaires there were questionnaires which were incorrectly filled and some which had missing entries. To arrive at 384, the questionnaires were evaluated to ensure use of only those containing complete and correct entries in questions which investigated the key variables of study.

4.2.2 Sex of the Respondents

The sex of the respondents was considered so as to examine the preference of films between males and females. Table 4.1 presents the findings about the sex of the respondents.

Table 4.1: Sex of the Respondents

Sex	Respondents	Percentage
Male	196	51
Female	188	49

The number of male respondents was 199 representing 51.8 percent while female respondents were 185 representing 48.2 percent. The numbers were chosen proportionately based on the proportionate difference in males and females in Nairobi County. The total number of males in Nairobi is 1,605,230 while females total 1,533,139 (Republic of Kenya, 2014), therefore the number of male respondents sampled in this study was slightly more than number of female respondents.

4.2.3 Age of Respondents

The age of the respondents was considered so as to reveal the variation of film preference between different age groups and to give an indication of whether age is important in influencing choice of film by residents of Nairobi County. Table 4.2 presents the age distribution among the respondents interviewed.

Table 4.2: Age of the Respondents

Age	Total	Percentage
18 – 24 years	141	36.72
25 – 29 years	93	24.22
30 – 34 years	64	16.67
35 – 39 years	38	9.90
40 – 44 years	23	5.99
45 – 49 years	16	4.17
50 years and above	9	2.34
TOTAL	384	100

The largest age group was for those between 18-24 years representing 36.72 percent of the total respondents while the smallest age group was for those above 50 years representing 2.34 percent of the total respondents. The numbers reflect the proportionate age differences in Nairobi County. The numbers also correspond to film viewership trends along age groups where younger age groups watch films more than older age groups (Kenya Film Commission, 2010; Fischhoff *et al.*, 1997).

4.2.4 Level of Education of Respondents

The education of respondents provided information on how films were being consumed based on the highest level of education reached by the respondents. This information also guided the study in investigating whether literacy and exposure to diverse languages and cultures had an influence on film preference. It also enabled determination of the effect of increase in education on choice of film. Table 4.3 presents the highest level of education reached by the respondents.

Table 4.3: Highest level of education reached by the respondents

Education level	Total	Percentage
University	109	28.4
College	166	43.2
Secondary	99	25.8
Primary	10	2.6
Total	384	100

The majority of respondents indicated that they had reached college level followed by those who had reached university level. The smallest proportion was for those whose highest level or education reached was primary level. This suggests that majority of respondents had been exposed to different cultures and languages.

4.2.5 Income of Respondents

The income of individuals was considered to examine whether choice of film varies across different income groups. The information guided the study to establish whether residents purchasing ability affected the demand for locally produced films. Table 4.3 presents the income distribution of the respondents.

Table 4.4: Gross income of the respondents

Income Bracket	Total	Percentage
0 – 10,000	91	23.7
10,001 – 20,000	128	33.33
20,001 – 50,000	105	27.34
50,001 – 100,000	50	13.02
100,001 -150,000	7	1.82
150,001 and above	3	0.79
Total	384	100

From Table 4.4, majority of respondents indicated that they earn a gross income that ranges between Kshs 10,000 and Kshs 20,000. This represented 33.33 percent of the total respondents. The smallest proportion was for those who indicated that they earn Kshs 150,001 and above, representing only 0.79 percent. This is a true representation of the county's income distribution, where majority of individuals belong to the lower and middle class, with the upper class having the smallest proportion (Republic of Kenya, 2014). These results suggest that there were a significant proportion of residents in Nairobi County who had the ability to buy films

4.2.6 Film Preference among the Respondents between Local Films and Foreign Films

This section presents the film preference of the respondents. This analysis sought to find out which films residents of Nairobi County preferred between local and foreign produced films. Respondents indicated their level of preference on a likert scale where the highest level was for those who strongly preferred locally produced films while the lowest level was for those who strongly preferred foreign produced films. Those at the middle level were categorized based on how much they were spending on either category of films and their genre preferences. The data collected from the 384 respondents revealed that the majority of Kenyans are consuming more of foreign productions over local productions. Figure 4.1 presents the overall film preference of the respondents.

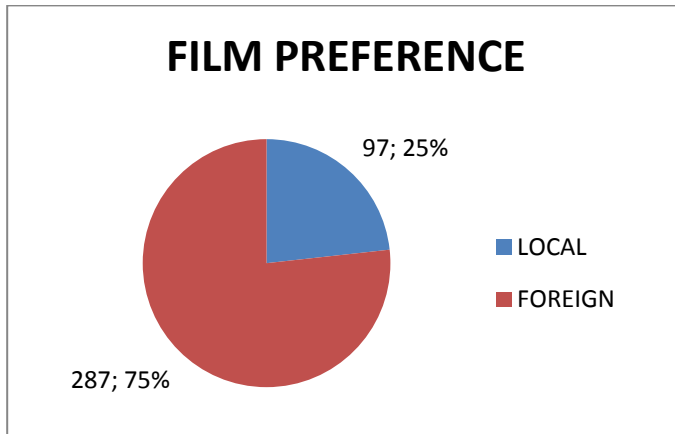


Figure 4.1: Preference between Local Films and Foreign Films

As seen in the Figure 4.1, only 97 individuals, representing 25 percent of the total indicated that they prefer local films over foreign films. 287 respondents, representing 75 percent of the total respondents indicated that they prefer foreign films. This indicated that local films are the least popular films among residents of Nairobi County.

4.2.7 Analysis of Collinearity between Explanatory Variables

To determine factors that affect demand for locally produced films a logit model was adopted. Analysis of collinearity was done for the explanatory variables to be included in the model. It provided information about the degree of linear association of the variables to determine whether any of the variables would present a problem of multicollinearity. The analysis involved calculating the tolerance value and the variance inflation factor for each variable. A tolerance value of less than 0.20 and/or a variance inflation factor of 5 and above would indicate a multicollinearity problem (O'Brien, 2007). Table 4.5 presents the collinearity statistics.

Table 4.5: Collinearity Statistics

Variables	Tolerance Value	Variance Inflation Factor
Sex	0.944	1.059
Age	0.570	1.753
Education	0.773	1.294
Income	0.605	1.653
Watching frequency	0.791	1.264
Place	0.934	1.071
Expenditure on Local Films	0.617	1.621
Expenditure on Foreign Films	0.629	1.590

None of the variables had a tolerance value of less than 0.20 or a variance inflation factor of 5 and above. This indicates that none of the variables were significantly linearly correlated. Therefore the explanatory variables were not affected by the problem of multicollinearity. This meant that it was safe to run a regression with all the explanatory variables indicated above.

4.3 Empirical results

This section contains the research findings on each of the objectives of the study which entailed an analysis of the consumption behavior of Nairobi residents on locally produced films and an investigation of the determinants of demand for locally produced films in Nairobi County.

4.3.1 Consumption behavior of residents of Nairobi County on locally produced films

This section presents a discussion of consumption behavior of residents of Nairobi County on locally produced films. The 97 individuals who stated that they prefer locally produced films were subjected to further analysis to characterize them. Preference for local films was analyzed across the social demographic characteristics of the respondents. Consumption choices were analyzed in form of the places respondents preferred to watch local films and their genre preferences. The study also investigated the influence of actors' characteristics and film reviews on film choices. The analysis also sought to find out the sources of information on local films, how local films were being accessed and the amount of money respondents spent on consumption of a unit of a local film. These results revealed the consumption characteristics of local film consumers and the variability of preference across different categories of consumers.

4.3.1.1 Preference for Locally Produced Films across Sex

A descriptive analysis was done to establish the preference for local films between males and females in Nairobi by use of cross tabulation. This information guided the study in determining whether sex of individuals affected demand for locally produced films.

Table 4.6: Local Film preference by sex

Sex Category	Respondents who Prefer Local Films	Percentage
Male	35	36
Female	62	64
Total	97	100

Table 4.6 shows that 35 out of the 97 individuals who prefer local films are male representing 36 percent. Female who prefer local films were 62 representing 64 percent. This indicates that locally produced films are more popular with females than with males. This suggests that local films have content that appeal more to females than to males. This also implies that genres that are more popular with females are available in local productions. According to Tamborini *et al.*, (1987) there is a difference in the type of films enjoyed by men and women based on genre and content. Females are more likely to enjoy sad films especially those with a family related themes while males are more likely to prefer violent and action packed media (Oliver *et al.*, 2000; Kremer and Green, 1999)

4.3.1.2 Local Film preference by age

An analysis of local film preference across the age of respondents was done. This involved an investigation of how many respondents prefer local films in each age category. This information provided the study with knowledge of the variation of movie preference across different age groups. The results are presented in Table 4.7 below.

Table 4.7: Local Film preference by age

Age Category (Years)	Respondents who prefer local films	Total Number of respondents in Age category	Percentage
18 – 24	22	141	15.6
25 – 29	21	93	22.6
30 – 34	18	64	28.1
35 – 39	17	38	44.7
40 – 44	9	23	39.1
45 – 49	7	16	43.8
50 and above	3	9	33.3
Total	97	384	

From Table 4.7, the study observed a trend whereby as age increased there was increased preference of local films up to the age group of 35-39. It then dropped for the 40-44 age group, rose for the 45-49 age group before dropping further for individuals 50 years and above. On overall, it was observed that older age groups prefer local films more than the younger age groups. Unesco Institute of Statistics (2013) stated that majority of films produced worldwide today target the youth market which seems to be a different case for Kenya where local films seem to target older age groups. This implies that older age groups find stories they can relate to in local films as compared to younger age groups. Therefore genres popular with younger age groups are rarely found in local films. Several studies have noted that there are significant differences in genre preferences across age groups (Fischhoff *et al.*, 1997; Fischhoff, 1998). Younger age groups prefer action-adventure, animation, horror and thriller movies while older age groups prefer drama and romance genres because as people get older they are more

impressed by matters of the heart and humanity than by matters of violence, mayhem and fantasy (Fischhoff, 1994)

4.3.1.3 Local Film preference by Level of Education

The study sought to find out the preference of local films by the respondents based on the highest level of education they had reached. This involved analyzing how many respondents prefer local films in each education category. This guided the study in determining the effect of literacy and language exposures on demand of local films.

