

The Impact of COVID-19 on the Film Industry in China

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Abstract: *The global film-related industry and entertainment industry have been hit hard by the epidemic. Related industries have been affected, such as film festivals and theaters. Employees suffer from unemployment, infection and work disruption. These stress will experience a long recovery period. New space for the industry is emerging. The government issued relevant measures and instructions to accelerate the recovery of the film and television industry, and enterprises joined the aid army. Government issued guidelines on resuming work in the film industry and sent money to prop up the market. Enterprises have taken active actions to help the recovery of the industry. The epidemic is expected to expand the potential online market for the film industry and have a positive impact on the future development of film and television.*

Keywords: *COVID-19, film industry, pandemic, change, transformation*

1. Introduction

1.1. Background and Context

In 2020, COVID-19 suddenly stroke the whole world. The economy of each country has suffered from losses to different extents. What's more, almost every country had a policy against gathering. In March 2020, almost all production stopped and cinemas were closed. Thus, the Covid-19 crisis has a devastating impact on the film industry. Facing these bad situations, people working in the film industry also came up with some good ideas to accelerate the transformation of this industry.

1.2. Problem Statement

This study aims at researching the problem of change in the film industry. The focus will be on the change in the number of people go to cinema before and during the pandemic, the way people watching films if they can't go to the cinema and the new attempt and transformation in film industry people did to face the pandemic and what should do in the future. The study is expected to analyze the change in the film industry and take action to make film industry better in the future even though facing the COVID-19 pandemic.

1.3. Research Questions

(1) How often did people go to the cinema before the pandemic and during the pandemic? 2. How do people watch a film during the pandemic? 3. What action did and should the film industry like Hairun Film and Television Production Co. Ltd and Huayi Brothers Media Group take to decrease the bad effects the pandemic brings?

1.4. Relevance and Importance of the Research

The COVID-19 has caused a huge lost on the film industry. Almost all production stopped; festivals were canceled; and cinemas were closed. The pandemic is accelerating the ongoing transformation in movie production, distribution and consumption. By doing this research we can have a good concept of the change of the film industry that the pandemic brings and the consumers' ideas and attitudes towards this industry. Then, good actions can be taken to minimize the loss and make this industry more satisfy consumers' needs.

2. Literature review

2.1. Key Concepts, Theories and Studies

COVID-19 is a major health emergency worldwide. More than seven million people have been diagnosed worldwide, since January 2020. And most countries and regions are affected by the pandemic. Countries are forced to adopt quarantine measures because of the highly infectiousness nature of COVID-19. These measures have a great negative impact on the film industry. Because people were asked to go out less, and crowded places such as cinemas were shut down. Matthew Ball shows the impacts of the Coronavirus on the theatrical film business. He analyzed and compared the changes of the film industry before and during the pandemic. World Economic Forum used the graph to show these trends. And they also analyses the response of the film industry and 4 issues for the UK's film during and after Covid-19.

2.2. Key Debates and Controversies

Some of the previous researches shows that the pandemic only brings bad effects to the film industry, [1] such as the decrease of the consumers, a large number of employees lost their jobs and so on [2]. But other researches demonstrate COVID-19 not only brings the losses but also accelerate the transformation of this industry and make it more flexible and various to satisfy consumers' needs.[3]

2.3. Gaps in Existing Knowledge

Previous researches only focus on the change of the film industry and their response towards the COVID-19, [4] but they ignore that the consumers want to make watching movie not difficult and what should the film industry do in the future.

3. Methodology

3.1. Research Approach

The research collects data from the online questionnaire, which includes 6 questions about the effects of the pandemic towards the film industry. The questionnaire was created on a platform called Wenjuanxing. Due to through the online questionnaire. I can collect enough data and the people surveyed may come from different parts of China. Thus, it is possible for me to reach people from different places. I use quantitative method to analyze the results of the questionnaire to get precise data about the impact of the pandemic towards the film industry.

