

# Analysis of the Close Relationship between Chinese Films and the Economy

Yanzhuo Cai\*

Jiangjin middle school of Chongqing, Chongqing, China

\* Corresponding Author Email: jwilkinsonz50973@student.napavalley.edu

**Abstract.** Due to the continuous economic development in recent years, there is a phenomenon that people begin to pursue spiritual satisfaction while meeting the basic material needs. Film is an important way of mankind's Daily pastime. As the consumer power in film increases, the economy of film production also develops. This article chose the Huayi brothers, the Light media, Wanda film, Chinese film co., LTD., 4 listed Chinese film and TV making company to analysis the relationship between the economy. Based on their financial statements, revenue expenditure analysis of their income in recent years as well as the spending of filmmaking, this study summarizes the close ties between Chinese movies and economic and carries on the development of some prediction. According to the analysis, China's film and economic relationship is mutual promotion, and after the outbreak of the new champions league era, the development of China's film will continue to accelerate. These results can help people understand more about the development between Chinese film and economy and the development background of Chinese film economy.

**Keywords:** Chinese film, economy, film industry development.

## 1. Introduction

It has been more than a hundred years since the first Chinese film Dingjun Mountain appeared. Since then, more and more films have been produced in different stages, and all of them have brought great value. After the Cultural Revolution, China's film industry developed rapidly. Since the 1990s, Chinese films have emerged from the quagmire of planned economy in only ten years and have been in line with international standards, achieving amazing economic benefits [1]. From 2012's Lost in Thailand, which got 1002.92 million boxoffice, to 2014's Transformers 4. The boxoffice of Age of Extinction was 1976.51 million yuan, which was the beginning of the golden age of Chinese films. From 2015 to now, the box office of every film has been on the rise, and classic films such as Wolf Warrior 2, Ne Zha, Changjin Lake appeared. Looking specifically at Ne Zha, the film ranked first in the top-rated Chinese films on Douban 2019. Under the well-received shell, it has also achieved considerable economic benefits. According to statistics, the final revenue of the film is 5.036 billion yuan, while the investment is only 60 million yuan, which not only means the success of the film,

It also shows that people have a high spending power in movies, and it also proves that the proportion of urban population is rising, and the establishment of cinema line [2]. Many people see the rapid development of film, they will devote themselves to film production, promote the development of film industry, new excellent films will promote economic development and film industry development, and on the premise of this is the national economic prosperity, in a word, film development promotes economic development, economic development promotes film development, that is, economy and film promote each other, this is undeniable [3].

In the context of film to promote the economic development, China's economy is booming, if lost film this ring, People's Daily life and the Chinese economy will be affected by a certain, so one should attach importance to the development of the film, the development of suitable for contemporary people watch films, in today's society, you can clearly see the development of Chinese movie is closely around the country, In today's society, it can be clearly seen that the development of Chinese films will closely focus on the feelings of the country, and integrate China's unique culture, technology and emotions into the films [4]. Despite the rapid development of China's film industry, there are also some constraints, such as the limited number of screens. Despite the rapid growth rate,

it is still far [5] from the number one in the world box office of the United States. The overall factors make us have to consider the future development of Chinese film and the gap between Chinese film industry and world film. This paper will study and explain the development of Chinese film. While exploring the development of Chinese film, it will also summarize the past film.

## 2. Box Office Development of Chinese Films

In the past decade, the box office has shown an upward trend. According to the annual movie box office provided by Maoyan App, China's box office showed an overall upward trend from 2013 to August 2023, but there were also several box office declines. It can be seen that there were two main periods of decline, which happened to be 2020 and 2022, which were at the peak of the COVID-19 epidemic. Due to the impact of the epidemic and policies, the box office of these two years experienced a serious decline. For example, in 2020, the Spring Festival film "Lost Mom" was urgently cancelled from offline release and instead released online on January 25 of that year. A large number of movies were cancelled, resulting in a sharp [5, 6]. However, after 2020, a year in 2021 at the box office in the rapid rise, not just because of the outbreak, is also due to the increasing of people's consumption ability, but also because the film technology upgrade and the theme of the film, people's consumption enthusiasm to the movie, it totally different from the late 1990 s movie downturn, shows the progress [5], and this momentum has no sign of stopping. By August 17, 2023, the box office revenue in 2023 has reached 36.266 billion yuan, surpassing the box office revenue in the whole of 2022.

