

# Innovation of Film Industry Based on Blue Ocean Strategy

## -- A Case Study of Enlight Media

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### ABSTRACT

The advent of the Internet era brings opportunities and challenges to the development of the film industry. This paper expounds on the feasibility and necessity of using the Blue Ocean Strategy to innovate in the film industry under the Internet era, and puts forward constructive suggestions. Through the case analysis of Enlight Media successfully using the Blue Ocean Strategy to achieve innovation, the paper analyzes the method of film industry using the Blue Ocean Strategy innovation, that is, redefining the market through digital marketing strategy and redefining the need by meeting the personalized needs. The successful innovation of Enlight Media using the Blue Ocean Strategy has a reference significance for the entire film industry. Only by actively realizing value innovation from multiple perspectives can the film industry realize the crossing from "Red Ocean" to "Blue Ocean".

**Keywords:** Blue Ocean Strategy, Film Industry, Enlight Media, Innovation, Internet Era

## 1. INTRODUCTION

With the gradual deepening of the combination and penetration of film and Internet, Internet enterprises have exerted creative influence on the traditional film industry. The advent of the Internet era has brought more opportunities and challenges to the development of the film industry, and how to seize the opportunities and carry out successful innovation and transformation has become an urgent problem to be solved.

Based on the analysis and interpretation of the blue ocean strategy, the paper starts from the actual situation of the film industry under the background of the Internet, analyzes the main problems existing in the film industry and their root causes, and expounds on the possibility and necessity of the film industry to find the "blue ocean" for innovation under the background of the Internet.

Based on the case analysis of Enlight Media's successful innovation with blue ocean strategy, the paper discusses how the film industry uses blue ocean strategy to adapt to the background of the Internet and complete a series of steps and methods of innovation and transformation, and expounds the applicability of this strategy.

Finally, based on the analysis of Enlight Media's use of blue ocean strategy for innovation, the paper further discusses and predicts what kind of strategy the film industry would use for innovation in the future, and puts forward constructive suggestions.

## 2. ANALYSIS ON BLUE OCEAN STRATEGY

### 2.1. Introduction of Blue Ocean Strategy

Blue Ocean Strategy is one of the most high-profile business strategies at present and was developed by W. Chan Kim and Mauborgne from INSEAD. As a new concept in market competition, "Blue Ocean" refers to the unknown market space that has not yet been reclaimed in business competition. It represents an opportunity to create new demand, as well as rapid profit growth. As Table 1 shows, compared with the traditional market represented by the "Red Ocean" with clear industrial boundary, known competition rules, fierce competition and increasingly thin profits, the game rules of the "Blue Ocean" are not established perfectly by now. Therefore, the "Blue Ocean" is an ideal space for enterprises to develop market and create performance [1].

**Table 1.** Differences between Red Ocean Strategy and Blue Ocean Strategy

	<b>Red Ocean Strategy</b>	<b>Blue Ocean Strategy</b>
<b>Market</b>	Compete in the existing market	Create an uncontested market
<b>Competition</b>	Beat the competitor	Get rid of the competition
<b>Needs</b>	Develop existing needs	Create and acquire needs
<b>Value and Cost</b>	A trade-off between value and cost	Break the trade-off between value and cost

Blue Ocean Strategy emphasizes that the creation of "Blue Ocean" is not based on the traditional technological innovation breakthrough, but through the continuous innovation of value, through the reordering and construction of existing markets. Value innovation is the cornerstone of Blue Ocean Strategy. Value innovation challenges the trade-off between value and cost, and allows enterprises to integrate innovation and price with utility and cost. Instead of catching up with the best existing industry practices, it changes the landscape and resets the rules of the game. Instead of aiming at the "high" or "low" end of the existing market, it aims at the mass of potential buyers. Instead of blindly dividing the market to meet customer preferences, it consolidates the market segments to integrate demand.

