

Financial Investment Analysis of the Chinese Film Industry in the Post-epidemic Era

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Abstract: With the deepening of the reform of China's market economy development system and the establishment of the orientation of cultural industrialization development, China's film industry has gained unprecedented opportunities and opportunities for industrial development. At present, China has become the second largest film market in the world. Based on the pursuit of profits in the film industry, a large amount of capital has flooded into the Chinese film industry, and the scale of film investment and financing has been expanding. At the same time, the economic downturn in China and the world since the pandemic in 2020 has put great pressure on the film industry. Therefore, how to better finance film investment in the post-pandemic era has become a big problem. By literature analysis, this paper analyzes the financial investment environment of China's film industry and the development status of China's film finance, finds out the investment path and effectiveness of China's film and draws some suggestions for the future development of China's film finance.

Keywords: movie industry, finance, investment, China's movie industry

1. Introduction

The film industry is a financial industry in nature, and whether to obtain financing is the key factor to the success of a film. The film industry focuses more on the film investment and financing process, which is the category of virtual economy. A film company in the true sense should be the main body of investment and financing for a film. The product it invests in is the film. The production and marketing of this product are completed by a professional peripheral team. The sudden outbreak of COVID-19 in 2020 put China's film industry in slow motion. Looking back on the history of film finance, investment has experienced germination, rapid development, bubble accumulation and orderly development after debubble. In the post-epidemic era, the development of film finance will be more accurate and effective. This thesis looks at the Chinese government-issued "opinions" and "the film industry promotion law" on the Internet to collect the related pieces of literature, analyzes the Chinese movie box office related statistics, financial investment film, at the same time using the PEST model, from politics, economy, technology, culture, four aspects analyzes the investment environment of China's film industry, At the end of the paper, the author puts forward some suggestions on the future development of Chinese film finance. The author believes that studying the financial investment analysis of the film industry in the post-epidemic era will help improve the

development quality of the film industry in the future, build a healthy and perfect film financial system, help create excellent works, promote Chinese culture, and tell good Chinese stories.

2. Development Status of Chinese Film Finance

2.1. Relevant Statistics of Chinese Film Box Office

Due to the COVID-19 pandemic, China's box office took in 20.4 billion yuan in 2020, less than in 2013. However, due to the impact of the epidemic in 2020, cinemas were frequently blocked from broadcasting online, and the number of online movies was less than that in 2019, so 2019 is more representative of the overall performance before the epidemic. In 2020, the first year affected by the epidemic, most of the tail films will be screened out. In the future, the Chinese film market will move towards the stage of high-quality films that are more acceptable and easy to promote and spread.

2.2. Relevant Information about Financial Investment in Films

China's financial investment films started late and developed rapidly after The General Office of the State Council issued the Opinions in 2010. As shown in Table 2, there were only 9 private equity market financing events related to film and television themes in 2010, involving 899 million yuan [1]. In 2016, on the basis of the introduction of the Film Industry Promotion Law, there were 177 cases involving 23.4 billion yuan. Although the number of incidents dropped to 79 in 2018, the amount still climbed to 31.4 billion yuan; In 2019, due to stricter supervision, bubble extrusion and capital withdrawal, financing events decreased to 22 and the amount involved dropped to 2.4 billion yuan [1]. The number of events in 2020 remained stable on the basis of 2019, and the amount of financing continued to fall back.

From the data, we can see that the sensitivity of finance is reflected in the film industry. The introduction of Opinions and Film Industry Promotion Law encouraged the development of the industry and also led to the emergence of bubbles. After defrosting, the industry has returned to a normal state. Especially after the epidemic in 2020, the capital liquidity has tightened and the economy has recovered, so the financial services of the film industry will be more direct and precise, which highlights the direction of film financial investment in the post-epidemic era.

