The Feasibility of Initiated Movie Watching in New First-tier Cities

Ruochen Shen[1,a,*]
[1]*Business School, Central University of Finance and Economics, Beijing, 100080, China*
a. chocho2323@163.com
**corresponding author*

Abstract: China's movie market has seen rapid growth in three years as the COVID-19 passes. At the same time, economic recovery has made the need for recreational life in new first-tier cities more urgent. Initiated movie watching, which fits the recovery of the movie industry as well as the general background of economic recovery, is a new type of entertainment program worth exploring. This study evaluates the feasibility of initiated movie watching in new first-tier cities in multiple dimensions through data analysis. Combined with industry data, the paper explores the development of initiated movies and the positive effects they can bring to the further recovery of the movie industry. The study concludes that there is much room for the development and feasibility of initiated movie watching in China's new first-tier cities and it can contribute to the further recovery of the movie market.

Keywords: New first-tier cities, initiated movie watching, movie industry, market recovery.

1. Introduction

COVID-19 had a huge impact on the global movie market, with a large number of movie theaters closing or restricting traffic and film projects postponed or canceled, and the national box office in 2020 declined by about 69% compared with that of 2019 [1]. With the improvement of COVID-19 and control policies, the movie market finally recovered in 2023, and the box office reached RMB 26.27 billion in the first half of 2023, a year-on-year increase of 52.9% [2]. The recovery of the movie industry cannot be separated from the contribution of the new first-tier cities: The latest new first-tier cities in 2023 include Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, Xi'an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Qingdao, Kunming, Ningbo, and Hefei [3]. And six months after the COVID-19, the growth of the movie industry has gradually slowed down. Therefore, there is an urgent need to explore breakthroughs to achieve further growth. According to Lu Mengyun, movie companies that have been dormant for three years are at a critical point of "re-entrepreneurship" [4]. The new movie companies are also in the process of "re-entrepreneurship" [4]. The high level of economic development in the new tier-1 cities and the diversified needs of urban residents for entertainment are the favorable preconditions for "re-entrepreneurship". The initiated movie watching explored in this study is a new way of thinking about "re-entrepreneurship". The study also seeks to provide new ideas for the further growth of the movie industry.

Tao Ye suggests that cinemas can not only provide audiences with a personalized watching experience outside the conventional watching mode but also make full use of the idle resources of the

DOI: 10.54254/2754-1169/75/20241681

cinema to increase the attendance rate and turnover by combining the remaining cinema space and screening time and selling them to a large number of long-tailed consumers aggregated through the initiating platform, which can be regarded as a win-win business model [5]. Dong Junhua Dong Junhua Wu Xiaoyu argued that movie characteristics and crowdfunding have a significant impact on moviegoing behavior [6]. Currently, there is still a lack of research on the specific applicability of initiated movie watching. This study explores the feasibility of initiated movie watching in new first-tier city cities and analyzes it by data and SWOT analysis, which is of profound significance for market space and the development possibility of initiated movie watching.

2. Analysis of China's movie market industry after the COVID-19

2.1. Overall market analysis for the first half of 2023

In 2023, China's movie market saw a strong recovery. After experiencing total stagnation in 2020 and repeated fluctuations in 2022, China's movie market showed strong resilience and potential in the first half of 2023 [7]. This achievement is attributed to the adjustment of China's policies, film approval policies, and the quality improvement and diversification of domestic films.

Table 1: Comparison of overall data of China's movie market in the first half of 2022 and 2023

	First half of 2022	First half of 2023	Growth rate
National gross box office (billion yuan)	262.7	171.8	52.9%
Number of screens shown	74662	74673	0.0%
Number of screenings (10,000)	5150.5	6267.7	21.7%
Movie attendance (10,000)	39771	60378	51.8%
Average fare (Yuan)	43.2	43.5	0.7%

As can be seen from the data in the table, China's movie market as a whole saw significant growth in the first half of 2023, with an increase as high as 52.9%, and even showed the momentum of recovering to the pre-epidemic period. Meanwhile, because the number of screens in theaters was flat and the average ticket price slightly increased, the number of screenings as well as the number of moviegoers saw an increase of 21.7% and 51.8%, indicating that the willingness of consumers to go to offline consumption increased significantly, which provided a good background for the general environment for initiated moviegoing.

2.2. Regional analysis of the film market in the first half of 2023

New first-tier cities, as an important part of China's economy, have an equally significant share of the movie market. The table below compares the data for the movie market in each first-tier city for H1 2022 and H1 2023(the first half of 2022 and 2023).

Table 2: Comparison of movie Market Data of New first-tier Cities in H1 2022 and H1 2023.

