

Research on the Marketing and Development of Chinese and the U.S. Film Industries

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Abstract. Despite the recent rapid growth of the Chinese and US film industries, several researchers have discovered that there is still a gap about their marketing and future development plans. As a result, this study's research objective is a comparison of the development and marketing of the film industry in China and the United States. The research method of this study is as follows: firstly, collecting related data of Chinese and US film markets to provide a basis for comparative analysis; secondly, to comprehend the differences between the audiences of the two markets and the audiences of various sorts of films, research, and analysis of the film content of the two national cinema markets are conducted; thirdly, investigate the derivative brand benefits of these two different film markets. The study indicates that the U.S. film market is vast and at the top of the world, and although Chinese films have covered a wide range of overseas in recent years, the international market is still relatively small; U.S. films tend to focus on sci-fi and superhero themes in terms of content, whereas Chinese films are dominated by comedies, and suspense; and U.S. film spin-offs have a long history of development and construction and are continuing to evolve, whereas China's film industry is also making great strides in this field.

Keywords: Marketing, branding, film industry.

1. Introduction

As the dominant player in the global film industry, the US film market has long held the top spot in the globally film industry in terms of revenue from the box office and growth rate, and it also has fully developed a range of brand derivatives. Indeed, its Hollywood is the center of attention for moviegoers all over the world thanks to the United States' robust infrastructure and lengthy history of film development. However, the US movie industry has recently displayed glaring symptoms of stagnation and even decline, with yearly per capita admissions declining from 4.1 to 3.8 (-7.3%) and box office attendance falling from 134 million to 1.32 billion tickets (-1.5%) between 2010 and 2015 [1]. Slow annual box office growth occurred during the course of six years, from \$10.6 to \$11.100 million (+4.7%), therefore it forces the US film industry locate emerging markets that offer sizable new revenue and promising growth prospects in order to further improve the market share it already holds in the world [1]. In this situation, it will have to contend with the challenge of the Chinese film industry, which has grown rapidly in recent years. Although China's infrastructure has developed relatively slowly, over the past 20 years, the domestic film industry in China has grown significantly. China's film industry has been expanding in recent years. Not only has its film market's box office income grown quickly, but local films have also advanced, releasing one after another high-quality pictures with Chinese characteristics like *The Wandering Earth* and *Wolf Warrior*. These factors are regarded as a significant role in the Chinese film market to comprehensively overtake the American film market in the future.

Overall, the primary objective of this essay is to contrast the current state of the Chinese and US film markets and their differences in marketing, and show the viewpoints of the development prospects of China's film industry. In order to conduct more thorough research, it primarily analyzes three main aspects of both of these distinct film markets: box office revenue and market size;

creativity and content of their domestic films; and their creation of ancillary items and branding, which help to better identify the disparity between the two different film markets.

2. Analysis and Discussion

2.1. Market Size and Box Office Revenue

Over the past decade, the Chinese film industry has grown rapidly. From 2020 to 2021, it exceeded the US market in terms of box office, rising to the top of the world's film markets, which totaled over 7.3 billion dollars as shown in Figure 1, and it still has considerable potential for growth as a result of rising consumer demand from a populace whose disposable incomes as well as overall spending on entertainment exhibited an upward trend [2]. The evidence indicates an optimistic prospect for the Chinese film market, and China is viewed as one of the most promising rivals to challenge the United States as the film market's dominant nation.