3. Chinese Film Finance Investment Path and Effectiveness Analysis

3.1. Bank Loan Investment

The way banks lend money to invest in films is the association between banks and film companies. The key channel of the hand is also the financial industry to support the cultural industry. Effective, the most direct way. The film production company should ensure the script and production. The quality of the loan and good credit history will make the bank complete the loan more quickly. Section approval, or even direct use of credit guarantees instead of asset guarantees. Bank Should also screen whether the quality of the film is good or bad, and do enough market adjustment research, to avoid low market acceptance, film shooting bad end of the situation. Silver. The way of bank loans is direct and effective, but the way should be diversified. The king of scholars, Yu Qiong believes that the current financing structure of Chinese films is that of traditional banks. Lending and diversifying non-professional investors are still the main force, as is the case with the film industry [2]. Therefore, financial investment should be brought into play. The feature of multi-channel investment and financing in the field enriches the way of film financing.

3.2. Stock Fund Investment

Stock fund investment approaches in various forms, stock investment can be selected. The affiliated listed film company may choose to be a fixed film enterprise or set up a special film and television investment fund. In addition, some film and television funds have reached the above "guarantee agreement" with film producers, in which the "guarantee" is an emerging approach that provides the studio with a guaranteed amount of money in advance, as well as a higher percentage of profits if the box office hits. Liu pointed out that the film guarantee as an international help film project. The important means of financing, in our country, is not large-scale popularization at present, according to when the former policy environment and the development of the film industry, dominated by big producers. The scheme in the form of a guarantee is a relatively feasible guarantee for the film completion model [3].

4. Analysis of Financial Investment Environment of Chinese Film Industry Based on PEST Model

PEST analysis refers to the analysis of the macro environment. The macro environment is also known as the general environment, refers to all the macro factors affecting the industry and enterprises. The analysis of macro-environmental factors, different industries and enterprises according to their own characteristics and business needs, the specific content of the analysis will be different, but generally should be Political, Economic, Social and Technological analysis of the four main categories of external environmental factors, Used to. In short, it is called PEST analysis [4].

4.1. Political and Legal Environment for the Development of Chinese Film Industrialization

In September 2009, The State Council issued the Plan for the Revitalization of Cultural Industries, which was the first time in the 60 years since the founding of New China that the state made an overall plan and major deployment for the revitalization of cultural industries from a strategic perspective [5]. As a key development industry in China's cultural industry, the film industry directly benefits from the planning objectives, policies, measures and guarantee conditions set out in the "Cultural Industry Revitalization Plan". In January 2010, The General Office of the State Council issued "the central committee of the communist party of China on deepening the reform of the cultural system, promoting socialist cultural development boom certain major issue decision" [6]. The film industry to promote prosperity and development put forward important guiding principles and specific policy measures, further defining the direction of the development of China's film industry and work tasks. The policy support to encourage and increase film investment and financing is clearly put forward, which provides a rare opportunity and good conditions for promoting the prosperity and development of the Chinese film industry and the construction and improvement of film industry investment and financing mechanism.

4.2. Industrial Economic Environment for the Development of Chinese Film Industrialization

Film consumption, as an important part of cultural industry consumption, the increase in its consumption demand will inevitably lead to an increase in investment and financing demand for the film industry. From the perspective of capital supply, China has a large number of idle funds. By the end of 2020, the balance of savings deposits of urban and rural residents reached 26.1 trillion yuan, an increase of 19.7 percent over the previous year, of which time savings deposits increased by 2.2 trillion yuan and demand deposits increased by 2.1 trillion yuan. The continuous increase of savings deposits reflects the current reality of single investment channels for Chinese residents [7]. Under the

current economic situation in China, China's economic and industrial environment is conducive to the continuous development of investment and financing of the film industry, both from the perspective of investment demand and investment supply.

4.3. Technological Environment for the Development of Chinese Film Industrialization

By June 2020, China had 50,679 2K digital screens, of which 12,460 were supported. At the same time, the Chinese government also vigorously promotes the 1.3K digital film technology that meets the domestic conditions in cinemas in small and medium-sized cities, and generally promotes 0.8K digital film screening in rural areas. The development of China's film digital technology provides a broader industrial basis for the development of the film industry market [8]. VR is also becoming a new direction of film technology development and a hot spot for film investment and financing in China. In China, VR has also attracted investor attention. Huayi Brothers invested in Beijing Shengwitt Technology Company and began to lay out the VR play project in its real-world park. The VR-Ride (virtual RIDE) project developed based on the movie Assembly will be launched in Suzhou Huayi Movie World in 2017 [9]. In a word, the development of film technology has been promoting the development of the film industry. With the development of investment and financing in the film industry, the innovation and development of film technology have reduced film production to a certain extent. The investment and financing risk of the film industry has made the film industry gain stronger industrial competitiveness and market space.