Although there have been two box office declines, it still does not affect the overall upward trend of China's box office. From 2013 to 2019, China's box office has been on the rise, and some experts even predict that China's box office will surpass the United [7]. However, due to the impact of the epidemic, the development process of China's film industry has been blocked or even regressed. Without the impact of the epidemic, China's film industry should develop to a new height. In the post-epidemic era, the development of Chinese film is unstoppable.

## 3. Reasons for the Rise of Chinese Film Box Office

The rapid rise of Chinese film box office cannot be separated from the current environment of wisdom, technology and innovation [8]. Film is the common product of science and technology and art. Art and technology are the cornerstone of film, and art needs to be expressed through science and technology [9]. From the early stage of film production can not be separated from virtual preview, LED virtual production, to the later stage of film promotion can not be separated from big data analysis and investigation, all kinds of technology to help the development of Chinese film, so as to attract more audiences. For example, Monster Hunt, China's box office champion in 2015, uses a variety of digital media art elements, including 3D modeling, VR technology, etc. These high technologies sublimate the art and enable people to better experience the charm of the film. When the special effects technology of the film is quite excellent, it can naturally attract more people and promote the increase of the film's box office.

**Table 1.** Number of screens in China from 2013 to 2022.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number	18195	23600	31627	41179	50776	60079	69787	75581	80743	82248

**Table 2.** Number of Chinese film goes from 2013 to 2022.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Viewers/100 million	6.1	8.3	12.60	13.72	14.48	17.16	17.27	5.49	11.67	7.12

Chinese films to the cause of the rapid development cannot leave the strong spending power, with the rising power of China's economy, people income increases, in the case of satisfy basic life, most people have enough income for entertainment, the film is one of the ways in which people entertainment, so the film will be increased with the economic development, in addition, plus China's urbanization level enhancement, The increasing number of movie theaters also promotes people's consumption [10]. The number of screens in China has increased from 18,195 in 2013 to 82,248 in 2022, and the number of moviegoers in China has reached 1.727 billion in a year at most since 2013. These data changes show that Chinese people have a great deal of spending power in movies (seen from Table 1 and Table 2).

#### 4. Two Economic Analysis of China's four major film Companies

For the analysis of the film industry, in addition to the overall, the data of major listed companies can also reflect the relationship between the film and the economy seen from Fig. 1. Wanda film co., LTD., hereinafter referred to as Wanda, subordinates Yu Wanda group, mainly in the film direction. Nearly five years, Wanda film of total revenue in movie theaters ranked first in the industry economy is relatively stable, but in 2020 and 2022, total revenue in rapid decline, the influence of the new champions league pneumonia is cause of the phenomenon, causes the enterprise financial condition [11]. There is no doubt that the development situation of China Film Corporation Limited in the past five years is different from that of Wanda Film, both of which were hit by the epidemic in 2020 and 2022. However, the total revenue of China Film Corporation Limited is far different from that of Wanda Film Corporation. From the two points of view, Wanda Film Corporation is far more than China Film Corporation in terms of movie screen. Wanda Film has about 36,000 screens, while China Film Corporation has about 21,000 screens. The difference between the two leads to the fact that the total revenue of Wanda Film Corporation is much higher than that of China Film Corporation under the same circumstances.

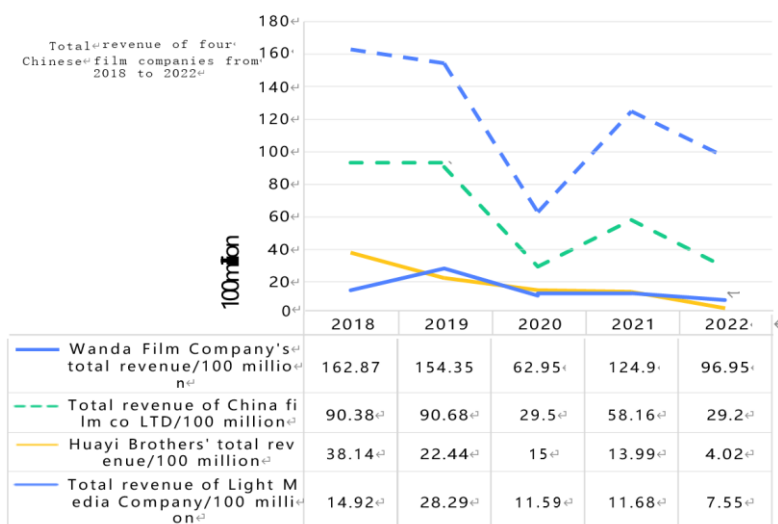


Fig. 1 Total revenue of four Chinese film companies from 2018 to 2022.

