

# Analysis and Exploration on the Present Situation of Exclusive Release of Art Films in China

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**Abstract**—As an important turning point in the development of art films in China, the establishment of National Alliance of Arthouse Cinemas (NAAC) has opened up a new mode of exclusive release of art films in China. Since its inception, NAAC has cooperated with from 100 cinemas to the current more than 1,800 cinemas. With its astonishing development within two years, the future of art films' release in China turns increasingly clear. This paper analyzes NAAC's present situation and problems of the exclusive release of art films in China by comparing the domestic and foreign art films' release modes, as well as studying the profile of art film audience, and proposes the author's own ideas to seek solutions.

**Keywords**—exclusive release; art films; NAAC

## I. INTRODUCTION

On its first release day in 2015, the screening rate of the art film *Red Amnesia* was only 1.6%, and the film director Wang Xiaoshuai posted a statement on Microblog, bluntly saying, "This is the best era of commercial films, but also the worst of serious ones", in hopes of getting support of the audience; In 2016, the investor of *Song of the Phoenix* knelt down in order to beg for more screening arrangement of the film and it worked as the volume has risen from 0.1% on the first day to 14% after 10 days. Finally there is a better box office; however, a variety of "begging" behavior once made the industry thought that the establishment of "art house" was the way to break through the barriers of art films. This was followed by the foundation of NAAC in 2016, and from then on China began to have an art house line in a true sense. By September 2018, the number of screens under NAAC has reached over 1,800. After two years of development, it is worth our deep thought and exploration: what is the present situation of exclusive release of NAAC, as well as the problems existing during its development, and how to solve them?

## II. THE DEFINITION OF ART FILMS

Art films are considered to be non-popular narrative films with strong characteristics of the "author" himself at the purpose of satisfying the creator's own perception of life instead of the audience's maximum needs. It was originally

developed by European countries to fight against the invasion of Hollywood commercial films, trying to differentiate Hollywood commercial film culture by strengthening the artistry of the film to counter Hollywood films' monopoly on the local film market. In the process of confronting the commercial film system represented by Hollywood movies, art films gradually formed their own stable market, and to some extent won a reputation far higher than commercial ones. Compared with Hollywood commercial film directors, the directors of art films have more creative freedom. Their works reflect more understanding and expression of the "author", forming individualized features of different styles.

In China, films issued in cinemas can be divided into two categories: commercial films, including Hollywood and domestic commercial films, non-Hollywood or non-English imports, as well as theme films based on ideological and political education; and another type of art films, including imported art films, domestic art films, and documentary films, etc.

## III. COMPARISON OF DOMESTIC AND FOREIGN RELEASE MODES OF ART FILMS

### A. Release Modes of Art Films in North America

Unlike Hollywood's mainstream films using "Wide Release" mode, which are often simultaneously issued in more than 1,500 cinemas, the release of art films in North America is gradually expanded in stages, which consists of two modes: the film usually adopts "Limited Release" mode in the early stage, which means the film is generally issued in less than 50 cinemas to observe the market performance; if a good response is received, it will enter the next phase — "Expands Release" mode (as shown in "Fig. 1"), being issued in hundreds or even thousands of cinemas. Compared with the large-scale widespread release within a short-term time in cinemas usually adopted by mainstream films, "Limited Release" is more conducive to the word-of-mouth creation of the film. It is also beneficial for the issuer to control the marketing cost as they can timely expand or suspend the release according to market feedback. Therefore, "Limited Release" is very popular with art filmmakers.

