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Coming Soon to a Chinese Theater Near You: Why China Matters Even to Hollywood

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Coming Soon to a Chinese Theater Near You: Why China Matters Even to Hollywood

Abstract

In recent years, China has engaged in infrastructure projects on a scale and scope without historical precedent. Cinema in China is no exception. For roughly a century Hollywood has managed to dominate the world largely through the control of the largest exhibition market in the developed world, meaning the USA and Canada. Just a couple years ago, however, the Chinese exhibition sector surpassed North America as the world's largest linguistically unified and developed film exhibition market. Find out why screenwriting classes in the USA now include courses on how to write for the Chinese market. Find out why even you may have unknowingly set foot in a Chinese-owned theater. Find out what are the implications of all this not only for world cinema, including Hollywood, but also for the world's economic and political future.

Keywords

Chinese cinema, Hollywood, cinema, movie theaters

Disciplines

Chinese Studies | East Asian Languages and Societies | Film and Media Studies

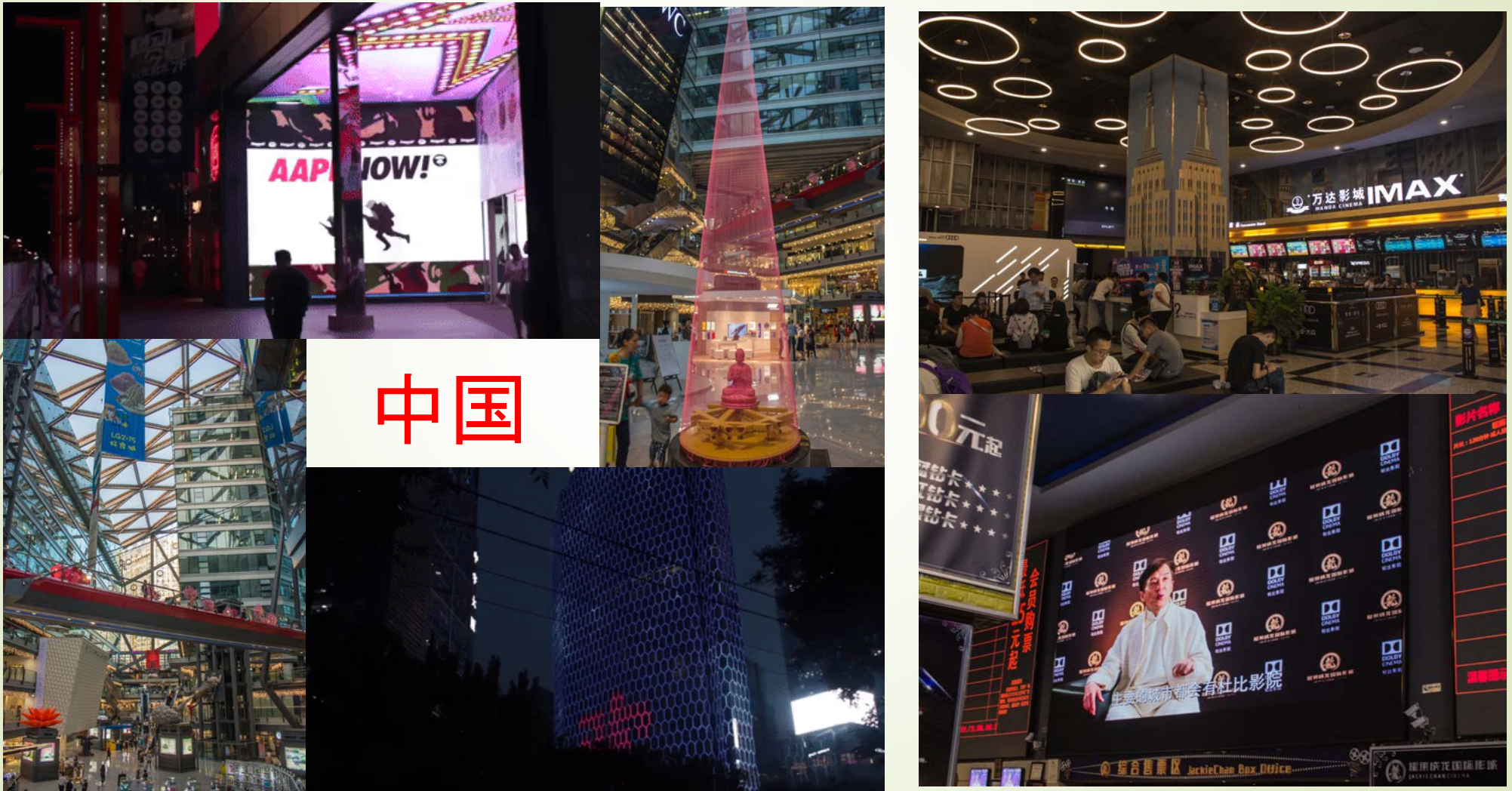
Comments

Presentation given at the [Friday Forum](#) on September 28th, 2018. The Friday Forum is a series of lectures given by members of the Gettysburg College community on their personal scholarly research, creative activities, or professional or curricular development activities.