The results of this questionnaire will be demonstrated in diagrams as follows, and I will analyzes this result and try to get the conclusion.

3.2. Research Design

3.2.1. Participants Selection

This online questionnaire was handed out in social media platforms, where the participants were mainly university students from different parts of China. But these participants can not represent all the people because they mostly have similar backgrounds and ages and they may give the same responses. Thus, I still handed out the questionnaire on my parents' social media to get different responses.

3.2.2. Data Analysis

The platform will analyse the result of the questionnaire in diagrams to make it more clear and convincing.

3.2.3. Research Process

The questionnaire was carefully designed. Before releasing the official version, I first published some pilot versions on the online social platform to facilitate the detection of the validity of the questionnaire. Then, after several revisions, the final version of the questionnaire was published through the social media platform. The sample recovery time is 3 days and the target sample quantity is 30. There are actually 33. Then, with the help of the platform, the answers are analyzed and analyzed as follows.

4. Results

The questionnaire includes 6 six questions, which includes 4 multiply-choice tests and 2 short answer questions. (Check the Appendix for the complete report of this questionnaire.)

4.1. Participants' portraits

This questionnaire mainly collects data from people whose age ranges from 18 to 43, and most of the participants are in 20s. More women responded to this questionnaire than men. Almost all the participants are college students. The others most work in service industry.

4.2. Situations

From the perspective of movie box office revenue, the epidemic has a comprehensive impact on the box office during the Spring Festival, and the Spring Festival stalls are crucial to the theater chain. The box office during the Spring Festival accounts for a large proportion of the total box office of the film. According to Maoyan data, the box office revenue of the Spring Festival in 2019, 2018 and 2017 was 5.859 billion yuan, 5.770 billion yuan and 3.420 billion yuan respectively, accounting for 14.2%, 15.2% and 11.4% of the total box office of domestic films in the past three years which occupies a large proportion. On the first day of the new year in 2020, the box office was only 1.81 million, and the national theater lineup dropped to less than 1,500. Before the outbreak of the epidemic, many brokerages gave box office expectations of about 7 billion yuan for most of the Spring Festival files this year. The new coronavirus pneumonia epidemic will directly affect the film box office performance in 2020, and the 2020 Spring Festival file may lose about 7 billion box office. The situation may not be optimistic.[5]

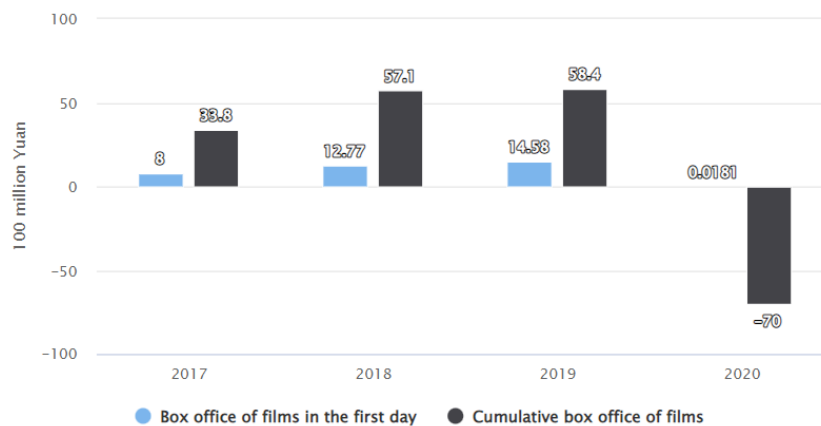


Figure 1: Statistics of the first day and cumulative box office of films during the Spring Festival from 2017 to 2020 (unit: 100 million yuan).

