



There is business like show business! What marketing scholars and managers can learn from 40 years of entertainment science research

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Abstract

For over four decades, scholars have developed the field of entertainment science, establishing a thorough understanding of the business behind filmed, recorded, written, and programmed media products and services, encompassing consumer behavior and strategic decision-making. Building on six foundational characteristics that jointly define entertainment offerings (i.e., their hedonic, narrative, cultural, creative, innovative, and digital nature), we synthesize key findings from entertainment science research. Since each of these characteristics can be found individually in various industries, this review offers substantial potential for learning beyond the entertainment world. Leveraging the entertainment industry's pioneering role in major cross-industry trends, including virtual worlds and generative AI, we then provide best practices for adapting to these developments. We conclude by proposing a comprehensive agenda for future research on each of the foundational entertainment characteristics within the field of entertainment science and beyond.

Keywords Entertainment · Hedonic consumption · Movies · Video games · Virtual worlds · Generative AI · Research agenda

Exposition: Showtime for entertainment science

They sacrifice calories to buy some entertainment, some pleasure. [...] I think as human beings we need both (Banerjee qtd. in Alexander, 2012).

The entertainment industry provides filmed, recorded, written, and programmed media products and services to

satisfy humans' innate need for pleasure (Hennig-Thurau & Houston, 2019; Hirschman & Holbrook, 1982). Through these offerings, it has become a global economic heavyweight, generating nearly a trillion dollars in consumer spending annually (Ballhaus et al., 2023), and a force of cultural significance as it both reflects and influences our culture (Yang & Saba, 2023). As a testament to this, entertainment science, as the body of knowledge derived from scholarly research on the business behind entertainment offerings, has become a major industry-specific research stream in marketing and business (e.g., Eliashberg et al., 2007; Foutz & Jank, 2010; Hadida, 2009) and has inspired extensive work in other scholarly disciplines (e.g., Vorderer, 2001).

This article demonstrates that the entertainment industry, despite its particularities, can offer insights that are applicable to a wide range of industries and research fields. Drawing from and synthesizing more than 40 years of entertainment science research since Holbrook and Hirschman's (1982) seminal work on hedonic consumption, we identify the hedonic, narrative, cultural, creative, innovative, and digital nature of entertainment offerings as their foundational characteristics and develop a framework that links them with fundamental areas of business and life, namely companies as

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part of larger industries on the supply side and consumers as part of larger societies on the demand side.

While the combination of all six characteristics uniquely defines the entertainment industry's offerings compared to other products, each characteristic can also be found in various other industries. This creates tremendous potential for cross-disciplinary learning from entertainment science. For instance, insights from entertainment research could provide valuable guidance in areas such as effective storytelling in advertising (e.g., Tellis et al., 2019), designing innovation processes for creative services like design (e.g., Catmull & Wallace, 2014), or transitioning to radically different digital business models such as freemium (e.g., Nicolaou, 2017). The interdisciplinary approach and our framework distinguish this article from others that have mostly focused on the entertainment industry itself (e.g., Hadida, 2009; McKenzie, 2023) or on individual success drivers such as stars and critics (e.g., Carrillat et al., 2018; Hofmann et al., 2017).

This article contributes to marketing thought and cross-disciplinary research in three distinct ways. First, we review research in entertainment science based on the six foundational characteristics, highlighting key findings for each. Second, we present best practices and insights for other industries, drawing on the entertainment industry's pioneering role in three major cross-industry trends that intersect with the different foundational characteristics. Finally, we develop a rich agenda for future research, outlining extensive opportunities for cross-disciplinary collaborations for each of the six entertainment characteristics.

Rising action: Introducing the six foundational characteristics of entertainment offerings

Entertainment science is a research context that spans more than four decades of publications geared toward establishing theoretical and empirical knowledge about phenomena, business strategies, and consumer behavior related to the entertainment industry. Drawing from Stremersch et al. (2023), we argue that while the entertainment industry may appear to be a specific research context, it holds tremendous potential for the study of a wide range of phenomena that generalize to other research and industry areas. It is inherently interdisciplinary (McKenzie, 2023), spanning marketing (e.g., Sood & Drèze, 2006), management (e.g., Eliashberg et al., 2007), economics (e.g., De Vany and Walls, 1999), and information systems (e.g., Smith & Telang, 2009), among other fields, which makes it a melting pot of theories, methods, and ideas (e.g., Bryant & Vorderer, 2006). With the availability of rich data and entertainment's pioneering role in many areas of business and life, it serves as an ideal empirical context for exploring phenomena from research

fields outside of entertainment (e.g., Corona et al., 2017; Heath et al., 2015).

To analyze how entertainment science provides insights beyond its industry boundaries, we distinguish between the demand side and the supply side. Each side allows for two different levels of analysis: societies and industries at the macro level as well as consumers and companies as their constituent elements at the micro level. Within this setting, we place six foundational characteristics of entertainment offerings that connect the macro- and micro-level entities. Figure 1 shows the framework.

On the demand side, the *hedonic nature* of entertainment offerings satisfies consumers' innate need for pleasure, which is deeply rooted in our human psyche. The hedonic characteristic is central to the industry's offerings (being hedonic is the *raison d'être* for entertainment) and understanding it and its consequences has been fundamental for research since its inception (Hirschman & Holbrook, 1982). With functional advantages being increasingly hard to achieve, industries can learn from insights into the emotion- and fantasy-driven desires of consumers.

On a societal level, entertainment products shape and reflect our *culture*. Movies are at the center of major cultural trends, such as the 'Barbenheimer phenomenon' (the marketing clash of the two wildly different movies, *Barbie* and *Oppenheimer*; Yang & Saba, 2023), and constitute entire subcultures, such as 'Trekkies' (Kozinets, 2001). Understanding this cultural nature provides managers and researchers in other fields insights into how to resonate with customers by infusing products with group-creating cultural values.

Most entertainment offerings are of a *narrative* kind, which reflects both the individual and societal need for *narratives* as a broad and pervasive human practice (Read & Miller, 1995). Narratives play a dual role: they provide us with pleasure by stimulating imagery and emotions, but they also promote social cohesion among audiences and cultural norms in the form of shared stories and myths. Both aspects are wanted by many industries, and entertainment science helps to understand what makes storytelling effective.

On the supply side, entertainment offerings are essentially *creative*, which makes *creativity* a fundamental ingredient for the development of any kind of entertainment. Creativity describes the raw capability of generating novel and original ideas, which usually emanate from creative personnel, important for ideation and generation phases. The entertainment industry has developed a rich understanding of effective human resource management at the individual, group, and organizational level to nurture and facilitate this resource, which is of obvious importance also in many other industries.

As information goods, entertainment offerings are also at their core of a *digital nature*. This characteristic has triggered disruptions of business and revenue models and resulted in the accumulation of strong digital capabilities,

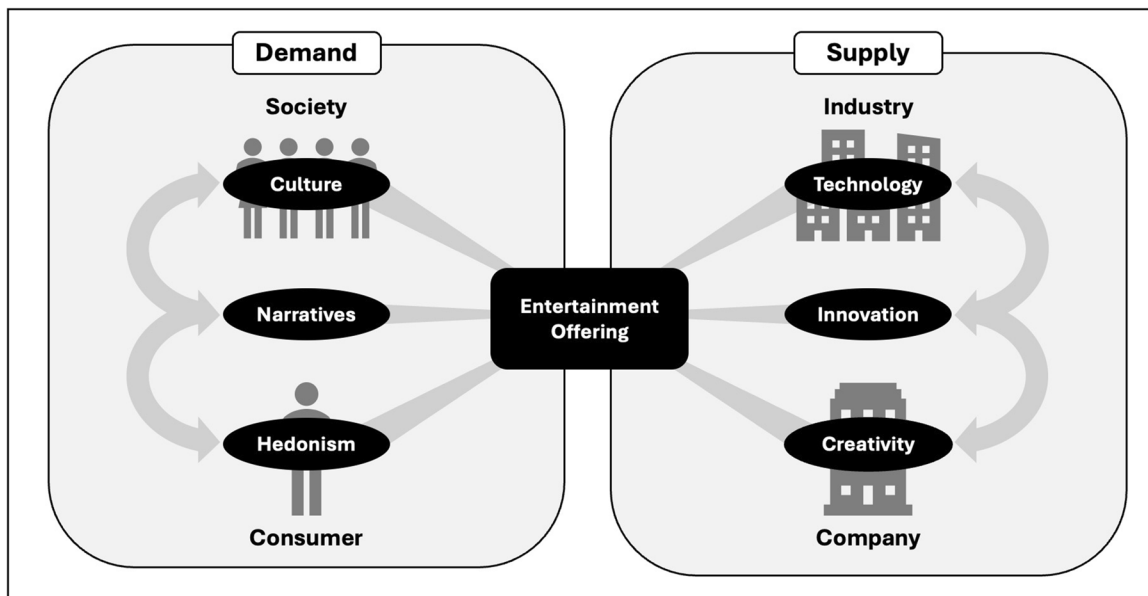


Fig. 1 The six foundational characteristics of entertainment offerings

which tell others how to cope with disruptive emerging *technologies*, either in a defensive or offensive way by effectively designing, managing, and monetizing digital products and platforms.