Table 4.8: Local Film preference by Level of Education

Education Category	Respondents who prefer local films	Total respondents in education category	Percentage
University	11	109	10.1
College	48	166	28.9
Secondary	35	99	35.4
Primary	3	10	30
Total	97	384	

For those who had reached university level, only 10.1 percent indicated that they prefer local films. A small percentage is also observed on those who have reached college level with 28.1 percent indicating they prefer local films. Those who have reached secondary level had the highest percentage of 35.4 while those who had reached primary level were 30 percent. The results show that as individuals acquire higher levels of education preference for locally produced films reduces. People who have reached

college and university are more exposed to different languages and cultures compared with those who have reached secondary and primary level. Individuals who have limited exposure to different cultures and languages therefore prefer local films more than the well exposed groups. For the secondary level, the percentage of those who prefer local is higher than both college and university levels. This implies that there is a much lower level of exposure for this group. This can be attributed to the fact that though they have been exposed to different languages, their level of culture exposure is limited. The same was observed on those who had reached primary level where there is limited exposure to both languages and culture. According to Bloom (1976) the more people are exposed to school programs, media and friends the more they get consumer education and as a result they acquire information about market characteristics, product variation and services. Therefore as people get more educated they are able to know alternative films which may reduce their consumption of local films.

4.3.1.4 Local Film preference by Income Level

An investigation of the preference of respondents was done based on their gross income levels. This involved analyzing how many respondents prefer local films in each income category. This analysis provided information on the consumption behavior of local films across income levels of the respondents.

Table 4.9: Local Film preference by income Level

Category (Income in Kshs)	Respondents who prefer local films	Total Respondents in Income Category	Percentage
0 – 10,000	23	91	25.3
10,001 – 20,000	34	128	26.6
20,001 – 50,000	33	105	31.4
50,001 – 100,000	6	50	12
100,001 -150,000	0	7	0
150,001- above	1	3	33.3
Total	97	384	

The highest percentage of individuals who prefer local films were those earning above Kshs 150,001, where 33.3 percent indicated they prefer local films. Those earning between Kshs 20,000 and 50,000 came second with 31.4 percent. The lowest percentage was for those earning between Kshs. 100,001 and 150,000. None of them indicated that they watch local films. No common trend was observed between change in income levels and preference. This suggests that other related factors would play a role in determining the effect of income on movie preference. One factor is the place of watching where even though individuals earning higher incomes could afford visiting cinemas it would not be possible to determine whether they were actually visiting cinemas or purchasing discs. Another factor is piracy whereby though individuals earning higher incomes could afford original films, it would be hard to determine whether they were actually purchasing original or pirated films. Films have been defined as normal goods because their demand increases as income increases (Chisholm

and Norman, 2002), but for the locally produced films income of Nairobi residents seems to have no effect on preference. IBISWorld (2015) noted that movie attendance is a leisure activity which relied on household disposable income levels, which in turn is affected by employment rates, taxes and the state of the economy. The results suggest that Kenya’s economic conditions are likely not to have any effect on film preferences across different locally produced films in Nairobi.

4.3.1.5 Watching frequency of Locally Produced Films

An investigation to find out the frequency of watching films by the respondents was done. The respondents were asked to state how many days in a week they watched films. The aim was to find out the watching trends of Nairobi residents and determine whether it influenced choice between local and foreign films. This guided the study in estimating whether watching frequency affected the demand of local films.

Table 4.10: Frequency of watching films in a week

Days	1	2	3	4	5	6	7	Total
Respondents	22	22	13	9	9	2	20	97
Percent	22.7	22.7	13.4	9.3	9.3	2.1	20.6	100.0

From Table 4.10, majority of respondents indicated that they watch films either one or two days in a week. Both days were mentioned by 22.7 percent of those who prefer local films. This was followed by those who watch films 7 days in week representing 20.6 percent of respondents. The smallest percentage of 2.1 indicated that they watch films 6 days in a week. The study found that in general Nairobi residents are regular

film consumers. In section 4.2.6, the study had found that the majority of Nairobi residents prefer to watch foreign productions. This implies that even though residents watch films regularly, the majority of films being watched are not local. This is an indication that local films are not regularly available or are relatively few compared with non-local productions. There was no common trend observed between changes in number of days and frequency of respondents. These results suggest that Nairobi residents have varying film viewership trends which may be affected by personal factors like leisure time availability. Herlina (2012) found that watching films depends on ease and personal schedules and this causes an increase in moviegoers on holidays and days off. This is evident from the above results where majority indicated they watch films either one or two days in a week.

4.3.1.6 Place of watching

Respondents were also asked to mention the places they prefer to watch films from. They were asked to choose between public places like cinemas, conferences, seminars, festivals and private places like homes and offices. This guided the study in finding out the most convenient location of viewing local films by Nairobi residents. It also provided information on whether places of film viewing had determined the consumption of local films. This information would also guide producers in packaging their film products into either disk format or projection format. This is guided by the fact that those who prefer private places receive the films via disk format while those who prefer public places enjoy projected films. The results are presented in Table 4.11.

Table 4.11: Places people prefer to watch Local films

Places of Watching	Respondents	Percentage
Public Places	8	8.25
Private Places	89	91.75
Total	97	100.0

A large majority indicated that they prefer to watch films in private places like home, car and office. This is shown in Table 4.14 where 91.75 percent choose private places over public places. Those who prefer public places were only 8.25 percent of respondents. This implies that residents of Nairobi consider convenience in consuming films and would rather stay at home than plan to attend a cinema. This would be caused by the few number of cinemas available or the fact that residents are busy and have no time to attend cinemas. For locally produced films in Kenya, only low budget films are readily available in disk format while the high budget films are usually showcased in cinemas. Non-local films are readily available in both formats. This means that Kenyans are usually consuming either low budget local productions or non-local productions. Local high budget films producers in Kenya fear piracy and that is why they don't package their films in disks. Low budget films however face relatively low piracy due to their low price and that is why they are available in disk format. Studies have shown that technology diffusion in form of large screen televisions, home cinema projectors and internet have reduced cinemagoers as they make it possible for the cinema experience to be available in homes (Silver and McDonnell, 2007; Pew Research center, 2006). Herlina (2012) divides consumers into two segments. The first segment consists of movie lovers who do not mind watching movies alone and the movie they watch is determined by their own decision. The reason they watch a movie

is to get the meaning and values of life. The other segment consists of consumers who use film as a means of entertainment and therefore going to the cinema is just an alternative place to spend time with friends. They may consider the choice of film to watch but the important thing is the togetherness they experience with friends. The findings suggest that Nairobi residents who watch local films are doing so to learn about life values and not as a form of entertainment or socializing.

4.3.1.7 Source of Information about Locally Produced Films

An investigation of sources of film information was done to find out where residents were receiving information about newly released films and features of available films. The respondents were asked to mention one or more ways by which they received information about local films. The categories were word of mouth, internet, print media and TV. This information guided the study in finding out the access of film information of Nairobi residents. It would also guide producers in marketing and advertising their products. The response from the respondents is presented in Table 4.12.

Table 4.12: Source of Information about Locally Produced Films

Source of information	Respondents	Total	Percentage
Word of Mouth	55	97	56.70
Internet	44	97	45.36
Print media	16	97	16.49
TV	37	97	38.14

Majority of respondents (56.70 percent) indicated that they get information about films from word of mouth. This includes information from peers and movie sales persons.

This can be attributed to the low cost of this source of information. The findings imply that conversations whether social or commercial have a high influence on which films will be consumed. 45.36 percent indicated that they get information from the internet. This can be attributed to the low cost of marketing films via the internet compared with other paid platforms and the wide reach of internet marketing which is worldwide. In the internet, consumers will also find information about professional ratings, comparison and reviews of films and will therefore choose this option over other platforms. 38.14 percent indicated they get the information from TVs. To the consumers, this source of information is provided free of charge provided they can access television. They will therefore choose this option over paid services like internet and newspapers. It is however inconvenient as it depends on the advertising schedule of the TV stations and therefore consumers may not get information at will. They may also miss important information about films especially when it is shown at a different TV station other than the one they are watching or when it is shown during times when the consumer is not viewing. For the producer it may be costly to use this platform in advertising their products and it may limit the amount of information they can provide. 16.49 percent of the respondents indicated that they receive information from newspapers and magazines. This can be attributed to the low consumption of print media due to their high cost and their availability on the internet. This platform may also not provide enough information as the producers may be limited in the amount of information they can share.

Several studies have found word of mouth very influential in movie consumption.

Suominen (2011) while analyzing movie admissions in Finland found that word of mouth had a positive and significant effect on movie admissions. Word of mouth is seen as a powerful and trusted source of information because consumers find messages more believable from people they know and because people giving their opinion have nothing to gain financially (Tuohimaa, 2010). It is for this reason that movie studios give opinion leaders free access to their products hoping that it will stimulate positive word of mouth (Eliashberg, Elberse and Leenders, 2005). Internet on the other hand is seen as a growing source of information and has the advantages of having a worldwide reach, and being a faster and less expensive way to advertise compared to TV and print media (Tuohimaa, 2010). The high cost of TV and print media advertising has the advantage of assuring high quality of production as films expected to be great are highly advertised (Spreng, Scott, and Olshavsky 1996). Studies have found a relationship between high advertising expenditure and high movie revenues (Prag and Casavant, 1994; Zufryden, 1996; 2000). Jeon and Jiao (2012) however noted that when movie studios promote their movies through advertisements, they exaggerate and therefore consumers do not believe the merits stated in the adverts and have to collect further information.

4.3.1.8 Influence of Actors' Characteristics on Consumer's Film Preference

An analysis of how actors' characteristics influence choice of film was done. The respondents were asked the extent to which actors' characteristics influenced their choice of film. The extent of influence was measured with a likert scale ranging from 1

to 3, with 1 being not influential, 2 being slightly influential and 3 being very influential. The findings are presented in following sections.

a) Influence of Star Attribute of Actors on Consumer’s Film Preference

The study investigated whether actors who were regarded to be big celebrities in entertainment industries had an influence on movie choice. This information is provided in Table 4.13 below.