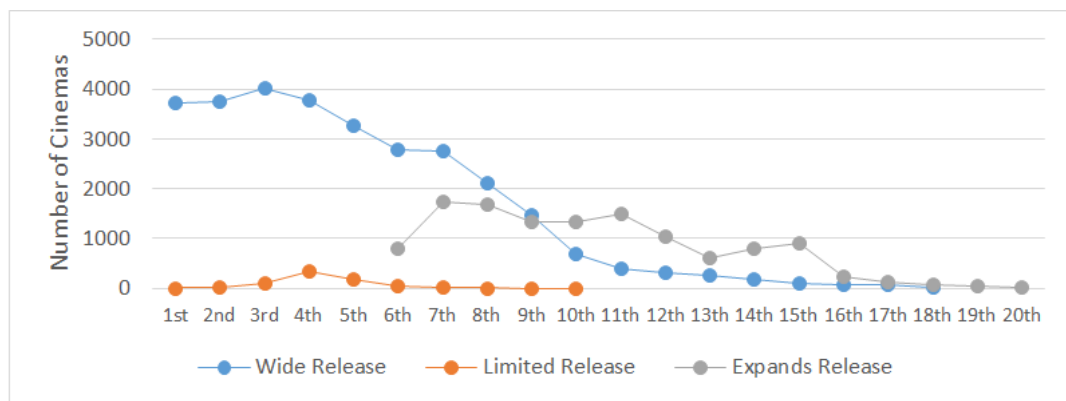


Fig. 1. North American release modes of films.

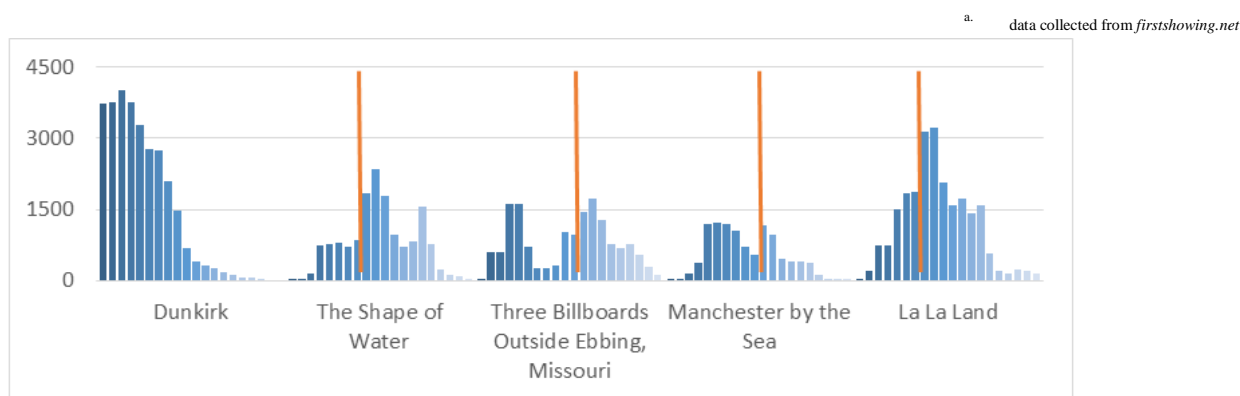


Fig. 2. Number of release cinemas of some films in the first 20 weeks in North America.

“Fig. 2” shows the release of some works of the 89th and 90th Academy Awards (Oscars). As can be seen from the figure, the commercial blockbuster *Dunkirk* adopted wide release mode in the first week, but after four weeks the number of its release cinemas gradually decreased. The yellow vertical line in “Fig. 2” indicates when the film was nominated for Oscars. The film *The Shape of Water*, *Three Billboards Outside Ebbing, Missouri*, *Manchester by the Sea*, and *La La Land* initially adopted limited release mode. At

First, they choose to accumulate the word-of-mouth, and then gradually expand the release scope in the awarding season. According to the publication of the nomination information and market feedback, the expansion is selected at the appropriate time. For example, the screening rate peaks of *The Shape of Water* and *La La Land* both appeared after the publication of the nomination list, while there was a small issuing expansion of *Three Billboards Outside Ebbing, Missouri* and *Manchester by the Sea* also.

