

Study on the Optimization Strategy of Chinese Film Ticket Price Pricing

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Abstract: Film, as an important cultural industry and entertainment mode, has developed over the years and formed a relatively complete industrial chain. However, in the long-term development process, movie ticket pricing has always been a hot issue that has attracted much attention. In recent years, China's film market has shown a trend of rapid development, and the box office has repeatedly reached a new high, but the level of movie ticket prices has also been rising, which has triggered widespread social concern and discussion. Research and optimization of movie ticket pricing strategy is of great significance to improve the competitiveness of the movie market and promote the sustainable development of the movie industry. This paper first reviews the current research status of the predecessors, summarizes the relevant theoretical basis needed for the study, analyzes the existing problems in movie ticket pricing, conducts an analysis of the change in domestic ticket prices and compares it with international prices, and finally concludes with an optimal strategy.

Keywords: Movie, file ticket, price, strategy.

1. Introduction

With the rapid development of China's film market, film has become an important part of mass cultural consumption. In recent years, the box office revenue of the Chinese film market has continued to grow, and the number of moviegoers has also been on the rise. However, behind the prosperity of the film market, the issue of ticket price has become increasingly prominent, which has become an important factor restricting the healthy development of the film industry. At present, China's movie ticket price is generally high, and the lack of reasonable pricing strategy, which leads to the willingness of some audiences to watch movies is reduced, and then affects the overall development of the movie market. Therefore, it is of great practical significance to study the optimization strategy of China's movie ticket price.

Film ticket pricing is not only related to the economic benefits of film enterprises, but also affects the audience's viewing experience and the overall prosperity of the film market. Optimizing the movie ticket pricing strategy is conducive to improving the competitiveness of the movie market and promoting the sustainable development of the movie industry. In addition, a reasonable ticket pricing strategy can also help guide the audience to develop good movie-watching habits and improve the popularity of film culture.

2. Literature review

Liu proposed that the film industry index should be used to reflect the development status and future trend of the film industry in a certain country or region in a specific period. The framework of the film industry index includes three first-level indicators: industrial environment, industrial scale and industrial efficiency [1]. Huang said in his research that the movie ticket price is an important factor that affects the audience's willingness to watch movies, and the current movie ticket price not only includes the value of the movie itself, It also includes all kinds of hidden services provided by cinemas [2] Zheng pointed out in his research that China's contemporary cinemas have the characteristics of digitization of cinema lines, industrial chain, unbalanced development and fast development speed but not keeping up with the pace of quality [3]. Qi focuses on the analysis of the implementation of the film price differential pricing strategy and the positive role of the differential pricing strategy in improving the marketization function of the film distribution and screening under the condition of digital film distribution and screening [4]. Liu clarified the consumer demand of movie audiences and the market pattern of cinema chains, and studied the movie ticket pricing strategies for different audience segments and the movie marketing strategies for different ticket acceptance groups [5]. Liu Aelaborated on the historical evolution and drawbacks of China's movie ticket pricing, analyzed the changes of several factors affecting ticket prices, and pointed out that a multi-level ticket pricing system should be established to make more audiences return to the theater [6]. From the perspective of movie theaters, Seagull combs the process of adjusting movie ticket prices three times in the early days of China's liberation [7].The development of film industry is of great significance to the development of national economy and the adjustment of industrial structure. [8]. Xu explored the origin of high ticket prices by studying the pricing strategy of movie tickets [9]. As well as the current seat zoning pricing ticketing mechanism, it has aroused the attention of the market and consumers [10].

3. Theoretical basis

3.1. Marginal cost pricing theory.

Marginal cost pricing theory is an important theoretical basis for cost management and price decision. It holds that an enterprise should determine the product price according to the marginal cost of the product in order to achieve the goal of profit maximization. Marginal cost refers to the additional cost required to produce an additional unit of product and is one of the key factors in a company's decision making. Reasonable application of the marginal cost pricing principle is not only beneficial to enterprises to improve operating efficiency and enhance profitability, but also to provide consumers with preferential product prices. For the film industry, marginal cost includes the marginal cost of production, distribution, screening and other links.

3.2. Demand elasticity pricing theory.

Demand elasticity pricing theory is a pricing method based on the elasticity of demand for goods or services. Compared with traditional cost-plus pricing or competitive pricing, demand elasticity pricing pays more attention to consumers' response to product prices, and adjusts prices dynamically to maximize profits. This theory emphasizes that enterprises should implement differentiated pricing according to the demand elasticity of different customer groups in order to maximize profits. For the film industry, different grades of theaters and different types of movies have different audience demand elasticity.

