Film Industry in China is being considered as the ‘Sunrise industry’ and has been showing an outstanding growth from last few years. It’s being estimated by the experts that by the year 2020, China will have the largest film audience in the world. The entertainment industry has grown at a rate of 17% per year over the period of last five years, and the numbers are still rising reflecting the high potential this industry possesses. It’s inching close to replacing the US in terms of largest box office revenues by 2017.

According to PwC's Global Entertainment and Media Outlook 2016-2020, the growth rate between 2016-2020 is forecasted at a CAGR of 19.1% as compared to the global average CAGR of 5.97%.
China has made remarkable growth over the last decade from barely 1% share in the worldwide box office to almost 20% and this share is expected to rise up to 35% by the year 2020. The box office revenues reached $3.57 billion in 2013. The market surged to $6.78 billion in 2015 and the revenues were already approximately $3.72 billion for the first half of this year.

A major contribution towards this growth is the rise in disposable incomes in the Chinese middle class. According to EY, the disposable income per person has increased five folds to $3,440 over the period of 2000 to 2011. Given the greater number of movie-goers in China, many Hollywood films collected more revenue on Chinese screens than the domestic releases. An average of 15 screens are added daily to the new and existing cinemas. This is a steep increase from the year 2012 where the daily screen additions were 3 screens per day.

• The domestic production of films has been growing since 2011 from 689 films in 2011 to an estimated 845 films in 2016. The movie industry is expected to generate $6.7 billion in 2016. Domestic production is benefiting more from the increased funding opportunities and government quota for international films.

• The increase in the popularity of Chinese films is reflected by the fact that these films account for almost two-thirds of the total movie tickets. Moreover, there has been a substantial increase in the disposable incomes and consequently the number of movie-viewers (with urban youngsters accounting for the majority of this spike). Another important contributor to this growth is the development of technologies around movie production and movie screening equipment. In addition, the increasing number of screens is sufficiently catering to the increasing entertainment demand in the country.
Kung Fu Panda 3 managed to make $143.5 million in North America, whereas the figures reached $154.3 million in China. In fact, it was the biggest hit for an animated movie.

• According to a report by Bloomberg, the country is expected to have 53,000 screens by the year 2017. This addition of screens is predicted to increase the growth of box office to more than 20% in 2016.

• Furious 7 started with an all-time greatest midnight run of $8.05 million, beating North America’s gross of $390.9 million revenue. This was actually the most successful movie overall in the Chinese box-office history.

• Although the movie industry is showing great growth rates and increasing gross revenues for blockbusters, yet the situation was different in the past. From 1979 to early 1990s, the Chinese movies were mainly propaganda films that were approved by the Communist government and this was one of the reasons for lower attendance in movie theatres. However, with the import of foreign films in 1994, the industry started to revive and the industry today allows 34 American movies a year.

• Breaking the conventions, Kung Fu Panda 3 performed fairly well with lesser diminishing profits as compared to those in North America.
Statistics reflect the popularity of Action movies in China. According to a 2015 report, the ‘Action-Adventure’ genre accounted for 31.2% of the total box office share.

Great success of animated movies can also be justified through the statistics which show that this genre accounts for 13.7% of the box office revenues.

Overall, film industry in China is showing great potential and growth rates both for domestic and international ventures. With movies like ‘Monster Hunt’ that relished a gross revenue of $380 million, Chinese film industry is expected to cross a $500 million threshold domestically in 2016.