In contrast, the situation of Huayi Brothers is not so controllable. Its total assets are constantly decreasing, from 18.44 billion yuan in 2018 to 52.44 yuan in 2022. During this period, the annual decline rate is more than 10%, and one year even reaches 40.22%. It has been in a state of loss for five years. Generally speaking, its sales are very poor and it has no good business capacity, which will make it difficult for the company to develop [12]. Because of the perennial loss, it can be guessed that the enterprise in order to cater to the audience and the aesthetic of The Times, excessive spending, but can not normally output, showing too much investment but less income situation [13].

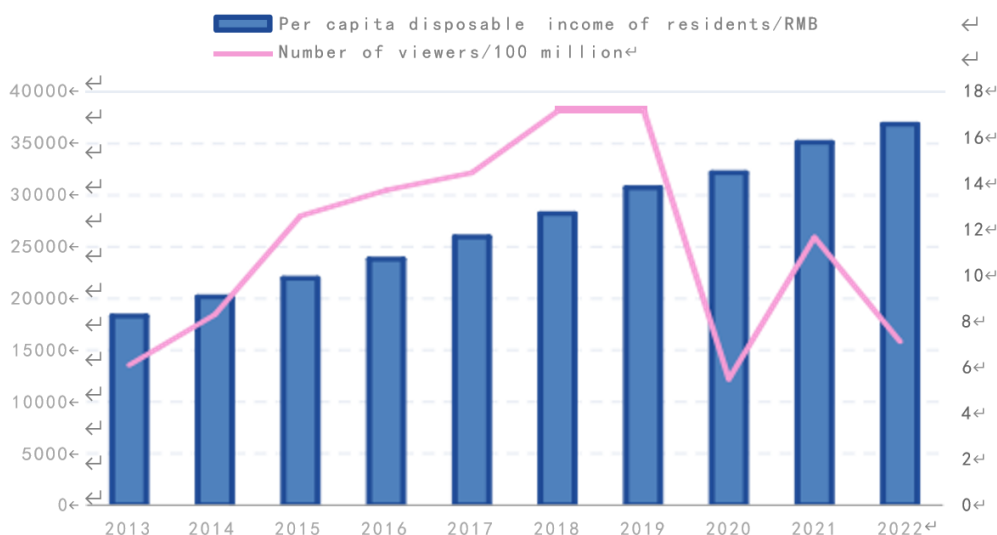
Light media is similar with the condition of the huayi brothers, the light media from 2018 to 2019, a sudden increase in the number of income to the total revenue since 2019 has been dropping, cannot

leave the company, the light media major works for the anime series, before a few years of nezha conquers the familiars down "for its high economic benefit, but after that, Not only affected by external factors, such as new crown outbreak, but also by its own more biased towards the anime, more difficult to attract more people age such as internal factors, lead to problems in terms of its profits by a movie, and the entire market also in speed change, fast migration of audience be fond of, the company's performance has a great impact to the whole [14]. The above listed companies have a great impact on the development of films. These companies promote the development of Chinese films, not only increase the production of films, but also expand the Chinese market, bringing more screens and cinemas. In addition, not only the increase of production, but also the leap of quality, such as Lost in Thailand, which is a blockbuster of quality leap. It marks that domestic films have entered the ranks [15].

Observing the financial statements of several film companies, it is not difficult to see that the relationship between film and economy is very close. When the economy is impacted by the external environment, it will lead to the downturn of the film market. For example, the COVID-19 pandemic has hindered the development of most film and television companies, and films also affect the economic development. When the film box office is high, it can bring great economic benefits to the company. Therefore, the relationship between film and economy is a relationship of mutual promotion and mutual influence.