Furthermore, entertainment products must be *innovative* to thrive which is reflected in an enormous frequency of new product releases at the industry level to combat satiation. It implies a high pressure to innovate at the company level, requiring a strategic way to align creative capabilities with market demands to continuously produce new and successful products. Although creativity and innovation are intertwined, the former focuses more on the internal raw capability to create novel things (e.g., to compose a new song), while the latter is more externally oriented to strategically plan and steer the transformation of creativity into commercial products (e.g., to turn the song into a hot release). Innovation strategies developed in entertainment science (e.g., balancing novel sensations and comforting familiarity on the product level and in innovation sequences) can improve innovation success in industries well beyond entertainment.

Climax: How the six entertainment science characteristics create value

While entertainment is defined, and set apart from other offerings, by the joint presence of its six foundational characteristics, we discuss the core insights generated for each of these characteristics sequentially to facilitate the transfer of such learnings to other industries, where they may also have individual applications.

The hedonic nature of entertainment offerings

Consumers indulge in hedonic offerings because of the direct experience of pleasure through the act of consumption itself, fulfilling one of the most fundamental human needs. Economists Abhijit Banerjee and Esther Duflo (2007) have demonstrated the significance of pleasure in a study of the world's poorest populations. Here, they observe that despite severe malnutrition, the poorest spent approximately 40% of their budget on pleasure-related items, sacrificing calories for some form of entertainment.

The essentials Research into the foundations of hedonic consumption dates back to the work of marketing scholars Elisabeth Hirschman and Morris Holbrook (Hirschman & Holbrook, 1982; Holbrook & Hirschman, 1982). They argued that the largely dominant information-processing view of consumer behavior at that time would only apply to 'utilitarian' consumption, where aspects such as the presence of multiple product attributes and the evaluation of their individual contribution to achieving various goals are of core importance (e.g., Fishbein & Ajzen, 1975; Mazis et al., 1975). 'Hedonic' consumption would instead resemble psychoanalyst Sigmund Freud's (1915) concept of *primary-process thinking*, when consumers seek the immediate gratification of their need for pleasure. Consumption serves as the end goal instead of an instrument, as it directly satisfies consumers' inner needs (e.g., to escape from everyday life, to achieve success and mastery, to feel a sense of social belonging). Consumers make more holistic and emotional judgments regarding hedonic products ("Will I enjoy this game?"), rather than carefully

calibrating the value from isolated product attributes. Individual aspects of a hedonic product (e.g., the participation of a beloved star actor; Thomson, 2006) or critical evaluations (e.g., by an acclaimed reviewer; Basuroy et al., 2003) serve rather as information cues for consumers, helping them to assess whether consuming the overall product will likely give them pleasure or not (Hennig-Thurau et al., 2001).

Let us note that the distinction between utilitarian and hedonic consumption is not clear-cut though. They should rather be understood as independent product dimensions, as utilitarian and hedonic elements can coexist in a single product (Voss et al., 2003). As utilitarian products can feature elements that appeal to hedonic consumption (e.g., a toothpaste's nice taste), entertainment science findings can also apply to products and services which are traditionally not considered as 'entertainment.'

The road to pleasure Holbrook and Hirschman (1982) conceptualize two main procedural 'roads' to experience pleasure, namely emotions and imagery. Empirical research of the 'emotional road' by entertainment scholars often builds on the circumplex model of emotions (Russel 1980), which proposes valence and arousal as two bipolar dimensions that can be used to describe any emotion and to investigate the central role of emotions in hedonic experiences. High arousal emotions (both positive *and* negative!) increase consumption satisfaction (Aurier & Guintcheva, 2014), while high emotional complexity (i.e., the range of emotions covered; Fowdur et al., 2009) and high volatility (i.e., stark changes in emotional valence; Berger et al., 2021) have been found to increase economic success of filmed entertainment.

With the pre-release phase being of crucial importance for many entertainment offerings (Elberse & Anand, 2007; Houston et al., 2018), Henning et al. (2012) show that both anticipatory (i.e., felt before the release) and anticipated (i.e., expected to be experienced during consumption) emotions drive consumers' attitudes and purchase decisions. While these insights are aimed at understanding consumer reactions to upcoming entertainment products (such as the next video game of the hyped *Grand Theft Auto* franchise), they can clearly be applied to other types of anticipated products as well (such as new AI technology or Apple's Vision Pro headset).

The 'imagery road' builds on the link between imagery, as the automatic creation, processing, and storage of inner images, which can include rich stimuli from all senses (Hirschman & Holbrook, 1982), and pleasure. Entertainment scholars have shown that imagery facilitates mental states such as transportation (Green et al., 2004), immersion (Visch et al., 2010), and flow (Hoffman & Novak, 1996), which function as drivers of pleasure. While transportation describes a consumer's mental entry into a story world

(Van Laer et al., 2014), immersion refers to a feeling of being present in an alternate, often non-narrative world (e.g., sports video games; Slater & Wilbur, 1997), and flow occurs when an active challenge matches consumers' skills when they act with full involvement (Csikszentmihalyi, 1975). For instance, video games like *Hades*, *Dark Souls*, and *Elden Ring* challenge experienced gamers with a matching degree of difficulty to foster the emergence of flow, which has become an integral part of their success formula.

The narrative nature of entertainment offerings

Storytelling is one of the oldest forms of communication within a society; sharing stories, myths, and gossip are at the core of our human social relationships, enabling the formation and coordination of large societies as we know them today (Dunbar, 2004). In the context of commercial entertainment offerings, research on narratives has focused on why consumers are entertained by stories, and how stories can be delivered effectively.

Why stories engage and entertain consumers Narrative transportation has been found to be the key mechanism for engaging and entertaining consumers with stories (Green et al., 2004; Van Laer et al., 2014). The level to which such transportation happens is influenced by individual-level factors such as familiarity with a story (which increases consumers' ability to process, interpret, and appreciate it more easily) and the attention that a consumer pays (transportation is a cognitively demanding process that is diminished by distractions). Transportation can trigger persuasive effects, which result from this type of experience being more pronounced and longer-lasting than experiences resulting from more analytically processed communication, as consumers reduce critical thought (Van Laer et al., 2014).

How stories are delivered effectively Effective storytelling in entertainment requires a thorough understanding of narrative elements and delivery styles (Van Laer et al., 2014). Identifiable characters provide opportunities to relate to, empathize with, and vicariously experience their beliefs and emotions to dive deeper into the story world. The case of Marvel's *Black Panther* illustrates how representation, here in the form of an African superhero, can facilitate identification for African consumers, as expressed by actor John Kani: "[...] when you see the Black Panther as a young boy and he takes off that mask you think, 'Oh my God, he looks like me. He is African and I am African. Now we can look up to some person who is African.'" (Associated Press, 2018). An imaginable plot can further support a clear understanding of the events unfolding, which fuels audiences' imagery. Also, the story should provide verisimilitude (i.e., fictional

realism; Green, 2004), which requires the story to adhere to the rules of the fictional world in which it is unfolding. A lack of verisimilitude can break transportation and prevent audiences from experiencing pleasure.