3.3. Target profit pricing theory.

Target profit pricing is a pricing method in which enterprises consider both cost factors and market factors when pricing products, in order to achieve the expected profit target. According to this theory, an enterprise should determine a reasonable profit target according to the changes in market demand, the price level of competitors and its own cost structure, and formulate the corresponding pricing strategy accordingly. According to this theory, an enterprise should determine the price of its products according to the target profit. For the film industry, producers, distributors, exhibitors and other parties have their own profit targets, which will affect the final price of tickets.

4. The existing problems of movie ticket prices

4.1. The level of ticket prices is relatively high and continues to rise

In recent years, the rising price of movie ticket has become a great burden of people's living cost. Some audiences have reported that the high ticket price has discouraged them and affected their enthusiasm to go to the movies.

4.2. The price difference is obvious

There are big differences in ticket prices between different regions, different theaters and different movies, and there is a lack of uniform standards and norms in price pricing. Some cinemas have also adopted the practice of adding various surcharges, further increasing the economic burden of audiences.

Table 1: Summary of the lowest ticket prices of domestic films in different cities

Categories of Cities	2D Movies	3D movie	IMAX/ jumbo screen movies
First-tier cities	30	35	45
Second-tier cities	25	30	40
Tier 3 and below cities	20	25	35

4.3. Pricing mechanism is not transparent enough.

The pricing mechanism of movie ticket price is not perfect, and the lack of open and transparent pricing basis and pricing process gives people a feeling of "black box operation", which increases the discontent of the audience.

5. Influencing Factors of movie ticket Pricing

Film production, distribution, screening and other aspects require a large amount of capital investment, these costs directly determine the lower limit of film ticket prices. With the continuous improvement of the level of film production, the movie ticket price will inevitably show an upward trend.

The relationship between supply and demand in the movie market directly determines the market level of movie ticket prices. When the market supply is sufficient and the demand is strong, the movie ticket price will be relatively high; Conversely, when the supply of movies is insufficient and the demand is low, the ticket price will be relatively low.

Moviegoers' consumption habits and willingness to pay largely determine the affordability ceiling of movie ticket prices. Generally speaking, audiences in economically developed regions are also more receptive to movie tickets.

Government policies and regulations on the film industry, such as tax policies, subsidy policies, etc., will also have a certain impact on movie ticket prices. Some countries and regions will also set the government-guided price or price ceiling of movie ticket prices to protect the rights and interests of audiences.

Competition among different theaters will lead to rationalization of ticket prices. At the same time, cinemas will adopt differentiated pricing strategies based on factors such as film types and screening times to attract more audiences.

With the continuous advancement of projection technology, the application of emerging technologies such as 3D and 4D will also push up movie ticket prices. This is because these new technologies require additional hardware input and operating costs.

6. Analysis of domestic fare changes

With the continuous development of the film industry, movie ticket prices have shown an overall rising trend. The rise is mainly due to several reasons. First, the rising cost of film production, especially the increasing investment scale of big-budget films, has forced cinemas to raise ticket prices to make ends meet; Second, with the further strengthening of cinema monopoly, some cinemas have taken the opportunity to raise ticket prices to gain more profits. Third, some popular blockbusters adopted the strategy of "price increase", which also led to the increase of the overall ticket price.

In general, the current movie ticket prices in China are showing a relatively fast rising trend, which to a certain extent restricts the general audience, especially the low - and middle-income groups, the willingness to consume movies, which is not conducive to the healthy development of the film industry.

Since the reform and opening up, the income level of Chinese residents has been rising continuously, and the per capita disposable income has also maintained a rapid growth. The share of movie ticket prices in per capita disposable income has also been decreasing year by year, from 2.1% in 2002 to 0.8% in 2020.

However, it is worth noting that there is a big gap in the income level of urban and rural residents in China. In 2020, the per capita disposable income of urban residents will be 2.56 times that of rural residents. This means that there is a big difference in the ability and willingness of urban and rural residents to consume movies, and the audience in urban areas is relatively more active. At the same time, the economic development level of different regions in China is also quite different, and the income of residents in the eastern region is significantly higher than that in the central and western regions, which also leads to the imbalance of film consumption among regions.