Coming Soon to a Chinese Theater Near You:

Why China Matters Even to Hollywood

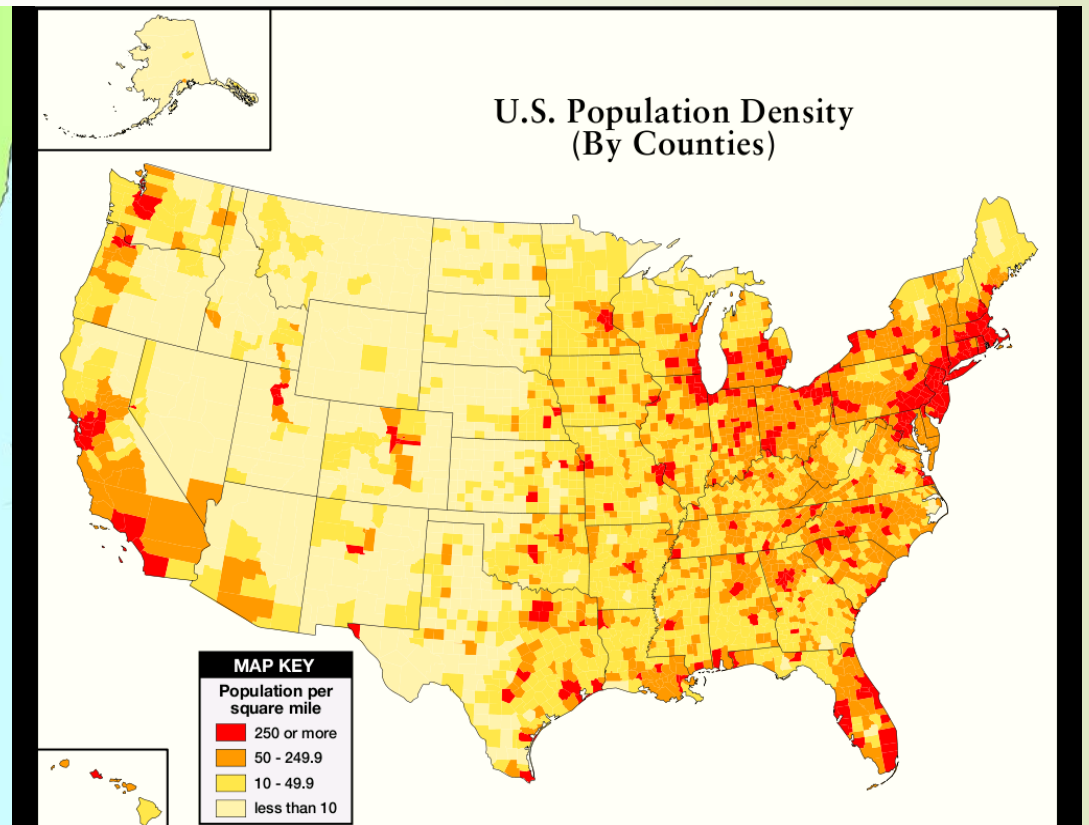
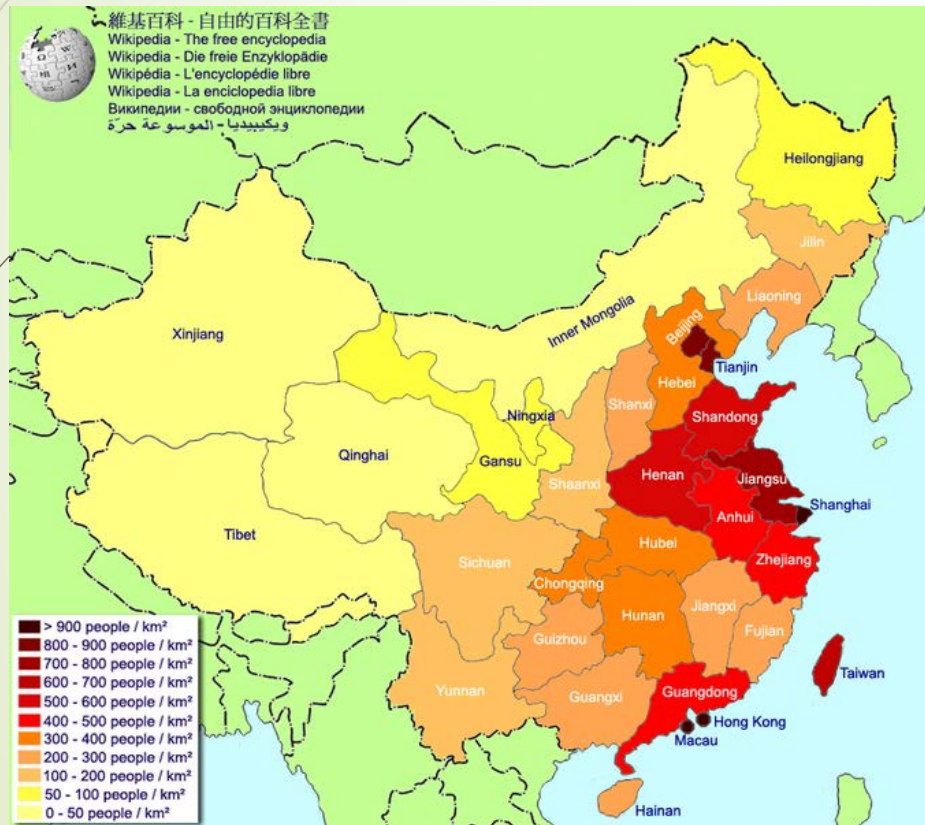
James Udden, Professor of Cinema & Media Studies