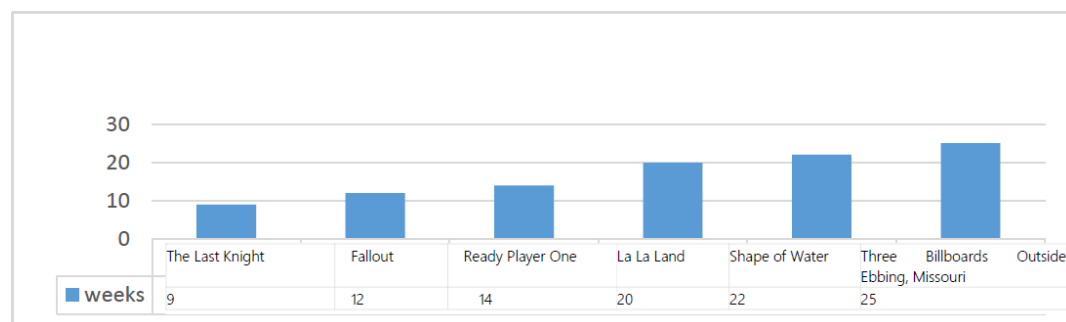


Fig. 3. The release period of some films in North America, 2017.

Besides, as shown in “Fig. 3”, the release period of art films is overall longer than that of commercial ones. *Three*

*Billboards Outside Ebbing, Missouri* was issued for 25 weeks, while *The Shape of Water* and *La La Land* were

issued for 22 and 20 weeks respectively, which all exceeded the other commercial films. It can be seen that the strategy from limited release to expand release is commonly used by art films.

#### B. Release Modes of Art Films in China

In China, the release of art films was no different from commercial films at the earliest, so it was once in trouble. Since 2016, there have been two release modes of art films: “crowd-funding watching” represented by Elemeet and “exclusive release” represented by NAAC. From the aspects of film source, release platform and audience, NAAC occupies a dominant position in domestic art films’ release market.

In November 2016, NAAC established China’s independent art house line by gathering 100 screens from 66 cinemas nationwide, opening up a new mode of “exclusive release” and enriching the release channels of art films in China. Such mode can be distinguished from that of commercial films, so that art films can be screened more efficiently.

During its two years of development, NAAC has brought different kinds of art films to Chinese audiences, including the reruns of classic old films such as *Day of Being Wild* and *Red Sorghum*; the introduction of *Manchester by the Sea*, *Three Billboards Outside Ebbing, Missouri* and other Oscar films which are out of the quotas; foreign films enjoying high reputation such as *The Third Murder* and *Flavors of Youth*; and the award-winning works in well-known film

festivals such as *Walking Past the Future* and *The Widowed Witch* out of domestic young directors, all of which show that NAAC has done lots of work in the selection and release of films. At present, more than 1,800 screens from over 1,400 cinemas in China have successively joined the release platform of NAAC. These screens play art films exclusively or have priority to do so, which makes the art films’ release mode of China different from that of North America.

#### IV. COMPARISON OF DOMESTIC AND FOREIGN AUDIENCES OF ART FILMS

##### A. Profile of North American Audiences of Art Films

At the end of 2016, Art House Convergence, in cooperation with Avenue ISR, conducted the fourth National Audience Study, and released the report “Art House Convergence: 2016 National Audience Study”, which mainly analyzed the demographic characteristics as well as the watching attitudes and behaviors of the audience in North America. By the end of 2017, the fifth survey and its report focused more on the themes of going deeper with current patrons, selectively reaching out to new audiences, and promoting both movies and moviegoing. The respondents of the two surveys included tens of thousands of art film audiences from North America and Canada, more than 30 North American theaters, film festivals, film societies and other venues showing art house content. The online survey was conducted by a third party through email, social media, website post, etc.

