



# Research on the Profit Model of Chinese Talent Variety Shows

## Taking CHUANG2021 for Example

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**Abstract.** Talent variety shows are a new concept that has emerged in recent years. With the popularity of “Korean Wave”, the show also swept the Asian market. This is a concept of “idol cultivation”. Different from the previous song and dance campaign variety shows, in idol cultivation variety shows, whether idols can debut or not depends on fans. The judges are no longer decisive. In recent years, China has held nearly ten talent variety shows, all of which have achieved great success. These shows have created many phenomenal idol boy groups and girl groups as well as brought huge profits to these entertainment companies. Since this profit model is novel and cutting-edge, it has high research value. The profit model of this talent variety shows is diverse, mainly relying on brand cooperation and fan economy. Fans play an absolutely important role. But at the same time, it also led to a lot of social chaos, which led to the suspension of the talent show for rectification. How the idol talent variety show industry should develop in China in the future is a question that needs to be considered.

**Keywords:** Profit model · Talent variety show · Marketing

## 1 Introduction

In China, the earliest talent show can trace back to Super Girl in 2005. Its appearance has made Chinese TV industry realize the great potential of talent shows, and many TV stations began to produce the shows on their own. A few years later, several talents show such as The Voice of China and I Am a Singer have sprung up, forming a new program trend. At this time, the “Korean Wave” hit China, many Korean idol groups occupied the Chinese TV entertainment market. In this case, domestic reality shows had to find breakthroughs in their development. During this time, the value of the industry chain and the benefits of fans created by idol groups have also attracted more and more attention from the domestic variety show industry. Until 2018, a new model appeared - “Idol Cultivation”. Fans as national producers participate in the whole process of idol debut. At this time, Chinese variety shows entered a period of expansion. Tencent Video’s Produce 101 and iQIYI’s Idol Trainee became the most popular talent variety shows in 2018. Talent shows have moved from a single TV medium to variety Internet platforms [1]. From 2018 to 2021, Tencent will hold the draft at an annual frequency, and it will

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be conducted in a staggered form of one year girls' team and one year boys' team. The four drafts are Produce101 (girls); CHUANG2019 (boys); CHUANG2020 (girls); CHUANG2021 (boys). In CHUANG2021, Tencent made an innovation. The contestants of the show are not only Chinese, but also contestants from different countries such as Japan, Thailand, the United States, Russia, and Ukraine. Tencent put forward a new concept of "International team" in China.

There have been successful cases of idol development programs before they were introduced to China. Both Produce 101 (Chinese version) and Idol trainee bought the copyrights to the Korean show Produce series. Produce 101 was broadcasted in 2016 and gained popularity in South Korea [2]. Due to the success of the South Korean original version, the Chinese market localized the show and achieved huge success in the Chinese market. Compared with other variety shows, the most notable feature of idol development shows is the close connection between fans and idols. Whether the idol has enough exposure, the priority of choosing the stage, and whether he or she can make his or her debut are all determined by the votes of the fans. In idol development programs, fans are in the dominant place. The show emphasizes and highlights fans' sense of participation and power in the process. In this way, the commercial value of the talent show has expanded from the entertainment market to a larger fan consumption market [3].

Talent shows can become popular in China not only because they are popular with fans, but more importantly, they can bring great profits to the company. The commercialization process of talent shows is also similar to other industries. It has experienced the development process from the construction of the smallest system to the business ecosystem with a simple linear connection to a deep connection with a multi-layer network. The smallest system in business is composed of two elements, "enterprise and customer" [4]. In CHUANG2021, the "enterprises" include Tencent, the production company of the talent show; the sponsor Mannew, which is a famous Milk company; and the idol operation partner company WAJIJIWA. "Customers" are fans who like to watch the show and vote for idols.

