The Analysis of Production Cost and Business Return in the Film Industry: Taking Eternals and E.T. the Extra-Terrestrial as Examples

Ruitong Zhang *
Northeast Yucai Foreign Language School, Shenyang, China
* Corresponding author: 2016121494@jou.edu.cn

Abstract. This study is about the film industry and it introduces several major components of the cost of the film, and explains and divides each part in detail. It shows which parts can determine the film budget, such as investment threshold, the market risk, the business return. The research reveals that how a movie can be successful and could have a business return. It also explains why there is such a big gap in the production cost between the film and the film, and divides it into several parts, such as different sizes of production companies, the difficulty of the film which is going to be made is different, as well as the time and place of shooting, and each part is given an example and explanation. Finally, the two films, E.T. the Extra-Terrestrial and Eternals, are also given as examples to make the point of view more specific and easier to understand.

Keywords: Film industry, production cost, business return.

1. Introduction

The film and television culture industry has become one of the most important industries in the world, and the global market has shown a new situation after the COVID-19. The global film and television industry had had a revenue of 2 trillion US dollars in 2020, and the film and television culture industry has become an important pillar industry for global economic growth. The COVID-19 pandemic has had a significant impact on the film and television culture industry, but as lockdown measures are lifted in more and more parts of the world and vaccination rates continue to rise, the industry has shown a strong resilience to recovery. In 2021, the global film and television industry revenue is 6.5% higher than expected, and the five-year compound annual growth rate is expected to be 5.0% from 2020 to 2025, becoming an important force driving global economic recovery.

2. Film Industry and Its Cost Composition

The film industry is a very complex industry, which requires multiple cost investment to ensure the quality and effect of the final product. Film and television products are cultural consumer goods. Unlike material consumer goods, they do not have objective criteria to detect the quality of products. They are mainly evaluated based on the audience's emotional experience and subjective feelings. Therefore, it is difficult to use a set of or thousands of objective indicators and formulas to judge in advance whether the subject matter, script, shooting skills and character performance of a work meet the audience's preferences and meet the requirements of the market. If film and television enterprises do not grasp the theme, quality control and other aspects well, and do not understand and meet the viewing needs of the audience, film and television products will face the risk of not being sold [1]. The contemporary film industry focuses on content innovation and high-quality production, in which art production and capital cannot be separated. In the whole production process, the cost can provide the information and basis for film production, which is also the economic basis of film creation and manufacturing. The cost characteristics of film production are closely related to art, technology, environment and other factors, and present cost characteristics such as risk, manpower, creativity and externality. In a series of processes such as planning, creation, shooting and post-production, the focus of cost management is to grasp the balance of art, resources and efficiency through reasonable cost control to achieve the best film effect [2]. Here are some key cost components: The first one is
production cost. Production cost includes screenwriter fee, equipment rental fee, venue rental fee, actor fee, art design fee, post-production fee, and so on. These costs are the basis for making film and television works, and they will also directly affect the quality of film and television works. The second one is equipment cost. A large number of equipment will be used for film and television production, such as cameras, lighting equipment, audio equipment, and others. The price gap of equipment is large, and there are many kinds, so the cost of equipment is also an important part of film and television production. The third one is site cost. The choice of shooting scenes is crucial to the realism, art and visual effects of film and television works. Therefore, the cost of renting a venue is also a cost that cannot be ignored. The fourth one is labor cost. Labor cost includes the salary and benefits of screenwriters, directors, photographers, art designers, editors, actors, etc. The skills and experience of these personnel directly affect the quality of film and television works, so the salary level is high. Previous studies have found that consumers prefer movies with movie stars, while for movies without stars (influence), consumers will think that the quality of movies is lower. When a star's brand serves as a signal to exert its heuristic value, it can reduce the impact of information from other sources on consumer behavior, while reducing the search cost of consumers. Therefore, there are many research conclusions that support a positive correlation between star influence and film box office. But stars are only one element of film production, and other factors can also affect the film box office, such as film genre, script, director, soundtrack, etc., so the role of stars in affecting the overall quality of the film and the box office is limited, some scholars have also shown that the influence of stars has no or little impact on the box office [3]. The fifth one is publicity cost. Before the release or release of film and television works, it is usually necessary to carry out publicity and promotion, such as advertising, media interviews, and others.

