Current Status of China’s Film Distribution

Two years ago when online streaming giants ostentatiously marched into the cinema market, industry players grieved the end of an era. “We will have to work for BAT!” (acronym for Baidu, Alibaba and Tencent). Two years have gone by and the situation has been proven less distressing than expected. Just when online corporations thought they could successfully combine genre and performers with big data, the videos made did not hold up to the forecast. Filmmaking and production have reverted to their traditional gameplay. BAT have no choice but return to modesty.

Meanwhile, the Internet plays a significant role at the other end of the film market. Online ticketing has almost taken control of the entire box office, then it permeates into the entire film production chain as a channel of distribution.

Mainstream distribution companies in Mainland China fall into four categories: (1) Traditional film studios with abundant film sources, such as China Film Group, Bona Film Group, Huayi Brothers, and Beijing Enlight Media. (2) Resourceful ground promotion firms (the vast Chinese market is divided into provinces and districts with local ground promotion firms), such as Union Pictures, United Entertainment Partners, and Herui Film. (3) Distribution associations which gather cinema lines, such as Wuzhou Film Distribution, Huaying Tianxia, and Guoying Zongheng. (4) The newly-emerged Internet distribution platforms, such as Maoyan Weying, Tao Piao Piao, and Tencent Pictures, Alibaba Pictures, and iQiyi.

Powerful online ticketing channels, such as Maoyan Weying and Tao Piao Piao, offer much convenience in terms of payment. RMB 9.9 value tickets are frequently available especially when a blockbuster opens (ticketing websites subsidize the difference between full ticket price and value price). The aggressive pricing leaves more than 1,000 ground promotion firms with no choice but to back off or even shut down. Even local ground promotion firms backed by sizable traditional distribution companies have to reduce operation cost by downsizing or rightsizing.

Although aggressive, the focus is mainly on moneymaking blockbusters or tentpole films released during high seasons, such as “Youth”. Smaller productions still rely on traditional distribution companies and ground promotion firms to fight for screening slots.

The Internet platforms have the advantage of large data flow and strong data analysis functions to fully preheat a film with pre-sale box office, ticket subsidy and other means, thus pushing cinemas to allocate screening slots. On the other hand, too much data deduction clouds rational judgement.

Distribution effectiveness is difficult to predict in the film industry, which is why the traditional distribution mode is indispensable. According to a number of cinema managers, the pre-sale data is only valid three days prior to a release. The rest purely depends on audience word-of-mouth, thus the traditional
mode prevails and in some local ground promotion teams, which help fill in the blanks.

Independent films lead the game in many third-, fourth- and fifth-tier cities, counties and townships. Cinemas tend to arrange screening schedules independently. Unprofessional staff hardly attend test screenings, lack time to analyse information, and disregard promotion materials. The traditional way has its value.

For supporters of online ticketing platforms, everything is possible on the World Wide Web because digital data provide reliable references. Online platforms uphold the idea of “channel” and “content” are the way to go. “Content” does not only refer to video quality, it also means cinema screening slots are based on market reception and audience response. Cinemas allocate more slots to films which win high popularity and generate great buzz. For this reason, the distribution end can hardly affect audience preference and screening schedule.

Resource integration is a notable trend in the sector, particularly for industry leaders. For instance, cinema lines join forces to compete for market share against traditional distribution companies. Big production studios usually have their own marketing and distribution teams; or they outsource projects to resourceful online marketing platforms. This way, traditional distribution companies can hardly secure valuable resources. Many of them have opted for business transformation involving making fundamental changes from film distribution to film financing.

When reached a bottleneck in traditional marketing and distribution, few companies have the luxury to maintain distribution and ground promotion staff. Many film studios with marketing and distribution departments have to cut loose ground promotion.

Film marketing and distribution will evolve into varying forms under the new trend. Active changes will be adopted in ground promotion while traditional channels will be internetized. Offline ground promotion will integrate with online operation. Traditional distribution will integrate with online distribution to realize complementary advantages in marketing. Or, non-mainstream films can go for theatrical and online distribution simultaneously.

The vast Chinese market is able to allow more than one film marketing and distribution channel. Fusing modern and traditional ideas will be the ultimate way to consistently evolve.