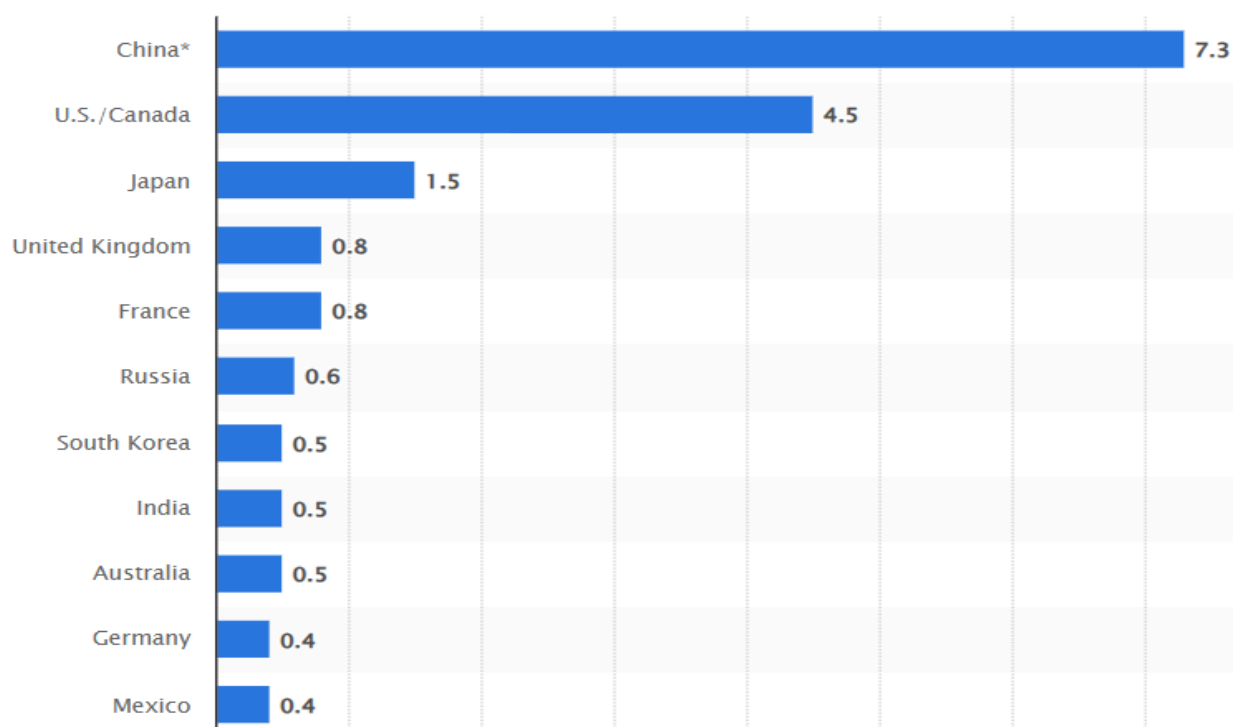


Figure 1. Leading box office markets (in billion U.S. dollars) worldwide in 2021 (Source: Statista)
(Photo credit: Original)

However, by another criterion, the U.S film market remains at the top of the global movie industry due to 2 factors. Firstly, most high-budget movies are produced by U.S. film studios, including the Marvel Cinematic Universe and the Pirates of the Caribbean series [3]. Secondly, the highest-grossing films of all time, as depicted in Table 1, were all produced in the United States, demonstrating the lucrative marketability and widespread appeal of American films.

Table 1. Top lifetime grosses

Rank	Title	Lifetime Gross	Year
1	Avatar	\$2,923,706,026	2009
2	Avengers: Endgame	\$2,799,439,100	2019
3	Avatar: The Way of Water	\$2,320,250,281	2022
4	Titanic	\$2,264,743,305	1997
5	Star Wars:Episode VII - The Force Awakens	\$2,071,310,218	2015
6	Avengers:Infinity War	\$2,052,415,039	2018
7	Spider-Man: No Way Home	\$1,921,847,111	2021
8	Jurassic World	\$1,671,537,444	2015
9	The Lion King	\$1,663,075,401	2018
10	The Avengers	\$1,520,538,536	2021
11	Furious7	\$1,515,341,399	2015
12	Top Gun: Maverick	\$1,495,696,292	2022

Source: Box Office Mojo.

In contrast to U.S. movies, Chinese movies lack international appeal. Despite the Chinese film business's tremendous growth, research shows that it mainly depends on its domestic market because the international revenue of Chinese films is much lower than their domestic revenue [4]. For example, overseas box office revenues from Chinese productions totaled roughly 4.25 billion yuan in 2017, While its domestic box office took in 30 billion yuan, the box office for foreign films in the Chinese market also came in at 25.8 billion yuan [4, 5]. Therefore, China's domestic movies lack the ability and influence to export overseas and attract revenue globally compared to American big-budget films. This is the main difference between the Chinese film market and the American film market at this time, despite the fact that the total box office revenue of the Chinese film market has reached the same level as that of the United States. However, the positive point is that the Chinese film market spent more on its overseas distribution in recent years. Its overseas distribution network now covers more than 70 countries and regions such as North America, Australia, New Zealand, Southeast Asia, and Europe, and has achieved the breakthrough screening of Chinese films in recent years, which may hold the key to the Chinese film market's future success in the global arena and its ability to overtake the US market [6].

