



Concentration or deconcentration? Exploring the changing geographies of film production and consumption in China

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ABSTRACT

Over the past two decades, the film industry in China has experienced dramatic growth. However, little research has been conducted to examine the features of this fast-growing sector from the geographical perspective. Drawing on quantitative data sources, this paper presents a pilot study of the changing geographies of film production and consumption in mainland China. It explores the tendencies of concentration and deconcentration in China's film sector, identifies the major centres of film production and consumption in the country, and investigates the factors that may impact the formation and transition of such geographical patterns. The major purpose is to enrich our understanding of the economic geography of the film industry by providing new evidences from a transitional economy. The outcome reveals that the development and spatial distribution of the film industry in China have been affected both by market and non-market factors. Compared to its counterparts in Western countries, the Chinese state tends to play a more influential role in shaping the patterns of film production and consumption in the country.

1. Introduction

In 2015, China's box office revenue reached 44.1 billion CNY (7 billion USD),¹ making it the second largest country for film consumption in the world. In comparison, this figure was only 860 million CNY in 2002 (CFDEA, 2007, 2016). In merely 13 years, the size of China's film market had expanded by more than 50 times. Meanwhile, the number of films² produced in China also increased from 100 to 686 between 2002 and 2015 (CFDEA, 2016; CFYP, 2003). It is estimated that China will overtake the United States (US), which had 11 billion USD box office revenue in 2015, to become the largest film market in the world by 2017 (China Daily, 2016). While going to the cinema has become a major form of entertainment and pastime for the Chinese, the film industry has also become one of the most dynamic cultural sectors in the country.

In contrast to the phenomenal growth of the film industry in China, little research has been conducted to examine the features of this fast-growing sector from the geographical perspective. In the western academic world, research on the film industry has followed two major

traditions. The first looks at the production side and mainly explores the organizational structure (Currah, 2006; Robins, 1993; Scott, 2005), the division of labour (Cattani and Ferriani, 2008; Storper, 1989), the labour market conditions (Blair, 2001; Jones, 1996; Scott, 1984), the cluster and local embeddedness (Coe, 2000, 2001; Foster et al., 2015; Krätke, 2002; Lim, 2006; Lorenzen and Mudambi, 2012; Scott and Pope, 2007), and the cultural policies (Christopherson and Rightor, 2010; Kong, 2005) in the film industry. The cases of focus in these studies are the major film production clusters in the world, such as Los Angeles (Hollywood), Vancouver, Mumbai (Bollywood), and Hong Kong. The second tradition focuses on the consumption side and mainly investigates issues like the consumption behaviour and decisions of film consumers (Gazley et al., 2011; Ladhari, 2007; Moretti, 2011) as well as the viewers' cinema practices and cultural experiences (Sifaki, 2003; Treveri Gennari, 2015). Most of these studies have been conducted from the perspective of sociology, media studies, or business research. In comparison, the geographical patterns of film production and consumption and their tendencies of change in transitional economies (like China) have rarely been addressed.

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¹ If not specially specified, all figures in the paper refer to the data of mainland China.

² Feature films, same hereinafter.

In this paper, we fill this gap by presenting a pilot study of the geography of the film industry in mainland China. Our focus is to explore the tendencies of concentration and deconcentration in the film sector in China and to investigate the factors that may impact the formation and transition of such geographical patterns. Central to the analysis are the questions of (1) which cities are the major centres of film production and consumption in mainland China; (2) how the geography of film production and consumption has changed over time with the transition of the country's economy; and (3) how the concentration and deconcentration of the film industry have been impacted by China's special economic and institutional context. The major purpose is to uncover the particularities of China's film sector through comparison with the experiences of those mature markets and, accordingly, to enrich our understanding of the economic geography of this special cultural industry. The paper proceeds as follows: In the next section we elaborate on the natures of the film industry and introduce the major concerns of our study. After that, a brief review of the developmental history of China's film industry is provided in section three. In sections four and five we explore the changing geographical patterns of film production and consumption in mainland China and discuss the potential impacting factors. In the last section, we provide a conclusion of our study and put forward some questions for future research.

2. Film as a creative cultural industry

In the past two decades, cultural and creative industries have become one of the most dynamic sectors in the world economy (Amin and Thrift, 2007; EY, 2015; Gibson, 2012) and have profoundly altered the vitality of many cities and regions (Lloyd and Clark, 2001). Among all cultural industries, the film industry (or the motion-picture industry) is perhaps one of the most popular and fastest-growing sectors at the global scale.³ As a typical mass art form (Carroll, 1998), the product of the film sector has several unique characteristics: First, film is a non-diminishing commodity which (in theory) can be reproduced infinitely with the help of digital technologies. Therefore, it can be distributed to a large geographical territory and consumed by mass customers with little space–time limitation. Second, most films do not require any expertise or entry-level knowledge (in many cases, not even literacy), so they promise accessibility with minimum effort for the largest number of untutored audiences. In addition, the pleasure derived from film consumption declines rapidly with the increase of viewing times (rapidly diminishing marginal utility), therefore, films tend to have short product life cycles (cf. Sedgwick and Pokorny, 2005, 13). These features distinguish film from other cultural commodity types, such as books, records, or performing arts, and have great impacts on the geography of both production and consumption in the film industry.