From the perspective of film production, from 2014 to 2018, the annual production of Chinese films increased year by year. In 2019, the production of Chinese films declined slightly, reaching 1,037. In 2020, my country's film production was only 650, a drop of nearly 37.32% from 2019.[6]

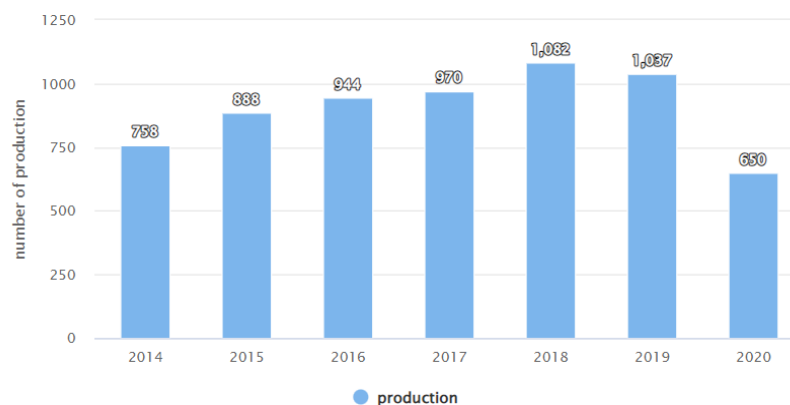


Figure 2: The production of films in China

From the perspective of consumption, from 2014 to 2019, the number of domestic moviegoers continued to increase, but the growth rate gradually slowed down. In 2019, the number of moviegoers nationwide was 1.73 billion, which was basically the same as in 2018. In 2020, the number of moviegoers in China fell sharply to only 550 million, a drop of nearly 68.21% from 2019.[7]

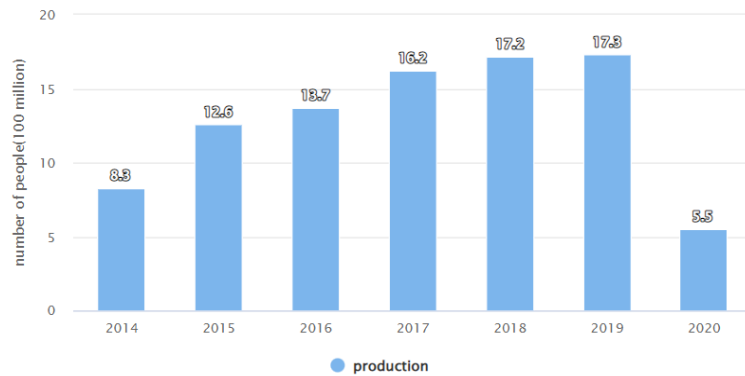


Figure 3: Chinese film audience times

Combined with the above data, the outbreak of the new crown epidemic in 2020 has caused a huge blow to my country's film industry, and the box office revenue, film output and film attendance have all dropped significantly.

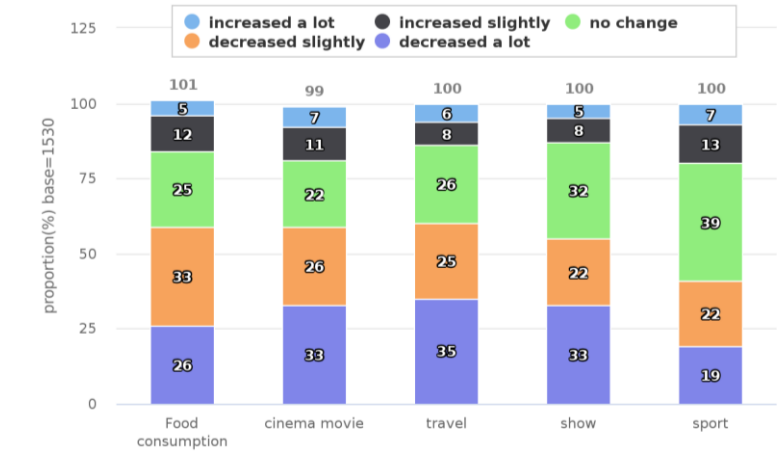


Figure 4: Except changes in offline spending in 2020

Due to the significant decrease in income, most interviewees hold a cautious attitude towards offline consumption in 2020. In addition to "sports and fitness", about 60% of interviewees will reduce spending on "catering", "cinema watching", "travel" and "performance and exhibition". Among them, the decrease in cinema spending reached 59 percent.