## 2 Literature Review

With the entertainment and media industry playing an increasingly important role in people's lives, many scholars do research about profit models of variety shows in China. The existing industrial chain of TV variety shows in China is divided into three parts: 1) Upstream: program development and production, purchasing copyright; 2) Midstream: program production, program distribution, brand planning, and marketing promotion; 3) Downstream: Derivatives development and sale of copyrights. However, China's traditional profit model is relatively simple, and the value created is low. Compared with foreign mature profit models, China is too dependent on advertiser sponsorship and advertising revenue [5]. Other scholars also mention that a single profit model is a common problem in Chinese variety shows. The profit model of iQIYI, one of the largest video websites in China, is very monotonous, and the most important profit method is the investment of investors in production [6]. The profit model of other video websites also mainly relies on free viewing and the financial support of a few advertisers. These

video sites provide audiences to watch and download for free through some self-made programs, obtain a batch of traffic, and then exchange for the trust in advertisements and obtain a sum of funds in exchange for profit [7]. However, for video sites, this profit model is far from enough. High-priced program copyrights and unstable user traffic are extremely high risks for video sites.

Around 2017, China's variety shows have gradually shifted from TV shows to online variety shows. With the continuous development of new media, the profit model has also begun to have some changes. In the era of media integration, new media is an open communication structure based on people. It has formed a competitive culture, a user-centred participation culture, and a profit model based on user participation. The lower profit margins of TV variety show advertising were replaced by online variety show advertising. Relying on the personalized push algorithm of new media, online variety shows have achieved a high dissemination rate and high advertising acceptance rate. The new profit models derived from this, such as live broadcast marketing, short video marketing, and social media marketing, are the main profit models in the current new media market [8]. Most of the online variety show advertisements are soft advertisements, with rich content and direct embedding, such as front and back patches, fancy oral broadcasts, scene placement, plot delivery, curtain strips, corner labels, LOGOs, etc. This implantation method is more acceptable to the current young audience and more in line with the aesthetic needs of these young audiences. On the other hand, online variety shows are no longer satisfied with the traditional way of making money. Major video companies have begun to expand their business to the upstream and downstream of the industrial chain. In cooperation with e-commerce companies, the star effect is used to obtain the economic benefits brought by fans. The "fan economy" has realized the multi-channel of the program profit model. In addition, channels such as live broadcasting have also promoted the improvement of the comprehensive monetization ability of the network [9]. With the improvement of the attention of online variety show users and the continuous innovation in the form of content marketing, the marketing value of online advertising has risen from tens of millions of yuan to 100 million yuan [10]. Online variety shows have a trend of surpassing TV variety shows.

These studies are very helpful to learn about the background information of the Chinese variety shows and profit model of it. However, there are still existing research gaps. Although there are many studies on the profit model of online platforms and variety shows, there are few studies on the profit model of talent shows. Few scholars study the series of industrial chains of whole talent variety show. The talent show is currently very popular and promising program in East Asia, and the value it brings is high. This article will take CHUANG2021 as an example to study the profit model of Chinese talent variety shows.

### 3 Results and Discussion

The talent variety show's profitability comes mainly from the fan economy. Companies mostly rely on the purchasing power of their fans to make a profit. At the same time, the show's organizers will also cooperate with different advertising brands companies. The host company, the brand company, and the fans form the interest chain of the entire

talent show. The profit model of Talent variety shows is mainly divided into the following types.

The first way for a show to make a profit is an advertisement product tied to the vote. In this kind of talent variety show, the ranking of the contestants can only be determined by the number of votes. There are only two channels for general voting: the voting channel on the video platform and the QR code on the sponsor product. Take CHUANG2021 as an example. This is a talented variety show hosted by Tencent, so the first voting channel is on Tencent Video. The voting mechanism is ordinary users can vote for 1 vote per day, and VIP users can vote 2 votes. However, the growth rate of this kind of voting is slow, and the effect on increasing the popularity of the contestants is too low. In order to attract fans to vote more, the second model exists. That is buying the sponsor product. Every talent show will have one sponsor product of deep cooperation. CHUANG2021's is Mannew's milk. The cap or bottle of this milk will be printed with a voting QR code, which generally requires the contestant to buy milk and scan the QR code to be able to vote for the contestant. This way of voting means that the more fans want to support their idols, the more they have to buy the milk.