### 5. Foundation for Development

Economy is the basis for the development of films. With the development of economy, Chinese films have gradually begun a new era of rapid development. The per capita disposable income of residents has been increasing, people's consumption power has been strengthened, the box office record has been constantly renewed, and there are more and more (seen from Fig. 2) [16]. In 2013, the per capita disposable income of residents was 5006.69 yuan, and the number of moviegoers was only 610 million. However, excluding the epidemic and post-epidemic era, by 2019, the per capita disposable income of residents was as high as 30,732.85, and the number of moviegoers was nearly three times that of 2013, reaching 1.727 billion. The data suggest that the economy is the important basis for the development of film, economic development will drive the movie together.

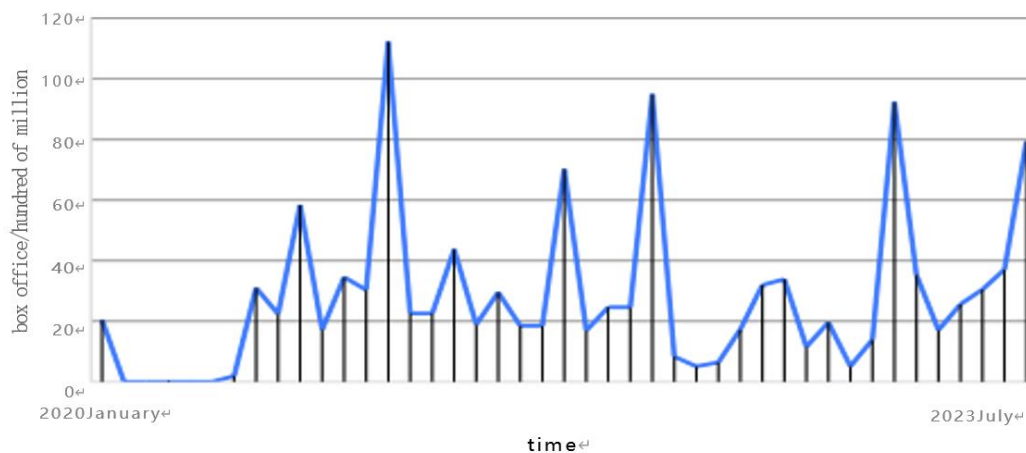


**Fig. 2** The relationship between per capita disposable income of residents and the number of viewers.

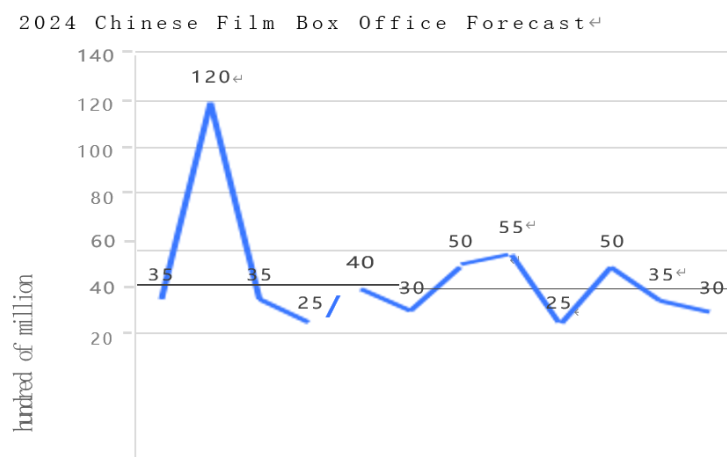
Many excellent films are inseparable from the powerful technology behind them. In order to develop the film industry, technology is an indispensable driving force. Chinese film history (as) in August 2023 the highest box office movie "long jin lake" in China film studios international CINITY hall held a premiere, using the technology of the image of China's independent innovation CINITY

AMR 120 frames version, this technology can capture details closer to the limits of human visual images, guarantee that people experience. With the development of science and technology, China is not only expanding the film market, but also ensuring the audience's viewing experience and maintaining it [17].