On the production side, researchers have identified that the production of films tends to be highly concentrated, which occurs 'predominantly in localised clusters' and in large metropolitan areas (Coe, 2001; Scott, 1997, 2002). The reason for this geographical agglomeration includes the benefits generated from both industrialisation economies and urbanisation economies (Lorenzen and Frederiksen, 2008). On the one hand, co-located film companies could enjoy a series of positive externalities, such as the proximity to capable subcontractors and customers, the reduction of transaction costs, the spill-over between related knowledge bases, a local abundance of highly skilled labour, and a concentration of specialised formal and informal institutions (Lorenzen and Frederiksen, 2008; Scott, 2002). On the other hand, these firms could also gain access to a wide range of resources and amenities attached to the metropolitan context including, for instance, abundant venture capital, broadening knowledge and

skills, diverse housing, cultural and recreational offers, and supportive regional milieu (Lorenzen and Frederiksen, 2008; Scott, 2002). The combination of these various positive externalities generates a cumulative effect that leads to the formation of film production clusters in a selective number of locations.

However, later studies have also revealed a trend of deconcentration in the film industry, that is, a runaway of film production activities from the traditional centres (mainly Hollywood) to newly emerged locations like Canada, Australia, New Zealand, and Mexico (Coe, 2001; Scott and Pope, 2007). Firms choose a relocation strategy either to take advantage of the relatively lower labour costs and rental rates for equipment and studio spaces in receiving destinations (economic runaways) or to search for 'scenic and artistic effects deemed essential for the achievement of specific aesthetic goals' (creative runaways) (Scott and Pope, 2007, p.1365). This deconcentration of film production is facilitated by the improvement in information and communication technologies, which has greatly reduced the transaction costs in film-making processes (Currah, 2006). In addition, the generous financial subsidies, tax allowances, and regulatory incentives provided by the local governments in receiving locations have also played a positive role in promoting the development of new film production centres (Christopherson and Righthor, 2010; Coe, 2001). While this decentralisation started with relatively standardised film-shooting activities, recent analysts claim that some satellite centres have also showed signs of upgrading (Scott and Pope, 2007).

Compared to the extensive work on the production side, the consumption side of the film industry has rarely been discussed from a geographical perspective. Most studies have been conducted either by economist and business researchers to explore the factors that influence consumers' choices on the type of films or by sociologists to understand the cinema experience of film consumers. This is probably because the production of films is highly concentrated in a number of localised clusters – a focus of economic geography research, while the final outputs 'are channelled into ever more spatially extended networks of consumption' (Scott, 1997, 324). This typical characteristic of mass art (Carroll, 1998) makes the distribution of film consumption relatively less attractive to geographers. Researchers working on other types of cultural industries find that large cities and metropolitan areas that provide the diversity of consumers and support institutional and social infrastructure tend to be the major markets for commercialised cultural products (Florida and Jackson, 2010).

The above conclusions, however, are largely based on the developmental experience of the film industry in developed countries. In contrast, the spatial characteristics of the film industry in those emerging or transitional economies, such as China, have been relatively less explored. Compared to the Western context, economic development in China has followed a rather different trajectory over the past half century – a transition from a planned into a market-oriented economic system. As the next section demonstrates, the organisation of film production and consumption during the communist centrally planned period differed substantially from the typical Hollywood model. Driven by the effect of path dependency (Martin and Sunley, 2006), these historical legacies will inevitably affect the development and spatial distribution of the film industry, as has been testified in other sectors (Yang, 2017), even after the market mechanism is introduced to the country. Therefore, the mechanisms by which this unique economic and institutional context affects film production and consumption in China deserve some special attention.

In terms of production, it has been widely acknowledged that, due to the transitional natures of China's economy, many industries in the country have demonstrated distinctive patterns of growth and distribution compared with their Western counterparts (He and Wang, 2012). We may also expect some sort of particularities in the film industry. For instance, one major characteristic of China's economy is the state-led industrialisation model. Local governments frequently compete against each other to lure industrial investments, which often leads

³ More information is available at <https://www.statista.com/statistics/271856/global-box-office-revenue/>, accessed on 5 November 2017.

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