Using large-scale natural language analyses, scholars (e.g., Boyd et al., 2020; Reagan et al., 2016) have shown that many entertainment stories converge on typical narrative patterns proposed by story scholars in the field of literary studies (e.g., Man-in-Hole [Vonnegut, 2005]; 5-act dramatic pyramid [Freytag, 1863]). While the relative effectiveness of individual patterns is still debated, research has shed light on other facets of narrative patterns. Recent research suggests that both increasing emotional volatility (i.e., how strong valence shifts between positive and negative) and increasing the number of semantic shifts, or the speed with which different topics are covered, lead to more favorable evaluations (Berger et al., 2021; Toubia et al., 2021). Beyond entertainment, the effectiveness of narrative advertising (Dessart, 2018) showcases the importance of these findings for other industries, such as when Budweiser utilized the power of storytelling about the deep bond of a puppy and a horse in their Superbowl ad to strengthen their brand (Chaves, 2024).

The cultural nature of entertainment offerings

People often consume entertainment products that align with their own values, which can signal ‘who they are’ to others, such as when the choice of a certain music genre associates them with specific cultural groups (Berger & Heath, 2008). In cases of extreme fandom, entertainment brands can even become essential pillars for one’s sense of self and what is important in life. Holt (2004) accordingly identifies entertainment offerings as a key creator of modern myths that resonate strongly with consumers.

Cultural hypes Hypes describes a specific dynamic of cultural circulation, where a product enjoys an explosive surge (and later decline) in popularity, which is largely driven by self-reinforcing ‘bandwagon’ processes (Powers, 2012). Hyped products typically create or change a cultural meaning (Gray, 2008), which acts as a signal value for consumers, especially if the product is closely associated with certain cultural groups (Berger, 2007). Whereas this signal value is typically a key driver of the hype’s surge in popularity, it can also often explain its subsequent decline: with new (mainstream) social groups adopting the offer over time as well, its original meaning changes and initial supporters abandon the product to disassociate themselves from the new group members (Berger & Heath, 2008). Hypes and their commercial exploitation are not limited to entertainment offerings, but also apply to the context of technological innovations and finance, such as the metaverse and blockchain, for instance.

Human brands as central success drivers of cultural products Hype dynamics in entertainment are regularly associated with human brands, such as singer-songwriter Taylor Swift, whose cultural impact has been referred to as a ‘taylormania’ (Hiatt, 2023). While entertainment economics have attributed the attractiveness and market dominance of such superstars to the rarity of talent and consumers’ unwillingness to trade high talent for lower talent (Rosen, 1981) as well as to luck (Adler, 1985), scholars in marketing have noted consumers’ attachment to human brands and the loyalty associated with such attachment as a value driver (Thomson, 2006). Human brands thereby not only function as cultural markers, but also act as product ingredients (or product creators) and communication partners. As ingredient brands, they generate immediate awareness (e.g., “Have you seen the new movie with Brad Pitt?”) and convey associations through their image (e.g., “Brad Pitt only stars in cool, high-quality movies”) that reflect on the cultural host product (Hofmann et al., 2017; Luo et al., 2010). As communication partners, they can exploit their own star power to stimulate demand, may it be for promoting their own entertainment offerings or endorsing unrelated products, via social media postings and other channels (Kupfer et al., 2018).

The creative nature of entertainment offerings

To lay the foundation for success in an innovation-driven industry, managers seek approaches to nurture internal creative capabilities by effectively managing creative personnel in an otherwise commercial setting (Catmull, 2008). This implies paradoxes and tensions (see Smith & Lewis, 2011).

Creativity’s organizational challenges Creativity, as the ability to develop many different and unusual goal-directed ideas (i.e., creating ideas with high elaboration, fluency, flexibility, and originality as described in the seminal work of Guilford [1950, 1967]) is a general concept that is of particular importance for the creation of entertainment. Entertainment scholars have dedicated particular attention to the challenges that result from the management of creative personnel.

Caves (2000) suggests three key challenges to acknowledge when managing creatives, who can be driven by their artistic vision and exhibit a high need for independence (Bryant & Throsby, 2006). The ‘arts-for-art’s sake’ challenge describes a goal conflict between the artistic quality and integrity valued by creatives and the potential market value and commercial profit sought by managers. In this field of tension, compromise can be difficult, such as when *Justice League* movie director Zack Snyder attacked executives on social media as part of his request for more financial resources (Siegel, 2022). Managers need to empathetically align these diverging goal systems, allowing for a high degree of creativity while adhering to economic constraints.

Moreover, the ‘motley crew’ challenge results from a non-linear production function of creative offerings: a weak performance of a single ingredient (e.g., bad acting or a lack of verisimilitude in a key scene) can ruin an entire movie (see Barker, 2023 for an example) or video game (see Shayo, 2022). Managers thus need to take the chemistry and dynamics between creatives involved in a project into account when composing teams to unleash their full potential (Dacombe, 2023) or prevent disastrous combinations (Boone, 2023). Finally, the ‘infinite variety’ challenge arises from the infinite array of design choices that exists for creative work. To address this challenge, managers must establish flexible processes and heuristics in creative projects that both prevent wasting resources unnecessarily and stifling creative capabilities. Thus, the animation studio Pixar makes resource constraints salient to creatives by giving them popsicle sticks representative of the available teamwork hours, which they can assign to open tasks to prioritize important work (Catmull & Wallace, 2014). However, managers should allow for trial and error, as the successful video game *BioShock Infinite* demonstrates, which had enough content for five to six full games cut before its release (Pitcher, 2013).

Fostering creativity via culture and structure In the past, entertainment companies made unsuccessful attempts at controlling creative processes, stifling creativity under rigid micro-management (e.g., Disney’s oversight group; Catmull & Wallace, 2014). Instead, radical companies like Netflix and Pixar successfully align creative and economic personnel with two resources: organizational culture and structure.

Organizational culture guides behavior toward common outcomes in a flexible environment by establishing strong shared values and beliefs. Entertainment firms have successfully developed cultures which build on a combination of autonomy and responsibility, providing freedom when performance indicators are met (e.g., profitability at Guerilla Games; AT5, 2017); establishing common goals to coordinate efforts (e.g., refusal to compromise quality); embracing an entrepreneurial orientation based on risk-taking and learning from failure; and producing a peer culture built on candor and trust that allows for free communication and feedback across hierarchies and functions (e.g., postmortems; all practices at Pixar; Catmull & Wallace, 2014). At the same time, managers should cultivate an atmosphere where candor and compromise are possible without endangering the identity of creatives (Wei, 2012). In addition, common goals can be strengthened by including both commercial interests and artistic integrities in key performance indicator (KPI) systems, such as the public Metacritic review rating used alongside revenue for bonus payments in the gaming industry (see Sultan, 2020; Walker, 2014).

Yet even the strongest cultures do not allow for unlimited freedom. Organizational structures need to ensure that processes are flexible and catastrophic failures (e.g., ethical or legal issues) prevented. Successful entertainment companies combine (relatively) flat hierarchies that facilitate peer-to-peer communication and decision-making; structure processes in a ‘loose-tight’ fashion, prioritizing failures in the early stages of creativity when they are cheap and preventing them in later stages as they become more costly to correct; and hire high-performing people who thrive in flexible environments rather than over-structuring their organization as they grow (e.g., Netflix; Hastings & Meyer, 2020). Going beyond individual personnel, managers should also pay attention to team composition due to the motley crew effect discussed before, which is important in the entertainment industry (Narayan & Kadiyali, 2016) and beyond (e.g., innovation: Sethi et al., 2001; sales: Li et al., 2019).

The innovative nature of entertainment offerings

The entertainment industry is highly innovative with about 9,100 PC games, 11,700 feature movies, 500,000 books, and 72,400 music albums released in 2023 only, in comparison to just 75 new car models and 25 smartphones.¹ To keep up with their competition, entertainment companies produce a high volume of innovations by strategically transforming their creative capabilities into in-demand commercial products. However, this endeavor involves a high degree of company-level risk, illustrated by half of all movies failing to turn a profit (Follows, 2016), which has let the entertainment industry to develop strategic approaches to successfully innovate not only on the product, but also the portfolio level.