After the outbreak of the new champions league wave confusing Chinese film market, in the era of the outbreak, the Chinese film was a big shock, now and in the era after the outbreak, how will the Chinese film market development. In fact, it is easy to see that the answer can be found by comparing the annual box office of 2020, 2021, 2022 and 2023 as illustrated in Fig. 3. 2020 is the outbreak of the initial period, Chinese film suffered during this time, from January to July, the film industry shows no signs of recovery, which contains the influence factors of the national policy, the economic downturn situation, such as film to shoot, the downturn of the film industry will not only affect the national economy, also will affect the public's spending habit. Under the cross influence of the overall factors, such as movie-watching habits, the film market in the post-epidemic era is unstable and the ability to resist the impact of the market is reduced. However, although the epidemic has led to the depression of the film industry, it has also brought about changes and new life in the film industry [18]. Freshmen began in 2021, from 2021 onwards, every year the Spring Festival party of the total sales were higher than 10 billion, and every month at the box office is relatively stable, even 2022 new crown disease in China has certain recovery, but the impact of the film relative to 2020 years for China is greatly reduced, it also proves that China's film industry. Many online movies have low shooting costs and short production cycle, avoiding the impact of COVID-19 as much as possible. Moreover, the quality of movies may not be inferior to that of cinema movies. The Chinese film market is bound to be divided, which is the change of China's film industry.



**Fig. 3** Monthly box office in China from January 2021 to July 2023.



**Fig. 4** 2024 Chinese Film Box Office Forecast.

China has gradually recovered from the impact of COVID-19, which will lead to a certain recovery of the film boxoffice. For example, in 2021, after the first period of the epidemic, the film box office recovered rapidly, increasing by 24.252 billion yuan compared with the 2020 film box office. The same is true in 2023, and when China announced the full opening of the COVID-19 pandemic in 2022, the movie box office also skyrocketed. When things get back to normal, the economic environment will continue to improve, and technology will continue to develop, which will boost the movie boxoffice. Observing the film boxoffice from January to August in 2023, one can see that the recovery of Chinese films is accelerating, and all kinds of good films have appeared one after another. Therefore, in the forecast of Chinese box office in 2024, without considering the Spring Festival, the film box office from March to December will be greatly improved compared with previous years (seen from Fig.4).

## 6. Suggestions

Nowadays, the rapid development of science and technology is well reflected in the film. In the early stage of film production, a large number of special effects will be used to help the film show the best effect, and then in the film promotion, big data analysis can help the film better promote. In the later stage of film viewing, virtual reality and augmented reality are often mentioned for digital films. It can well improve the audience immersion to the movies, strengthen the appeal to the audience, so China can improve and use the technology, so that widen the Chinese film market, promote sales rise, lead to higher economic benefits [19].

There are many movie themes, and the most attractive movies in today's Chinese film market are those that conform to the core socialist values. According to the total boxoffice ranking of Chinese films provided by Maoyan, Among the top 19 films, 8 are about the feelings of home and country ("Changjin Lake", "Wolf Warrior 2", "The River Red", "Water Gate Bridge to Changjin Lake", "Operation Red Sea", "My Country and Me", "Eight Hundred", "Captain China"), accounting for nearly half of the total, so for today's film market, this theme is undoubtedly the most popular among the public. However, while developing this theme, one should also look for other movie themes suitable for the public. Themes such as emotion, suspense and technology are all good choices. In the post-epidemic era, the theme of movies should be more diversified to meet the preferences of more people and attract more people, so as to increase revenue [20].

The Chinese film market is huge, but when a film goes abroad, it can contact a larger market and obtain more economic benefits. Driven by the Belt and Road Initiative, Chinese films continue to enter the international market, but they have not achieved good economic benefits, such as *Ne Comes to Earth* and *The Wandering Earth*. In order for Chinese films to achieve good returns in other countries, foreigners must first understand them, and the premise of understanding them into fully consider foreign religion, culture and politics. Secondly, it also needs the support and dissemination of foreign governments to improve the image and popularity of the film, so as to better spread abroad, expand the film market and improve the economic benefits [21].

## 7. Limitations and Future Prospects

There are imperfections in this paper. When predicting the Chinese film boxoffice in 2024, the film quality in 2024 cannot be known, so there may be deviations. When studying Huayi Brothers, there is no thorough analysis of the reasons for the decline in total revenue, and there may be other reasons for the decline in total revenue. In order to solve the shortcomings, the future development direction is proposed as follows: first, expand the research depth of domestic and foreign literature. Second, collect more financial statements of Chinese film companies to understand more clearly the development state of Chinese film economy.