Have you ever had online paid vedio experience (Base=1530) ≡

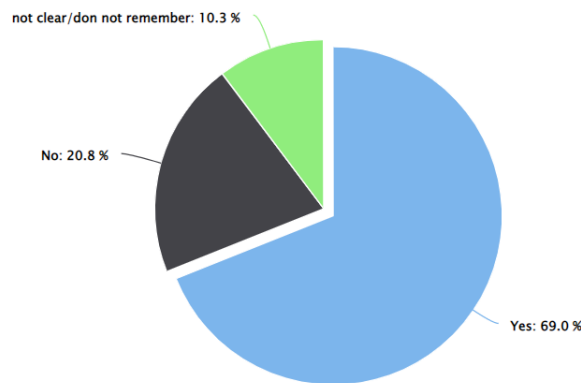


Figure 5: Have you ever had online paid vedio experience

Table 1: Acceptance of paid online viewing

	Male<=25	Male>25	Female<=25	Female>25	First class city	Second class city	Third class city
Base=1530	303	486	255	486	288	717	525
Totally acceptable	50%	39%	26%	23%	30%	32%	38%
More acceptable	36%	33%	44%	42%	34%	41%	36%
Not very acceptable	10%	12%	22%	26%	18%	17%	19%
Totally unacceptable	2%	12%	7%	6%	15%	8%	3%
It doesn't matter	3%	4%	1%	5%	3%	3%	3%

Due to the epidemic, the new movie "Jiong Ma", which was scheduled to be shown in cinemas across the country during the Spring Festival, has been transferred to free online viewing mode, which has aroused wide attention and discussion in the industry. Whether online distribution is a quick fix or will become a trend is a matter of great interest to cinemas. Therefore, in this research, we study the problems of online movie watching for the cinema audience. According to the survey results, more than 70% of the interviewees have experience of online pay-per-view, which indicates that online movie-watching mode has a high degree of acceptance. For movie-goers, cinema films and online films have gradually become a complete ecosystem. (Reference: <http://www.199it.com/archives/1034699.html>)

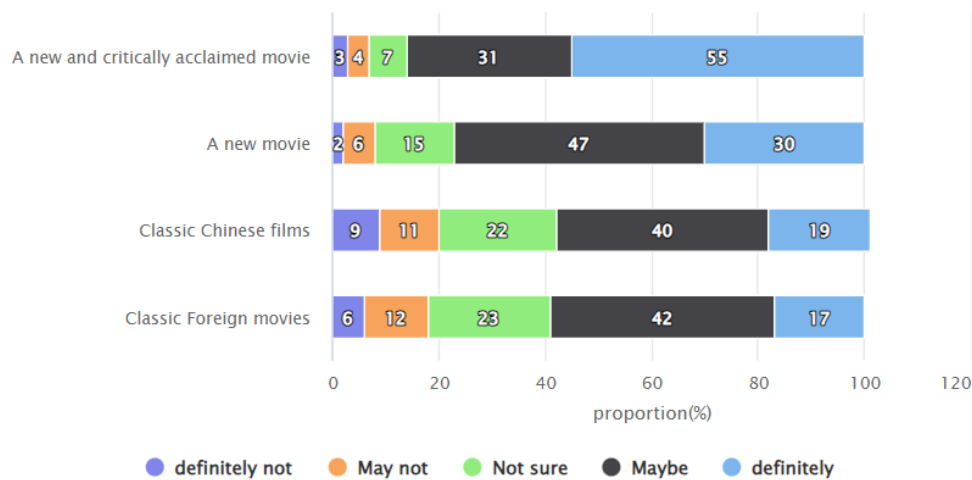


Figure 6: Choice of movie genres to watch in movie theaters in the early days of full resumption of theaters