## **2.2. Feasibility analysis of applying Blue Ocean Strategy to innovation of film industry**

Today's film industry is going through the process of Internet. The development of communication media tends to be diversified and decentralized, stimulating the comprehensive arrival of the era of "content is king", which is characterized by the decline of Internet users' loyalty to the platform while following the content. Therefore, the film industry is bound to experience the process of Internet, and the process of Internet is a double-edged sword for the traditional film industry. On the one hand, the process of Internet can promote the development of the film industry. For example, with the help of Internet, the social media value of films can be better realized, financial support and data support can be provided for the development of the film industry, and horizontal and vertical integration of the film industry can be promoted. On the other hand, the Internet also has an impact on the traditional film industry chain, accelerating the centralization of market resources and promoting the survival of the fittest. Therefore, how to survive and develop the film industry and film enterprises under the new mode has become the focus of the film industry.

For the film industry, the process of Internet is a "Blue Ocean" to be developed. In the process of Internet, the top priority for the development of the film industry is to jump out of the dilemma of only paying

attention to the business conditions of competitors and blindly fighting in the "Red Ocean". The film industry should focus more on the preferences of target audiences and the accompanying new market development under the influence of the Internet, realize the innovation of value for the buyers, strive to transcend the fierce competition in the "Red Ocean", and use the Blue Ocean Strategy to open up a promising "Blue Ocean" in the new environment.

## **3. ENLIGHT MEDIA'S SUCCESSFUL APPLICATION OF BLUE OCEAN STRATEGY**

### **3.1. Introduction of Enlight Media**

Enlight Media was founded in 1998. After 21 years of development, Enlight Media is now the largest private media entertainment group in China. Its main business includes TV program production and distribution, film investment, production, promotion and distribution, TV drama investment and distribution, artist management, new media Internet, games, etc. Through continuous development and exploration, Enlight Media has become one of the most comprehensive content groups with the most comprehensive coverage of the content field and the most complete vertical extension of the industry chain in China.

With the advent of the mobile Internet era, Enlight Media has transformed from film to Internet through the Blue Ocean Strategy since 2015. The shift is not a complete change of category, but a fusion of the film industry and the Internet. The Blue Ocean Strategy of Enlight Media is mainly divided into two aspects. On the one hand, in the face of the gradually internet-based film market, Enlight Media redefined the market. On the other hand, in the face of the increasing personalized needs of users, Enlight Media redefined the needs.

### **3.2. Redefine market**

The first step is to redefine the market. For Enlight Media, the first way to realize value innovation is to cross the "Red Ocean" of industry restrictions, to make a

new change and realize the value innovation in the business model through the cross-industry operation of the film. Cross-industry operation is an attempt to integrate film with other industries, such as Internet. In May 2016, Enlight Media announced that the controlling shareholder of Enlight Media, Enlight Holding, planned to exchange for 38.40% equity of Maoyan Film with 176 million Enlight Media shares and 800 million yuan in cash, while Enlight Media purchased 19.00% equity of Maoyan Film with 1.583 billion yuan in cash. Enlight Media also announced its cooperation with Qihoo 360 on December 23, 2020, mainly focusing on the Internet video business of movies.

In cooperation with Internet enterprise, Enlight Media began to redefine the market. The Internet environment creates advantageous conditions for film marketing, which enables the film to realize digital marketing by using the digital information and the interactivity of the Internet media. In addition, Internet enterprise also has rich marketing means for films. Accordingly, Enlight Media put the core of redefining market on digital marketing [2].

With the help of the Internet enterprises, Enlight media set up the specialization marketing team, which is divided into three parts: large corporate customer marketing, performance marketing and program advertising marketing. According to the different needs of customers by collaboration, the marketing team went beyond the advertising marketing based on a single program under normal circumstances and improved the integrated marketing ability of Enlight Media [3]. Enlight Media adopted digital media-oriented marketing method and hoped to complete the closed-loop of allowing users to buy tickets through digital marketing.

The movie *Lost in Thailand* is one of the results of Enlight Media's digital marketing. Before the release of *Lost in Thailand*, Enlight Media launched advertisements on major network TV and video websites such as PPTV, PPS and Youku. It also released materials through Sina Weibo and other social platforms. The trio's "embarrassed gods" became a source of inspiration among netizens for their down-to-earth and distinctive characters. Data shows that the user attention of *Lost in Thailand* jumped 798% and media attention increased 312% within a week. The marketing team of Enlight Media also timely followed up the production of marketing materials according to the communication effect, so as to quickly fill the demand of new media for film content.