However, in order to protect the rights and interests of users, each account will have a limit on the number of times to scan the code per day. Thus, a new model was born: fan club fundraising. This model is that fans do not have to buy milk directly, but directly pay the idol's fan club through a platform, and the fan club will use this money to buy milk to vote. However, this model will cause some serious problems. Some managers of the fan club pocket money, teenagers spending a lot of money to vote for idols, and milk waste are the most serious problems that arise in talent shows.

In 2021, the variety of the talents show Youth With You, which is the same type as CHUANG2021, caused a huge public opinion storm in China because of the "pouring milk incident". The cause of the milk pouring incident is that fans buy too much milk in order to vote for their idols. Because they couldn't finish drinking, they poured it out. The pouring video was recorded by someone and posted on the Internet. This kind of large-scale wasteful behaviour is not common in China, so it attracted criticism from people from all walks of life. China's CCTV has also vigorously criticized this irrational fan behaviour. This incident directly led to the suspension of the Chinese talent variety show.

The second way to make a profit is the advertising business. During the training of idols, Tencent will conduct business cooperation with many companies. The methods of business promotion are: 1) Live broadcast with goods. Live streaming is now the most popular advertising model in China. These business brands will reach cooperate with Tencent and select their favourite idols to participate in the live broadcast promotion business. Generally, companies will choose idols with better data, because it means that fans have strong purchasing power, and they can sell more products. Fans watch idol live broadcasts and buy these products, which can make the brand profitable. The stronger the purchasing power of fans, the more profit the brand will make, and the more profit Tencent will make. An idol with strong fans' purchasing power will strengthen the brand and Tencent's like for him and will also give him better resources and higher exposure. Fans, brands, and Tencent have formed a stable structure to make profits. 2) The inserted advertisement. Some brands will not choose the mode of live streaming but choose their

favourite idols to shoot commercial advertisements. This kind of advertisement will be played at the beginning and end of each episode of the show, which can also increase the exposure of the idol. The profit model is similar to live broadcast.

An idol with more advertisements means more purchasing power for his fans. These idols with strong fans' purchasing power are also deeply loved by the company because they can bring high profits to the company. At the same time, in order to repay the fans, companies will also give these idols more exposure.

With the development of talent shows, talent show derivatives have emerged and become more mature. CHUANG2021 is divided into two parts, one part is the main show and the other part is a derivative program. The main show is something that ordinary users can watch, mainly the mainline of the talent show, the stage, the daily practice. Derivative programs always record other things besides the stage. There are many kinds of derivatives, such as dormitory life, vlogs recorded by idols themselves, or some other small variety show planning. The purpose of these derivative programs is to improve the exposure of contestants and solid fans. Besides, only VIP users can watch these derivatives. It encourages fans to buy Tencent Video VIP to watch derivative programs of their idols.

The fourth monetization channel is partnerships with native companies. Basically, before idols come to the talent variety show, they will have native companies. These native companies are responsible for their training and planning before the show. Some financially strong companies will cooperate with Tencent. For example, using the company's film and television resources to exchange the higher exposure of their idols. There are some strong companies that can even buy a debut. It is also the point that the show has caused dissatisfaction among fans. Some companies, in order to make their idols debut, will cooperate with the company to falsify votes. For example, the chief director of the fourth season of Produce 101 in South Korea was jailed because of fraudulent votes. The Produce series in Korean was also discontinued. However, the support of the native company is still very important. The more benefits the native company can bring to Tencent, the more Tencent will value his company's idols and give them more footage or resources.

The fifth monetization method is live performances. Generally, there will be three to five live performances of the show, and the audience that can be present is very limited. Therefore, the company will sell the performance tickets to scalpers, and let the scalpers sell them at a high price and share the profit with the company.

