16 Chinese film IP resources development strategy

Dandan Li

Film IP development

Definition and source of film IP

IP originally refers to intellectual property, such as copyright, adaptation right, or ownership of knowledge, also known as the intellectual property right.¹ However, in the age of digital media, the meaning of IP has been extended more widely from literature to film, forming a diversified development trend. IP film is a new business model combining the Internet with films. At present, the sources for IP films in China are mainly from literary adaptations, TV contents, online videos, games, animation, comics, music, etc. Since 2014, a large number of influential cultural products have become the source of film adaptations, such cinematic adaptations from online novels, games, music and TV content started an unprecedented upsurge of IP films in China.

The concept of IP film development

Traditionally, the development of film derivatives is also known as the post-film development, which refers to the production company's continuous exploration of the films' influences after being released. There are many kinds of film derivatives, including novels, posters, comics, toys, props, souvenirs, games, theme parks and shooting studios, etc. Traditional development refers to film production companies producing films, and the scope of development is the production process of the films. However, in the age of digital media, IP film development is significantly different. The resources in other fields have been integrated into the film development process, which extends the scope of the film into other objects. In addition to film companies, Internet companies, cultural companies or individuals with IP resources have also become IP developers, and the objects have also extended from being pure derivatives to a variety of cultural capitals that can serve the production of films. The process of IP film development follows such a pattern: IP developers rely on the converged media platforms to facilitate IP film projects' creation and development for the film industrial chain, and eventually work to establish IP

film projects as a brand. Thus, a transformation from cultural capital to IP film's economic capital is achieved.

Current situation of IP film development in China

In recent years, the box office earnings of Chinese films have been increasing year by year. From 2009 to 2017, the growth rate for each year was 42.96 percent, 63.91 percent, 28.93 percent, 30.18 percent, 27.51 percent, 36.15 percent, 48.69 percent, 3.73 percent and 22.31 percent, respectively. Although the growth rate plunged to 3.7 percent in 2016, the overall market showed a return to normal growth (Figure 16.1). With the addition of online income to box office earnings, the nominal box office will increase by 6–8 percent in 2017. According to the previous data of the State Administration of Press, Publication, Radio, Film and Television, the annual box office of Chinese films exceeded 50 billion yuan on November 20, 2017. In 324 days, the Chinese film box office has totaled more than 50 billion yuan with the number of audiences exceeding 1.448 billion, which set a record at the box office. The box office of domestic films has reached 26.2 billion yuan, accounting for 52.4 percent of the total earnings, and the box office of foreign films has attained 23.8 billion yuan, accounting for 47.6 percent. In total, there are 82 Chinese and foreign films with a box office of over 100 million yuan, including 13 films which have achieved a box office of over 1 billion yuan (Figure 16.2), showing that the Chinese film market is thriving.

The achievements of Chinese IP film development

Tremendous market share and strong competitiveness

In 2017, the annual box office revenues of Chinese films came in at 50 billion yuan, achieving a record high. Meanwhile, IP films showed strong

Figure 16.1 Box office and growth rate, 2009–2017.

Figure 16.2 Box office segment statistics, 2014–2017.

competitiveness. The development of IP films has become the main source of film content as well as a boost for the box office. Judging from the top ten domestic films in the box office ranking, most of the content of the films comes from IP resources. In 2017, the top ten domestic films except for *Kung Fu Yoga* and *Chasing the Dragon*, were all based on IP sources (Table 16.1), and the total box office of these eight IP films reached 13.092 billion yuan, accounting for nearly 43.50 percent of the total box office (30.1 billion yuan) in 2017 (Figure 16.1), which indicates that IP films remain as mainstream domestic films with an impressive market share.

Converged media motivate IP production normalization

In the age of digital media, converged media means that communication is no longer limited by a single carrier and it can understand the interconnection between different media. With the advent of the era of converged media, all content that can be adapted to the big screen is constantly being explored. For example, the TV variety show, *Where Are We Going, Dad?* of Hunan Satellite TV, has become a typical example of the development of IP's whole industrial chain (Table 16.2). From the second season, it launched a documentary and animation, together both co-broadcast on the Internet and TV, and in 2014, the film *Where Are We Going, Dad?* was released. After mastering the two major TV and film media, Hunan Satellite TV continued to march to the mobile phone screens and explore the IP value of *Where Are We Going, Dad?* cooperating with other companies to develop a Parkour mobile game called *Where Are We Going, Dad?* Its downloads have already reached 120 million. In order to better explore its economic and social value, Hunan Golden Eagle Press has made full use of traditional print – newspaper – by issuing 22 books in a series as well as related comic books of *Where Are We Going, Dad?*, forming an IP production normalization in the era of converged media.

