



The Advantages and Disadvantages of Universal Pictures IP Entering the Chinese Market Taking Kung Fu Panda as an Example

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Abstract. Kung Fu Panda is a well-known IP created by Universal Pictures. The research investigates the development of IP in Chinese market and give the systematic definition of IP. Because the IP bring lots of positive aspects, if it has more spacious area. The IP is used in many fields, not only the film, but only the video games. This study finds IP developing in China have both positive and negative factors and analysis the perspectives of future development, mass media, marketing and corporate economics. About the mass media, the positive aspects include faster network, multiple culture. Nevertheless, the government published the law in order to induce the minor using network time, which lose the main group of users. About the marketing, this study regards Kung Fu Panda as only adaptation-based mobile games and lack of wide varieties, so that the game does not enjoy high popularity. By contrast, creating a new story line boosts an addition to the film engaging users. The film spreads widely, increasing the famous. The curiosity of the unlocked game characters stimulates consumption desire, so an increasing number of people are willing to consume this game. From the perspective of corporate economics, the firms need to acquire the mergers and acquisitions. Owing to the politics, many companies confront the bankrupt.

Keywords: IP · Universal Pictures · Chinese game market · Kung Fu Panda

1 Introduction

Universal Pictures is an American film studio, owned by Comcast through its wholly owned subsidiary NBCUniversal, and is one of Hollywood's 'Big Six' film studios. Universal was founded in 1912 by the German Carl Laemmle (LEM-lee) and other eight persons. Although Universal experienced the hardship of financing and capital injection, it has a long history which is benefit from the high value IP that it created and left behind. However, these IP can create more profits in the Chinese market. Released in 1993, Jurassic Park created a record of \$900 million at the box office which won

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three Academy Awards, and then five successive sequel was made. After that, the IP of Jurassic Park made a success profit which was used in Universal Studios, video games or some related products. Another example is Despicable Me, released in 2008, which made \$3712 billion at the box office by four films in its series. The Minions, character of Despicable Me, is a super IP which is popular around the world. Games, short films and related products created with this IP have swept the market and can even be seen everywhere. The well-known film series such as Barbie and Fast and Furious are also produced by Universal. This study will take Universal's IP Kung Fu Panda as an example.

Released in 2008, Kung Fu Panda is an American action-comedy animation film themed on Chinese kung fu. The three of the Kung Fu Panda series have been released, earning \$631 million at the box office, which is the first animation film made more than \$100 million at the box office in the mainland. The mobile game with the same IP produced by NetEase Games and Pearl Studio launched in 2015. In order to restore the scenes and Chinese elements in the film to the greatest extent, the development team directly made the in-game scene model with the film screenshots as the original painting, and used the holographic light effect as the scene light to achieve the film-level picture quality. The game won the best original mobile online game award in 2015, but it was suspended in 2019. Moreover, the IP is also used for stand-alone games on some websites. Since IP adaptation can achieve such a great success, this study will give the further interpretation of IP.

The original meaning of IP is Intellectual Property. In this research, IP can be interpreted as a collective reference for all the famous creations, for example, literature, film, animation, games, which could be the work itself, or one of the characters. IP, 'cross-media creative and content marketing' as its core connotation, arose in the animation industry of the United States in the 1990s. Having the highest value, super IP is a brand-new business model which is combined with creative crossover, marketing crossover, industry crossover three different concepts. The IP with high value can create continue revenue in different fields, which means that IP can attract fans and build a fan economy rely on its self-attraction.

Furthermore, the success business model of IP is high risk and high return. Films, TV shows, songs, books, etc., with extremely high production and marketing costs, which are methods to ensure corporate success. Combined with high-quality creativity and the power of abundant capital, enormous public effect can be produced. Meanwhile, the excellent production level guaranteed by funds can also defeat the competitors in the content and form a monopoly on the market in a certain period of time. There are thirty-four films in the world's top 50 films list are 'sequels' or 'series', which means that the content are reused to generate a lasting 'round revenue'. Through authorization, the IP of a single content product and the operation of the whole IP industry chain are finally realized.