American "Soft Power" Through Hollywood

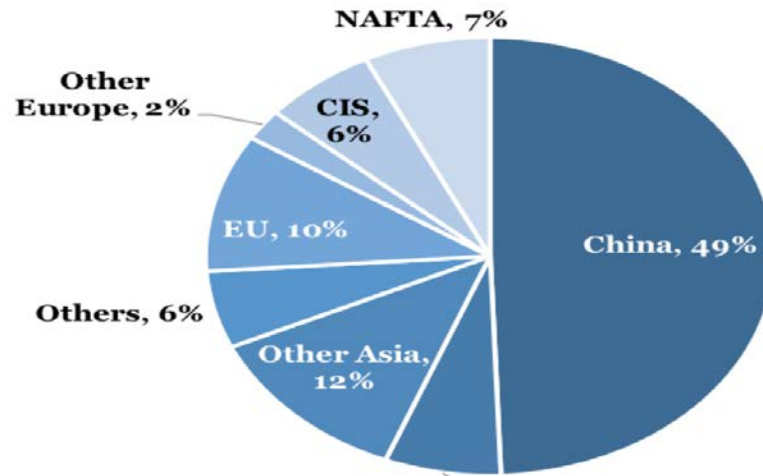


China's Unprecedented Potential

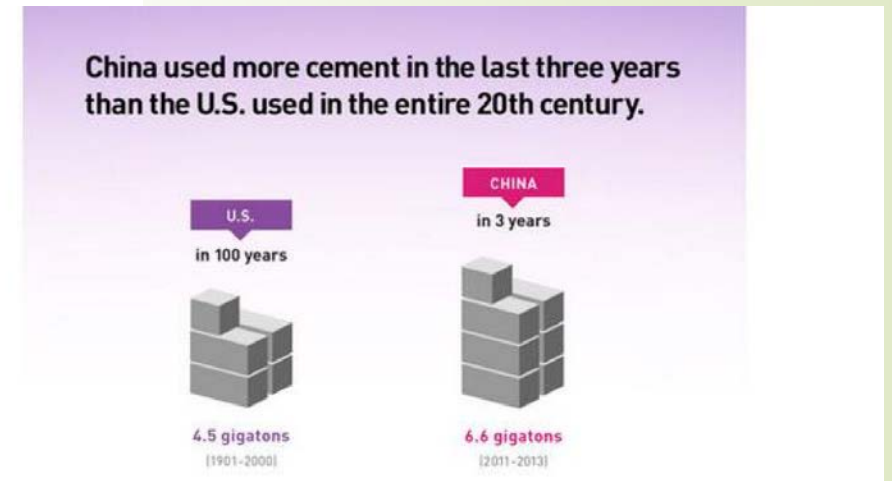


Scale of China's Infrastructure Projects Today

Steel Production



Cement



Domestic Infrastructure



Global Infrastructure: "One Belt, One Road"