## 8. Conclusion

To sum up, this study found that Chinese films are affected by many factors, all of which are closely related to the economy. The most basic factor is the policies related to the economy, such as the policy on the closure of cinemas due to the COVID-19 epidemic in 2020, which led to the poor boxoffice of films. Policies affect the economy, but also indirectly or directly. Then there is the consumption power of Chinese residents. When the consumption power increases, the film boxoffice will also increase. In recent years, the per capita disposable income of Chinese people continues to increase, and the film box office is also rising and picking up. The quality of the film itself is also very important, and the quality of the film is supported by advanced science and technology, and the use of science and technology is certainly inseparable from the support of the economy. Therefore, excellent films are mostly rooted in sufficient economic conditions. Because there is a very close relationship between Chinese movies and the economy, the two promote each other, one can improve people's consumption power in movies through excellent movies, promote economic development, and then create more excellent movies based on the economy. In the future development of Chinese film should pay attention to the use of science and technology, make special effects more perfect, to attract more viewers and more types of movies, Chinese movies in find the theme of the public also want to make the film subject pluralism, this not only can satisfy more domestic audience, promoting economic development, still perhaps can promote the internationalization of film, further improve the economic benefits.

## References

- [1] Ding Y. China's film industry chain and economic scale. *Journal of film literature*, 2010, 19: 2.
- [2] Wang J. An Analysis of International Competitiveness of Chinese film Industry based on Diamond Model. *Journal of Tongling University*, 2013, 12(1): 12-16.
- [3] Zhang J. Correlation analysis between China's economic development and the prosperity of film industry. *Economic Perspective*, 2015, s3: 1.
- [4] Wang Y. Research on the Development Status and Trend of Chinese Film Economy Industry, *Film Industry Report*, 2020.
- [5] Hong Y, Tang F H. The transformation and management of Chinese film economy: The new development of Chinese film in the early 21st century from the perspective of related factors. *Management*, 2017, 16: 3.
- [6] Lu S, Wang D. Industry analysis: Current situation analysis and future prospect of Chinese film distribution under the epidemic situation. *Communication and Copyright*, 2020, 89(10): 81-84.
- [7] Luo Y. The movie industry development of China at present are faced with the problem and countermeasure analysis - based on the comparison of the United States and India movie industry. *Foreign economic and trade practice*, 2017, 11: 4.
- [8] Luo X, Yang C. An analysis of domestic film and television economic development from the perspective of film and television base development. *China Collective Economy*, 2022, 19: 3.
- [9] Yan M. Technology + film collides into the New Blue Sky of Chinese film. *Horizon View*, 2018, 2: 3.
- [10] Hu S. Economics perspective of the development of China's film industry research. *Journal of finance news*, 2019, 24: 2.
- [11] Zhao A L. Financial analysis of private enterprises in film, television and animation industry: Taking Wanda Film as an example. *Laozi Brand Marketing*, 2023, 15: 161-163.
- [12] Ni S. Analysis of financial statements of Huayi Company. *Business News*, 2019, 21: 15-16.
- [13] Mary C. Huayi brothers media co., LTD., profitability analysis. *Journal of chief financial officer*, 2022, 18(6): 22-26.
- [14] Zheng R, Han X. Beijing Business Daily Report. *Beijing Business Daily*, 2022, 8(25): 4.
- [15] Wang F, Zhou X, Ren Q. The development pattern of Chinese film and television listed companies and its influence on the film industry. *Film Art*, 2019, 389(06): 152-158.

- [16] Wang Z. When will the Spring of Chinese film Economy Come [J]. Chinese Business Community, 2023, 368(07): 150-151.
- [17] Zhang X, Wang Z. Chinese Films: Telling Good Chinese Stories and Strengthening Film Technology. Shanghai Securities News, 2022, 11(10): 6.
- [18] Zhang S S. Development Trend of Chinese film Industry after epidemic Period. Film Report, 2021.
- [19] Liu D, Wang C, Liu Z. Thinking on the Development of Chinese film technology under the background of global integration. Modern Film Technology, 2018, 11: 4-9.
- [20] Chou Y, Wang Q. The network of the movie industry outbreak era predicament and breakthrough. Journal of film literature, 2023, 816(3): 136-139.
- [21] Yan J, Kang J. One Belt And One Road: initiative to spread new opportunities with China. Journal of news front, 2019, 24: 76-77.