2 Literature Review

With the development of IP industry, many consumers and IP users are become more and more familiar with the "IP life". A number of scholars have carried out researches of IP and they pointed out the value of IP. According to Yang Pan, Chul-Young Choi

and Zilu Meng's research, they collected information and the five values of the IP were summarized. They emphasize that IP can help the users to understand the game world more quickly, reduces users learning costs, brings tricks to attract fans, and guide users to consume. Facing so many factors, including the five value of the IP, Chinese government actively supporting the IP industry in the recent years [1]. Looking at the current Chinese media industry, IP industry is so popular that many traditional media are eager to transform into IP market to seize market share as soon as possible. According to Yiming Zhang's research, he lists the advantages of transform traditional media into IP market. He points out that, the successful transform can help the traditional media create new content and topics, form a differentiated value and make the traditional media a spiritual symbol, gather fans and socialize traditional media by virtue of its own attractiveness, break free from the shackles of a single platform, realize information distribution, let the audience accept information out of feelings, and achieve better communication results [2]. Li Guocong states his opinion on "IP transformation". It was becoming the key hinge and inherent opportunity for frequent interaction between the film and the Internet with the increasingly close combination of the two. As we can see, with the participant of many international capital, the well-known and influential IP resources were actively transplanted into the film field, continuously collecting market date in the process of cross-boundary integration intended to simulate the fans economy, in order to activate and tap the potential of high-quality IP, and integrate Internet resources into the film consumption system [3].

At present, IP cross-border marketing is very common, especially the video game industry. Wang Bo do the research on Transboundary, integration and interaction of movies adapted from game IPS, and he thought the integration of video games and films also the needs of the market. On one hand, film companies are keen on film game adaptations because of the prosperity of the film market; On the other hand, games companies and film and television companies are keen on buying and selling the game IP, also because of the impetus of international capital, there has been a wave of mergers and acquisitions in the video games and film industries. Taking Universal Pictures as an example, the typical works of the game IP adaptation film are summarized as follow (Up to 2016) [4].

Many scholars stay optimistic for the game IP adaptation film. Jacques Eno gives a high complement of video games in the book *Le Cavalier Bleu France* written by himself and points out that video games have always been the future of films [5]. Numbers of Hollywood's leading film studios have applied their movie IP to video games. Some of these industries merged into powerful multinationals (Sony Corporation) which have interests in all of these video games. In some other cases, major film studios have their own division of video game production, like LucasArts and Dreamworks mentioned above [6]. To some extent, in the current international film market, video game adaptations have long been monopolized by Hollywood in the United States.

Even though video games and films share the same famous IP, there has lots of difference between them. Peter Peerdeman focuses on indicating the difference between films and games. He emphasizes that the video games should be more interactive with the players, and they will immerse themselves in the video games by using visuals and sound effects [7]. Yuankun He have the same point in his essay, *Research on the Interaction*

Mechanism of Movies and Video Games. In addition, he takes Kung Fu Panda as an example and indicates the interaction between games and movies in scenes and plots [8]. Game scene design plays an essential part in game IP adaption either. Yansu Wang writes an essay, The comparison and application of scene design in the animation and in the game, and indicates that scene shaping is important in an excellent animation and game. He uses modelling and texturing, terrain design and lighting rendering to summarize the scene analysis in Kung Fu Panda. The essay concluded that the roughness of the game scene, the lack of aesthetics in the terrain design, and the single lighting rendering make players lack the sense of realism in the game and the visual appreciation in the movie version [9].

In summary, the authors and the scholars hold the same attitude to the IP economy, looking forward to the vigorous development of IP economy. Jiale Wang shared his opinions about the developed trend in IP economy. He not only shows his optimistic attitude to the development of IP economy in China, but also puts forward some suggestions on this industry: Firstly, integrating the IP economic industry and improving the development of the industrial chain. Secondly, establishing IP brands according to different audiences. Thirdly, establishing a new business model [10].

According to the internet statistic in CNKI (China national knowledge infrastructure) and google scholar, the researcher put their attention on the filmic characters, filmic market and so forth. In point of fact, designing and creating the game's IP through the universal picture is difficult to survey. Therefore, we find the gap in order to research something else. We analysis the advantage area about media and marketing through connecting films and games. And by the way, both films and games can bring large profit to China avenue, so that investigation is mostly meaningful. The aims of the article are discussing the value of IP and the different between films and game's character. We scan much documents and compare the situation of Chinese status quo and that of foreign. In the end of article, we give our perspective of the IP.

3 Results and Discussion

In Chinese game circle, the producer prefers use the special characteristic. For example, the well-known international video game— Glory of King. The producer explores that the meaningful characters, rouse the citizens' proud of culture, and so does the Kung Fu Panda. The creator also through Chinese people's preference for cute panda, open the marketing. An action and role-playing game adapted from Fast & Furious was launched in 2014. Besides, the park-our game called Despicable Me: Minion Rush was released in the same year. Then in 2011, an adventure game—Jurassic Park caught attention of the public. To sum up, parts of well-known IP of Universal Picture have been adapted into games. Authors were informed that the Kung Fu Panda series of games were released in 2008, 2011 and 2016, which has gained a certain amount of traffic in the Chinese market. Moreover, it is worth mentioning that Kung Fu Panda is the first Chinese games to be the Korean GP yearbook. However, Kung Fu Panda, combined with the popular movie IP produced by Universal Pictures, has not received long-term attention from game users in China due to the waning popularity of movie Kung Fu Panda in Chinese market.