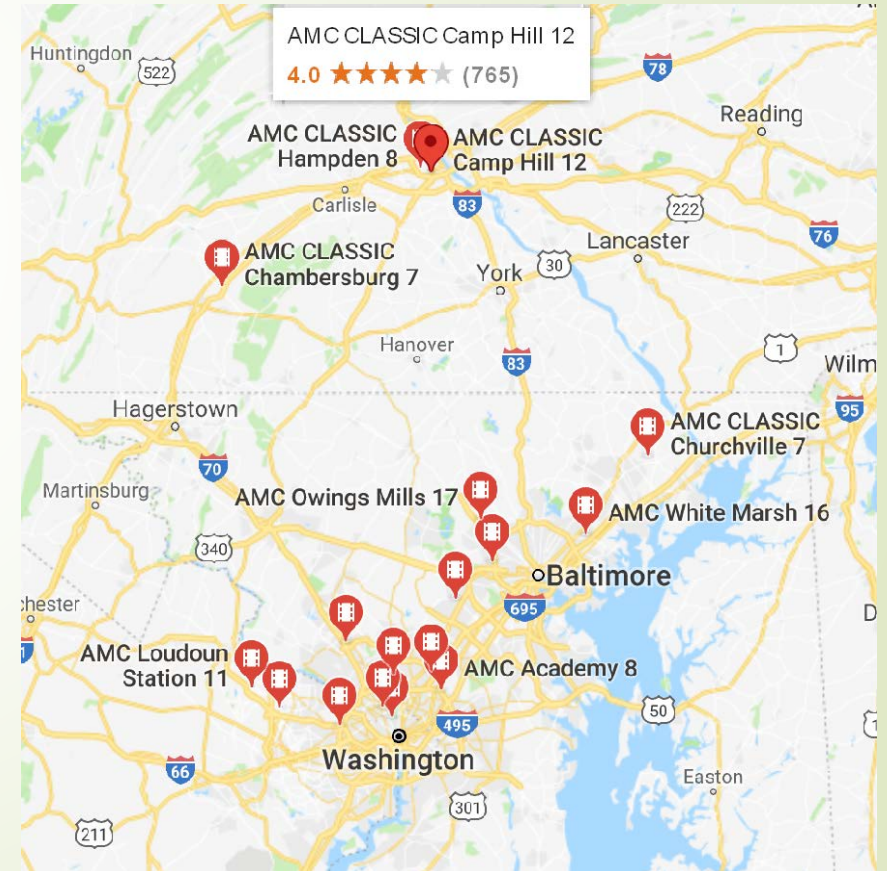
TRICK QUESTION

~~Are you now,~~ or have you
ever been, in a Chinese-
owned theater?

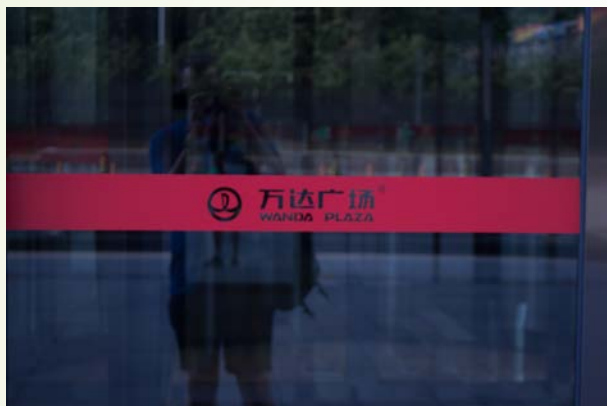
What I meant to ask was ...



~~Are you now,~~
or have you
ever been, in
an AMC
multiplex
since 2012?



The World's Largest Exhibitor: Wanda



2012: US\$ 2.6 billion



2016: US\$ 3.5 billion

China's Media Infrastructure

World's Largest Exhibition Market

GIANTS OF EXHIBITION

GLOBAL GIANTS OF EXHIBITION 2018
BOXOFFICE PRESENTS THE WORLD'S BIGGEST EXHIBITION CIRCUITS BY SCREEN COUNT
Capitals by Daniel Larva and Jonathan Popiel



1 WANDA FILM operates 14,347 cinemas with 14,347 screens worldwide throughout its network of exhibitors across North America (AMC Entertainment), Europe (Odeon & UCI), Australia (Hoyts Cinemas), and China. Wanda currently accounts for 12 percent of the global box office, and in China alone it earned box office revenue of ¥7.19 billion (\$1.137 billion) in 2017. Wanda also led all Chinese exhibitors with the most annual show times (7.23 million) and annual admissions (181 million).