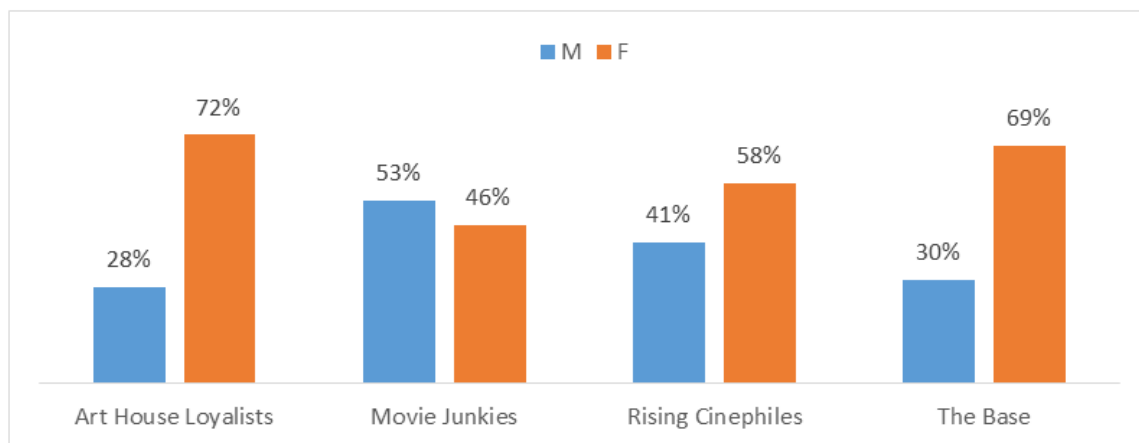


Fig. 4. Share of ticket purchases by moviegoers in North America. [1]

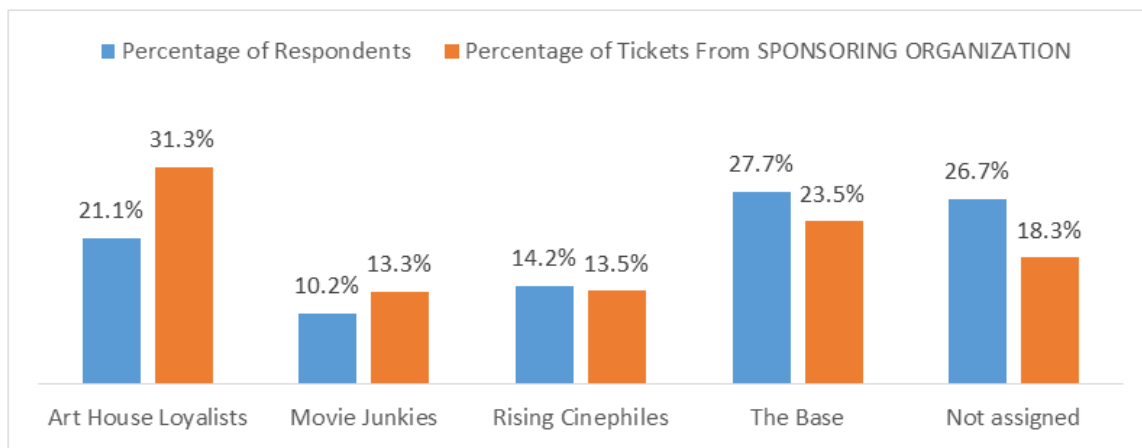


Fig. 5. Share of ticket purchases by moviegoers in North America. [2]

“Fig. 4” and “Fig. 5” show that the survey at the end of 2016 divided fans into more detailed categories in terms of their fascination and involvement in art films. There are mainly four groups: Art House Loyalists, Movie Junkies, Rising Cinephiles and The Base, which makes the audience’s

profile clearer. On the whole, female moviegoers are much more than male moviegoers, especially the gaps between the proportions of Art House Loyalists and The Base are obvious. Meanwhile, Art House Loyalists — 1/5 of the respondents — take up nearly 1/3 of ticket purchases.