Regarding the future theater business, nearly 60% of the respondents of "newly released and well-reviewed movies" said they would "definitely go"; nearly 20% of those who re-screened "classic domestic movies" and "classic foreign movies" said they would "definitely go" become. This shows that new films are an important factor in driving theater consumption. How to arrange and coordinate the orderly and reasonable release of new films that have been postponed and changed, and how to implement policies to restore the confidence of the filmmakers are the primary issues that the competent authorities and industry associations need to work together to solve.

5. Discussion

5.1. Discussion about the impact of the pandemic to the film industry

After analyzing and discussion all the results of this research, it is possible to give some answers to the research questions posed at the beginning of this report.

(1) How often did people go to the cinema before the pandemic and during the pandemic?

Before the epidemic, most of the participants go to cinema once a month or semi-annual. During the pandemic, the times they go to the cinema decrease to semi-annual or once a year. It is obvious that the number of people go out to watch a movie decreased due to the pandemic.

(2) How do people watch a film during the pandemic?

According to the result of the questionnaire, people watch a film online at home with family during

the pandemic. They preferred to watch movies from different kinds of video websites, such as Tencent Video, Youku and so on.

(3) What action did and should the film industry like Huayi Brothers Media Corporation and Bona Film Group take to decrease the negative effects the pandemic brings?

Strict health prevention and control measures, preferential ticket prices, the release of new films will help the audience consumption. High-quality new films will become the first choice for audiences to go to the cinema.

5.2. Implications

In the "Internet" prospective, the epidemic in 2020 is a big test for all industries, the film and television industry is no exception. At present, some small and medium-sized film and television enterprises are facing the survival crisis. From February 1 to March 20 alone, 988 entertainment companies were cancelled or closed.

But there appears some opportunities. More and more people are buying tickets through the Internet channels. With the development of Internet video platforms, more and more people watch movies through video websites, and major Internet companies have been deeply engaged in the film industry for many years.), we need to stick to the films for this, the content of the movie theater is still the starting point and the foothold of the film industry, network consumption patterns can be an effective complement, become a increment." [8]

5.3. Recommendations

So there are some advice for film production companies and governments:

(1) Industry warmed up, and need enterprises to actively save themselves through focusing on targets of film industry to optimize e-government service, support key projects, and increase enterprise security. It could also be achieved through the "deep freeze" project necessary for film market, including reducing tax on government level, returning the special fund, setting up special support fund. Property owners should consider to lower the rent for the cinema industry, and financial institutions should consider to provide low-interest loans and other loose policy for the film industry.

(2) Advantageous resources should be concentrated, including publicity resources, scheduling resources on the film schedule and even some solid ticket supplementary resources, to support some real blockbusters and draw the audience's enthusiasm back to the cinema.

(3) Reflecting on the epidemic situation, whether content creation can truly achieve industrial integration, and whether it can extend its tentacles to other industries for industrial linkage, so that in the future, it will not be so poor in risk resistance. Once the cinema closes, it will be completely stuck in the neck and unable to survive.

(4) Content creation: telling positive stories is clearly oriented content is the core of a film, and also the fundamental value of a film.

6. Conclusion

Although the domestic epidemic has been basically brought under control, the global epidemic is in the midst of an outbreak, and prevention and control cannot be relaxed. As a non-" rigid "consumer demand, it will take some time and patience to wait for when cinema viewing can fully resume business. Fortunately, we did not lose our audience, even during the quarantine, they chose to watch the film in the online consumption model. Online and offline viewing of films will form a common ecosystem of future films, which should seek harmonious common interests and jointly develop the audience market. Good new films are an important pull for audiences to return to the cinema, and a reasonable and orderly arrangement for high-quality new films to enter the market is the primary problem that cinemas should solve when they resume production. This dormant period will be a severe test of cinemas and cinemas' coping ability and management ability. Audiences are the cornerstone of the industry. We should make active preparations to stimulate the joint efforts of the moviegoers, the market and the audience.