	2022 H1 Box Office(100m yuan)	2023 H1 Box Office(100m yuan)	Growth rate	Percentage of total market
Chengdu	5.3	7.6	44%	2.89%
Chongqing	4.7	6.2	32%	2.36%
Hangzhou	3.5	5.8	64%	2.21%
Wuhan	3.6	5.3	49%	2.02%

DOI: 10.54254/2754-1169/75/20241681

Table 2: (continued).

Suzhou	2.6	4.6	78%	1.75%
Xi’an	2.3	4.7	107%	1.79%
Nanjing	2.8	4.4	58%	1.67%
Changsha	2.5	3.6	46%	1.37%
Tianjin	1.7	4.1	145%	1.56%
Zhengzhou	2.1	3.5	68%	1.33%
Dongguan	1.6	2.6	59%	0.99%
Qingdao	1.7	2.7	58%	1.03%
Kunming	1.5	2.2	50%	0.84%
Ningbo	2.1	2.9	40%	1.10%
Hefei	2.1	3.1	50%	1.18%
Total	39.9	63.3		24.10%

As can be seen, all of the new first-tier cities saw significant growth in their movie markets ranging from 32% to 145%, with both the volume and percentage of growth taking the lead. At the same time, the new first-tier cities are also an important part of China's movie market, accounting for 24.10% of the overall market, which further demonstrates the potential of the movie industry in the new first-tier cities, and further promotes the feasibility of initiated movie watching in them.

3. Feasibility of Initiated watching in New first-tier Cities

3.1. Initiated watching mode

Initiated movie watching is a new mode of movie watching. The audience independently chooses the film, venue, time, and other elements, through the network platform initiated by inviting other viewers to accumulate a certain attendance. Compared to the theater scheduling top-down approach, it is more like a bottom-up choice. Movies are not the only new movies that are popular in theaters, many are not screened due to a variety of reasons. Possible reasons for this include low-profile actors, marginal subject matter, individualistic presentation, or out-of-schedule. Compared to the large commercial theaters that release these films, the economic benefits of releasing these films are bound to be relatively modest. On the other hand, the fans of these films are mostly scattered, making it difficult to generate economies of scale for theaters. Initiating movie-watching allows the audience to have the right to choose, thus further expanding and tapping into China's movie market. At the same time, initiated watching not only provides a personalized watching experience but also promotes social interaction among viewers and enhances the sense of ritual and participation. This period is a golden time for initiated movie-watching, which is expected to become a new wind mouth in the movie market and lead the innovation and change of movie-watching culture.

3.2. Advantages of New First-tier Cities

In recent years, new first-tier cities have accelerated their development and become the focus of population inflow [8]. With the promulgation of several policies to attract young people to the new first-tier cities, the vast majority of cities have achieved a certain degree of population growth. A younger population structure means more potential demand for movie-watching and socializing, which is conducive to the organization and participation of initiated movie-watching activities. At the same time, the new first-tier cities have higher economic levels, stronger spending power, and willingness to spend, and more viewers are willing to try new ways of movie watching and pay for movie watching. The rich commercial resources of new first-tier cities can provide more theaters and venues for initiated movie-watching activities, and more films and content for audiences to choose from.

3.3. SWOT Analysis of Initiated Movie Watching

3.3.1. Strengths

The greatest advantage of initiated watching was the rapid development of social media platforms during COVID-19. Due to physical isolation, and the maturation of mobile internet technology, social media is the main channel for the public to obtain information, perceive risks, and alleviate emotions. Users thus developed unprecedented "social media dependence" [9], which is why cities can generate higher benefits with a high proportion of young people. Based on social media, initiated movie-watching can provide more choices, allowing viewers to see favorites without the limitations of theater scheduling and venues, as well as communicating and interacting with other viewers, thus increasing the audience's movie-watching experience. This bottom-up approach can expand the audiences' social circle and enhance the cohesion of the consumer group, which can also turn the phenomenon of a large foreign population in new first-tier cities into an advantage, thus creating a synergistic effect and further promoting urban development. For theaters and platforms, initiated movie watching can increase audience loyalty and word-of-mouth, so that the audience has more trust and goodwill towards the platform and theaters, and attracts more new users through sharing and recommendation, forming positive feedback.

3.3.2. Weaknesses

Launching movie watching requires a certain number of viewers, as well as time and space, which means that a large amount of investment is needed for early promotion. At the same time, venue construction, platform creation, and copyright purchase are also the basis of the mode of operation, the quality of the film, venue safety, audience quality, etc. are also existing forms of movie watching that have not been faced.