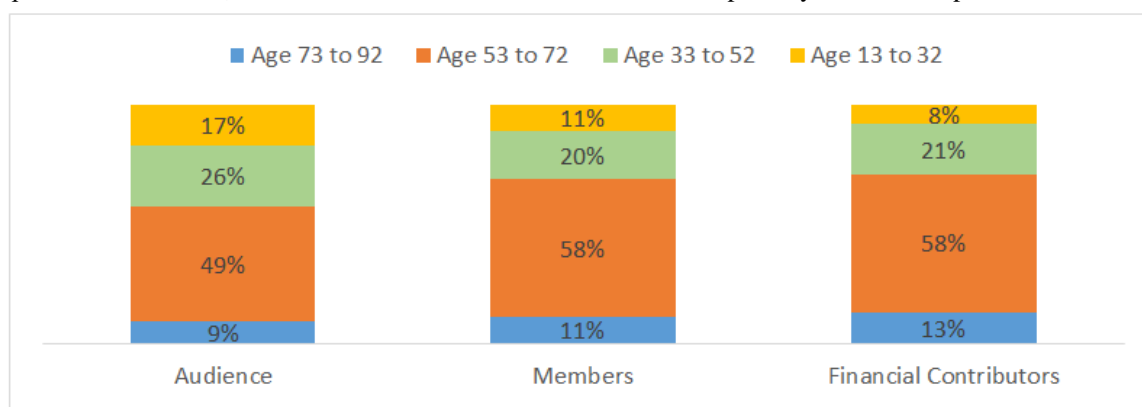


Fig. 6. Share of audience, members, financial contributors by generation in North America. [3]

“Fig. 6” shows that North American art film audiences are mainly between 53 and 72 years old, accounting for nearly half of all age groups. From the data of financial contributors, it can be seen that the audiences over 53 years old account for 58%, but contributed 72% of the box office, and the age proportion of the financial contributors is basically consistent with that of art house members. By contrast, the minimum age group to watch art films is between 13 and 32.

### B. Profile of Chinese Audiences of Art Films

Since Art House Convergence began investigating art house audiences across the country in 2013, theater managers know their “customer profile” inside out. However, China does not have a relatively perfect audience survey system now. The author carried on statistical analysis on the films released by NAAC during the past year based on the “Want-To-See Group Profile” user data issued by Taopiaopiao APP ticket platform. In order to accurately describe the profile of art film audience in China as far as

possible, the data do not contain the box office of theme or film exhibitions.

From “Fig. 7”, the percentage of female as a whole is higher than that of male, and namely women have become the mainstream of the art film potential audience. The number of female potential audience increases obviously especially when their favorite thing or person appears in the film, such as the cat in *Kedi*, popular stars such as Leslie Cheung, Tony Leung and Andy Lau in *Day of Being Wild*.

“Fig. 8” shows that different from North America, the ratio of Chinese people aged 20-29 is close to 60%, which tends to be dominant. Because *Flavors of Youth* belongs to cartoon, its number of potential audience below 19 years old is significantly higher than other films. In terms of age group, it is not difficult to analyze that the moviegoers are mainly college students and young working people.

The geographical distribution graphic of film watching is shown in “Fig. 9”. People who want to watch art films are mainly concentrated in second-tier cities. The number of

“want-to-see” people in first-tier and second-tier cities occupies 60% of the national data, and about 20% in third-tier and fourth-tier cities.

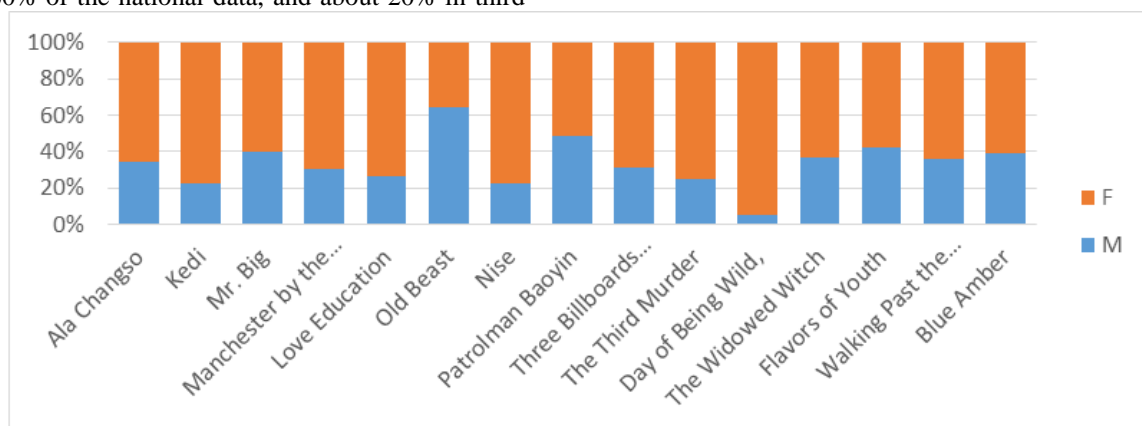


Fig. 7. Share of “Want-To-See” people of art films by gender in China.