The cost of the film includes "with formed cost" and "no formed cost". Generally speaking, it is a series of costs that can be reflected in accounting, that is, a series of costs actually incurred by the crew during filming, that is, the so-called shooting expenses, mainly including: equipment rental fee, actor performance fee, staff salary, transportation fee, accommodation fee, insurance fee, tax fee, venue Rental fees, props, clothing fees, makeup fees and other expenses, etc. "No form of money", popularly speaking, it can't be directly reflected in accounting, but it is also the real cost. For example, when the director or film producer uses their own items or equipment for shooting, in fact, the corresponding rental fee should be paid, but it is not paid. From the perspective of accounting, the non-paid fee for this part should also be Calculate the cost. However, China's traditional way of calculating costs still only focuses on visible costs, while ignoring some non-forming costs starting from creativity, and constantly ignoring these non-forming costs, once formed, it is difficult to change quickly. The reason why no form is always ignored is that some people always think that movies can be shot at any time. Whether it is the planning project in the early stage of the film, choosing a good script or creating ideas, or finding capital investment, the director's choice of actors, these are all non-formed, and the film's Creative work has the characteristics of knowledge, and the shooting process is often the embodiment of knowledge. This cost cannot be measured by accurate figures, but is internalized in the work of film creators [4].

3. Cost Analysis of the Film Industry

3.1. The Size and Level between the Production Companies

For example, if there are two company want to make science fiction movie, one company is the Hollywood, and the another one is a small studio with no fame, it is definitely that the movie which was shot by the Hollywood will cost more. Because the Hollywood has more resources than the other companies, and the price of its team is also higher.

3.2. The Production Content and Difficulties

The cost of making a science fiction film is definitely more than that of making an emotional film, because if some company want to make a science fiction film, it need a lot of special effects, and it
often costs a lot of money to get some realistic special effects. Due to the limitation of investment costs, the production team cannot do a lot of shooting. Therefore, small and medium-sized cost films have strong local and regional characteristics, which are closer to real life, which is also an important factor for their success. When the audience watches the film, they do not deliberately explore the connotation and meaning behind it, but more to seek emotional comfort and spiritual enjoyment, which are given by the film characters [5].

3.3. The Shooting Time and Place

For some company making a comedy or a family film, it may spend less money on the venue than that in a disaster film or a war film. Because the former pays more attention to the acting skills and expression of the actors, whether they can make the audience feel interesting and have a sense of substitution. The latter pays more attention to the environment. Whether the atmosphere can make the audience feel the situation.

4. The Main Aspects of Film Budget

4.1. Investment Threshold

Budget is a factor with a "bottom line" meaning, which plays a role in restricting other factors conducive to the success of the film (because it is directly related to the economic aspects of the crew) [6]. Film investment has great uncertainty and belongs to the investment with high risk coefficient. Investors must start from all aspects of the film industry chain, control film projects in an all-round and multi-angle manner, and do a good job in the execution of film project investment agreements, project tracking and governance, value-added services and other aspects of post-investment management, proactively reduce potential investment risks and expand the profit space of film project investment [7]. The investment threshold of small-budget films is relatively low, which may be tens of thousands of dollars or hundreds of thousands of dollars. For example, the minimum investment threshold of the film is only tens of thousands of dollars, which is relatively small in terms of overall investment. Because the threshold is very low, so in terms of investment, many people will choose to invest in small films. If it is a relatively large film or a film with a relatively high cost, not only the shooting time is long, but also the investment threshold is relatively high, not all people can invest in big-cost films.