Overseas marketing is the biggest difference between CHUANG2021 and previous talent shows. This session is not only broadcast in China but also marketed on major overseas platforms. Tencent Video has also launched an international version called WeTV. CHUANG2021 is not only marketed on Weibo, China's largest media platform, but also promoted on Twitter, Instagram, YouTube and other overseas websites to attract more overseas fans and increase the popularity of CHUANG2021. In this way, Tencent not only makes profits from Chinese fans, but also fans from different countries—Japan, Thailand, Russia, etc.

## 4 Evaluation and Suggestion

In general, talent variety shows have brought a lot of fresh blood to the Chinese entertainment industry. It gives many trainees with singing and dancing talents a platform and a chance to perform. In recent years, the number of young Chinese idols has also grown exponentially, and many Chinese idol groups have been born. It allows China's entertainment industry to flourish. Many entertainment companies also make a lot of profit.

However, due to the frequent holding of talent variety shows, the Chinese young idol market has begun to be saturated. Too many young people think that "being an idol" is the easiest and fastest way to make money, so they give up their studies and start participating in various programs. The high frequency of hosting shows makes the threshold for Chinese idols lower and lower, and also produces many low-quality idols. A more serious problem is that fans are also starting to become younger. More and more fans are spending money on idols irrationally. This behaviour has also been repeatedly criticized by people. The measurement standard of traffic stars has gradually changed from content to popularity, turning it into a commercial operation. This has led to an increasingly out-of-control fan base and an increasingly hollow star culture. Therefore, on June 15, 2021, the Central Cyberspace Administration of China launched the rectification of fans, focusing on rectifying the chaos of fandom such as rumours, attacks, voting, abuse, and interfering with public opinion. Beginning in 2022, due to the rectification of the central government, the Chinese entertainment industry has entered a low stage.

In fact, the development of China's idol industry does have certain flaws. The Chinese idol industry started relatively late, and most of the models are imitating South Korea and Japan. However, there are too few platforms and stages for Chinese idols, unlike Korean idol groups that have a dedicated stage to promote their new songs. The K-pop industry in South Korea is already a complete industry, and various businesses are mature and can achieve huge profits. But in China, after idols debuted through talent variety shows, there are very few performance opportunities. Most idols will act in TV dramas or movies after their debut, which has also led to the low quality of China's film and television industry. The gap between the excessive prosperity of the talent variety shows and the inability to connect the follow-up resources is an important reason why Chinese idols are not favoured by the public.

In order to create a good social environment, the central government's control over young fans and fandom culture needs to continue. But at the same time, there should be no "one-size-fits-all" approach to China's idol industry. Talent variety shows are a great platform for young idols and a powerful way for companies to earn profit. China should continue to hold talent variety shows under the premise of controlling capital and fans, and develop a healthy and positive idol culture. At the same time, China should also give idols more opportunities to perform, rather than over-marketing on social media platforms. Only in this way can China's idol industry develop better.

## 5 Conclusion

In the times of rapid development of the media and entertainment industry, talent variety shows have opened up a new market. This kind of program not only has a great impact on the whole entertainment and media industry, but also forms an innovative profit model. The profit of CHUANG2021 mainly depends on the fan economy and brand-to-brand cooperation. There are six main models: product binding, advertising business, derivatives, partnerships with native companies, live performance, and overseas marketing. The feature of this profit model is that it earns money rapidly and has high profits. Billions can be made in just three or four months during the whole show. However, this profit model also has many disadvantages. The way of chasing stars that relies heavily on financial resources will lead to young people spending money blindly. This hurts their psyche as well as their family. Irrational chasing stars will also lead to much social chaos, such as personal attacks and online abuse. Therefore, if China wants to make the development of talent show industry sustainable, it needs to control the extent of major companies make money and also control the behaviours of fans on the Internet.

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