

**THE FAST CHANGING LANDSCAPE
OF CHINA'S FILM INDUSTRY**

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Executive Summary

1. New government policies from 2002 have allowed non-state capital in the Chinese film industry. Together with a series of supportive policies and internet developments, it has pushed the industry into a high-growth phase.
2. China is now the second-largest film market in the world and one of the fastest growing. Its total box office sales had a compound annual growth rate (CAGR) of 32.9% from 2002 to 2013.
3. China's box office spending is forecast to pass US\$5 billion in 2015 and to rise at a CAGR of 18.9%, from US\$3.13 billion in 2013 to US\$8.86 billion in 2019. Global box office share is projected to reach 20% in 2019.
4. Global box office revenue is set to rise from US\$36.7 billion in 2014 to US\$48.4 billion in 2019 at a CAGR of 5.7% growth. This will largely be due to strong growth in China though the United States still garnered 30% of the global market share. Leading countries of the rest of the traditional film industry such as Japan and the United Kingdom took less than 5% each of the global box office.
5. Unprecedentedly, China's monthly box office revenue in February 2015 reached US\$650 million (RMB4.05 billion), exceeding the United States' US\$640 million.
6. For Chinese films, box office figures indicate a preference for variety. Romance, action and sci-fi movies from China captured nearly 70% of the box office market, while sci-fi movies from Hollywood took 45% of imported films in the market.
7. Cinema goers reached 830 million in 2014, increasing 34.52% year on year. The post-80s and 90s internet users are the main audience and consumers. Online, 40% of cinema tickets were sold.

8. Socially, the cinema is the most common platform for dating and entertainment. The Chinese New Year, and May and October long holidays are the peak seasons for the film industry and cinema going has become a common dating itinerary.
9. Infrastructure development and urbanisation have boosted the film industry, making movies more accessible and more affordable. A total of 23,699 screens, 1,015 cinemas and 5,300 theatres were built by 2014. On- to off-line ticketing at a discount and with other incentives has promoted ticket sales too.
10. The year 2014 marked the first year of “Chinese internet plus film industry”. Baidu, Tencent, Alibaba and property giant Wanda have become the biggest drivers of the film-internet integration. With their huge IT capacity via acquisitions, merging production and stake holders domestically and globally, the Chinese film industry is on the same path as China’s internet industry.