Table 4.13: Influence of Star attribute

	Respondents	Percentage
Not Influential	21	21.6
Slightly Influential	47	48.5
Very Influential	29	29.9
Total	97	100.0

A big majority of the respondents indicated that they were slightly influenced by the star attribute of actors. This represented 48.5 percent of the respondents. 29.9 percent indicated that the star attribute was very influential while 21.6 percent indicated that it was not influential. In general the star attribute was found to be slightly influential in determining choice of local film. This shows that the celebrity status of local actors does not influence consumption of local films. Studies have presented different views in regards to the influence of star actors, with some like Bagella and Becchetti (1999) saying it is influential while others like McKenzie (2009), Davide, Jacopo and Cesare (2014) reporting that it’s not important. According to Caves (2003) movies are complex goods and are produced from many creative inputs and it’s therefore hard to examine the direct impact of individual. Maxfield (2003) while analyzing the movie-viewing

audience in Florida found that there was high correlation between movie-viewing choice and movie stars. Vegas (2009) found that cast popularity was positively significant in determining domestic demand for Spanish cinema.

b) Influence of Actors’ Previous Performance on Consumer’s film preference

The influence of previous performance of actors was investigated. Respondents were asked whether the performance of actors in previous productions they had seen would influence their choice of future films that contain the same actors. This would reveal the respondents awareness of local actors. It also revealed whether respondents evaluate the performance of actors in local films. It further provided information about the influence of experience considering the fact that film is an experience good. Table 4.14 presents information about the influence of actors’ previous performance.

Table 4.14: Influence of previous performance

	Respondents	Percentage
Not Influential	14	14.4
Slightly Influential	54	55.7
Very Influential	29	29.9
Total	97	100.0

The study found that in general previous work of actors was influential in determining choice of film. Majority of respondents, representing 55.7 percent of the total, indicated that it was slightly influential. 29.9 percent indicated that it was very influential, with only 14.4 percent indicating that it was not influential. This implied that film consumers in Nairobi evaluate the work of actors in films. This suggests that films containing actors who had other good productions were likely to sell more than films whose actors did not have good productions but not to a great extent. This also implied that a film

with relatively new actors is likely to get a bad perception due to consumer's unfamiliarity with the actors. These findings are contrary to Tuohimaa (2010) who while analyzing movie marketing, noted that a movie does not need people who are well known actors to be successful.

c) Influence of Actors' Age Group on Consumer's film preference

The influence of age of actors was also investigated. This sought to find out whether respondents considered the age group of actors in a local film when choosing which film to watch. Older age groups are likely to relate with older actors and vice versa. The study sought to find out whether the same happens with residents of Nairobi County. This provided information which would guide the film producers in marketing and selling their films, whereby if they want to market a film to a certain audience; they would showcase the actors whose age matches that of the audience.

Table 4.15: Influence of actors' age group

	Respondents	Percentage
Not Influential	31	32.0
Slightly Influential	48	49.5
Very Influential	18	18.6
Total	97	100.0

The presence of actors of similar age groups to the respondents was shown to have little influence on film selection, where only 18.6 percent of the respondents indicated there are highly influenced. 32 percent indicated that there are not influenced by the actor's age. 49.5 indicated that it was slightly influential. This implies that residents of Nairobi County are willing to watch films irrespective of the age of actors and that producers targeting an audience of a certain age group do not have to use actors of the same age

group. Studies have found that the influence of actors' age group is determined by circumstances surrounding the viewers. Pettijohn and Tesser (1999) noted that during hard social and economic times there is a high preference of young actors and comedies as they make the viewers more jovial. They try to escape the harsh reality of the environment by watching a funny film with young actors. Pettijohn (2003) noted that during such hard times, people also prefer male and mature looking female actors as they bring a sense of stability, competence and independence which bring comfort. Zengin (2014) found the presence of age and sex discrimination in movies where few elderly women appear in lead roles. They also earn less income awards than elderly male actors. This implies that older female actors receive relatively bad reception compared with younger actresses while for the male actors there is no significant difference in how they are received across their age groups.

4.3.1.9 Influence of Reviews on Consumer's film preference

An investigation of the effect of reviews on film choice was done. This involved asking the respondents the extent to which comments made by other people who had previously watched a film influenced their perception of the film. These comments include those made by peers, experts, critics and professional ratings the films had received. The extent of influence was measured with a likert scale ranging from 1 to 3 for not influential 2 to very influential. This information helped to determine whether reviews had an influence on the low consumption of local films. The results are presented in Table 4.16

Table 4.16: Influence of reviews and comments on choice of film

	Respondents	Percentage
Not Influential	18	18.6
Slightly Influential	39	40.2
Very Influential	40	41.2
Total	97	100.0

Film reviews and comments were shown to have a high influence on film choice with 41.2 percent of those who watched local films indicating that reviews were very influential against 40.2 percent who indicated that they were slightly influential and 18.6 percent indicated that reviews had no influence on film selection. This shows that initial consumers of a film have a high influence in determining the sales performance of a local film. This would also suggest that Nairobi residents are not willing to spend time or money on a film they were not sure of its quality and had to depend on others' evaluation of the film. The results also suggest that movie sales person had a high impact on which films consumers bought, based on what they said about them.

According to Jeon and Jiao (2012) there are two main functions of critics' reviews. One is to increase the awareness of movies by informing their audience that the movies they are reviewing exist. The second function is informing readers of the quality of movies by praising those they consider to be high quality while criticizing those they consider to be of low quality. Chevalier and Mayzlin (2006) found that a negative review has a greater impact than a positive review on the success of a movie and therefore the poor performance of local films in Nairobi may be an indication of local films receiving bad reviews. Moon *et al.*, (2010) noted that reviews can also be in form of early

performance of the films. Early successful revenues received by a movie serve as a proxy of assurance of high quality from early adopters to the late adopters of the film. The study however indicates that positive ratings must go hand in hand with high revenues as neither is sufficient on its own to make a good impression. It is also worth noting that reviews can come from experts (film critics) or non-experts (layman). Some studies like Plucker *et.al*, (2009) have shown that the views from the two groups may be different while d'Astous and Touil (1999) indicate that their views are parallel (Suominen, 2011). Suominen also found that the impact of critical reviews on movie performance is mixed and it depends on genre, country of origin, cultural dimension and distributor's identity. Jeon and Jiao (2012) while comparing influence of reviews between U.S movies and non-U.S movies in America found that positive reviews have negative influence on U.S movies (which usually comprises non-art movies) while non-U.S movies (which are mostly art movies) are positively influenced by good reviews. Other studies have found that reviews are not important in explaining consumer choices. Neelamegham and Jain (1997) while investigating choice of movie of individuals between three movies found that critic reviews did not influence choice. Maxfield (2003) found low correlation between movie viewing choice and critic reviews while analyzing reasons behind going to the theaters in Florida. Suominen (2011) while analyzing movie admissions in Finland found that critical reviews did not significantly explain movie admissions.

4.3.1.10 Genre preference

Respondents were asked about the genre/type of films they preferred. They were to choose either one or more categories of the main films genres. The genres included comedy, action/war, horror, musical/dance, drama, science fiction and epics/historical. This investigation was to find out the consumers' film preference in terms of narrative elements of the films. This analysis would also guide producers in providing films which suit the market in Nairobi County. Table 4.17 presents the genre preferences of respondents.

Table 4.17: Genre preferences

Genre	Respondents	Total	Percentage
Comedy	53	97	54.64
Action/War	20	97	20.62
Horror	10	97	10.31
Musical/Dance	10	97	10.31
Drama	65	97	67.01
Science fiction	9	97	9.28
Epics/historical	10	97	10.31

Drama and comedy were the most popular film genres with 67.01 percent and 54.64 percent preference respectively. These two genres are the most practical in telling native stories. This suggests that consumers look for films which are relevant to their cultures and environment. The genre action/war was mentioned by 20.62 percent of the respondents. This can be attributed to the entertaining and captivating aspect of these films. The genres horror, epics/historical and musical/dance were mentioned by 10.31 percent. Science fiction genre was the least popular being mentioned by 9.28 percent of respondents. Studies have shown that the genres a person favors will dictate the type of

movies they like (Fischhoff, 1994; Fischhoff *et al.*, 1997). The majority of films produced in Kenya constitute either the drama or comedy genre indicating that consumers have available local productions to suit their taste. Also a majority of non-local productions are of these two genres, meaning that consumers will evaluate which films between local and non-local are of better quality. The genres action, horror, epics, musical and science fiction are rarely produced in Kenya. This can be attributed to their high cost of production and their inability to tell native stories. This suggests that residents who prefer these genres will go for the non-local options available.

4.3.1.11 Accessing local films

The residents were asked to indicate the means by which they access local films. This involved analyzing the platform and locations by which they access local films. They were told to choose between accessing local films for free in multimedia devices, purchasing disks, visiting cinemas and accessing via the internet. They were given the option of choosing one or several options. This information guided the study in finding out the platforms by which local films are available. This information would also guide producers in finding out the most convenient platforms to distribute their products to Nairobi Residents.