Table 16.1 Top 10 box office films in China in 2017

<i>Title</i>	<i>Genre</i>	<i>Director</i>	<i>Release date</i>	<i>Box office (100 million yuan)</i>	<i>Original form</i>
<i>Wolf Warrior 2</i>	Action	Jing Wu	July 27, 2017	56.79	Fiction
<i>Never Say Die</i>	Comedy	Yang Song, Chiyu Zhang	September 30, 2017	21.97	Stage play
<i>Kung Fu Yoga</i>	Comedy	Stanley Tong	January 28, 2017	17.53	
<i>Journey to the West: Demon Chapter</i>	Fantasy	Hark Tsui	January 28, 2017	16.56	Fiction
<i>Duckweed</i>	Feature	Han Han	January 28, 2017	10.49	Fiction
<i>Buddies in India</i>	Comedy	Baoqiang Wang	January 28, 2017	7.58	Fiction
<i>Wukong</i>	Fantasy	Derek Kwok/ Chi-kin	July 13, 2017	6.97	Fiction
<i>Chasing the Dragon</i>	Action	Jason Kwan Chi- Yiu/Jing Wong	September 20, 2017	5.75	
<i>To the Sky Kingdom</i>	Romance	Anthony LaMolinara/ Xiaoding Zhao	March 8, 2017	5.34	Fiction
<i>Bonnie Bears: Entangled Worlds</i>	Animation	Liang Ding	January 28, 2017	5.22	TV animation

Source: Yien Film Think Tank.

Table 16.2 IP development of *Where Are We Going, Dad?*

<i>IP production</i>	<i>Title</i>	<i>Presenter</i>	<i>Category</i>
Key productions	<i>Where Are We Going, Dad?</i> Season 1-5	Hunan TV Channel	TV show
Affiliated IP production	<i>Where Are We Going, Dad?</i> documentary	Hunan TV Channel	TV show
	<i>Where Are We Going, Dad?</i> animation	Aniworld TV (Golden Eagle cartoon)	TV show
	<i>Where Are We Going, Dad?</i> film	EE-Media	Film
	<i>Where Are We Going, Dad?</i> book	Aniworld TV (Golden Eagle cartoon)	Book
	<i>Where Are We Going, Dad?</i> game	Mangofun	Mobile game

Source: open access.

Maximum satisfaction of the audiences' demand

The development of IP films employs the most practical Internet thinking at present. By analyzing the advantages of Internet big data, we can accurately define the psychological needs of the audiences for a particular type of film. By catering for audiences' taste, film production companies produce and customize the film's contents accordingly. Based on relevant data statistics, in 2016, the Chinese film and television market planned to develop about 200 domestic IP projects, including 61 percent online novels and 29 percent traditional novels. IP films can attract more audiences according to their interests in Internet novels and comics, benefiting from the loyalty of the audiences. At the same time, with the increasing number of IP sources, audiences have more choices. Therefore, audiences' film experience can be optimized to the greatest extent.

*Problems in the development of Chinese IP films**The pursuit of the maximization of commercial interests and entertainment*

Films should be related to both social and economic benefits, with a focus on their impacts on social benefits. However, in order to maximize commercial benefits, in recent years, Chinese films have absorbed excessive entertainment elements in the process of IP film development, while lacking creativity and investment in the essence of film art. Major films and television production companies only pay attention to entertainment and high return rather than insight and connotation, which intensifies the entertainment of IP films.

The lack of relevance in IP film development

According to the current development system of Chinese IP films, after acquiring an IP, film production companies will apply all the production concepts of traditional films to the making of IP films, without contemplating the overall orientation of film projects. Thus, it neglects the impact of IP in the original fields. In order to obtain immediate economic benefits, some companies will authorize the IP without carefully communicating the cultural value of the IP with the authorized party, which results in the lack of relevance between IP development and its utilization, with negative impacts. This development concept which lacks symbiosis will only end up damaging the actual value of the IP.