In general, although the overall level of Chinese residents' income has improved, which provides a certain basis for film consumption, there are still problems such as urban-rural gap and regional difference, which need to be further narrowed to promote the coordinated development of regions.

7. International Comparison

7.1. Pricing mechanism.

In developed countries, ticket prices are usually determined independently by market supply and demand, with little direct government intervention. Some developing countries, however, prefer the government to direct prices to protect the interests of audiences.

7.2. Ticket price level.

Overall, ticket prices in developed countries such as the United States, the United Kingdom and Japan are generally higher. In contrast, ticket prices in developing countries such as India and Mexico are lower.

Table 2: Statistics on the ratio of movie ticket prices to revenue betChina and other countries

	Average Ticket Price	Per capita monthly income	Fare to income ratio
China	\$7.45	\$287.0	2.60%
United States	\$7.93	\$3,927.7	0.19%
South Korea	\$6.96	\$1,874.1	0.32%
Japan	\$15.65	\$3,584.3	0.36%
India	\$0.50	\$104.6	0.48%

7.3. Price differences.

Movie ticket prices in developed countries are usually differentiated according to factors such as theater grade and film type, and the price difference is large. However, in some developing countries, the difference in ticket prices is relatively small.

7.4. Preferential policies.

Some countries and regions will introduce preferential ticket pricing policies for special groups such as students and children to improve moviegoing opportunities. At the same time, some countries have implemented measures such as tax reduction and exemption on movie tickets to reduce the burden on audiences. Pricing mechanisms in developed countries are relatively more open and transparent, and audiences can clearly understand the composition of ticket prices. However, in some developing countries, the pricing mechanism is more complex and less open.

8. Optimizing Strategies

8.1. Improve pricing mechanisms.

Establish an open and transparent pricing mechanism for movie tickets, specify the basis and process of pricing, and accept supervision and judgment from all sectors of society. At the same time, cinemas should be encouraged to set their own prices and improve the market-based competition mechanism.

8.2. Implement differentiated pricing.

Different differentiated pricing strategies should be implemented according to factors such as cinema grade, film type and screening time to meet the needs of different audience groups. At the same time,

preferential policies will be provided for special groups to improve movie-watching opportunities for the whole population.

8.3. Strengthen cost control.

Each link of the film industry chain should be carefully managed, continuously optimize the cost structure, and reduce unnecessary expenses. At the same time, the government should introduce relevant supporting policies to create a favorable development environment for the film industry.

8.4. Guide the audience's expectations.

Through popular science education, media publicity and other means, the audience should be guided to correctly understand the influencing factors of the formation of movie ticket prices, and enhance their understanding and acceptance of the rationality of ticket prices. At the same time, rational consumption should be advocated and good movie-watching habits should be cultivated.

8.5. Strengthen self-discipline in the industry.

Film industry associations should formulate relevant industry standards and guidelines, regulate the pricing behavior of film ticket prices, and establish an industry self-discipline mechanism. At the same time, communication and coordination within the industry should be strengthened to promote the balance of interests of all parties.

9. Conclusion

The government should introduce relevant laws and regulations to provide institutional guarantee for movie ticket pricing. For example, formulate reasonable tax policies and subsidy policies, strengthen the supervision of pricing behavior, and safeguard the rights and interests of consumers.

Ticket pricing is a complex systematic project, which needs to consider many factors such as cost, market, audience, policy and competition. Reviewing the current situation of movie ticket pricing in China, we can see that there are many problems, such as high price level, obvious price differences, pricing mechanism is not transparent. In view of these problems, we must improve the pricing mechanism, implement differentiated pricing, strengthen cost control, guide audience expectations, strengthen industry self-discipline, improve policies and regulations, and promote the optimization and improvement of movie ticket pricing.

Only in this way can we achieve reasonable pricing of movie ticket prices, let the audience enjoy a more high-quality and convenient movie-watching experience, and promote the sustainable and healthy development of China's film industry. As an important cultural carrier and entertainment mode, the price and pricing of movies have a direct impact on the consumption feelings of the general public and the well-being of the people. Let us work together to provide fairer and more reasonable ticket prices for moviegoers and contribute to the high-quality development of the film industry. We should optimize the structure of movie ticket prices through scientific and reasonable pricing strategies to meet the needs of audiences at different levels, stimulate the vitality of the film market and promote the sustainable development of the film industry.

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