Table 4.18: Means of accessing local films

Means of access	Respondents	Total	Percentage
For free	59	97	60.82
Purchasing disk	69	97	71.13
Cinemas	8	97	8.25
Internet	13	97	13.4

In accessing locally produced films, there was a high proportion of 71.13 percent who indicated that they purchase CDs and DVDs. This can be attributed to the low price of disks and the high number of movie retail outlets. However some of these disks may be pirated, so the statistic may not benefit local producers. Also a large proportion of 60.82 percent indicated that they access local films for free in media devices. These include those films which are broadcast via free to air television stations and peer exchanged films. However a low number of local films are shown in TV stations meaning that most residents are exchanging films. This suggests that majority of residents would rather borrow a local film than purchase it. 13.4 percent indicated that they access local films via the internet implying that local films are rarely uploaded online. This may be an indication that Nairobi residents rarely use the internet to access films and they prefer other convenient platforms. It may also indicate that residents are not able to afford the amount of money needed to download a full movie which may be high and therefore; they will prefer other cheaper ways to access local films. This also shows that Kenyan consumers are not pirating local films by uploading them online possibly due to the high internet cost, they would therefore go for other cheaper options of pirating. They may also avoid uploading local films due to legal regulations and will therefore choose options which will be difficult for law enforcers to reach them. Only 8.25 percent of the respondents indicated that they access local films in the cinemas. This is an indication of the low cinema going culture of Nairobi residents. It can also be attributed to the availability of other cheaper means of accessing films considering the fact that watching a local film in a cinema is relatively more expensive than purchasing a disk. This may also suggest that majority of local films are not available in cinemas

and are only packaged for private viewing. PWC (2011) found that even though the digitally connected world has introduced new ways of watching movies via TV, computers and mobile devices, owning a physical copy has an appeal especially for those people who want to build their film library and see a movie several times. It also found that obtaining a movie sooner is not appealing and therefore consumers are willing to wait for the films to be available in cheaper platforms. Zentner (2010) indicated that online consumption is a closer experience to DVD consumption compared to theater consumption as both online and DVD allow for repeated play. Jang *et al.*, (2012) compared reasons behind selecting theaters and online media. For theaters, hedonic experiential value positively influences consumers' satisfaction while utilitarian value did not significantly influence their satisfaction with the theater. For online media, both utilitarian value and hedonic experiential value have significant influences on consumers' satisfaction

4.3.1.12 Expenditure on Local Films

This section contains information on the amount of money individuals spend on local films in Kenya shillings. Respondents stated the average amount of money they spend to purchase a unit of a local film. This provided information on how much money individuals were willing to spend on local films. This would further guide the study in finding out the relationship between the price of local films and their demand. Table 4.19 presents the amounts individuals spend to purchase a unit of a local film in Kenya Shillings.

Table 4.19: Spending on Local Films

Amount Spent on Local Films in Kshs	Respondents	Percentage
1 - 50	12	12.4
51 – 100	36	37.1
101 - 150	13	13.4
151 – 200	12	12.4
201- 300	3	3.1
301- 500	11	11.3
501- 800	5	5.2
801 and above	5	5.2
Total	97	100.0

From Table 4.19, majority of individuals spend between Kshs 51 and 100, this represents 37.1 percent of the total respondents. They were followed by those who spend between Kshs 101 and 150 representing 13.4 percent of respondents. In general the price range between Kshs 51 and Kshs 200 had the highest percentage. This is usually the sale price of an original low budget film, these are films which are usually of a rural setting and they tell native stories using native languages. This implies that individuals are willing to buy original films which are of low budget. There was also a high proportion of 12.4 percent who stated that they spend between Kshs 1 and 50. This is usually the price of pirated films indicating that there exist a high proportion of individuals consuming pirated products. The presence of these products implies that there is a high level of piracy taking place in the local film industry. This was also evidenced in the Table above, whereby as price goes up, the number of individuals is decreasing.

The category with the lowest proportion of respondents is for those who spend Kshs 201 and 300, who were only 2.6 percent. This shows that very few people watching local films will spend more than Kshs 200 on them. This suggests that they buy the pirated copies, which are way cheaper. Despite the trend of decrease in proportion of respondents with increase in expenditure, an increase was observed for the category of respondents who spend between Kshs 301-500. This is usually the amount charged to showcase a local film in urban cinemas. This implies that though individuals are not willing to purchase a local film at high prices, they are willing to attend cinemas to watch local films. Overall the results show that DVDs are more popular than cinemas which can be attributed to the presence of cheap DVDs. Several studies have reported that decline in cinema revenues is caused by DVD piracy (Weinberg, 2003; Deloitte, 2004). Silver and McDonnell (2007) noted that an average person now spends 50 percent more on DVDs than on cinema tickets due to technological revolution. Cinema demand has been found to be elastic with respect to price (Davis, 2002). Suominen (2011) also found that cinema demand was price elastic however theaters use uniform pricing because of demand uncertainty and the fact that consumers might assume low prices imply low quality while high prices imply high quality of films.

4.3.2 Determinants of Demand for Locally Produced Films in Nairobi County

This section presents an analysis for the determinants of demand for the locally produced films in Nairobi County. To find out which factors determine demand for locally produced films a regression analysis was undertaken. A logit model was adopted in which the dependent variable was film preference while the independent variables

were sex of respondent, age of respondent, age of respondent squared, highest level of education reached by the respondent, income of the respondent, respondent's film watching frequency, the place respondents prefer to watch films, expenditure of individuals on local films and expenditure of individuals on foreign films. The movement of age with respect to preference of local films first rises then falls implying a non-linear quadratic relationship. Age squared was therefore added to create a linear/monotonic relationship between age and film preference. The logit model was estimated using the maximum likelihood estimation method. To determine the effect of the independent variables on the dependent variable, marginal effects were estimated. The regression results are presented in Table 4.20.

Table 4.20: Effects of Various Factors on Preference of Films by Residents of Nairobi County

Dependent Variable: Film Preference			
Independent Variables	Coefficients	z-statistic	P-Value
Sex*	-0.0814	-1.89	0.059
Age*	0.0316	1.92	0.055
Age squared	-0.0003	-1.39	0.164
Education*	-0.0522	-1.70	0.089
Income**	-0.00000352	-2.88	0.004
Watching frequency**	-0.0279	-2.63	0.009
Place of watching films	0.0234	0.33	0.744
Expenditure on Local Films**	0.0005	3.70	0.000
Expenditure on Foreign Films*	-0.0003	-1.78	0.075

*significant at 10% level of significance

**significant at 5% level of significance

SOURCE: Extracted from Table A3 in Appendix II

The model was analyzed to determine its predictive power and goodness of fit. The results are presented in Appendix IV. The Hosmer and Lemeshow test (Table A4) was used to check how well the model fits the data. It had a p-value of 0.414 which is greater than 0.05 implying that the model is a good fit to the data. This means that the model predicted values not significantly different from what was observed (Hosmer, Hosmer and Lemeshow, 1997). The Omnibus Tests of Model Coefficients (Table A5) reported the likelihood ratio test that would show whether the model was significantly better than a model with only the intercept. It showed the chi-square associated with each step in a stepwise model. The p-value of 0.000 indicates that the model was significantly different from a constant only model and therefore there was a significant effect of the combined predictors on the outcome variable. The classification Table (Table A6) was used to test how many cases were correctly classified. It revealed that 79.17 percent of cases were correctly predicted and classified by the model. This implies that the model was 79.17 percent accurate (Peng and So, 2002; Williams, 2015).

From Table 4.20, the variables income, watching frequency and expenditure on local films have statistically significant coefficients at the 5 percent level of significance because their p-values are less than 0.05. The variables sex, age, education and expenditure on foreign films have statistically insignificant coefficients at 5 percent level of significance but their coefficients are statistically significant at 10 percent level of significance because their p-values lie between 0.05 and 0.1. Age squared and place of watching films were found to have coefficients which were not statistically

significant indicating that these variables are not important in explaining demand for locally produced films among residents of Nairobi County..

The sex of the respondent is shown to be important in explaining the difference of preference between local and foreign films. This suggests that there is a significant difference in film preferences between males and females. It has a negative coefficient indicating that preference for local films is lower in males than in females. The marginal effects coefficient is of -0.0814 indicates that the probability of choosing a local film is lower by 0.0814 if one was male. The results suggest that the content in local films appeal more to females than to males. The content can be in form of stories, genres or actors of the films. The results may also suggest that non-local films have aspects that attract males away from local films. Fischhoff (1998) notes that males and females differ in the types of fantasies fulfilled in movies. Males prefer adventure and hero fantasies while females prefer love and romance fantasies. Han (2012) had found that sex was not significant in analyzing online movie consumption for Chinese students living in Netherlands. It is possible that different results would have been found for other movie viewing platforms.

Age was found to have a significant coefficient implying that it was important in determining preference between local and foreign films. It had a positive effect indicating that increase in age of respondents increased their preference for local films. The marginal effects coefficient of 0.0316 indicates that the probability of choosing a local film increases by 0.316 on every unit increase in age of respondents. This suggests

that younger age groups do not prefer local productions but as they get older their tastes change and they end up preferring local production. The results also suggest that local films have content that relate more to older age groups. Han (2012) while investigating online movie consumption of Chinese students in Netherlands found that as individuals got older they reduced their consumption of online movies implying that film preferences across age groups can be influenced by movie distribution platforms and therefore individuals are likely to watch films they can easily access.

The coefficient for highest level of education reached by the respondent was seen to be significant in determining preference between local and foreign films. The effect of education is negative indicating that an increase in level of education reduces the preference for local films. The marginal effects coefficient -0.0522 means that the probability of preferring a local film reduces by 0.0522 on every increase in level of education. Education allows for the evaluation of exposure to different languages and cultures. The more people are educated the more they are exposed. As individuals get more educated they get to learn and understand more languages and attend different institutions of learning which have people from different cultures. They also get to use materials like books and internet through which they learn about other cultures. This implies that they more educated individuals will be able to understand the language and topics in non-local films. Considering other factors like quality of productions, they will therefore choose foreign films over local films. The less educated individuals may not understand the language used in non-local productions. They may also not understand or relate to the topics covered in non-local productions. They therefore choose to watch

local productions because they will enjoy them more. d'Astous and Caru (2005) note that there are conflicting results as to the impact of knowledge on consumer information search with some studies reporting negative relationship and others indicating a positive relationship. It states that although knowledge may facilitate information search, it may render information less necessary. A positive knowledge-search relationship is seen as more probable when the search involves new products and when the knowledge measure assesses general as opposed to brand-specific knowledge (d'Astous and Caru, 2005). The findings for education do not agree with findings of Masood (2015) who found that in France an increase in level of education and the number of books read are both positively and significantly correlated with the probability of selecting French movies over foreign ones.

The results for income imply that it is important in determining demand for locally produced films in Nairobi County. It has a negative coefficient implying that an increase in income of Nairobi residents reduces their demand for locally produced films. The marginal coefficient of -0.00000352 indicates that a unit increase in income of residents reduced the probability of choosing a local film by 0.00000352. This suggests that local films are not luxury goods or normal goods for Nairobi residents. Pautz (2002) found that real GDP in United States did not have a significant impact on cinema attendance. Vegas (2009) in analyzing domestic demand for Spanish cinema found that income did not significantly explain theater attendance. Masood (2015) found that income did not significantly explain cultural preferences in France while analyzing consumption of local versus foreign movies. Fernandez-Blanco and Pino

(1997) however found that income positively and significantly affects cinema attendance in Spain concluding that cinema was a luxury product.