4.2. Market Risk

The low risk is mainly because the release time of small-budget films is relatively accurate, mainly because the shooting is relatively smooth, and the investment will be very low. Through reasonable publicity, the capital can be quickly returned and the investment risk can be reduced. For example, the market is more popular a small budget film space investment, the minimum threshold is tens of thousands of dollars, so the risk is relatively low. However, due to the low cost, there are relatively few types of subjects for this part of films. Medium and small- budget films have the characteristics of personalization and artistry, and are not works facing the public. No matter what kind of marketing the promoter carries out, its overall box office scale can be seen. Why should people actively innovate film publicity and distribution to improve market value when they know that this kind of film has limited audience limitations? This is closely related to the industrial status of low-and medium-cost films. With its characteristics, medium and low-cost films can build an experimental field of artistic aesthetics, emerging talents, avant-garde style, etc. for the film market, provide many new ideas for commercial blockbusters as a "creative ending", greatly enrich the ecology of the film industry, and promote the healthy and perfect development of the film market. Only by improving the new media publicity effect of the film as much as possible can it make it less damaged and more creative, contribute aesthetic style and creative talents to the film industry, and provide fresh blood for industrial renewal [8]. Moreover, the publicity cost of small-budget films is also very low, mainly
through the way of short video publicity, so as to achieve the purpose of small publicity and large benefits.

### 4.3. Business Return

The investment of small budget movies is relatively small, and the return is relatively fast, for example, the investment of 20,000 yuan as long as the small budget movie can be directly returned after the release. Of course, small budget movies also need to see the plot, such as the film residual shadow space. The plot is relatively thoughtful, and it is very in line with the needs of modern people to watch movies, and the return on investment is relatively fast. Small-cost movies, of course, are relatively short of funds. Under the influence of this factor, small production, small investment and small scenes are adopted. Most of the directors are young directors such as the new generation, and new actors or even non-professional actors are generally selected. Due to the limitation of funds, low-cost movies generally choose stories with smaller themes, and the scenes are much smaller and simpler than blockbusters, and the shooting and production cycles are generally shorter. In a word, a low-cost film is a film that is produced due to financial constraints compared with blockbusters, with relatively small investment, scenes, cast, etc. If low-cost films want to seek long-term development in the Chinese film industry in the future, they must first improve their own shortcomings. They must start from their own reality, choose themes suitable for low-cost films, and put the story era in the present. Even if they want to tell historical stories, they must be closely in line with reality and put the story in a very small way. Pay attention to the real life and the living conditions of ordinary people, and use rich and skillful means to present a wonderful story to the audience. The quality of the film cannot be reduced because of financial constraints. From screenwriters, directors to post-productions, etc., personnel must have a certain professional level to ensure the quality of the film. The return of low-cost movies should not only include the acceptance and love of the audience, but also the return of economic benefits [9].

### 5. Case Analysis and Discussion

#### 5.1. Case of E.T. the Extra-Terrestrial

A small budget film means there are few choices of story and genre, and the focus is on how to tell the story. As a small-budget film, the scriptwriter's budget may be almost zero, so the director needs to work for himself, not only to have the talent of writing and directing, but also to polish the script for a long time. For movies, the quality of the content of the movie is the life, but also the basis for seizing the market and the key to success. For small budget films that do not have too much money for dazzling special effects and big stars, the quality of the film content directly determines the economic benefits of the film.

Take E.T. the Extra-Terrestrial as an example, it is a film which opened at the top of the box office and stayed there for more than a month, grossing $11 million on its debut, directly eclipsing its production investment of $10.5 million. It was well received by the public, despite the fact that Steven Spielberg was not an independent director. The fictional plot of E.T. This film is quite influential, and even the Muse of later generations, there are many films of the same subject matter have obvious similarities with some features of "Alien".

The reason why this film has left a deep impression in the hearts of the audience and is hailed as a classic is because it has achieved great success in many aspects.