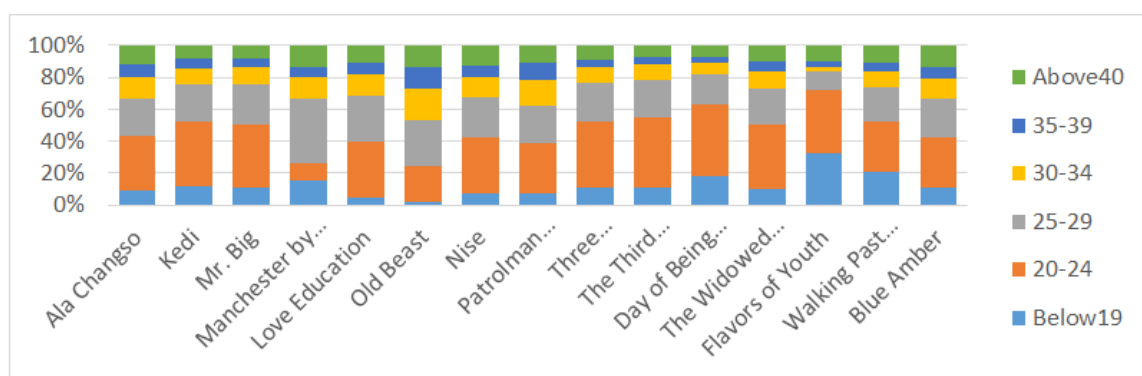


Fig. 8. Share of “Want-To-See” people of art films by age in China.

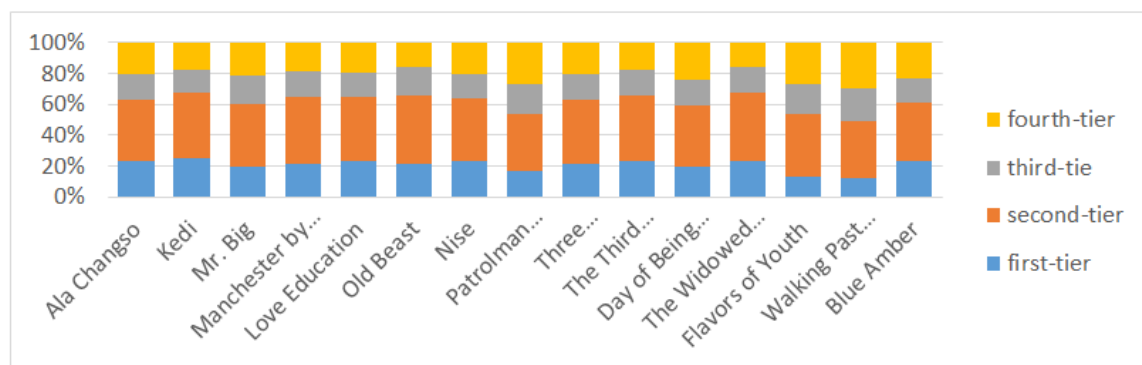


Fig. 9. Share of “Want-To-See” people of art films by region in China.