The frequency of watching films in a week by the respondent was found to be important in explaining difference in preference between local and foreign films. It has a negative effect suggesting that an increase of watching frequency reduces the preference of local films. The marginal effects coefficient is -0.0279 indicating that the probability of choosing a local film reduces by 0.0279 in every additional day of watching films. The results suggest that frequent film consumers in Nairobi are watching more non-local productions compared with less frequent film consumers. Watching frequency allows for the investigation of film availability. The findings of the study imply that those individuals watching films less often are able to choose local films, but as their frequency increases they switch over to non-local films. This indicates that they are unable to access local films as they are not readily available compared with non-local films. Frequent film consumers will want to consumer what is easily accessible. The low number of outlets distributing local films and their high cost makes them inaccessible. These results are similar to Masood (2015) who found that the number of DVDs bought by people in France negatively and significantly reduced the preference of local movies. Masood found that a higher exposure of a certain variety of movies was significantly and positively correlated with a preference for that variety. These results however contradict the findings of Han (2012) who found that watching frequency is not significant in determining online movie consumption of Chinese students in Netherlands.

The coefficient of expenditure on local films was found to be significant in determining the demand for locally produced films in Nairobi. It was positive and therefore an increase in expenditure of local films increased their demand. This implies that an increase in price of local films increases their demand among residents in Nairobi. The coefficient is 0.0005 implying that the probability of choosing a local film increases by 0.0005 on every unit increase in the amount people were spending on these films. This suggests that individuals consider highly priced local films to be of better quality. It may also mean that highly priced local movies are the ones usually consumed therefore there is low piracy of local films. Vegas (2009) found that ticket price was significant though it had a negative impact on Spanish domestic demand for Spanish cinema. Pautz (2002) found that average admission price of cinemas in the U.S significantly and negatively affected cinema attendance. The results however contradict those of Fernandez-Blanco and Pino (1997) and Suominen (2011). Fernandez-Blanco and Pino (1997) found that the price of cinema was not significant in determining cinema demand in Spain. Suominen (2011) found that movie admission was price sensitive but not significant. Jang *et al.*, (2012) found that media fees in Korea did not significantly influence their satisfaction in the case of theaters but had significant influences on consumers' satisfaction with online media.

Expenditure on foreign films represented the individual's spending on a substitute product. Its coefficient was significant implying that the variable was important in explaining the difference in preference between local and foreign films. Its negative

coefficient implied that an increase in the amount people were spending on foreign films reduced the demand for locally produced films. The marginal effects coefficient of -0.0003 indicates that the probability of choosing a local film reduces by 0.0003 on every unit increase in the amount people were spending on foreign films. This means that foreign films had a complementary effect on the consumption of local films by Nairobi residents. Fernández-Blanco and Pino (1997) used TV as an alternative product to film consumption. It found that it positively and significantly increased cinema demand in Spain. Pautz (2002) found that number of households with televisions had a negative impact on attendance Cinema Attendance the U.S

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

5.1 Introduction

This chapter presents the summary and conclusions derived from the study findings.

The policy implications and areas for further research are also suggested.

5.2 Summary

The overall objective of the study was to identify and analyze factors that affect demand for locally produced films in Nairobi County. The aim of this research was to establish why Nairobi residents were not consuming locally produced films despite being frequent film consumers. The low consumption of local films had been identified by several studies as a major cause of the poor performance of the Kenyan film industry. There was however little empirical data about consumption behavior in Kenya but studies in other countries revealed several factors that affect consumer behavior in film consumption.

The first objective was to find out consumption behavior of Nairobi residents on locally produced films. This was achieved by analyzing the characteristics of individuals who were found to be local film consumers. The second objective was to establish the factors that determine demand for locally produced films in Nairobi County. Data was collected from 384 respondents across Nairobi County by interviewers who were guided by a structured questionnaire. Descriptive and regression analysis was applied

on the data. The regression analysis involved running a logit model that was motivated by a conceptual model based on utility maximization. Film preference between local and foreign films was the dependent variable while factors that were likely to affect film demand were the independent variables.

The study found that word of mouth and internet were the main source of information about local films. Drama and comedy were the main popular genres of local films. It was also found that majority of individuals were accessing local films for free and by purchasing disks where majority were spending below Kshs. 100 on local films. Majority of respondents indicated that they watch films either one or two days in a week. A large percentage of respondents indicated that they prefer to watch local films in private places and not public places. Film reviews, star attribute of actors and previous performance of actors were found to be influential on film choice on locally produced films.

The variables that were found to increase demand for local films were increase in age of respondents and increase in expenditure for local films. While the variables that were found to reduce demand for local films were increase in income, increase in watching frequency and increase in expenditure on foreign films. The study also found that there was a significant difference in film preferences between males and females where females have a higher demand for local films than males and that individuals who had reached lower levels of education had a higher demand for local films than individuals

who had reached higher education levels. The place of watching films was found to have no effect on demand for local films.

5.3 Conclusions

The study confirmed that indeed foreign productions are more popular than local productions. The variables that were found to be important in explaining demand for locally produced films were the sex of consumers, age of consumers, education level of consumers, income of consumers, the frequency by which consumers watch films, expenditure on local films and expenditure on foreign films.

The fact that sex of respondents was a main determinant indicates that producers of local content do not take into consideration differences in taste between males and females. Increase in age of consumers increased the preference for local films suggesting that local films are more popular with older age groups. Increase in education of respondents decreases their preference for local films suggesting that locally produced films are popular with lower educated individuals. Increase in income of respondents reduced their preference for local films suggesting that local films are not luxury goods or normal goods for Nairobi residents and that the country's economic conditions are likely not to affect consumption of local films. An increase in film watching frequency of respondents decreased their preference for local films suggesting that local films were not readily available and accessible. This also revealed the addictive behavior of film consumption because it meant that increase in watching frequency increased the preference for foreign films suggesting that consumers were

likely to watch films they had highly consumed before. Increase in expenditure on local films increased their preference suggesting that consumers relate higher prices of local films to indicate high quality. Increase in expenditure on foreign substitute films reduced the demand for locally produced films suggesting that foreign films had a complementary effect on local films.

The study found that cinemas are not popular with local film consumers. Majority indicated that they prefer watching films at homes. This implies that a film produced in DVD is likely to have a larger audience than a film which is only showcased in cinemas. This may also suggests that local cinemas do not have enough hedonic features to attract audiences. The study also found that local film producers do not invest in marketing their products. This can be attributed to the fact that majority of respondents indicated that they access information about local films from word of mouth communication and internet which are the cheapest ways of advertising. The study confirmed that film is an experience good judging from the feedback of respondents. The fact that majority of individuals indicated that reviews and comments influenced their choice of films suggests that consumers took important consideration of comments of people who had already experienced the good. Film was also found to be an addictive product judging from the fact that majority of residents indicated that star attribute of actors and actors' previous performance influenced their choice of films. This suggests that Nairobi residents were likely to choose films they had seen before.

5.4 Policy Implications

There is need for a comprehensive policy framework in Kenya that takes into consideration the findings of this study. The policy framework should comprise measures that need to be addressed by mainly the producers and distributors of films.

Movie producers should take into consideration gender reception of the films they create. This can be achieved by creating films that can be accepted by both males and females. It can also achieve this by having large and equal number of films that satisfy each gender's tastes. For now it seems that majority of films target females while males are finding few movies that suit their taste.

The producers should also diversify the content in the films they make. The fact that the more educated people do not prefer local films is an indication that there is nothing new they find in local films or their search for information can be found in other platforms other than films such as television. Therefore local producers should be at par with foreign film producers in the stories they tell in films. Thus they should not limit themselves to local stories and should therefore include content that is not available in local environments. They will therefore be able to satisfy the quest of information and new experiences that is evident Nairobi residents.

Local film producers should also create films that appeal to young age groups as they have been seen to prefer foreign movies. This should consist of films that dispel new information and experiences as younger age groups have a high quest for knowledge

compared with older age groups. Younger age groups also form majority of film consumers and therefore an increase in their consumption of local films may have a positive impact on the performance of the film industry.

Producers and distributors of films need to find ways of investing in word of mouth advertising. This seems to be the most trusted, cheap and readily available source of information on local films. Consumers are also looking for information via the internet and therefore there is need to invest in this platform. The fact that few individuals indicated that they don't get a lot of information in TVs indicates that there is little information about local films dispelled via TV stations. Producers should therefore invest in this platform however expensive, because consumers do not spend any money on it and it is readily available. A movie which has received high investment in advertising is likely to receive a good reception.

Producers also need to diversify the genres of films they produce. Dramas and comedies are the most popular. Other genres like action/war are also popular with Nairobi residents and producers should test the market with such new genres. It is possible that drama and comedies are popular because they are the only ones available and therefore new genres may diversify the tastes of consumers on local films.

Film producers should maximize on showcasing their films during weekends and holidays as majority of residents in Nairobi seem to be watching films in those days. Leisure days for people may vary and therefore producers should ensure their products

are readily available. This will also cater for a large group of people who indicated that they watch films daily.

Cinema owners should improve the theatre experience. The fact very few individuals prefer to visit cinemas to watch films may be an indication that film consumers do not find anything interesting in cinemas. This implies that whatever is to be gained in cinemas can also be experienced at home. Therefore cinema owners should make the cinema going experience worthwhile by enhancing the hedonic features of cinema venues.

The fact that an increase in price of local films increases their demand is an indication that consumers perceive high price to imply high quality. High prices in DVDs however may attract piracy and reduce sales as consumers will prefer borrowing than purchasing. Therefore producers should focus on cinemas in distributing their productions.

The fact that an increase in the amount people were spending on foreign films reduced the demand for locally produced films implies that foreign films had a complementary effect on local films. This also implies that consumers consider high price to be an indication of high quality for both local and foreign films. Producers and distributors of films should therefore ensure that the prices of foreign films are low relative to local films so as to increase the preference for the local films.