References

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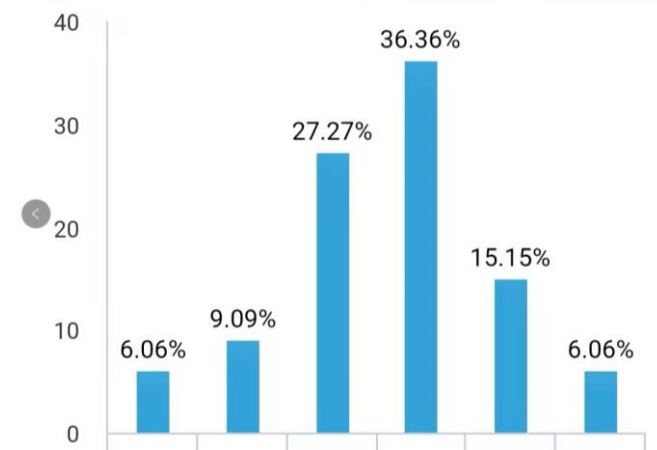
Appendices

Question 1: Before the epidemic, the frequency of going to the cinema was

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Before the outbreak, the frequency of going to the cinema was [single choice]

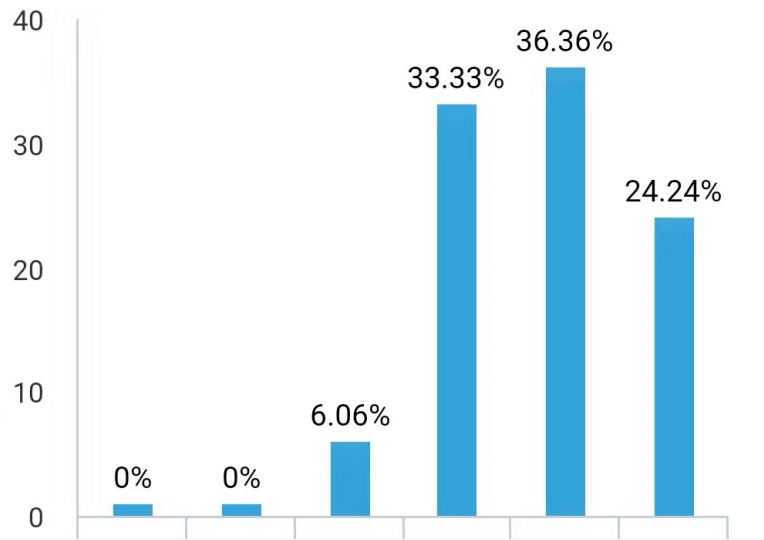
options	subtotal	The proportion
Twice a week	2	6.06%
Once a week	3	9.09%
Once a month	9	27.27%
semi-annual	12	36.36%
Once a year	5	15.15%
Other [details]	2	6.06%
The number of valid fill in this question		33