2.2. Creativity and Content

In terms of creativity and content, American films are known for their high-tech special effects and high shooting techniques, and the American film industry is more diverse and innovative in this regard. Especially in 2018, the high budget of American films led to a sustained moviegoing boom [7]. The data shows that the top 20 films at the North American box office all have extremely high production costs, and the popular genres of these films are mainly superhero, action, and science fiction. Among them, superheroes became the most profitable film genre, which greatly promoted the film market. Seven superhero films, including Black Panther, Avengers 3, The Incredibles 2 (\$608.6 million), Deadpool 2 (\$318.5 million), King of the Sea (\$287.9 million), Ant-Man 2 (\$216.6 million) and Venom (\$213.4 million), Not only has the box office increased significantly over previous years for similar films, but it has also set a record high [7]. These films accounted for 52.7% of the top 20 grossing films in 2018 and 25.4% of the total North American film box office revenue in 2018 [7]. As far as China's movie industry is concerned, it is relatively homogeneous in terms of content, though, focusing mainly on genres such as costume martial arts, urban romance and comedy. After 2010, romances, comedies and action films dominated most of the Chinese movie market [8]. In the percentage of high scoring movie types, comedy movies are as high as 19%, crime movies and suspense movies account for 17% and 15% respectively, which shows that the audience prefers comedy movies, crime movies and suspense movies [8]. The State has also issued some documents to adjust the direction of movie contents in order to let movies go out and spread the culture through some movies. For example, the classic Chinese martial arts movie "Crouching Tiger, Hidden Dragon",

with Chinese martial arts as the backdrop of the story, and the entire movie from beginning to end elaborating on China's unique cultural concepts, which include understandings of chivalry and righteousness and family, and so on, has gained a strong reaction and success in the international arena [9]. It also encourages cooperation with foreign investors to make some movies to open up the overseas market, for example, in 2017, the movie "We Were Born in China" was co-produced by China and the United States, and the cultural elements in the movie are also mainly about China and the United States, which not only increases the power of dissemination, but also exports the national culture at the same time [9]. Streaming has grown rapidly due to the new crown outbreak in 2019. 756 movies were released on these platforms, a 7% increase from last year, taking up half the movie industry, and some major streaming platforms such as Youku, Aikiye and Tencent distributed 270 films, an increase of 81% over previous years, with 77 films earning more than 10 million RMB [6]. In terms of subject matter, most movies on streaming platforms follow the tradition of martial arts, comedy, and suspense. Through the above analysis, American movies are highly diverse and innovative in terms of creative content, with science fiction and superhero series dominating. Chinese movie content is dominated by comedy, suspense and cultural traditions, and streaming platforms are rapidly developing to overseas markets.

2.3. Derivatives Development and Branding

The American film industry has a long history of developing derivatives and building brands. Derivatives refer to spin-offs, sequels, prequels, remakes, and adaptations of existing films or intellectual properties. Brand building involves creating and promoting a recognizable and marketable identity for a film or a series of films. One notable example of derivative development and brand building is the Marvel Cinematic Universe (MCU). The MCU began with the release of "Iron Man" in 2008 and has since expanded into a vast interconnected universe of films and TV shows. The success of the MCU can be attributed to its ability to create compelling characters, intricate storylines, and a shared universe that keeps audiences engaged and invested in the brand. Another example is the "Star Wars" franchise, which has been a pioneer in developing derivatives and building a strong brand [10]. The original "Star Wars" trilogy, released in the late 1970s and early 1980s, spawned a series of sequels, prequels, spin-offs, animated shows, books, comics, and merchandise. The franchise has built a dedicated fan base and has become a cultural phenomenon. The development of derivatives and brand building in the American film industry is not limited to these examples. Many successful film franchises, such as the "Harry Potter" series, the "Fast and Furious" series, and the "Jurassic Park" series, have utilized derivatives and brand building strategies to expand their reach and maintain audience interest [11]. In recent years, streaming platforms like Netflix, Amazon Prime Video, and Disney+ have also played a significant role in the development of derivatives and brand building. These platforms have produced original content and adapted existing intellectual properties into TV shows and films, allowing for further exploration of established brands and the creation of new derivatives. One genre that has particularly thrived in terms of derivatives and brand building is the superhero genre. Apart from the Marvel Cinematic Universe, DC Comics has also created its own shared universe with films like "Man of Steel," "Batman v Superman: Dawn of Justice," and "Wonder Woman." These films have not only spawned sequels but have also led to spin-offs and team-up movies like "Aquaman" and "Justice League." The horror genre has also seen successful brand building and derivative development. Franchises like "Halloween," "Friday the 13th," and "A Nightmare on Elm Street" have produced numerous sequels, reboots, and spin-offs over the years, building a dedicated fan base and establishing iconic characters like Michael Myers, Jason Voorhees, and Freddy Krueger. In terms of brand building, studios have also focused on creating cinematic universes beyond superheroes. For example, Universal Pictures launched the "Dark Universe" with the intention of bringing together classic monsters like Dracula, Frankenstein, and the Mummy. Although the initial attempt with "The Mummy" (2017) did not achieve the desired success, the concept of interconnected films and shared universes remains a popular strategy. Furthermore, the American film industry has also witnessed the development of derivatives through adaptations of