Local film producers should ensure that consumers are exposed to their products. The study found that previous exposure to a certain type of film increases awareness which further increases demand. Producers can achieve this by providing free films and free cinema tickets. This will ensure that consumers are aware of the type of films available, their content and also actors.

Local film producers should include well known celebrities in their productions. The study found that actors in films have a major role in attracting an audience. Therefore producers should invest in celebrities if they want to increase the consumption of their products.

The government needs to regulate the entry of foreign films in the country. The fact that watching frequency is significant in determining demand for local films means that individuals are willing to watch the available films. Foreign films are more than local films and therefore individuals will end up watching foreign films. The number of foreign films entering the country should therefore be at par with the number of local films being produced. Internet has however made it difficult to undertake regulation and therefore to ensure an equal ratio of foreign to local films, Kenyan film producers should increase production. Producers can achieve this by investing in modern equipments which would reduce the cost of production and improve the quality of their productions. Producers should also form strong organizations that champion for their rights so as to ensure fairness in the distribution of films locally. The government can also increase local films production by improving infrastructure in key and potential

filming and production locations, fast tracking the issuance of licenses, removal/reduction of all taxes and duties paid by film producers and subsidizing the production of local films.

5.5 Areas for Further Research

The study discovered a research problem where Nairobi residents do not prefer going to the cinemas and a deeper analysis on this issue needs to be done. It is also necessary to empirically investigate the effect of movie piracy which local producers have blamed for low returns in revenue and low production. Genre, reviews and actors were not included in the empirical model due to the nature of research and there is therefore a need to investigate how they determine demand for locally produced films. The results for Nairobi County should not be generalized for the whole country as Nairobi has a high number of cinemas and movie retail outlets than any other part of the country. Therefore further research should investigate consumption behavior in other parts of the country. TV being a substitute for film needs to be analyzed to determine whether local TV programmes have an effect on consumption of locally produced films.

REFERENCES

- Abdallat, M., & El - Emam, H. E. (2009). *Consumer behavior models in tourism analysis study*. Malaysia. King Saud University.
- Austin, B. A. (1983). *The film audience: An international bibliography of research*. Metuchen, NJ: Scarecrow Press.
- Austin B. A., & Gordon. T. F. (1987). Movie genres: Toward a conceptualized model and standardized definitions. *Current Research in Film: Audiences, Economics and Law*, 3, 12-33.
- Austin, B. A. (1989), *Immediate seating: A look at movie audiences*. Belmont, California: Wadsworth Publishing Company.
- Babin, B. J., Darden, W. R., & Griffin, M. (1994). Work and/or fun: Measuring hedonic and utilitarian shopping value. *Journal of Consumer Research*, 20(4), 644-656.
- Bagella, M., & Becchetti, L. (1999). The determinants of motion picture box office performance: Evidence from movies produced in Italy. *Journal of Cultural Economics*, 23(4), 237–256.
- Bala, C. (2013). The role of the Kenya film classification board in regulating film and video in Kenya (Thesis). University of Nairobi. Retrieved from <http://chss.uonbi.ac.ke/sites/default/files/chss/Balla.pdf>

- Bassi, F (2010). *Experiential goods and customer satisfaction: An application to films, quality technology & quantitative management*, Department of Statistics, University of Padova, Italy.
- Becker, G. S., & Murphy, K. M. (1988). A theory of rational addiction. *Journal of Political Economy*, 96 (4), 675-700.
- Ben Akiva, M., Bradley, T., Morikawa, J., Benjamin, T., Novak, H., & Oppal, V. R. (1994). Combining revealed and stated preferences data. *Marketing Letters*, 5 (4), 335-350.
- Bloom, P. N. (1976). How will consumer education affect consumer behavior?, *Advances in Consumer Research*, 3, 208-212.
- Bray, J. (2008). Consumer behaviour theory: approaches and models. Retrieved from [http://eprints.bournemouth.ac.uk/10107/1/Consumer Behaviour Theory - Approaches %26 Models.pdf](http://eprints.bournemouth.ac.uk/10107/1/Consumer_Behaviour_Theory_-_Approaches_%26_Models.pdf)
- Caves, R. E. (2003). Contracts between art and commerce. *Journal of Economic Perspectives*, 17, 73- 83.
- Chambers, M. (2013). *Predictive power of film attributes with respect to audience demographics*. Ryerson University. Toronto, Ontario.
- Chevalier, J. A., & Mayzlin, D. (2006). The effect of word of mouth on sales: Online book reviews. *Journal of Marketing Research*, 43 (3), 9. Retrieved from <http://dx.doi.org/10.1509/jmkr.43.3.345>

- Chisholm, D. C., & Norman, G. (2002). Spatial competition and demand: An application to motion pictures. Department of Economics, Tufts University.
- Cortsjens, M.L., & Gautchi, D.A. (1983). Formal choice models in marketing. *Marketing Science*, 2(1), 19-56.
- Cox, D.R., & Snell, E.J. (1989). *Analysis of binary data* (2nd ed.). Chapman & Hall.
- Davide, A., Jacopo, G., & Cesare, G. (2014). What does influence movie's success?. Università Degli Studi di Milano
- Davis, P. (2002). Estimating multi-way error components models with unbalanced data structures. *Journal of Econometrics* 106: 67–95.
- Deloitte (2004). *Pirates: Digital theft in the film industry*. UK: Deloitte & Touche LLP. Retrieved from <http://www.mondaq.com/x/26993/technology/Pirates+digital+theft+in+the+film+industry>
- Diang'a, R. (2013). *Style and content in selected Kenyan message films 1980 to 2009* (Thesis). Kenyatta University. Retrieved from <http://ir-library.ku.ac.ke/handle/123456789/9368>
- d'Astous, A., & Touil, N. (1999): Consumer evaluations of movies on the basis of critics' judgments. *Psychology & Marketing*, 16, 677–694.
- d'Astous, A., & Caru, A. (2005). *moviegoers' use of film reviews in the search for information: an inter-cultural comparison of the impact of individual*

variables. Retrieved from

http://ernest.hec.ca/video/pedagogie/gestion_des_arts/AIMAC/2003/resources/pdf/A/A22dAstous_Caru.pdf

Eliashberg, J., & Sawhney, M. S. (1994). Modeling goes to Hollywood: Predicting individual differences in movie enjoyment. *Management Science*, 9, 1151-1173

Eliashberg, J., Elberse A., & Leenders A.A.M. (2005). *The Motion picture industry: critical issues in practice, current research and new research directions*. Retrieved from <http://www.hbs.edu/research/pdf/05-059.pdf>

Eliashberg, J., Elberse, A., & Leenders A. A. M. (2006). The motion picture industry. *Marketing Science*, 25(6), 638–661.

Engel, J. F., Kollat, D. T., & Blackwell, R. D. (1968). *Consumer behavior*. York: Holt, Rinehart and Winston.

Fernández-Blanco, V., & Pino, B. J. (1997). Cinema demand in Spain: A cointegration analysis. *Journal of Cultural Economics*, 21 (1), 57-75.

Ferreira, F., Petrin, A., & Waldfogel, J. (2012). *trade, endogenous quality, and welfare in motion pictures*. University of Minnesota.

Fischhoff, S. (1994). Race and sex differences in patterns of film attendance and avoidance. APA Convention, Los Angeles, August 15.

Fischhoff, S. (1998) Favorite film choices: influences of the beholder and the beheld. *Journal of Media Psychology*, 3 (4)

- Fischhoff, S., Lewis, D., & Antonio, J. (1997). *Favorite films and film genres as a function of race, age, and gender*. APA Convention, Chicago, August 15.
- Foxall, G. (1990). *Consumer psychology in behavioural perspective*. London: Routledge.
- Giannetti, L. (2008). *Understanding movies. (11th ed.)*. Upper Saddle River, NJ: Pearson
- Gil, R., & Hartmann, W. R. (2007). The role and determinants of concession sales in movie theaters: Evidence from the Spanish exhibition industry. *Review of Industrial Organization*, 30(4), 325-347.
- Goldsmith, R. E., & Hofacker, C. F. (1991). Measuring consumer innovativeness. *Journal of the Academy of Marketing Science*, 19 (3), 209-221.
- Han, X (2012). *The impact of living environment on online movie consumption* (Masters Thesis). Retrieved from http://thesis.eur.nl/pub/12734/Final%20Master%20Thesis_HAN.pdf
- Herlina, D. S. (2012). Identifying key factors affecting consumer decision making behavior in cinema context: A qualitative approach. International Conference on Business, Economics, Management and Behavioral Sciences (ICBEMBS' 2012) Jan. 7-8, 2012 Dubai
- Hirschman, E. C., & Holbrook, M. B. (1982a). Hedonic consumption: Emerging concepts, methods and propositions. *Journal of Marketing*, 46(3), 92-101.

- Hirschman, E. C. & Holbrook, M. B. (1982b). The experiential aspect of Consumption: Consumer fantasies, feelings, and fun. *Journal of Consumer Research*, 63 9(2), 142-140.
- Hosmer, D.W., T. Hosmer, S. L., & Lemeshow, S. (1997). A comparison of goodness-of-fit tests for the logistic regression model. *Statistics in Medicine* 16: 965–980.
- Howard, J. A., & Sheth, J. N. (1969). *The theory of buyer behavior*. New York: John Wiley & Sons, Inc.
- Howard, J.A., & Ostlund, L. E. (1973). *Buyer behavior: Theoretical and empirical foundations*. New York: Alfred A. Knopf, Inc.
- IBISWorld. (2015). *IBISWorld industry risk rating report: Movie theaters in the US*. Retrieved from <https://www.ibisworld.com/reports/reportdownload.aspx?cid=1&rtid=10>
- Israel, G. D. (1992). *Determining sample size*. Program Evaluation and Organizational Development-6, IFAS, University of Florida.
- Jang, B., Kwak H. J., & Lee. G. B. (2012). Empirical analysis of factors influencing consumer behaviors in movie media selection: Shifting demand for online movie piracy to legitimate online media. *International Journal of Multimedia and Ubiquitous Engineering*, 7 (3), 113-122.

