

# Domestic box office spending set to swell

CHINA STILL FAR BEHIND THE US IN CINEMA ATTENTION, AND THIS GIVES HUGE SCOPE FOR GROWTH, EXPERT SAYS

By HUANG YING

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**B**ox office spending in China is set to nearly double from \$3.13 billion in 2013 to \$5.9 billion by 2018, according to a report by a global consultancy firm.

Box office revenue will be the main growth driver for the film entertainment sector, accounting for more than 80 percent of total filmed entertainment revenue during the period, according to the report released by PricewaterhouseCoopers on last June 12.

China's box office revenue totaled more than 10.7 billion yuan (\$1.72 billion) by the end of May this year, surpassing the full-year figure of

10.2 billion yuan recorded in 2010, according to data provided by Ent-Group Consulting, a Beijing-based entertainment industry consultancy.

Huang Qunfei, executive vice-president of Huaxia Film Distribution Co Ltd, one of the two film companies in China that are authorized to distribute imported movies, estimates that full-year ticket sales would grow to about 28 billion yuan nationwide, based on the estimated annual average growth of about 30 percent.

"Affluent middle class will propel the growth in over 400 Chinese cities with a population of 100,000 or more. Cinemas are being built in increasing numbers and in mid-2013, China had approximately 15,000 screens and 3,700 theaters. However, this is

still a tiny amount for a country with a population of 1.3 billion, while the US, with a much smaller population, has 40,000 screens. So the scope for growth is massive," PwC China Entertainment and Media Practice Partner Jane Kong says.

"As more screens are rolled out across China, increasingly beyond top-tier cities, the number of film admissions is set to grow from 446 million tickets in 2013 to 642 million in 2018, a CAGR of 7.6 percent," says Kong.

Advertising, the smallest part of the total revenue, has still managed to keep pace with the growth in box office revenue.

Theater advertising is expected to increase at a compound annual growth rate of 12.8 percent to \$133

million by 2018, up from \$73 million in 2013, according to the PwC report.

There are different forms of theater advertising, including pre-movie advertisements, attached advertisements and the advertising boards in the theaters.

"Revenue from nationwide pre-movie advertisements grew from 1 billion yuan in 2012 to around 1.3 billion yuan in 2013, according to our estimates," says Shao Gang, deputy director of the consulting business for the entertainment industry at Horizon Research Consultancy Group.

"I think in the future, pre-movie advertisements stand a better chance of growth as it involves less risks compared to film-specific advertisements," says Shao.

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