popular books, video games, and even theme park attractions. Films like "The Hunger Games," "Harry Potter," and "The Lord of the Rings" have successfully translated beloved literary works into blockbuster franchises. Video game adaptations like "Assassin's Creed" and "Tomb Raider" have also found their way to the big screen, capitalizing on established fan bases. In conclusion, the American film industry continues to explore and expand upon the development of derivatives and brand building. From superhero franchises to horror series, adaptations of books and video games, and the creation of cinematic universes, these strategies have proven to be effective in engaging audiences, extending the lifespan of successful properties, and maximizing the commercial potential of intellectual properties. The Chinese film industry has also seen significant development in terms of derivatives and brand building. Over the years, Chinese filmmakers have utilized various strategies to create successful franchises and establish recognizable brands.

One notable example is the "Ip Man" series, which revolves around the life of the Wing Chun master Ip Man, who was also the mentor of Bruce Lee. The original film, "Ip Man" (2008), was a critical and commercial success, leading to the production of several sequels. The franchise has not only expanded within the film industry but has also branched out into spin-off TV series, video games, and merchandise, solidifying its brand and attracting a dedicated fan base. Another example is the "Detective Chinatown" series, which combines comedy and mystery elements. The first film, "Detective Chinatown" (2015), was a box office hit and spawned multiple sequels. The franchise has successfully built a brand around its quirky characters and humorous storytelling, leading to its recognition both domestically and internationally. In recent years, the Chinese film industry has also seen an increase in collaborations with international studios and filmmakers. Co-productions with Hollywood and other international partners have aimed to combine creative talents and resources, resulting in films that appeal to both Chinese and global audiences. These collaborations contribute to brand building by leveraging the recognition and reach of international studios. Overall, the Chinese film industry has made significant strides in the development of derivatives and brand building. Through the creation of cinematic universes, the establishment of iconic characters, cross-media brand building, and collaborations with international partners, the industry has successfully built brands that resonate with audiences, expand market presence, and contribute to the growth of the Chinese film industry as a whole.

3. Conclusion

In the future, the development of China's film market is expected to continue its growth trajectory and play an increasingly important role in the global film industry. Here are some key points about its future prospects.

Regarding the box office growth, Chinese film market is expected to continue to expand, with box office revenue expected to surpass that of the United States in the next few years. Rising middle class, increasing theater infrastructure, and rising consumer demand for entertainment are the driving factors behind this growth. For the domestic production, Chinese filmmakers are increasingly focusing on producing high-quality domestic films that resonate with local audiences. Government support for the domestic film industry, including incentives and regulations favorable to local productions, is likely to continue, further boosting the development of Chinese films.

Co-productions between Chinese and foreign studios are expected to increase as they offer opportunities to tap into the Chinese and international markets. Collaboration can share expertise, resources and distribution networks to the benefit of both parties involved. Chinese film companies are actively seeking to expand their presence in international markets. This includes not only exporting Chinese films, but also investing in and acquiring foreign production companies and studios. The expansion is aimed at diversifying revenue streams and increasing global reach. While the Chinese film market has growth potential, it also faces challenges such as censorship, regulatory restrictions, and cultural differences. These factors may affect the content and distribution of films, especially those involving international collaborations.

All in all, the future of the Chinese film market is promising, with continued growth, a greater focus on domestic production, international collaboration, technological advancement, and the rise of streaming platforms.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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