In this essay, the authors aim to show the advantages and disadvantages of Universal Picture's IP entering the Chinese game market through media communication analysis,

marketing analysis and corporate profit analysis. Based on the existing game Kung Fu Panda, the authors present problems and solutions in this essay. The development of The Kung Fu Panda was witnessed some positive aspects in spreading. First of all, with 4G coming in 2014, it provided convenient atmosphere for propaganda. According to the Larry Barker research, the channel can be a mean to promote the flame of The Kung Fu Panda rapidly. The 4G increasing the speed of communication, making the reputation spaciouly. Then, the possession of phone was soaring constantly. Both 4G and phone are a domain channel. In 2015, many video game company created high quantity games, like The Glory of King and A Life of Fighting is But A Dream. The similar products bring the competition which made the video images having high-definition. The video company prefer to use the historical characteristics. In the *Honour of King*, the producer uses the 'Li Bai', who is a Chinese well-known poet. The producer creates a beautiful image, attracting the usage. About the Kung Fu Panda, the DreamWorks Studios bring other outlook form America judgement. The imagination of the Kung Fu Panda is cute and funny. The character owns the America factors. In American outlook watch the Chinese precious animals. Therefore, both film and game image attract the public focus, particularly the minor. The group of students probably is principal audience. The way of playing is very simple, which is apt for students.

By contrast, the development also has some negative issue. In the year 2021, the government public promulgate a policy in Law of the People's Republic of China on the Protection, requiring that the student only can play three hours' video game. It dramatically reduces the group of using game. Due to many studies pressures, the author think that properly increasing the using time also a good way to unwind themselves. And what's more, the users need to ensure the identity verification. The security of individual information is difficult to protect. Nowadays, many stolen cases happened. If the project of identity informs will be guarantee, the usage of video game may grow. What's more, the quantity of video faces the difficulties. Mainly, the video game take aim to finances, the firm either decrease the quality of characters and skin or add the amount. The author still has positive view for Development of IP in China.

These adaptation-based games currently carry out mass marketing in the Chinese market, which basically belong to mobile games and lack of wide varieties. The minions IP of Despicable Me series, for example, only launched park-our games and some simple web games. As a result, the game audience was not numerous enough, which led to difficulties in adapting to changeable needs. And also, these games were risky as they were easy to be imitated. Facing the huge Chinese games market, segmented marketing should be proceeded, in other words, marketing by subdividing the market. The market can be divided into four segments by age—children, adolescents, Middle-aged people, old people. Choose children and teenagers as the target market for marketing. According to Kung Fu Panda series, 2 or 3 mobile games can be developed based on the characteristics of the films. Firstly, the simplest park-our games will be popular, and the line level can be set according to the theme of films. The game screen will be close to the original texture of the film. Secondly, the development of simulation business games can be considered, applying the original film concept—rebuilding the home, adding new characters in addition to the original characters of the film. And its target clients are children. And finally online games can be developed, it can be used in PC game, pursuing the ultimate

restoration of graphics, and creating a new story line as an addition to the film engaging users. By doing so can products be diversified to meet differentiated needs, therefore, market risk can be decentralized, and market share can be increased rapidly.

Regarded games as products, then products will have a life cycle from entry into the market to exit from the market. Intake, growth, maturity and decline. The Kung Fu Panda Role-playing game was jointly developed and released by NetEase Games and Oriental DreamWorks in 2015. However, it had ceased operation in 2019, with a life cycle of only 4 years. Here are a few suggestions during the introduction period. Universal pictures' own heat and the popularity of Kung Fu Panda series can be entirely help the game. The marketing plan can even choose to launch the game when the next Kung Fu Panda film is coming. Thus, it not only introduces the film, but also lays solid foundation of its development later. As it gets into the growth phase, with the gradual expansion of the market and the increasing of game users, we should consolidate users and attract new users to ensure the quality of the game itself. Collecting comments from users and paying attention to social comments are good ways for us to improve the game in time. Growth is followed by maturity, and the market tends to be saturated. With the development of science and technology, also the emergence of new products, the period of decline is inevitable, but the plan should extend growth and maturity in a maximum degree. With the influence of Kung Fu Panda's IP, in fact, it is easy to attract the first cohort in the introduction period. The key point is how to attract new users without losing existing ones. To begin with, the game innovation is important, it has to be differentiated from the existing games in the market. New modes, new contents, new visuals are all encouraged. What's more, the game must be time-sensitive, such as gaining experience and levelling up, or feeling satisfied every time who opens the game, which means the reward system.