4.4. Social and Cultural Environment for the Development of Chinese Film Industrialization

Since the reform and opening up, China's education has made great progress, and the quality of its people has been significantly improved.

And the improvement of national quality will bring about an increase in demand for spiritual and cultural products, which will expand investment and financing for the film industry. The scale of investment has brought a rare market opportunity, and the improvement of the audience's cultural quality has also brought about the film

Appreciation and the improvement of the aesthetic level also put forward higher requirements for the creation of film products, thus also adding big film industry investment and financing risk. The diversity of cultural development and prosperity of cultural exchanges between the situation for the industrialization development of film created a huge potential consumer market, at the same time the film on produce the creation must be considered when different film consumption crowd's customs and religious beliefs, values, or film products will touch social and cultural barriers, the risk of encountering industry development [10]. Therefore, The development of the Chinese film industry has both opportunities and risks in the context of Chinese social culture.

5. Suggestions on the Future Development of Financial Investment in China's Film Industry

5.1. The Government Continues to Increase Its Support

The organic combination of the Chinese film industry and financial investment depends on the strong support of the government to a certain extent. In the future, the government should continue to increase spending on the basis of ensuring special fiscal funds and diversifying investment and financing channels. Holding strength, including encouraging financial enterprises to further increase the proportion of film investment and financing, giving tax incentives, land leasing concessions, etc.; The government should pay more attention to the values and cities conveyed by the film works. The city image not only provides financial support but also enriches the content and material of the script

and provides shooting sites to ensure the original flavor of the film. At the same time, the government can provide full-cycle financial security for films, including the initial script. Content copyright protection, film copyright protection; Filming progress control, and fund supervision; In the process of distribution and release, we should build publicity channels through mainstream media, multimedia, new media, web media and other ways. A reasonable, appropriate and complete publicity system; The recovery of funds, the distribution of earnings or the compensation of losses in the later stage of film release. In particular, the support for film finance in the post-epidemic era should build up market confidence and recommend good works. To millions of families, tell a good Chinese story, and build a Chinese brand.

5.2. Improve Supporting Laws and Regulations

The long-term, effective and vigorous development of film finance requires the guarantee of a series of supporting laws and regulations. Under the guidance of the national policy background, the development direction of film finance will be more healthy and orderly in the future. Therefore, on the basis of existing laws and regulations, we should further improve the construction of supporting systems and do a good job of supervision under the premise of ensuring the relaxed conditions of market access. Some companies have already resorted to fraud in the name of making movies. The phenomenon of capital, finance itself has many risk factors, on the one hand, we should ensure that investors' capital truly, completely and safely enters the film enterprises in need of financing; On the other hand, film producers should be supervised to make reasonable use of funds. Jin, do a good job in post-loan supervision, stipulate the above procedures from the system, and eliminate the possibility of risk occurrence from the root. With the development of more diversified financial service channels, the timely introduction of supporting systems is necessary to ensure the safety of investment and financing.

5.3. Focus on Building Platforms and Integrating Resources

In order to develop film finance, China should get rid of the principle of "based on facts". It is not only necessary to build a bridge between the film industry and the financial industry, but also to consolidate and integrate all kinds of resources attached to the cooperative relationship and build and integrate film finance resources. The service platform of the source, such as the display channel of fundraising and the "one-stop" service channel of all kinds of administrative examination and approval, speeds up the transformation from scripts to complete films, and completes a number of film works with both quality and quantity. What is needed is not only financial support but also the unified integration of financial supporting services to build a rich, healthy and perfect film finance system.

6. Conclusion

In this article, by collecting materials and reading literature, I analyzed the financial development status, investment path and effectiveness analysis, financial investment environment and other aspects of China's film finance industry, completed my research objectives, and put forward suggestions for the future development of China's film industry financial investment. Of course, my research has some shortcomings. From the perspective of research methods, this research is mainly completed on the basis of collecting literature and previous data, without using empirical research methods to demonstrate hypotheses with data. In view of this deficiency, I will try to use empirical research combined with relevant data to analyze in the future.

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