Innovation through exploration and exploitation In innovation processes, companies face the question whether to explore new ideas or exploit successful ones for new product development (March, 1991). Exploration and exploitation are radically different innovation approaches; while the former requires free, creative discovery, the latter demands tight, efficient control (Dougherty & Heller, 1994). Successful entertainment companies combine both by following one of the paths suggested by management scholars Gupta et al. (2006). Some firms including Pixar alternate between exploration and exploitation over time in the same organizational unit, exploring originals (such as Pixar’s *Elemental*) to stay creative and exploiting successful brands (like *Toy Story* and *Inside Out*) to stay financially afloat (Lussier, 2023). Corporations such as the game developer Ubisoft instead are separating exploration and exploitation into

¹ These numbers have been compiled from multiple sources such as IMDbPro, Steamspy, wordsrated, and Wikipedia.

different business units, leaving room for some employees to freely explore trends and prototype ideas and then hand promising ones off to dedicated production teams (Ubisoft, 2022, 2023).

Single-brand extensions: Balancing sensations and familiarity Entertainment science research provides evidence that the extension of existing ideas (or intellectual property), on average, generates higher revenues (for movies, see Clement et al., 2014; for books, see Schmidt-Stölting et al., 2011; for video games, see Marchand, 2016) and involves less risk (Hennig-Thurau et al., 2009) compared to original content. However, not all extensions are equally successful.

Bohnenkamp et al. (2015) provide a theoretical explanation for this, showcasing that extensions differ in both the sensations and the familiarity they provide, which the authors sketch as two main routes to pleasure. Sensations describe a product's ability to offer stimulation by appealing to basic human needs for change and variety (Zuckerman, 1971) via new, innovative, unprecedented experiences, such as when Steven Spielberg brought dinosaurs to modern life in *Jurassic Park* (1993). By contrast, familiarity refers to consumers' sense of connection with a product typically instilled by using well-known characters, stories, settings, and other narrative elements (e.g., Green et al., 2004). Entertainment science's sensations-familiarity framework states that balancing both factors is important; a proposition that has also been validated empirically in the context of video game platforms by Allen et al. (2022). If extensions fail to offer sufficient levels of sensations and focus predominantly on familiarity, as is often the case with remakes, the revenue advantage associated with product extensions disappears. Thus, remaking strong movie brands that stay close to the original is a potential recipe for failure (Bohnenkamp et al., 2015). Sequels, however, inherently offer more room for sensations, and for them a favorable parent brand image and high brand awareness, along with star- and age-rating continuity and a timely release, are among the most important success drivers (Basuroy & Chatterjee, 2008; Hennig-Thurau et al., 2009).

Multi-brand extensions: Balancing exploitation and exploration for multiple iterations Entertainment companies have developed the concept of 'franchises,' as series of extensions of an entertainment brand released over a longer time frame (25 *James Bond* movies so far, 12 *Star Wars* movies, 30 *Call of Duty* games). Here, managers must carefully balance exploration vs. exploitation over long time periods and iterations to find the optimal degree of innovativeness in extension sequences. When Heath et al. (2015) investigate the dynamics of balancing exploitation and exploration (i.e., high vs. low similarity) in movie innovation sequences over time, their simulations show that low similarity to the prior

movie is detrimental in the beginning but hardly matters by the third sequel and that high similarity is penalized by the fifth sequel. Thus, entertainment managers need to closely monitor the 'freshness' of their franchise and ensure that enough sensations are provided to avoid the adverse effects of satiation and sequel fatigue (McClintock, 2016).

The digital nature of entertainment offerings

Despite its roots in the analog era, the entertainment industry has become a pioneer of digitalization at every stage of value creation (Behrens et al., 2021), though sometimes unintentionally. Companies in the industry have witnessed the rise, fall, and rebirth of standards (e.g., vinyl vs. CD vs. streaming), business models (e.g., transactional physical rental to digital flat-fee streaming), and entire industries (e.g., the music industry's turmoil in the age of piracy). This has forced them to develop new capabilities to survive in the industry, which often put them at the forefront of emerging digital businesses fields and consumer trends like streaming and binge watching and generating value and insights from data (Schweidel & Moe, 2016; Weinberg et al., 2021).

Managing digital products and revenues First-copy costs, which occur before the first sale of a product, are a key difference between digital products and their analog counterparts (Hennig-Thurau & Houston, 2019). They are especially pronounced for entertainment products: hundreds of millions of dollars are spent on entertainment products such as the movie *Avengers: Age of Ultron* (\$365 m) and the game *Star Citizen* (\$501 m) before the first unit is sold, while the cost of additional digital copies is close to zero. The digital nature of products also eases their distribution and storage, making them accessible to virtually any potential customer in an instant.

Furthermore, products' digital nature enables and facilitates the effectiveness of revenue models implemented and partly pioneered by the entertainment industry, such as bundling (e.g., music albums [Elberse, 2010]; flat-rate subscription models [Wlömert & Papies, 2016]) and freemium pricing (Gu et al., 2018). While those models have allowed digital firms such as Spotify and Epic Games (the creators of *Fortnite*) to scale up, companies are now also adapting them in the physical space. For example, Sixt offers unlimited car rentals for a flat fee and Fitbit offers paid premium services that extend the capabilities of their tracking devices.

But the digital nature also presents unique challenges such as piracy, which research shows is detrimental to revenue (e.g., Hennig-Thurau et al., 2007; Rob & Waldfogel, 2006) and essentially forces companies to compete with free offerings. With 52.5 billion visits to piracy sites in the first quarter of 2022, up 29.3% from the prior year, piracy remains a major threat to digital content creators (Muso, 2022). The

music industry provides a cautionary tale of the havoc piracy can wreak – and how to recover from it. Napster, one of the first digital piracy platforms that became available in 1999, attracted 20 million users in less than a year, enabling peer-to-peer music sharing without quality loss and eroding the competitive advantage of the original that analog formats had (Mills, 2023). The significant decline in overall music sales in this period can largely be attributed to the rise of file sharing (Liebowitz, 2016; Rob & Waldfogel, 2006; Zentner, 2006).

To prevent or combat digital piracy, entertainment scientists propose two different strategies: increasing the barriers to piracy and increasing the attractiveness of the legal format. The former includes measures that limit access to piracy (e.g., shutting down Megaupload; Danaher & Smith, 2014), increase potential legal costs if caught (e.g., HADOPI law; Danaher et al., 2014), and restrict unauthorized access to content (e.g., DRM, which may also make the legal version less attractive; Sinha et al., 2010). The latter helps create legal digital formats that offer equal or superior value as illegal copies by bundling a wide range of content, offering high technical quality, and providing value-added services at a competitive price. Spotify, for instance, has been instrumental in saving the music industry by providing access to a vast music streaming catalog in a highly personalized and social way that piracy cannot offer.

Understanding digital platform economics Digital platforms like Spotify have been able to monetize their ‘free’ tier for two reasons: network effects and two-sided markets. Network effects increase the value of a platform with the number of users (e.g., Clements & Ohashi, 2005). Direct network effects create value through increased opportunities for interaction and exchange. Beyond its straight forward relevance for multiplayer games and social networks, scholars have shown that direct network effects provide a powerful advantage for ‘freemium’ offerings, such as games and apps that offer a ‘free-to-play’ layer in addition to a paid layer (Boudreau et al., 2022). Indirect network effects occur at the platform level, where a larger user base attracts complementary products (e.g., available video games apps increase with its user base). Network effects can lead to reinforcing cycles that make the strong even stronger and, in extreme cases, result in winner-take-all markets. Entertainment scientists have demonstrated their importance for (software) product sales; for example, Marchand (2016) shows that game sales are affected not only by direct network effects, but also by the number of sold consoles.

Two-sided markets (Rysman, 2009) describe a related, but distinct scenario in which a platform targets several distinct customer groups in different markets, capturing the potential dynamics between audiences as ‘externalities.’ For example, Spotify offers ‘free’ access to a segment of consumers who

not only create network effects, but also pay with their attention which is then sold to advertisers (Papies et al., 2011). Here a positive externality occurs when this user base grows, as this makes the platform more valuable to advertisers by increasing the reach of their messages. By contrast, attracting more advertisers to the platform could lead to a negative externality, as consumers’ enjoyment and attention may be diminished by too many ad breaks, making the platform less valuable to them. Thus, platform owners must strike a delicate, oftentimes data-driven balance between the interests of each customer group to avoid the potential negative effects, something that scholars have studied both theoretically and also empirically (e.g., Li et al., 2024).