3.3.3. Opportunities

The rapid development of the digital economy in new first-tier cities can be a vehicle for initiated movie watching. According to the indicators and projections provided by China Science and Technology Statistical Yearbook, China Statistical Yearbook, China Education Statistical Yearbook, and City Statistical Yearbook, the level of digital economy development in China's new first-tier cities is better as a whole [10], and the initiated movie watching can take advantage of the development of the digital economy to allow viewers to conveniently initiate and participate, and also to obtain more information and reviews through the network platform. As the growth in the number of theatrical movie releases slows down [8], initiated watching can take advantage of the adaptability to once again allow viewers to go to the cinema and enjoy the professional equipment and services of the cinema, further improving the efficiency of resource utilization.

3.3.4. Threats

Initiated watching may face copyright disputes and the threat of competition from theatrical films. At the same time, because initiated watching releases of non-theatrical films, which are limited in number, it may face the threat of demand, i.e., the need to maintain a high level of user stickiness through a limited number of films.

4. Suggestion

In summary, initiated movie watching has greater feasibility in the new first tier. But it also needs to seriously consider some potential threats and challenges. Through the analysis, this paper puts forward the following suggestions, hoping that this new mode can play a more positive role in the development of the movie industry.

In-depth market research is crucial. Understanding the culture, interests, and consumption behaviors, as well as the competitors will help to formulate a more precise strategy. Meanwhile, digital platforms are key to the success of initiated movie watching. It is useful to collaborate with online ticketing platforms.

The sustainable development of initiated movie-watching requires more diverse operations to attract more audience participation through the creation of unique watching experiences. Close partnerships can also be established with the film industry. This helps to improve the quality and impact of the initiated movie-watching activities.

It is necessary to develop a clear investment and business plan. This helps attract potential investors. At the same time, it is useful to integrate the event into the local community to build a closer connection and follow relevant regulations and policies to ensure that the launch event is conducted within legal compliance and that the event is continuously improved to adapt to changes in the market.

5. Conclusion

From the study, it can be concluded that initiated movie watching is piloted in the current economic environment, with a very favorable market environment. At the same time, combined with the development of the new first-tier cities, initiated movie watching has a very significant advantage over the traditional mode. Therefore, this study concludes that initiated movie watching provides a theoretical and channelized solution for the further recovery of China's movie industry.

This study also has shortcomings. Firstly, it only analyzes the applicability based on the operation model and economic environment, which lacks actual feedback from consumers in the new first-tier cities. Secondly, it lacks a financial analysis of whether the operators can make profits in this model. Therefore, future research should focus on consumer behavior and operating capital chain analysis. As a new model that fits the current Chinese movie market, initiated movie watching is expected to bring a new experience and chance to consumers, and further promote the growth of China's movie industry.

References

[1] *China Movie Database. 2023. https://www.zgdypw.cn/sc/sjbg/index_4.shtml*

[2] *Endata, H1 China Movie Market Report 2023. 2023. http://www.199it.com/archives/1629070.html*

[3] *First Finance, 2023 new first-tier cities list officially announced: Kunming returns, Qingdao rises, northern cities only account for four seats. (2023). https://news.cctv.com/2023/05/30/ARTI5kyAHUzgByGH08lUpEQ4230530.shtml*

[4] *Lu Mengyun. Warm winds of recovery of the movie industry are coming, industry leaders lead "re-entrepreneurship"[N]. Shanghai Securities News, 2023-06-17(005).DOI:10.28719/n.cnki.nshzj.2023.002488.*

[5] *Tao Ye. Research on Crowdfunding Movie Watching Platform under the Perspective of Value Chain--Taking Elephant Point of View as an Example[J]. Culture Industry,2022(26):40-42.*

[6] *Dong Junhua, Wu Xiaoyu. An empirical study of online movie-watching behavior under the post-epidemic situation[J]. Film Literature,2022(21):9-17.*

[7] *TopCBD, China Film Market Research Report for the First Half of the Year. 2023. https://zhuanlan.zhihu.com/p/645186156#*

[8] *Lin Xiaozhao. 15 New first-tier Cities Become Highland of Population Inflows[N]. China Business News (newspaper),2023-06-16(A02).DOI:10.28207/n.cnki.ndycj.2023.002449.*

[9] Su Tao, Peng Lan. Man and Media under the Trend of Virtual and Real Mixture, Human-computer Interaction and Platform Society -A Summary of New Media Research in 2021[J]. -A Summary of New Media Research in 2021[J].Journal of International Communication,2022,44(01):44-60.DOI:10.13495/j.cnki. cjjc.2022.01.008.

[10] Shao Yuwei.The Impact of Digital Economy Development on Residents' Consumption Resilience in the Context of Expanding Domestic Demand--Analysis Based on Sample Data from New First-Tier Cities[J].Journal of Commercial Economics,2023(18):56-60.