Homogeneity of film categories and single derivatives

Although a large number of IPs offer abundant contents for films, IP content also damages the originality of films. At present, the young generation is the major film target audience, which makes feature films cater to young people's

Figure 16.3 Percentage of film categories in 2017.

taste with mostly romance, myths, and fantasy genres. This has become the mainstream theme of major film production companies (Figure 16.3), leading to the homogeneity of film categories.

Journey to the West, known as super IP, has become the IP development model for many film and television production companies. It is expected that in 2018, there will be several IP films adapted from it, such as *The Monkey King 3*, *Dare to Ask Where the Road Is*. Most IP films associated with *Journey to the West* belong to fantasy, comedy, and romance genres with serious homogenization.

At present, the development of film derivatives in China is mainly based on dolls and toys (Figure 16.4), and the development and influence cycle are relatively short. The film derivatives are usually popular before the premiere of the film, but the craze for the derivatives soon subsides after the release. In the initial design stage, derivatives fail to be thoroughly integrated with the connotation and plot of the films, so it is difficult to arouse the interest of the audience. Looking at the development of derivatives in foreign countries, the developers will conduct long-term market research in order to understand the psychological needs of the audiences before infusing the elements of IP with design and production. Meanwhile, they will develop theme parks and roll out cross-border marketing using the characteristics of new media, so as to ensure the innovation and sustainable development of IP value.

Development strategies for IP films

Highlight the literariness of IP and extend its connotations

As a cultural product for mass consumption, films are also commercial products. Therefore, it is essential for film companies to pursue films' commercial value. However, if they ignore films' artistic quality and excessively focus on films' commercial value, the exploitation of IP film will become utilitarian.

Figure 16.4 Proportion of various derivatives in the domestic film market.

In order to avoid such a situation, film production companies should actively explore the potentials of IP, grow outstanding filmmakers, and create more high-quality works.

The developers of IP films should consider audiences' expectations as there is already a huge number of loyal target audiences for the original content. Therefore, filmmakers should make full use of the Internet big data to accurately define the needs of audiences, and actively explore the potentials of any IP projects. Hence, more IP film projects will be produced of high quality to meet the aesthetic needs of audiences.

To improve the IP film development system and build a systematic industry chain

In order to form an interactive and mutually improved development system, the development of IP films should focus not only on the success of IP itself, but also consider the development in terms of creativity, production quality, distribution, and derivatives, because only a consummate IP development system can produce IP films that meet the expectations of audiences. At present, China Tencent Literature company focuses on the development of entertainment IP, providing the one-stop IP development service, such as creativity, investment, production, and marketing. It also expands the field of IP development other than film and television, which includes games, animation, theme parks and landmark tourism, etc. Such a virtuous circle of the whole IP industry chain improves the IP development system and maximizes its value.

High-quality IP original content and the realization of sustainable development of derivatives

As an important part of the cultural industry, if a film industry wants to achieve sustainable development, content creativity will be important. Instead of being homogenized, it is better to carry out differentiated competition of

Figure 16.5 Box office and derivative revenue from overseas films.

original IP. In the content-dominant era, creativity is the key to IP films, which means it is essential to innovate the themes and forms of expression to promote the development of the IP industrial chain. Film companies and cultural enterprises should take the strategy of exploring IP's potential value and diversified development. At the same time, they should also place emphasis on the cultivation of those designers with creative ideas and the innovative use of film technology, so that IP films can be creatively transformed all the way from pre-production stage, production stage, to post-production stage. And with film promotion and marketing, the cultural, artistic and commercial value of IP films can be better achieved.

At present, foreign language films are able to double or triple their box office earnings by developing sustainable development of film derivatives (Figure 16.5). Therefore, the developers of IP film derivatives in China should emphasize industrial development and design by considering the audiences' interests. Integrating the converged media and relying on the loyalty of IP fans, developers should engage with different industries and markets such as publishing, games, variety shows, branding, thematic activities, and other valuable peripheral industries. This will enable the derivatives in a single field to achieve mutual benefits, and finally contribute to the establishment of a complete cross-field industrial chain of IP derivatives.

Conclusion

In recent years, Chinese IP film development has been thriving and has become an important role in film production. Consequently, the developers of IP film should meet the psychological demands of audiences through originality of

content and novelty of form. Thus, a connection will be established between IP films and their derivatives in the whole industry chain. A brand new consumption experience will be offered to audiences with the maximum economic and cultural benefits of IP, and eventually will empower IP films as the leading force for the development of the film industry.

Note

- 1 Baidubaike. Available at: <https://baike.baidu.com/item/知识产权/85044>.

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