Generating value from rich data The entertainment industry is particularly conducive to generate value from data. It provides access to a large amount of rich structured and unstructured data that is constantly updated and easily accessible. Both commercial companies and hobbyist projects track minute aspects of entertainment products, their success, and related consumer expectations and experiences that have been used to answer otherwise challenging research questions (e.g., the predictive power of virtual markets; Karniouchina, 2011; Völckner et al., 2023). Similarly, the products themselves can be considered as packages of unstructured data (i.e., audiovisual, textual) that provide an ideal context for exploring cutting-edge methods to make sense of them and turn them into useful applications (e.g., Liu et al., 2018).

Moreover, entertainment can also serve as a guiding example on creating more compelling and profitable products through data analytics, as evidenced by entertainment scientists (Behrens et al., 2021). Over the past decade, some non-traditional entertainment companies, such as Netflix, have created value for consumers through extensive experimental testing (Tingley et al., 2022), technological innovation (Chen et al., 2023a, 2023b), and the creation of data-driven services such as recommender systems (Gomez-Urbe & Hunt, 2015).

Final suspense: High-impact trends in the world of entertainment—and beyond

To showcase the relevance of entertainment science research across its core industry boundaries, we now use our framework as a multidisciplinary lens to facilitate the understanding of three high-impact trends that affect a multitude of industries and societies and which either originate from or heavily impact the entertainment industry: (1) buzz, blockbusters, and brand universes, (2) virtual worlds, and (3) generative AI.

Buzz, blockbusters, and brand universes

The three interrelated strategies of buzz, blockbusters, and brand universes have been pioneered by the entertainment industry but are increasingly used across industries. They combine implications from two of entertainment's foundational characteristics, namely its cultural and innovative nature. The cultural nature of entertainment illustrates how products can be created and human brands be utilized that resonate with consumers. Entertainment's innovative nature helps to find the sweet spot between exploiting the established (i.e., providing familiarity) and exploring the novel (i.e., providing sensations).

Buzz Pre-release buzz deals with consumers' collective observable expressions of anticipation (Houston et al., 2018); it describes a certain 'frenzy' in the market that occurs when many consumers eagerly await an upcoming product. This concept is similar to the general idea of cultural hypes but focuses on the time before a product hits the market. In this early (pre-)stage of a product's life cycle, excitement can spread even before anyone has experienced the product in the form of a 'shadow diffusion,' accumulating future adopters when the new entertainment offering is not yet available (Peres et al., 2010). Like hypes, buzz can initiate contagious success-breeds-success cascades (Salganik et al., 2006), boosting future sales as consumers want to be part of the social phenomenon and stay in the cultural loop (Iannone et al., 2018; Liu, 2006). Hence, products that culturally resonate with consumers are often also particularly successful in creating buzz, as are products with high degrees of familiarity and/or unique sensations. In a movie context, when consumers created memes and fan art that combined elements of upcoming movies *Barbie* and *Oppenheimer*, the resulting pre-release buzz for 'Barbenheimer' boosted the success of both movies (Yang & Saba, 2023). Strategies to support such dynamics, like raising the visibility of buzz (e.g., creating long queues at cinemas for *Jaws* by limiting the number of theaters) or using popular human brands, are spreading beyond entertainment to a diverse set of industries, ranging from tech products (e.g., Apple's pre-announcement speeches), to apparel (Yeezy sneakers) to art (e.g., the auctioned Leonardo da Vinci painting *Salvator Mundi*).

Blockbusters Building on such contagious dynamics is the blockbuster strategy, which dominates entertainment these days (Elberse, 2013). Blockbusters typically draw heavily from familiarity, such as popular human and product brands, and combine those with straight-forward, easy-to-grasp sensations (e.g., the lifelike dinosaurs of *Jurassic Park*, the 3D effects of *Avatar*), to appeal to a maximum audience. The blockbuster strategy aims to generate massive pre-release

buzz to ensure high immediate returns, regardless of product quality (Hall & Neale, 2010). The collective pre-release awareness and excitement of consumers are scheduled to 'pre-sell' an offer and recoup a major part of the company's investment directly after its release, which, in turn, can stimulate further success-breeds-success cascades via charts and bestseller lists. Research has stressed some limitations of such blockbuster logic in our digital times though, resulting in part from the immediate flow of quality information among consumers (Hennig-Thurau et al., 2015).

Brand universes Brand universes apply blockbuster logic and buzz to large arrays of connected brands. With 34 movies released under its brand since 2007, the *Marvel Cinematic Universe* is a prime example for this strategy. Marvel capitalizes on its extensive library of familiar (superhero) character brands to spin a net of entertainment offerings with interrelated narratives over time and across product categories, where each product can profit from its predecessors in terms of pre-installed awareness and established associations. By combining different characters into 'team brands,' they further foster substantial bi-directional spillover effects, particularly for constituent characters that are frequently shown with their team and contribute unique associations to it (Klostermann et al., 2023). The familiarity with the resonating story world and emotional connections with recurring characters, if given, thereby offer a diverse set of advantages, including increased narrative transportation. To avoid satiation, Marvel aims to complement their characters' familiarity with sensations by deliberately challenging established success formulas, bringing in talent from unconventional backgrounds with unique perspectives, and maintaining a willingness to adapt to a changing world (Harrison & Beard, 2019; Harrison et al., 2019). Recent developments though indicate that certain limits exist for such brand universes, such as when an exploding quantity of content struggles to maintain the quality of the universe (Dockterman, 2023). Toy maker Lego exemplifies the transferability of the brand universe concept, having partnered its building blocks with numerous brand tie ins (Loveless, 2024), with co-branded offerings ranging from partnerships with entertainment brands like *Harry Potter* and *Star Wars* in its core market of plastic bricks, but also by extending its video games to its own movies and series franchise and integrating virtual versions of all of these on its own *LEGO Fortnite* platform.

A related development is when content creators build their own empires, extending their role from being a brand cooperator (e.g., as a communication vehicle for other brands) to a brand creator, launching their own products and channels. YouTube star MrBeast has not only built a professional stream of content in multiple languages across several channels, but has also expanded into ancillary activities and businesses (e.g., MrBeast Burger, Feastables, and Beast

Philanthropy; Elberse & Band, 2023). Such popular human brands have begun to form small team constellations or alliances with other creators, where they support each other to create spillover effects between their offerings (as is the case for MrBeast and science YouTuber Mark Rober since #TeamTrees). Given the heightened importance of content creators for marketing activities across disciplines, such shifts in power structures should be thoroughly studied.

Virtual worlds

Consumers engage with brands through virtual experiences in virtual worlds on platforms such as *Roblox*, *Fortnite*, and VRChat, now also through VR headsets and related high-immersive devices. Predicted to become a multi-trillion-dollar industry (e.g., Elmasry et al., 2022), such virtual worlds have garnered a great deal of professional and academic attention recently (e.g., Hennig-Thurau et al., 2023). Yet, to translate hype into real value, entertainment and other industries must find compelling experiences wrapped in suitable digital business models for commercialization. The video game sector constitutes the most prolific, and profitable, use case for virtual worlds, with extensive and decade-long experience. The hedonic nature of entertainment thereby helps understand what draws consumers into virtual worlds, whereas its digital nature offers insights on how to monetize them.

Creating attractive virtual worlds While entertainment science provides general guidance on the underlying mechanisms of video game enjoyment (e.g., transportation, immersion, and flow) and initial insights on hedonic applications in VR (e.g., virtual movie theaters; Hennig-Thurau et al., 2023), best practices from the games industry for building attractive immersive environments offer rich examples of how to do so. Some companies outside of entertainment already successfully adopt such insights; for example, in its popular *Vans World* on *Roblox*, the apparel brand Vans offers an experience that is heavily inspired by classic 3D skate games such as *Tony Hawks Pro Skater* (LaPorte, 2021).