Twice a week, Once a week Once a month, semi-annual, once a year, others

Question 2: During the epidemic, the frequency of going to the cinema is

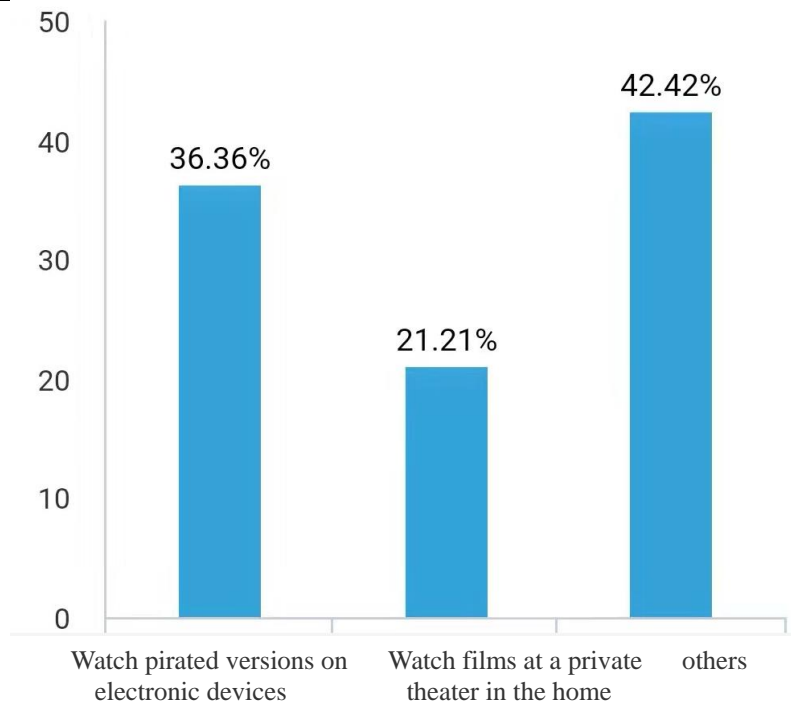
Option	subtotal	Proportion
Twice a week	0	0%
Once a week	0	0%
Once a month	2	6.06%
Semi-annual	11	33.33%
Once a year	12	36.36%
others	8	24.24%
The number of valid fill in this question		33



Twice a week, Once a week, Once a month, semi-annual, once a year, others

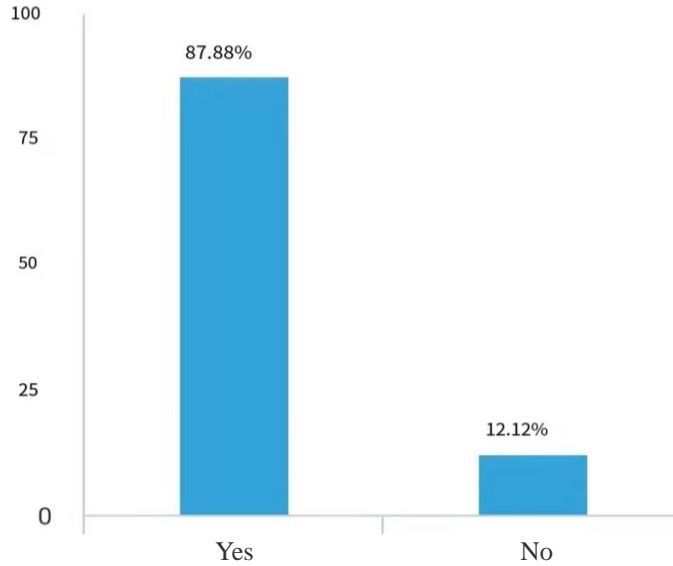
Question 3: During the epidemic, in addition to going to the cinema, your other new way to watch movie is

Option	Subtotal	Proportion
Watch pirated versions on electronic devices	12	36.36%
Watch films at a private theater in the home	7	21.21%
others	14	42.42%
The number of valid fill in this question		33



Question 4: Do you agree with the way Xu Zheng’s *Boyle Mom* is available for free on Douyin?

Option	Subtotal	Proportion
Yes	29	87.88%
No	4	12.12%
The number of valid fill in this question		33



Question 5: What do you think is the biggest impact of the epidemic on the film industry?

According to the result of the questionnaire, I find that about most of the participants think that it is not convenient and safe to go to cinema due to the epidemic. Most all of cinemas were closed, thus lots of films couldn't be on. Accordingly, movie box office declined, the film production company went bankrupt, thus laying off massive numbers of employees. Also, there is less secondary consumption generated by movies.

Question 6: What new ways do you expect to watch movies during the epidemic?

Most of the participants want to watch movie online at home free or pay for it. But there still exist some people want to see a movie at the theater because they think it is more comfortable.