Jeon, J., & Jiao, L. (2012). The influence effect of critics' reviews on foreign and domestic movies (Thesis). Duke University

Kenya Film Commission (2010). *Audience consumer trends report*. Retrieved from <http://www.kenyafilmcommission.com/images/Audience-Consumer-Trends-Report.pdf>

Kenya Film Commission (2011). *Africa's film industry: National and regional challenges*. Presentation to Broadcast & Film Africa conference. Retrieved from http://aitec.usp.net/Broadcast%20%26%20Film%20Africa,%205-6%20July%202011,%20Nairobi/Peter%20Mutie,%20Kenya%20Film%20Commission,%20Broadcast%26FilmAfrica_6-7July2011,Nairobi.pdf

Kenya Film Commission (2012). *Kenya film industry 2012 and beyond*. Retrieved from <http://aitec.usp.net/Broadcast,%20Film%20and%20Music,%2010-11%20July%202012,%20Nairobi/Peter%20Mutie%20Kenya%20Film%20Commission%20Welcome%20Address%20BFMA%202012.pdf>

Kenya Film Commission (2013). *The regions film industry to the next level*. Retrieved from <http://aitec.usp.net/Broadcast,%20Film%20%26%20Music%20Africa,%20Nairobi,%2026-27%20June%202013/Peter%20Muthai%20The%20Regions%20Film%20I>

[ndustry%20to%20the%20Next%20Level%20BFMA%202013%20Nairobi%20Kenya.pdf](#)

Krcmar, M., & Greene, K. (1999). Predicting exposure to and uses of violent television. *Journal of Communication*, 49, 25–45.

Lash, S., & Urry, J. (1994) *Economies of Signs and Space*. London: Sage

Lévy-garboua, L., & Montmarquette, C. (1996). A microeconomic study of theatre demand. *Journal of Cultural Economics*, 20 (1), 25-50.

Lévy-Garboua L., & Montmarquette, C. (2002). The demand for the arts. *CIRANO Working Papers 2002s-10*, CIRANO.

Loudon, D. L., Della Bitta, A., & Della Bitta, A. J. (1993). *Consumer behavior: Concepts and applications*. (4th ed). New York: McGraw-Hill.

MacMillan, P., & Smith, I. (2001). Explaining post-war cinema attendance in great Britain. *Journal of Cultural Economics*, 25, 91-108.

Mahajan V., Muller, E., & Kerin, R. A. (1984). Introduction strategy for new products with positive and negative word of mouth. *Management Science*, 30, 1389-1404.

Masood, M. (2015). Local versus foreign: *A Microeconomic Analysis of Cultural Preferences*. Working Paper Series. University of Geneva.

Maxfield, S. M (2003). *Media at the movies: analyzing the movie-viewing audience*

(Master Thesis). Retrieved from

<http://ufdcimages.uflib.ufl.edu/UF/E0/00/15/60/00001/maxfields.pdf>

Mcfadden, D. (1986). The choice theory approach to market research. *Marketing Science*, 5 (4), 275- 95.

Mcfadden, D. (1991). Advances in computation: Statistical methods and testing of discrete choice models. *Marketing Letters*, 2(3), 215-230.

McKenzie, J. (2009). Revealed word-of-mouth demand and adaptive supply: Survival of motion pictures at the Australian box office. Mimeo, *Journal of Cultural Economics* 33, 279–299

Midgley, D. F., & Dowling, G. R. (1993). A longitudinal study of product form innovation: The interaction between predispositions and social messages. *Journal of Consumer Research*, 19 (4), 611-625.

Moon, S., Bergey, P. K., & Iacobucci, D. (2010). Dynamic effects among movie ratings, movie revenues, and viewer satisfaction. *Journal of Marketing*, 74, 108–121.

Mugenda O.M., & Mugenda A.G. (2003). *Research methods: Quantitative and qualitative approaches*. Nairobi: Acts Press.

- Mugubi, J. (2014). Delineation of national healing and conflict resolution in film: A case study of Kenya. *International Journal of Music and Performing Arts*, 2 (1), 15-23.
- Myers, J. G (1998). Donations to charity as purchase incentives: How well they work may depend on what you are trying to sell. *Journal of Consumer Research*, 24. 434-46.
- M'erimba, M. S. (2015). Kenyan drama films: An investigation of the aesthetics of selected films (Thesis). Kenyatta University. Retrieved from <http://ir-library.ku.ac.ke/handle/123456789/11879>
- Napoli, P. M. (2008). *Toward a model of audience evolution: New technologies and the transformation of media audiences*. Derived from, *Audience evolution: New technologies and the transformation of media audiences*. Bronx, New York: The Donald McGannon Communication Research Center. Fordham University.
- Ndung'u, G. M.(2014). *Strategic management practices in the registered filming organizations in kenya* (Master Project). Retrieved from <http://erepository.uonbi.ac.ke/bitstream/handle/11295/77765/Ndung%27u%20Strategic%20management%20practices%20in%20the%20registered%20filming%20organizations%20in%20Kenya.pdf?sequence=1>
- Neelamegham, R., & Jain, D. (1997). *Investigating consumer choice processes for experience goods: An econometric analysis*. France: INSEAD.

- Neman, T. (1972). Book review: The theory of buyer behavior. *Public Opinion Quarterly*, 36(3), 488-489.
- Nicosia, F. M. (1966). *Consumer Decision Processes: Marketing and Advertising Implications*. Englewood Cliffs, NJ: Prentice-Hall
- Oliver, M.B., Weaver, J.B., & Sargent, S. (2000). An examination of factors related to sex differences in enjoyment of sad films. *Journal of Broadcasting and Electronic Media*, 44, 282–300.
- Oriare, P., Okello-Orlale, R., & Ugangu, W. (2010). *The media we want: The media vulnerabilities study report*. Nairobi: Friedrich Ebert Stiftung
- O'Brien, R. M. (2007). A caution regarding rules of thumb for variance inflation factors. *Quality & Quantity* 41 (5), 673.
- Pautz, M. (2002). The decline in average weekly cinema attendance: 1930 -2000. *Issues in Political Economy*, Vol. 11, 1-18.
- Peng, C. Y., & So, T. S. H. (2002). Logistic regression analysis and reporting: A Primer. *Understanding Statistics*, 1(1), 31–70.
- Pettijohn, T, F. (2003). Relationships between U.S. Social and Economic Hard Times and Popular Motion Picture Actor Gender, Actor Age, and Movie Genre Preferences. *North American Journal of Psychology*, 5 (1), 61-66.
- Pettijohn, T. F. II & Tesser, A. (1999). Popularity in environmental context: Facial feature assessment of american movie actresses. *Media Psychology*, 1, 229-247.

- PewResearchCenter. (2006). A social trends report: Increasingly, Americans prefer going to the movies at home. Retrieved from www.pewsocialtrends.org/files/2010/10/Movies.pdf
- Pine, B. J., & Gilmore, J.H. (1999). *The experience economy: Work is theatre and every business a stage*. Harvard: Harvard Business School Publishing.
- Plucker, J. A., Kaufman, J.C., Temple, J. S., & Qian, M. (2009). Do experts and novices evaluate movies the same way?. *Psychology & Marketing*, 26, 470–478
- Prag, J., & Casavant, J. (1994). An empirical study of the determinants of revenues and marketing expenditures in the motion picture industry. *Journal of Cultural Economics*, 18, 217-235.
- PricewaterhouseCoopers. (2011). How consumers are changing the way they watch, rent, and buy movies. *Consume Intelligence Series*. Retrieved from <https://www.pwc.com/us/en/industry/entertainment-media/assets/consumers-and-movie-watch-rent-buy-patterns.pdf>
- PricewaterhouseCoopers (2013). *Kenyan entertainment and media outlook: 2013 – 2017*. Retrieved from http://www.pwc.com/en_KE/ke/assets/pdf/entertainment-and-media-outlook.pdf
- Republic of Kenya. (2009). *Budget for Fiscal Year 2009/2010*. Nairobi: Government Printer.

Republic of Kenya. (2011). *Draft Kenya Film Policy*. Nairobi: Government Printer.

Republic of Kenya. (2014). *Statistical Abstract*. Nairobi: Government Printer.

Republic of Kenya. (2015). *Budget for Fiscal Year 2015/2016*. Nairobi: Government Printer.

Schmitt, B. (1999). *Experiential marketing: How to get consumers to sense, feel, think, act, relate*. New York: Free Press.

Silver, J., & McDonnell, J. (2007) *Are movie theaters doomed? Do exhibitors see the big picture as theaters lose their competitive advantage?* Queensland, Australia: Queensland University of Technology Brisbane.

Spreng, R, A., Scott B. M., & Olshavsky, R. W. (1996).A reexamination of the determinants of consumer satisfaction. *Journal of Marketing*, 60, 15–32.

Stigler, G. J., & Becker, G. S. (1977). De gustibus non est disputandum. *The American Economic Review*. 67(2), 76 -90. American Economic Association.

Strahilevitz, M. A. and George F. L. (1998).The effect of ownership history on the valuation of objects. *Journal of Consumer Research*, 25, 276-89.

Suominen, S. (2011). Critics review or preceding week's admissions explaining movie admissions. Haaga-Helia University of Applied Sciences.