More specifically, successful story-driven video games like *Baldur's Gate 3* are a masterclass for creating virtual worlds that consumers seek to immerse themselves in, attracting more than half a million active daily players (Bailey, 2024). Games like this provide consumers with captivating narratives, expansive and detailed world building with rich lore, and multi-faceted characters that people want to engage and identify with (e.g., Martin, 2023)—offering a great outlet for escapism as a central hedonic motive. To facilitate these aspects, managers can draw on the bordering narrative nature of entertainment. A key ingredient to the success of *Baldur's Gate 3* is its extraordinary degree of interactivity

with the environment and almost limitless creative freedom it gives players (Yuhas, 2023), something that also characterizes other successful games from high-fidelity *No Man's Sky* to casual *Minecraft* and *Animal Crossing*. Here, instead of striving for an ultimate goal, the world itself is a 'sandbox' environment that equips players with manifold opportunities to satisfy their desires for exploration and creative expression (Blanco-Herrera et al., 2019).

Related, today's technology, including the newest generation of headsets, enables the opportunity to use virtual worlds together with other users and thus to generate social value (Hennig-Thurau et al., 2023). Massive multiplayer online (roleplaying) games such as *World of Warcraft*, *Destiny 2*, and *Guild Wars 2* or *Fortnite* and *Roblox* have built large active communities spanning millions of highly engaged players (Bainbridge, 2007). Community cohesion and engagement is facilitated by collaborative (PVE, player vs. environment) or competitive (PVP, player vs. player) modes. While PVE features activities and challenges that require the collaborative efforts of multiple players (e.g., *World of Warcraft* provides an experience loop in which 5–40 players must work together to fight strong enemies in dungeons and raids), PVP content focuses on competitive social aspects, pitting (groups of) players against each other in various formats, as in *Fortnite Battle Royale*.

Commercializing virtual worlds The games industry has grown into an economic heavyweight with \$227 billion in annual revenue in 2023 (Ballhaus et al., 2023), most of which stem from 3D virtual world settings. At the core of the games industry's rapid expansion are new and effective business models tailored to the digital nature of entertainment, which guide the commercial exploration of virtual environments also beyond gaming.

Providing games as a service has emerged as a dominant business model to turn social virtual worlds into a viable commercial offering. *World of Warcraft*, *Fortnite*, and *Roblox* are successfully generating billions of dollars and are representative examples of three distinct revenue generation models for digital offerings. *World of Warcraft* was a pioneer in the domain of subscription-based services and has generated well over \$10 billion in cumulative revenue in the ten years after its release in 2004 (Eu, 2014). They have augmented their core model of selling bi-yearly paid expansions (i.e., large content updates) and monthly subscription fees by offering optional in-game items (e.g., cosmetics and mounts) and complementary game-related services (e.g., faction changes and renaming characters), which capitalizes on the extreme fandom attached to the franchise (Kissing, 2023).

In contrast, *Fortnite* is offering its core gaming experience for free. Here the cumulative revenues of about \$20 billion (until 2023; Strickland, 2023) result solely from a

combination of in-game asset sales (e.g., cosmetic items and emotes) and premium subscriptions (Mai and Hu, 2023). *Fortnite* has also established itself as an attractive brand platform, attracting 180 collaborations including automotive brand Ferrari and fashion brand Balenciaga as well as Lego (Tsioussidis, 2023) and also professional agencies specialized in creating such branded experiences (Peters, 2022). This trend is very popular with younger audiences (Adams, 2022), which offers ways for managers to not only build unique experiences, but also to promote their brands in other virtual worlds, where striking a balance between hedonic and commercial elements is required (e.g., Song et al., 2015).

Finally, *Roblox* as another free-to-play environment sets itself apart by having one of the largest ‘creator economies,’ with 70.2 million daily active users, 3.2 billion annual virtual transactions, 5.6 million creators, and \$1.1 billion bi-yearly creator earnings (Roblox, 2024). The company focuses on lowering entry barriers for development through easy-to-use developer tools and monetary incentives for successful virtual worlds and assets. In return, they attract a diverse range of creators from less technical backgrounds such as teenagers, who are familiar with the needs of their own target demographic (Weinberger, 2017). Thus, the platform leverages a combination of direct and indirect network effects for sustained growth. Setting the right incentives for innovation is essential for any creator model, and entertainment research can provide guidance.

Generative AI

Generative AI is changing the way we perceive and perform work in creative fields, with entertainment once more being affected strongly by recent advancements in the quality of transformer- and diffusion-based generative AI models trained on massive datasets to produce text (e.g., Google Gemini), code (e.g., GitHub Copilot), images (e.g., Midjourney), and video (e.g., OpenAI Sora). Many industries (want to) use generative AI to create better products faster and catalyze creative tasks across industries (e.g., fashion) and domains (e.g., product development; Harreis et al., 2023). Early research suggests a wide range of applications, from helping experts sift through the best ideas in less time (in a crowdsourcing context; Bell et al. 2023), to improving the writing of creative appeals (Hong & Hoban, 2022), to automatically testing emails to optimize open rates (Nguyen et al., 2024). Beyond specific applications, knowledge regarding the creative nature of entertainment helps to understand the tensions between human and artificial creativity (as witnessed in the 2023 SAG-AFTRA strikes of film actors and writers), and narrative skills can guide the creation of resonant AI content by focusing on consumer expectations for great storytelling.

Human vs. artificial creativity The recent performance increases of generative AI models cast doubt regarding the role of human personnel for creating content, which extends the tug of war between artistic and commercial interests that the entertainment industry has been facing since its beginnings. Entertainment also serves as a powerful context for projects that benchmark themselves against high-quality human creativity, offering a first glimpse into the implications of their integration (Kido, 2024).

De Cremer et al. (2023) discuss three potential scenarios for how the tension between human and artificial creativity might play out. In the ‘explosion of AI-assisted creative work’ scenario, AI models will complement creative work, making it more efficient for creatives and lowering entry barriers. Models will help iterate through ideas and solutions more quickly but will still require human guidance and post-processing. In the ‘machines monopolize creativity’ scenario, the incentives for technological innovation and authentic human creation will be unbalanced, resulting in extensive automated content generation and likely crowding out human creativity. This would lead to an abundance of highly personalized content, undermining shared consumption experiences. Only a small number of exceptional human creators would remain in the market, given the ever-increasing search costs. In the third scenario, people grow tired of synthetic content, crave authentic creativity, and are willing to pay a ‘premium for human-made creativity.’ Given the lack of training data for new trends, humans will have a competitive edge in creating timely content that algorithms can hardly match. While it is too early to judge the likelihood of these scenarios, the entertainment industry will be an important environment to witness how the conflict evolves.

Producing compelling AI content Experts argue that generative AI models can assist in producing better, more personalized, and diverse content, especially when models are adapted to specific domains and use cases (Davenport & Mittal, 2022). So how can general models be aligned with domain-specific conventions to produce compelling content?

Prompt engineering allows for precise guidance of generative models towards desired outcomes without adjusting the model itself. It builds on domain expertise about the constituents of ‘great content,’ which are integrated into model prompts explicitly (e.g., requesting certain traits of successful stories; Eliashberg et al., 2014) and/or implicitly (e.g., providing examples of good story writing). Model fine-tuning allows to adjust the weights and biases of existing high-performing models by providing carefully curated corpora of desired content outputs such as successful screenplays and novels when wanting a model that assists with writing good stories. Content-rich industries also seek to establish new revenue streams as companies are eager to license such content for AI model training (Butler, 2024;

Ghaffary et al., 2024). Lastly, agent-based models, which focus on the cooperation of multiple LLMs with differing task foci to simulate human behavior (Park et al., 2023), can emulate complex social creative processes like a writers' room. They have been successfully applied in creative contexts like video game development (Chen et al., 2023a, 2023b) but would need to be refined with domain-related expertise in prompt-engineering and/or domain-specific data in fine-tuning to aid with compelling content production.

Beyond these considerations, integrating generative AI with existing processes remains a challenge. Managers in entertainment and beyond should complement their domain expertise with sufficient knowledge of the understanding of AI models to assess their potential to increase effectiveness (i.e., achieve better solutions) and efficiency (i.e., achieve solutions faster) and determine the requirements for implementing models (e.g., upskilling employees, necessary internal and external data; for applied examples, see Magoon et al., 2023). Context-specific frameworks, such as that proposed by Huang and Rust (2021) in the marketing domain, can offer valuable guidance in this regard.