From the perspective of the macro environment, the IP elements in Chinese games market are currently developing vigorously, and the IP economy is driven by game users and the situation seems very optimistic. In Chinese game market, the combination of games and IP is becoming a trend. *Glory of the King*, the most popular game in Chinese game market, is a successful example of IP combination. This reflects to a certain extent that Chinese game users prefer the game characters with IP background. The curiosity of the unlocked game characters stimulates consumption desire, so more and more people are willing to consume this game. Therefore, the authors summarize that this part of the increased profit is the corporate profit brought by IP cross-game marketing. Activision is the publisher of *Kung Fu Panda 3*, and the authors observes their stock fluctuations before and after the games release around 2016. After the release of *Kung Fu Panda 3*, Activision's stock is on an uptrend. Although with two small dips, a sizable upward trend is visible to the naked eyes. Coincidentally, EA required optimistic stocks benefit when it published an IP character game *Minions* in 2017. According to the observation of the two company, the authors infers that under the prevailing macro environment of IP, Universal Picture's IP has an advantage in entering the Chinese game market. However, such advantages have not always existed. As the popularity of *Kung Fu Panda* and *Despicable ME* movies fades, the company facing a problem that less game users will pay their attention on this kind of IP game. The authors suggest that maintaining IP popularity is the solution of the drop in game popularity.

From the perspective of corporate economics, corporate mergers and acquisitions are the essential part for Universal Pictures IP to enter the Chinese game market. Only by winning in merges, acquisitions and corporate games can Universal Pictures IP be considered to have gained admission to the Chinese game market. Here comes two examples to illustrate the reasons why taking merges, acquisitions and corporate an important place. First case of CNOOC's cross-border acquisition of Unocal shows to many companies the necessity of cooperating with domestic companies. Developing in the same direction as a local company seems a successful crossover merger and acquisition plan. However, due to political factors in America, the negotiations broke down and ended in failure. Coincidentally, the second case, the failure of Coca-Cola to acquire China Huiyuan Juice, is quite similar to the previous. China's Anti-Monopoly Law makes Commerce Court to reject Coca-Cola's merger of Huiyuan Juice group. Through the above two examples, the authors have obtained economic advice for Universal Pictures IP to enter the Chinese game market. Firstly, bypassing the political obstacles in the country where the merge target company is located. Secondly, choosing the right time for merges and acquisitions. Thirdly, learning the across merges and acquisitions cases and gaining more experience.

4 Conclusion

The author analysis the positive and negative about the Kong Fu Panda IP about the aspect of media. First and foremost, the famous movie opens the game's prestige. By the way, an increasing number of high-tech was created which soar the spreading speed. The IP considered demerit for two reasons. The government have the obligation to reduce the use time for children. The law prescribes the minor only play game three hours on every week. And also confront the security of individual message.

In terms of marketing, strategies should choose segmented marketing rather than mass marketing, segment the market and take children and teenagers as the target market, and develop targeted 2–3 games for the target market in order to meet the differentiated needs and increase the market share. According to the product life cycle theory, the adapted game should stay in the growth period and maturity period as far as possible. Utilizing the first batch of users attracted by Kung Fu Panda IP should first achieve the innovation of form, then followed by the user reward mechanism, so as to finally stabilize the market.

In terms of the macro environment, Chinese game market has a large consumers base to share the IP cross-game marketing. For now, the concept of IP in China is so hot that numbers of game users prefer game characters with rich IP backgrounds. The authors deduced the profitability after the partnership with Universal Pictures IP from the observations of Activision and EA, which companies published the games Kung Fu Panda series and Minions Rush, and the earning results are very optimistic. However, it's challengeable for companies to profit from the IP economy.

In terms of companies' mergers and acquisitions, Universal Pictures IP entering the Chinese game market needs to cooperate with local Chinese game companies in order to obtain tickets to enter the domestic game market. The cases of CNOOC and Coca-Cola indicated the necessity of the gambling between multinational enterprises

and local enterprises. Universal Pictures needs to learn the lessons of the above two cases and designate a sound business plan to enter Chinese game market.

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