Facing the arrival of the Internet era, Enlight Media actively entered the digital market. Through the cooperation with Internet enterprises, Enlight Media paid attention to digital marketing, and found a vast "Blue Ocean" of its own in the new market.

### **3.3. Redefine needs**

With the integration of film and Internet industry, the film industry entered the stage of B2C from B2B. The Internet style of the film industry has acknowledged that the user is the real driving force of the film, instead of the director and the actor. The trend of the Internet era dominated by user experience also determines that Internet enterprises no longer only plays the role of platform, but further extends the industrial chain from the layout of upstream content production.

In the Internet era, the needs of users changed greatly. The diversification of information acquisition methods leads to more diversified and comprehensive user needs. Therefore, as a user-oriented industry, the film industry needs personalized and precise products in order to meet the needs of users to the maximum extent. In the face of new user needs, Enlight Media chose to improve the product, with new product segmentation to meet the personalized needs of users of the "Blue Ocean".

In response to the personalized needs of users, Enlight Media set up different business departments, which correspond to the different types of movies favored by users. For example, Youth Enlight Film, which focuses on young films, Coloroom Pictures, which focuses on animation films, Xiaosenlin Film, which focuses on films and TV dramas of "youth, blood and workplace", and Colorful Film, which covers various types of films and TV dramas [4].

Enlight Media accurately positioned target markets and products according to user needs, realized market differentiation and product differentiation, won the market with differentiated competition, and achieved the goal of mass communication by relying on focus service. That is what the Blue Ocean Strategy is all about [5]. It is not about creating whole new things, but is about finding new ways to add value. Achieving value innovation by redefining user needs is also a kind of innovation, is an important means to open up the "Blue Ocean".

## **4. RECOMMENDATION**

In general, the innovation of Enlight Media using the Blue Ocean Strategy is based on the change of audience thinking in the mobile Internet era. By redefining the market and needs, cooperating with Internet enterprises, and innovating in a marketing plan and product segmentation, Enlight Media successfully enters the Blue Ocean of the Internet.

The successful innovation of Enlight Media using the Blue Ocean Strategy can bring the following recommendations to the film industry in the era of mobile Internet.

Based on the Blue Ocean Strategy, the innovation of film industry driven by the internet can begin from two aspects. Firstly, break through the old concept of the traditional film industry, make use of its own advantages and unite with Internet enterprises to implement digital cross-industry operation, and enter the "Blue Ocean" of the digital market. Secondly, starting from the needs of users, the brand management should be highlighted, value innovation should be carried out, and differentiated competition should be carried out. In other words, on the basis of the original conditions, the "Blue Ocean" inside the "Red Ocean" should be explored. Both of the two ways use effective Blue Ocean Strategy. After adjusting the product structure and re-dividing the market, it can seek new market development path from the "Red Ocean" of competition, so as to find the "Blue Ocean" of the film industry in the Internet era.

## 5. CONCLUSION

The paper analyzes the successful cases of Enlight Media using Blue Ocean Strategy to innovate. It also analyzes the methods of film industry using Blue Ocean Strategy to adapt to the Internet era and complete innovation and transformation. That is, to redefine the market and redefine the needs. The specific manifestation of the redefinition of the market is to cooperate with Internet enterprises, develop digital marketing strategies, and enter the Blue Ocean of the digital market. The specific manifestation of the redefinition of needs is to meet the personalized needs of users in the Internet era and realizes the Blue Ocean of value innovation through the segmentation of film products.

Enlight Media's successful application of the Blue Ocean Strategy, in fact, is the epitome of the film industry transformation under the background of the Internet, has a reference for the entire film industry. The film industry can make innovations from various aspects, including but not limited to redividing the market and adjusting the product structure, so as to finally realize value innovation and realize the crossing from "Red Ocean" to "Blue Ocean".

In the long run, only by achieving the unity of value and innovation can film industry gain a foothold in the market competition and win its own "Blue Ocean". It also need s to adjust the competitive strategy timely with the changes of the market situation, and constantly open up new "Blue Ocean" [6].

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