Denouement: An agenda for future research

The world is in constant flux, with new technological advances and related changes in consumer behavior challenging marketers in a broad set of industries, including entertainment. We finish with a future research agenda that discusses how current changes will affect the six foundational characteristics of entertainment and what kind of questions results from this that affect entertainment, but also other industries.

A new chapter for hedonic consumption

Managers of non-hedonic offerings are increasingly interested in 'hedonizing' their products, stimulating consumers' emotions and imagery by making utilitarian offerings fun, adding gamified elements to products and services, and creating pleasurable experiences to stimulate consumers' brand engagement, in physical, digital, and now also 3D virtual environments. The successful provision of hedonic benefits requires a thorough understanding of central hedonic consumption processes as well as of their dark side, as we detail in Table 1 below.

Table 1 Research agenda for the hedonic nature of (entertainment) offerings

Category	Topic relevance	Concrete research questions
Emotions and imagery	Managers who want to add hedonic value to their offerings should understand the role emotions and imagery play for their enjoyment. Trends such as Twitch, a platform for watching others play video games with 22.4 billion hours of content consumed in 2022 (Iqbal, 2023), demonstrate the power of anticipatory emotions, for example. Here, consumers enjoy a form of vicarious consumption (MacInnis & Price, 1987), the act of consuming information about the product instead of the product itself. Such concepts also work for non-entertainment products, as demonstrated by the YouTube channel Unbox Therapy, which attracted more than 4.5 billion views for its product presentations. In addition, novel virtual worlds can be used by brands to evoke both emotions and imagery through their ability to create immersive and interactive experiences.	<ul style="list-style-type: none"> • What happens when anticipated emotions are not matched with subsequent product performances, as was the case with video games like <i>Cyberpunk 2077</i> and <i>No Man's Sky</i> which promised too much before release and then triggered unmet expectations? What can be learned about recovering from bad product releases? • Does imagining the possession of unboxed goods and the enjoyment of watching others experience products increase the longing for the respective offering or substitute its adoption through vicarious consumption? • How can companies build engaging and enjoyable brand experiences in virtual worlds that trigger valuable consumer emotions and imagery and avoid reactance? • For what industries are virtual worlds suitable? How should worlds be adapted for different goals (e.g., improving brand image vs. selling products) and contexts (e.g., FMCG vs. lifestyle brand)?
Hedonic's darker side	With a new focus on KPIs such as traffic and time spent, platform managers and creators of digital and 3D virtual offerings seek ways to ensure continued platform usage. They try to beat the 'satiation threat' of hedonic consumption and have consumers so hooked on their technology that they start using the products and services "out of sheer habit" (Eyal & Hoover, 2014) On a societal level, the question arises whether such continued usage can turn out to be too much of a good thing. In 1985, the American author Neil Postman built on the Orwellian vision of the future and postulated that we, the people, might "amuse ourselves to death."	<ul style="list-style-type: none"> • What are adverse effects of using the 'wrong' KPIs? • How can platform owners and content creators avoid negative satiation effects and prolong consumers' platform usage? • How can researchers help younger consumers, who are particularly prone to excessive forms of hedonic consumption, avoid negative outcomes? • What happens to consumers' feelings of connectedness in society when we become absorbed in consuming hedonic offerings in solitude? Do the same effects exist for joint digital and 3D virtual consumption?

Narrativity in the age of the attention economy

As Simon (1971, p. 40) stated, “a wealth of information creates a poverty of attention.” This poverty of attention in our digital age has raised managers’ interest in effective storytelling. As purely informational appeals lack engagement and typically result in decreased sharing behaviors (Akpınar & Berger, 2017), most communication efforts include narrative elements, embedding information in stories and distributing those via platforms and networks. Therefore, marketers in the digital age need to understand how they can use new formats, including reels and stories on Instagram and TikTok, for narrative brand communication. A particularly hot topic in this regard are the powerful capabilities of generative AI for creating new personalized narratives, both fast and at low cost. Table 2 lists promising research topics related to narrativity.

Achieving cultural resonance to form relationships with Gen Z

The beliefs, attitudes, and expectations of younger generations differ from older ones, something that seems to affect ‘Gen Z,’ as the first fully native digital cohort, in a particular way. For example, Gen Z tends to be more interested in a brand’s purpose and values than other consumer cohorts (Edelman, 2018). Incumbent companies and brands often struggle to respond adequately to this new consumer mindset. One way to form meaningful consumer–brand relationships with belief-driven consumers could be to position the brand around meaningful topics that resonate with them. The cultural element of entertainment offerings can help understand, predict, and connect with such zeitgeist developments. Creating cultural meaning is especially important for the creation of buzz and blockbuster offerings which require a high level of consumer interest and engagement. Table 3 lists research ideas around cultural hypes and cultural bedrock brands.

Table 2 Research agenda for the narrative nature of (entertainment) offerings

Category	Topic relevance	Concrete research questions
Storyteller	<p>Capturing consumers’ attention is becoming increasingly difficult. Drama elements can foster the virality of short social media videos (Tellis et al., 2019). Scholars can build on the work of drama theorists such as Kurt Vonnegut (2005) to investigate how to tell effective stories online. Generative AI can facilitate the creation of narratives at a large scale and hence contribute to the explosion of available content.</p> <p>In the context of more enduring narratives, it is also of interest to investigate how narrations can help companies communicate their heritage and convey their purpose to customers. In this context, companies are under increasing pressure to engage in authentic dialogue with their consumers, especially when it comes to their values, mission, and divisive socio-political issues.</p>	<ul style="list-style-type: none"> • How can managers use different narrative arcs in short advertising clips to cut through the clutter? • How can companies utilize generative AI for creating personalized and unique narratives that attract consumers’ attention? • How can managers use storytelling elements to engage in accessible, authentic, and effective communication that resonates with consumers? • How can a company communicate its purpose, mission, and socio-political stance authentically over time through narrativity?
Story receiver	<p>Technological advances such as virtual reality and AI are changing the way stories can be experienced. These capabilities allow story receivers to co-create storylines and narratives to shift from static entities to dynamic ones. The future might also shift the ‘one-story-fits-all’ approach to highly personalized narratives.</p>	<ul style="list-style-type: none"> • How do consumers perceive personalized narratives matched to their current mood and personal or political values? • Does the personalization of storytelling on social media foster the emergence of echo chambers? • If the future of narratives is more personalized, engaging, and without length and format restrictions, will consumers increasingly engage in bingeing behaviors? • How does the consumption of stories via new technological means (such as headsets) influence the story receiver’s enjoyment?

Table 3 Research agenda for the cultural nature of (entertainment) offerings

Category	Topic relevance	Concrete research questions
Cultural hypes	Social networks with their underlying algorithmic processes have amplified the influence of cultural hypes, which supports a “tyranny of trends” (Aral, 2020). Hyped topics and viral content enjoy higher levels of exposure and engagement, as they are favored by algorithms when it comes to curating the information consumers receive and naturally attract more attention from the human brain.	<ul style="list-style-type: none"> • How can a hype be managed, especially if the hyped topic is not under the management’s control? • How can companies design pre-release (buzz) marketing strategies and blockbuster products to benefit from the dynamics of cultural hypes? • What are the societal effects of a dominance of hypes and trends? • How can managers turn short-lived hypes into enduring consumer–brand relationships based on cultural resonance?
Cultural bedrock brands	Several entertainment brands (e.g., Netflix, Marvel) have achieved high cultural resonance and established themselves as important parts of our culture. Understanding how entertainment products gain and maintain this cultural status can help brands incorporate cultural statements in communication efforts and build long-term relationships with consumers. Recent examples, such as the explosive case of Bud Light and Dylan Mulvaney, where conservatives boycotted the beer brand due to its endorsement by the transgender influencer, prove that this task is not trivial but inhibits the risk of cultural clashes.	<ul style="list-style-type: none"> • How can firms develop sustainable cultural bedrock brands by understanding how entertainment products become part of culture? • How can managers identify zeitgeist developments and connect Gen Z with brands and products? • How can firms balance cultural sensitivities and handle cultural clashes? • How can firms manage brands that get hijacked by cultural movements?

