Information Signals and Box Office Performance: Evidence from the Taiwanese and Chinese Film Markets

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Abstract:

This study examines the impact of electronic word-of-mouth (eWOM) and information signals on box office performance in the Taiwanese and Chinese film markets. Using weekly movie-level data and random-effects models, the analysis incorporates ranking information, the valence and volume of online reviews, search intensity, and film characteristics. The results reveal a nonlinear relationship between ranking and box office outcomes, where improvements in ranking generate increasingly large marginal returns. This pattern supports the hypothesis of increasing returns to information and reflects a highly concentrated market structure in which a small number of top-ranked movies capture a disproportionate share of revenue. In contrast, the volume and valence of eWOM are generally insignificant across models, while attention-based signals show stronger explanatory power. In the Taiwanese market, search intensity is positively associated with box office performance. Additionally, domestic film effects are insignificant in both markets, while seasonal effects differ across markets. Overall, the findings highlight the roles of information diffusion and market attention in shaping movie demand.

Keywords:

Electronic word-of-mouth (eWOM) Information signals Box office performance Movie ranking Pareto law.