2 CINEMARK jumps up in our ranking through its acquisition of Regal Entertainment, making the European exhibitor the second-largest cinema operator in North America and the world at large. The multibillion-dollar deal made headlines in late 2017, adding the North American market as a list that includes territories like Bulgaria, the Czech Republic, Hungary, Israel, Poland, Romania, Slovakia, and the United Kingdom.



3 A pioneer in exporting the multiplex concept to Latin America, **CINEMARK** has a presence in 15 countries in the Americas. The circuit is present in 14 of the 20 largest metropolitan areas in South America. Domestically, the Texas-based chain reaches across 41 states, claiming the No. 1 or No. 2 spot in 75 percent of its top 25 markets. Cinemark has a leading presence in all its markets; it is the No. 3 exhibitor in North America and the largest circuit in Argentina and Brazil.



4 DADI THEATER CIRCUIT is China's second-largest exhibitor in terms of total box office revenue and earned a company record ¥5.82 billion (\$762 million) in ticket sales in 2017. Dadi also continued to expand its market leading screen share with the purchase of Orange Sky Golden Harvest Entertainment's mainland cinema arm for \$185 million in January 2017; the exhibitor now accounts for just over 10 percent of China's total film screens.



5 CINEPOLIS, the largest exhibition circuit in its native Mexico, is also a leader in the global mar-

keplace. From its humble roots as a family-owned company, Cinopola is now the 6th-largest cinema chain in the world with more than 37,000 employees spread across 692 locations in 11 countries. Already established in North America, Latin America, Europe, and India, the circuit is looking to expand its activities in the Middle East in the coming year.



6 CHINA FILM DIGIFILM CINEMAS consisted of 216 new theaters including 1,317 new screens in 2017, taking its total number to 820 theaters and 5,900 screens across China. Last year was a banner year for the exhibitor, which saw ¥4.07 billion (\$644 million) in box office revenue, a 39 percent increase over 2016. Additionally, China Film Digifilm's highest-grossing theaters in 2017 were in the cities of Beijing, Shijiazhuang (capital of Hebei province), and Changsha (capital of Hunan province).

7 A subsidiary of China's largest state-owned film enterprise, China Film Group Corporation, **CHINA FILM SOUTH** currently operates 783 theaters and 4,366 screens in southern China. The exhibitor had box office revenue of ¥4.08 billion (\$645 million) and constructed 245 new theaters, which added 1,410 new screens in 2017.



8 CHINA FILM STELLAR, a subsidiary of state-owned China Film Group Corporation and the country's sixth-highest-earning exhibitor at the box office with ¥3.98 billion (\$630 million), added 177 theaters and 839 screens in 2017. This year, China Film Stellar also expanded to Ningbohu brand, a combination of online shopping and in-theater counter sales offering movie-related products and premium gifts, into third- and fourth-tier cities.

9 SHANGHAI UNITED CIRCUIT is a wholly owned subsidiary of Shanghai Film Corporation and has 598 theaters with nearly 3,500 screens across China. In 2017, Shanghai United had box office revenue of ¥4.51 billion (\$713 million) and 8.1 percent market share, making it the third-highest-grossing exhibitor in China.

GIANTS OF EXHIBITION

10 CJ CGV is Korea's exhibition leader with 1,085 screens across 145 locations in its home market. That number is amplified by a robust international presence that includes activities in key markets such as China, Turkey, and the United States. CJ CGV entered the year with 445 locations and 3,345 screens worldwide.

11 CINEMEX made a splash in the North American market in 2017. In April, the Mexican circuit opened its first U.S. location, a luxury cinema operating under the CMX brand in Miami. By autumn, Cinemes had broken into the top 10 circuits in the United States with its acquisition of Cobb Theatres.

12 BEIJING HONGLIYU CINEMAS operates 820 theaters with 2,698 screens primarily in rural Chinese areas. Its business scope not only covers cinema investment and construction but also operation management, film production, and advertising.