- Tamborini, R., Stiff, J., & Zillmann, D. (1987). Preference for graphic horror featuring male versus female victimization: Personality and past film viewing experiences. *Human Communication Research*, 13, 529–552.
- Towse, R. (2010). *A Textbook of Cultural Economic*. New York: Cambridge University Press.
- Tuohimaa, S. (2010). The Role of Internet in Marketing Premiering Movies. (Thesis) Business Oulu University of Applied Sciences.
- Unesco Institute of Statistics (2013). Emerging markets and the digitalization of the film industry: An analysis of the 2012 UIS international survey of feature film statistics. UIS INFORMATION PAPER NO. 14 AUGUST 2013.
- UNESCO (2012). Measuring the economic contribution of cultural industries: A review and assessment of current methodological approaches. *UNESCO Framework for Cultural Statistics Handbook*, 1.
- Vale, E. (1982). *The technique of screen and television writing*. Prentice Hall, Inc.
- Vegas, O. (2009). *Domestic demand for Spanish cinema: The popularity of star film directors as determinant for theatre attendance* (Master Thesis). Retrieved from [http://thesis.eur.nl/pub/6354/Olalde-Vegas%20Master%20thesis%20final%20version%20\(2\).pdf](http://thesis.eur.nl/pub/6354/Olalde-Vegas%20Master%20thesis%20final%20version%20(2).pdf)

- Weinberg, C. B. (2003). Profits out of the picture: Research issues and revenue sources beyond the North American box office. Working Paper, University of British Columbia, Vancouver, Canada. Draft June 2, 2003.
- Williams, R. (2015). *Using stata 11 & higher for logistic regression*. University of Notre Dame. Retrieved from <http://www3.nd.edu/~rwilliam/xsoc73994/index.html>
- Winer, R. S. (1989). A multi-stage model of choice incorporating reference prices. *Marketing Letters*, 1(1), 27-36.
- World Story Organisation (2008). *Building a self-sustaining, indigenous film industry in Kenya*. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.393.8278&rep=rep1&type=pdf>
- Zengin, M. O. (2014). Being old and being a woman: A research on the age and genderrelationship in the award-winning actors and actresses of the Turkish cinema. *The Turkish Online Journal of Design, Art and Communication*. 4 (2). Retrieved from <http://dergipark.ulakbim.gov.tr/tojdac/article/download/5000047170/5000044463>
- Zentner, A. (2010). *Measuring the impact of file sharing on the movie industry: An empirical analysis using a panel of countries*. Naveen Jindal School of

Management, University of Texas at Dallas. Retrieved from

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1792615

Zufryden, F. S. (1996). Linking advertising to box office performance of new film releases: A marketing planning model. *Journal of Advertising Research*, 29-41.

APPENDICES

Appendix I

Questionnaire

David Ndirangu, a Master's student at Kenyatta University is conducting a research to identify and analyze factors that affect demand for locally produced films in Nairobi County, Kenya. The information from the research will contribute to the design and implementation of policies aimed at increasing the consumption of locally produced films. Your participation in this study will be highly appreciated and information given will be handled with strict confidentiality.

Serial No.

Date...../...../.....

Section A: Demographics

1. Residency of the Respondent

a. Nairobi West [] b. Nairobi East [] c. Nairobi North [] d. Westlands []

2. Gender of respondent

a. Male [] b. Female []

3. Age of Respondent

18 – 24 years	[]	40 – 44 years	[]
25 – 29 years	[]	45 – 49 years	[]
30 – 34 years	[]	50+ years	[]
35 – 39 years	[]		

4. Highest level of education reached

a. University [] b. College [] c. Secondary [] d. Primary [] e. None []

5. On average how much would you say you earn per month (Gross Pay) in Kenya shillings?

0 – 10,000	[]	100,001 -150,000	[]
10,001 – 20,000	[]	150,001- above	[]
20,001 – 50,000	[]		
50,001 – 100,000	[]		

2. To what extent do film reviews influence your choice of film to watch?

Not influential [] slightly influential [] very influential []

3. What types of movies do you like?

- | | | | |
|------------------|-----|---------------------------|-----|
| a. Comedy | [] | e. Drama | [] |
| b. Action/War | [] | f. Science Fiction | [] |
| c. Horror | [] | g. Epics/historical | [] |
| d. Musical/dance | [] | h. Others (specify) | |

Section D: Spending On Film

1. In which ways do you access locally produced films

- | | |
|------------------------------------------------------------------------|-----|
| a. From individually owned devices (TVs, phones, ipads, computers etc) | [] |
| b. By purchasing recorded media in CDs and DVDs | [] |
| c. Attending cinemas | [] |
| d. Internet | [] |

2. On average how much do you spend purchasing/watching a local film in Kenya shillings?

- | | | | |
|-----------|-----|---------------|-----|
| 1 - 50 | [] | 201- 300 | [] |
| 51 – 100 | [] | 301- 500 | [] |
| 101 - 150 | [] | 501- 800 | [] |
| 151 – 200 | [] | 801 and above | [] |

3. On average how much do you spend purchasing/watching a foreign film in Kenya shillings?

- | | | | |
|-----------|-----|---------------|-----|
| 1 - 50 | [] | 201- 300 | [] |
| 50 – 100 | [] | 301- 500 | [] |
| 101 - 150 | [] | 501- 800 | [] |
| 151 - 200 | [] | 801 and above | [] |

Comments:

.....
.....
.....
.....
.....

Appendix II

Logit Regression Tables

Table A1: Logit Regression

```
. logit      preference sex    age    agesquared    education    income
           watchfreq  place    expenditurelocalfilm
           expenditureforeignfilm

Logistic regression                Number of obs    =      384
                                   LR chi2 (9)        =      68.15
Log likelihood = -182.95139        Prob > chi2     =      0.0000
```

preference	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
sex	-.5004108	.2664529	-1.88	0.060	-1.022649	.0218273
age	.1950157	.1024832	1.90	0.057	-.0058477	.3958791
agesquared	-.0020032	.001447	-1.38	0.166	-.0048393	.0008329
education	-.3218876	.1905307	-1.69	0.091	-.695321	.0515457
income	-.0000217	7.72e-06	-2.81	0.005	-.0000368	-6.57e-06
watchfreq	-.1721142	.0666614	-2.58	0.010	-.302768	-.0414603
place	.1500021	.4776629	0.31	0.753	-.7861999	1.086204
expenditurelocalfilm	.0032157	.0008855	3.63	0.000	.0014801	.0049513
expenditureforeignfilm	-.0016277	.0009221	-1.77	0.078	-.003435	.0001796
_cons	-3.005567	1.939738	-1.55	0.121	-6.807382	.7962489

Table A2: Logit Regression Reporting Odds Ratio

```
. logit      preference sex    age    agesquared    education    income
           watchfreq  place    expenditurelocalfilm
           expenditureforeignfilm

Logistic regression                Number of obs    =      384
                                   LR chi2 (9)        =      68.15
Log likelihood = -182.95139        Prob > chi2     =      0.0000
```

preference	Odds Ratio	Std. Err.	z	P> z	[95% Conf. Interval]	
sex	.6062816	.1615455	-1.88	0.060	.3596411	1.022067
age	1.21533	.1245509	1.90	0.057	.9941694	1.48569
agesquared	.9979988	.0014441	-1.38	0.166	.9951724	1.000833
education	.7247796	.1380928	-1.69	0.091	.4989143	1.052897
income	.9999783	7.72e-06	-2.81	0.005	.9999632	.9999934
watchfreq	.841883	.0561211	-2.58	0.010	.7387704	.9593874
place	1.161837	.5549663	0.31	0.753	.4555727	2.963006
expenditurelocalfilm	1.003221	.0008884	3.63	0.000	1.001481	1.004964
expenditureforeignfilm	.9983736	.0009206	-1.77	0.078	.9965709	1.00018
_cons	.0495107	.0960377	-1.55	0.121	.0011056	2.217208

Table A3: Marginal Effects of the Logit Regression

. mfx

Marginal effects after logistic
y = Pr(preference) (predict)
= .2034715

variable	dy/dx	Std. Err.	z	P> z	[95% C.I.]	X
sex*	-.0813717	.04316	-1.89	0.059	-.165973 .003229	.510417
age	.0316064	.01647	1.92	0.055	-.000678 .063891	29.0078
agesqu~d	-.0003247	.00023	-1.39	0.164	-.000782 .000132	913.221
educat~n	-.0521686	.03066	-1.70	0.089	-.112253 .007916	2.97396
income	-3.52e-06	.00000	-2.88	0.004	-5.9e-06 -1.1e-06	29166.7
watchf~q	-.0278947	.0106	-2.63	0.009	-.048673 -.007116	4.30208
place*	.0234243	.07185	0.33	0.744	-.1174 .164248	.911458
ex~lfilm	.0005212	.00014	3.70	0.000	.000245 .000797	149.023
ex~nfilm	-.0002638	.00015	-1.78	0.075	-.000554 .000027	133.268

(*) dy/dx is for discrete change of dummy variable from 0 to 1

Appendix III

Model Evaluation

Table A4: Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	8.200	8	.414

Table A5: Omnibus Tests of Model Coefficients (Likelihood Ratio Test)

		Chi-square	df	Sig.
Step 1	Step	68.154	9	.000
	Block	68.154	9	.000
	Model	68.154	9	.000

Table A6: Classification Table

. estat clas

Logistic model for preference

Classified	True		Total
	D	~D	
+	31	14	45
-	66	273	339
Total	97	287	384

Classified + if predicted Pr(D) >= .5

True D defined as preference != 0

Sensitivity	Pr(+ D)	31.96%
Specificity	Pr(- ~D)	95.12%
Positive predictive value	Pr(D +)	68.89%
Negative predictive value	Pr(~D -)	80.53%

False + rate for true ~D	Pr(+ ~D)	4.88%
False - rate for true D	Pr(- D)	68.04%
False + rate for classified +	Pr(~D +)	31.11%
False - rate for classified -	Pr(D -)	19.47%

Correctly classified		79.17%
----------------------	--	--------

Research Permit

THIS IS TO CERTIFY THAT:

MR. DAVID NDIRANGU NGANGA
of KENYATTA UNIVERSITY, 1203-900
kiambu, has been permitted to conduct
research in Nairobi County

on the topic: DEMAND FOR LOCALLY
PRODUCED FILMS BY RESIDENTS OF
NAIROBI COUNTY, KENYA

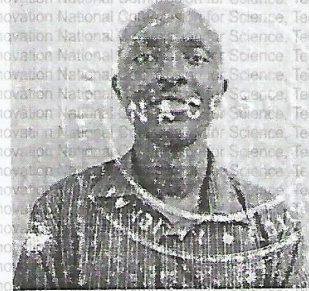
for the period ending:
4th December, 2015

Applicant's
Signature

Permit No : NACOSTI/P/15/5776/6494

Date Of Issue : 20th July, 2015

Fee Received :Ksh 1,000



Director General
National Commission for Science,
Technology & Innovation

CONDITIONS

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit**
- 2. Government Officers will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.**



REPUBLIC OF KENYA



National Commission for Science,
Technology and Innovation

RESEARCH CLEARANCE
PERMIT

Serial No. A 5856

CONDITIONS: see back page