First, the story of the movie is very good, it successfully tells a touching and warm friendship story. The emotional bond between Eliot and the alien is at the heart of the film, which shows that true friendship transcends all differences of race, culture and species. Through the communication and interaction between Eliot and ET, the audience felt deep emotions and sincere friendship. This expression of friendship touches the audience's deep emotional resonance, so that they find moving and warmth in the film.
Second, the film made an important breakthrough in visual effects and became a masterpiece of special effects technology at the time. Director: Spielberg used robotic arms to play the robots, creating stunning effects. This special effect technique brings the image of ET to life. It's realistic enough to impress the audience and give them a real feeling for the alien characters in the film. Through this masterful use of special effects, the film creates a fantastic and fascinating alien world for the audience, adding a unique charm to the story. Film is a comprehensive art that integrates literature, music, dance, drama and other art forms. Almost all art forms can be absorbed and presented by it. Therefore, in order to make an excellent small- and medium-cost film, it is necessary to achieve a high degree of coordination of screenwriters, directors, actors, makeup artists, prop groups, photographers and other professionals, and strengthen the expressive power of audio-visual languages such as lenses, images, music, songs and sound effects, so as to create a distinct overall style and effect of the film. In small- and medium-cost movies, songs are essential elements and largely determine the quality of movies [5].

Third, the talent of director Spielberg and the well-conceived script are also one of the key factors in the success of the film. The director skillfully combines adventure, thriller and warmth to create a story that is both gripping and touching. Through the delicate directing skills and wonderful performances, it brings the audience into the world of an emotional story, making them deeply empathize with the story and the characters.

It is precisely because the film has these qualities at the same time, so this movie can be successful.

5.2. Case of Eternals

The main problem with the Eternals not being a big success is that they have nothing to say for more than two hours. They want to say a lot of things, they are ambitious, but they have no focus, so the result is a film without highlights, even though the production team spent a lot of money on special effects.

The film is slow and spends most of its time trying to find members of the Eternals, which makes it seem boring. The plot of the story is very routine, basically read the beginning, the audiences can expect the ending.

Moreover, The Eternals does not have the images of intense battles that viewers expect, whether it is the battle between the Eternals and the Mutants, or the infighting among the Eternals, it seems to be flat, without ups and downs.

Another big problem is that the characters have no charm, the eternal race 10 people, none of the characters have charming charm, although the character is bright, but the image is not deep enough to make a deep impression on the audience. In today's society, people consciously or unconsciously want to find an idol to obtain spiritual sustenance, to worship, and the bright stars on the stage undoubtedly become the first choice. Therefore, the stars have a box office appeal [10].

The end is a sloppy feeling, often the end should be the most important part of a movie, but the rhythm of the Eternal Tribe is not well controlled, it wants to expand every character to explain in detail, but ignores the focus, so that the end is not impressive.

6. Conclusion

This study analyzes the cost and budget of the film industry, and try to figure out the nexus between production cost and business return in the film industry. A good script is often the most important and core element of a work, and a good script often needs to be polished and polished again before the production of a film and television drama. Often willing to reduce their own pay also want to participate in the production of this film, the actor is also often heard that a well-known actor pick the script, there is a good script is willing to play, and even some actors are willing to 0 pay after getting a good script. A film with excellent audio and video integration can often bring audiences visual and auditory tension, so that people can see too much in the process of watching, so that the audiences’ senses with the ups and downs of the story, feel that they are also in the scene. If the script
is the core of a film, then the director is the brain of the film and TV drama, it is responsible for the deployment of all the film and TV drama, the director needs to control the audiovisual language and the use of artistic means, combined with the subjective expression of self, implicit emotion, the abstract text script into the concrete moving image is expressed, they are the guarantee of the quality of the film, is an important factor determining the film and television works. An actor is like a person's body, whether it is the core or the brain cannot be revealed outside, the actor is the person who really comes out in the film and television drama, one or a group of good actors can often more directly let a film and television sublimation, and in some extent, actors can also decide a portion of the box office.

References