13 A subsidiary of Hengdian Group, which operates the world's largest film studios in Zhejiang province, **HENGDIAN CINEMAS** built an additional 95 theaters to bring its total screen count to 2,322. Hengdian is planning an IPO on the Shanghai exchange in the coming year.

14 JINYI CINEMAS, headquartered in the southern metropolis of Guangzhou, had ¥2.91 billion (\$465 million) in box office revenue in 2017, an increase of only 6 percent over the previous year. China's overall box office grew 13.5 percent in 2017, with much of that growth coming from lower-tier cities where Jinyi has had trouble expanding.

15 HUAXIA UNITED CINEMAS is owned by Huaxia Film Distribution, a leading film distributor in China. The exhibitor operates 381 theaters with 2,178 screens and had box office revenue of ¥1.88 billion (\$300 million) in 2017.

CIRCUIT	SCREENS	SCREENS	THEATRE	SUMMARY	THEATRE	
1 Wanda Film Holding Co., Ltd.	14,347	China	16	Vue International Ltd.	1,502	U.K.
2 Cineworld	9,538	U.K.	17	Zhejiang Time Cinemas	1,862	China
3 Cinemark	5,959	U.S.	18	Denzai International Cinemas	1,702	China
4 Dadi Theater Circuit	5,870	China	19	Cinopex	1,676	Canada
5 Cinopola	5,334	Mexico	20	Pacific Cinemas	1,618	China
6 China Film Digifilm Cinemas	4,952	China	21	Perfect World Cinemas	1,540	China
7 China Film South	4,366	China	22	Hunan Oscar Film Group	1,364	China
8 China Film Stellar	3,606	China	23	Event Cinemas	1,296	Australia
9 Shanghai United Circuit	3,392	China	24	Poly Cinemas	1,231	China
10 CJ CGV	3,345	S. Korea	25	Les Cinemas Gaumont Pathé	1,142	France
11 Cinemes	2,728	Mexico	26	Lotte Cinema	1,038	S. Korea
12 Beijing Hongliyu Cinemas	2,698	China	27	National Amusements	942	U.S.
13 Hengdian Cinemas	2,322	China	28	NTC Theatres	910	China
14 Jinyi Cinemas	2,220	China	29	Masses Theatres	895	U.S.
15 Huaxia United Cinemas	2,178	China	30	Hunan Ouchang Cinemas	859	China

Question Many Have Asked:

“What exactly did you do as ‘director’ of the China GPA in 2017?”



Strategies of Chinese Theater Chains:

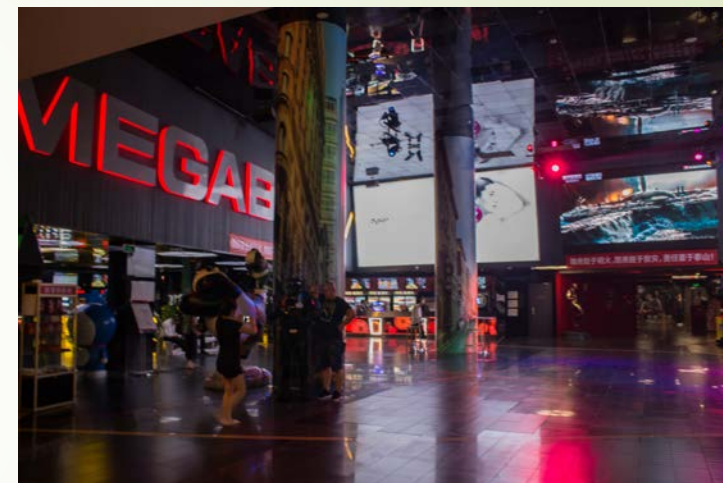
1) Branding



Jackie Chan Cinema
Beijing, China (Wukesong District)

Strategies of Chinese Theater Chains:

2) Technology & Facilities

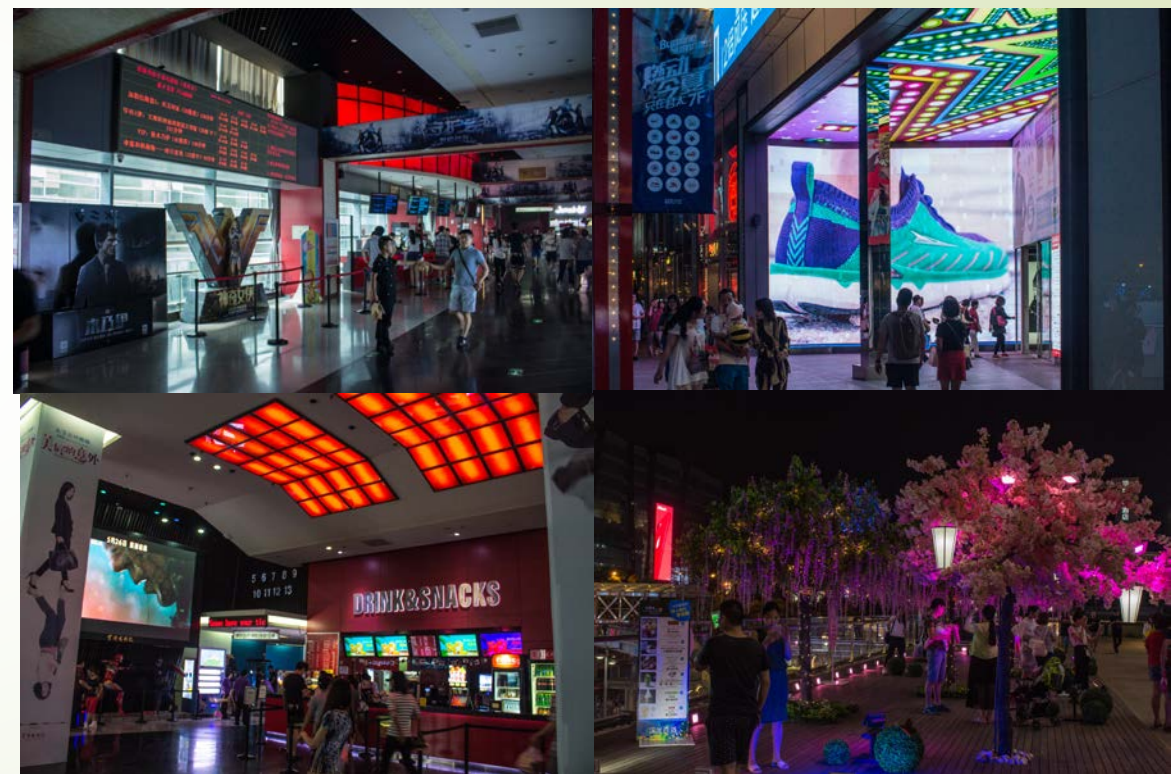


Strategies of Chinese Theater Chains:

3) Location, Location!



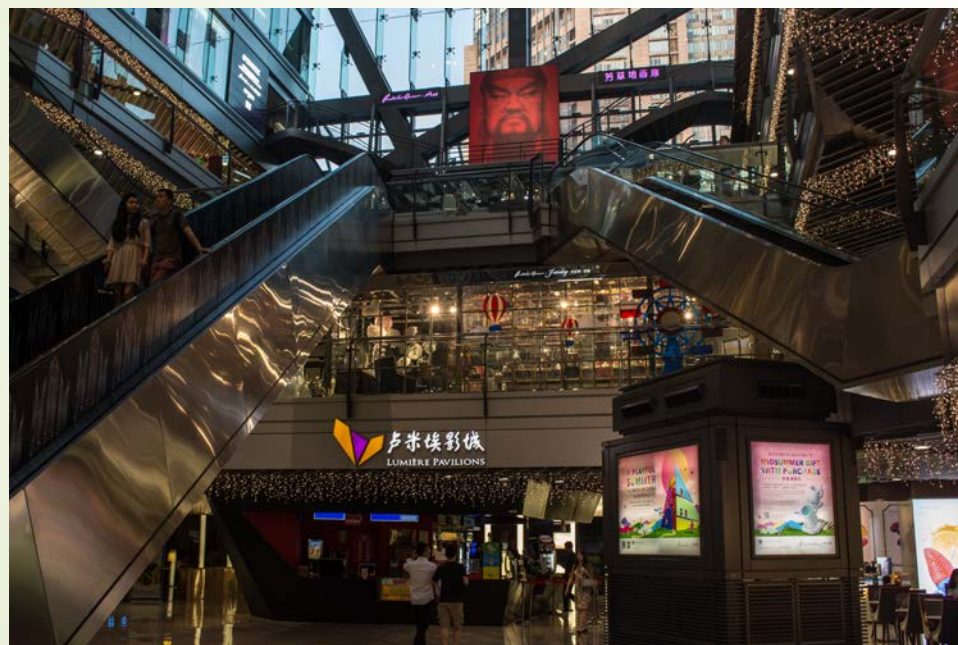
Beijing's Sanlitun (三里屯)
District



Beijing's Xidan (西单)
District

Strategies of Chinese Theater Chains:

4) Promoting Consumption



Beijing's Fang Cao Di (芳草地) Shopping Center



Beijing's Joy City (大悦城)

Strategies of Chinese Theater Chains:

5) Accommodating Different Types of Chinese Consumers



UME影城海淀区（人民大学）

UME Theater Near Renmin University in Beijing

Control Over Distribution: China's Current Two-Tiered Quota System



1. "Revenue Sharing" Distribution (分账片):
 - Since 1999: 20 Imported Films
 - Since 2102: 14 Additional "Special" Films (e.g. 3D films)
 - 25% of Gross to Foreign Distributors
 - Monopoly of China Film Group
 2. "Wholesale" Distribution (批发片):
 - Buy distribution rights in China for negotiated flat fee
 - Open to all private companies in China
- **TOTAL ANNUAL IMPORTS: 64 FILMS**

Will Infrastructure Lead to Domestic "Soft Power"?

May 2017 Box Office

► Imports:

- 10 Films Distributed
- RMB 3.1 Billion Box Office
- (Avg. = RMB 310 million)

► Domestic Films:

- 34 Films Distributed
- RMB 770 Million Box Office
- (Avg. = RMB 22.6 million)



7 *Dangal* (India, Aamir Khan)

Will Infrastructure Lead to Domestic "Soft Power"?



China Box Office Finishes Summer up 16 Percent, but Hollywood Revenue Slips

6:15 AM PDT 9/4/2018 by Patrick Brzeski



Beijing Culture

'Dying to Survive,' China's break-out hit of the summer

2017 & 2018 Worldwide Grosses

2017 WORLDWIDE GROSSES

Pink highlight = official revisions of older movies
Gold highlight = now playing or recent movies

Rank	Title (click to view)	Studio* Filter	Worldwide	Domestic / %	Overseas / %
1	Star Wars: The Last Jedi	BV	\$1,332.5	\$620.2 46.5%	\$712.4 53.5%
2	Beauty and the Beast (2017)	BV	\$1,263.5	\$504.0 39.9%	\$759.5 60.1%
3	The Fate of the Furious	Uni.	\$1,236.0	\$226.0 18.3%	\$1,010.0 81.7%
4	Despicable Me 3	Uni.	\$1,034.8	\$264.6 25.6%	\$770.2 74.4%
5	Jumanji: Welcome to the Jungle	Sony	\$962.3	\$404.5 42.0%	\$557.7 58.0%
6	Spider-Man: Homecoming	Sony	\$880.2	\$334.2 38.0%	\$546.0 62.0%
7	Wolf Warrior 2	HC	\$870.3	\$2.7 0.3%	\$867.6 99.7%
8	Guardians of the Galaxy Vol. 2	BV	\$863.8	\$389.8 45.1%	\$473.9 54.9%
9	Thor: Ragnarok	BV	\$854.0	\$315.1 36.9%	\$538.9 63.1%
10	Wonder Woman	WB	\$821.8	\$412.6 50.2%	\$409.3 49.8%

2018 WORLDWIDE GROSSES

Rank	Title (click to view)	Studio* Filter	Worldwide	Domestic / %	Overseas / %
1	Avengers: Infinity War	BV	\$2,046.5	\$678.8 33.2%	\$1,367.7 66.8%
2	Black Panther	BV	\$1,346.9	\$700.1 52.0%	\$646.8 48.0%
3	Jurassic World: Fallen Kingdom	Uni.	\$1,303.7	\$416.6 32.0%	\$887.1 68.0%
4	Incredibles 2	BV	\$1,195.4	\$606.4 50.7%	\$589.1 49.3%
5	Mission: Impossible - Fallout	Par.	\$777.9	\$218.1 28.0%	\$559.8 72.0%
6	Deadpool 2	Fox	\$734.2	\$318.5 43.4%	\$415.7 56.6%
7	Ant-Man and the Wasp	BV	\$620.2	\$215.8 34.8%	\$404.4 65.2%
8	Ready Player One	WB	\$582.2	\$137.0 23.5%	\$445.2 76.5%
9	Operation Red Sea	WGUSA	\$579.2	\$1.5 0.3%	\$577.7 99.7%
10	Detective Chinatown 2	WB	\$544.1	\$2.0 0.4%	\$542.1 99.6%
11	The Man	WB	\$517.7	\$149.4 28.9%	\$368.3 71.1%

I'll Be Back !