The role of creativity in times of ChatGPT, Midjourney, and Dall-E 3

The rise of large language models for text generation and diffusion models for image generation has put a new spotlight on creativity. The popular press debates “how generative AI is changing creative work” (Davenport & Mittal, 2022), whether “generative AI can augment human creativity” (Eapen et al., 2023), and “why generative AI needs a creative human touch” (Stackpole, 2023). While AI is likely to perform many tasks in the future, the future of (artificial) creative work remains unclear, and the position of creativity as a uniquely human skill is under siege (Preece & Hafize, 2023). Future research should provide a solid foundation for such societal debates by delving into the anatomy of creative processes and their changing role in the age of powerful generative AI tools. Moreover, the management of creativity also requires scholars’ attention, given both the rise of the creator economy as well as its likely turmoil due to the implementation of generative AI for creative tasks. Table 4 lists research challenges related to entertainment’s creative nature.

Innovate or die

How can marketers and innovation managers cope with shorter product life cycles and increased competition? Would intensifying the blockbuster strategy be a promising approach, despite the strategy’s limitations in a digitized global environment? Another challenge regarding the need for continuous innovations is the rising expectation in the market of constant product updates, new versions, and ever-improving extensions. How can companies successfully manage an innovation pipeline and also keep consumers’ willingness to pay up over a series of continuous iterations? Also, how final should a near minimum viable product such as a game be to not be sunk by negative consumer responses and a lack of buzz? Table 5 lists innovation-related research questions that we would like to be answered.

Table 4 Research agenda for the creative nature of (entertainment) offerings

Category	Topic relevance	Concrete research questions
Creativity and AI	The interplay of creativity and generative AI is a key topic in entertainment science and beyond. The work of creatives is likely going to be strongly affected by the rise of generative AI, given that it can be prompted to create a rap like Jay-Z. Consequences of using AI for creative work are manifold, opening a broad array of possible research questions. For product success, consumers' responses to AI-created offerings are also of key importance, as evidenced by the controversy surrounding the release of the Beatles song <i>Now and Then</i> (Sun, 2023).	<ul style="list-style-type: none"> • Does 'true creativity' require heart and soul, sweat, and tears-or are prompts enough? • How can AI facilitate creative processes, in terms of both efficiency (getting the same things done faster) and effectiveness (pushing the boundaries of creativity)? • Are there adverse effects associated with using artificial creativity? Will it crowd out human creativity in organizations? • How is AI creativity and its disclosure affecting consumers' perceptions of creative products?
Managing creativity	A majority of companies now works with individual creators as part of the current platform environment. Goldman Sachs (2023) expects the 'creator economy' to approach half a trillion dollars by 2027, an industry in which only 4% of creators are reportedly deemed professionals. Whereas marketers used to send briefs to professional advertising agencies, they must now deal with a diverse set of content creators and new technological possibilities, requiring new approaches.	<ul style="list-style-type: none"> • How can managers transfer the knowledge on how to work with creatives to working with new forms of content creators such as influencers? • How can managers balance creative freedom and authenticity with economic goals and guidelines when working with content creators? • How will the rise of generative AI and artificial creativity shift the fickle power balances between creatives and managers? • How can managers facilitate creativity remotely via new channels such as Zoom and 3D virtual worlds?

Table 5 Research agenda for the innovative nature of (entertainment) offerings

Category	Topic relevance	Concrete research questions
Managing portfolios of innovations	In the past decade, major product brands and franchises have begun to dominate the market. Brand universes, as the culmination of such branding approaches, has been named the "gold standard" of modern brand building (Meyers, 2021). Consultancies have hence argued that marketers should learn from Marvel and its way of managing a stream of interrelated product innovations.	<ul style="list-style-type: none"> • How can firms build cross-media brand universes? • How can firms avoid franchise fatigue? • How can firms facilitate accessibility to complex, long-running brand universes? • Will human brands grow into empires like brand universes as well? How would such a shift affect power dynamics in the market?
Managing continuous innovations	Typical new product development processes are based on completed innovations, which are finished until a next iteration begins. With games, but also apps and software-driven cars, this is no longer the case. Instead, early versions of the product, sometimes resembling the minimum viable product, hit the market and are constantly updated from then on.	<ul style="list-style-type: none"> • How can firms manage a constant stream of innovations? • How can firms manage the product and development cycle of 'fluid products' that are continuously updated? • What is the balance between releasing an innovation too early with many bugs and waiting too long and missing the market opportunity? • How can firms leverage consumer feedback to drive and improve product development in such processes?

Let's get digital

The gaming industry has a wealth of knowledge and experience in creating engaging digital environments, delivering (social) virtual experiences to many players at once, and monetizing digital assets. Insights into how to manage offerings such as *World of Warcraft* and *Fortnite* gain importance, as 3D virtual environments, experiences, and products become more relevant to other industries. Understanding factors and strategies that make digital and virtual experiences engaging and captivating along with ways to monetize them are thus becoming of growing importance (see Table 6).

Conclusion

Our exploration and synthesis of more than four decades of entertainment science research demonstrates that a central set of foundational characteristics of entertainment offerings exists, whose joint use sets entertainment apart from other products. At the same time, each of those characteristics

is, or can be, also used in isolation by marketers in other industries, which provides opportunities for learning from the cumulated findings regarding these characteristics of entertainment science. In this article, we provide a status quo of academic knowledge on the hedonic, narrative, cultural, creative, innovative, and digital nature of entertainment products; discuss how entertainment science can brighten the understanding of key marketing trends; and present an agenda to stimulate future research for each of entertainment science's foundational characteristics, whether applied to entertainment or other industries.

Our synthesis of knowledge is not meant to be a final point, but rather a summary of the state of research and also a call for collaborative inquiry. With our high-impact trends, including the exploding power of generative AI, massive collaborative virtual worlds, and a Web3-backed virtual assets economy on the rise (Brown, 2022; Iskiev, 2023), change is for certain. The entertainment industry will be a canary in the coal mine in these areas and for a broad range of other emerging trends, offering early insights into how other industries might be affected in the future.

Table 6 Research agenda for the digital nature of (entertainment) offerings

Category	Topic relevance	Concrete research questions
How to create engaging and interactive experiences	Massively multiplayer online role-playing games demonstrate how large numbers of consumers can meaningfully interact both with the environment and each other in virtual environments at the same time. For example, the virtual concert of rapper Travis Scott in <i>Fortnite's</i> virtual environment was experienced by a staggering 28 million players (Arrigo, 2020). While these events and services were directed at gamers, the virtual 'metaverse' is opening this form of experience to an even broader audience. Managers from a wide range of industries are now attempting to profit from digital and virtual experiences by creating products (e.g., <i>Roblox</i>) and engaging with creators (e.g., <i>Twitch</i>).	<ul style="list-style-type: none"> • Which features make 2D digital and 3D virtual environments successful with consumers? • What is the right balance between co-creating online worlds with online users and losing control over what happens? • What facilitates digital and virtual joint consumption experiences and how can we transfer them to other contexts like retailing? • How can managers derive meaningful insights from the vast amount of behavioral data generated in 3D virtual environments?
How to manage digital assets	The soccer game <i>FIFA</i> by EA Sports only generates about 25% of its revenue with selling the game; the major part of its revenues comes from digital in-game sales, where gamers pay extra to boost their soccer teams (Sohns, 2023). The economics of digital entertainment offerings and their revenue models are increasingly gaining attention from other industries. For example, leading fashion brands like Valentino have begun selling their digital clothes to avatars (McDowell, 2023), and Meta CEO Mark Zuckerberg predicts digital goods to become "an important way to express yourself in the metaverse and a big driver of the creative economy" (Malik, 2022).	<ul style="list-style-type: none"> • How do consumers perceive the value and ownership of 2D digital and/or 3D virtual products? Does the access device make a difference? • What is the relationship between physical products and their 2D digital and 3D virtual twins? • What are beneficial pricing and bundling options for 2D digital and 3D virtual products? • How can firms enable 'true' ownership of digital assets, and how can they build a working economy around them?

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