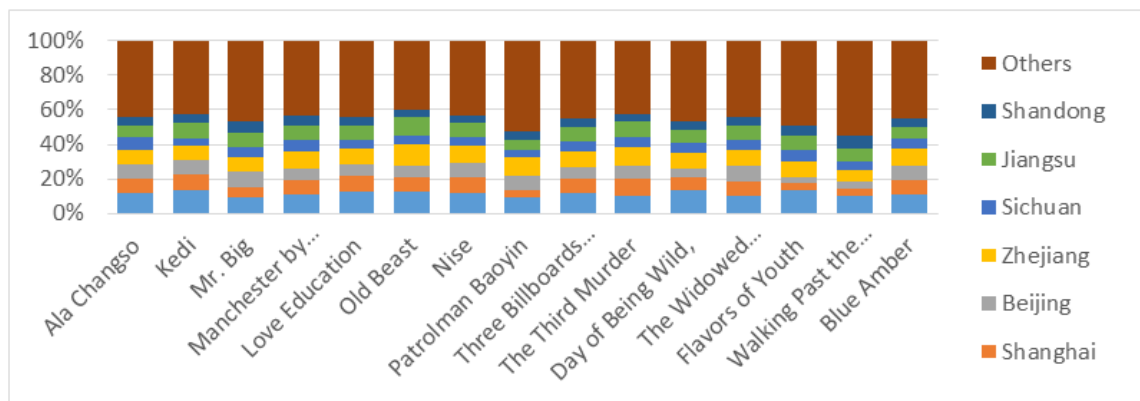


Fig. 10. Share of "Want-To-See" people of art films by Province in China.

"Fig. 10" mainly shows the profile of province where people actively want to watch art films. Guangdong, Shanghai, Beijing, Zhejiang, Jiangsu, Shandong and Sichuan take up more than half of the data of all provinces in China, making them the gathering places of potential moviegoers.

To sum up, the target Chinese audiences of art films mainly lives in Beijing and other first-tier & second-tier cities in eastern and southern coastal provinces, with college students and professional women aged 20-29 as the main groups. According to this feature, female tend to dominate in both Chinese and North American potential audience, but there is a big difference in the proportion of age, especially in the 20-29 age group, where North American audiences only account for about 1/10 of all. Therefore, the choice of

film theme and release time, and even the setting of ticket price should be more inclined to this group.

## V. PROBLEMS & COUNTERMEASURES OF THE RELEASE OF ART FILMS IN CHINA

### A. Inaccurate Release, Low Average People Ratio Per Screening

China's art film release has experienced a process from nowhere to go to finding new a path to step on. The implementation of exclusive release by NAAC makes art film directors no longer worry too much about the release of films, which to some extent solves their "survival" problem and enables them to concentrate more on film creation.

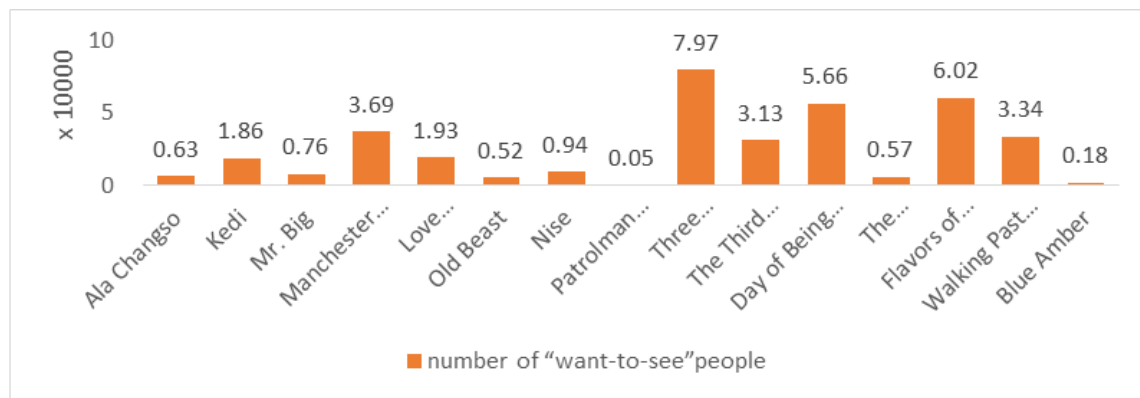


Fig. 11. Number of "Want-To-See" people of some art films in China.

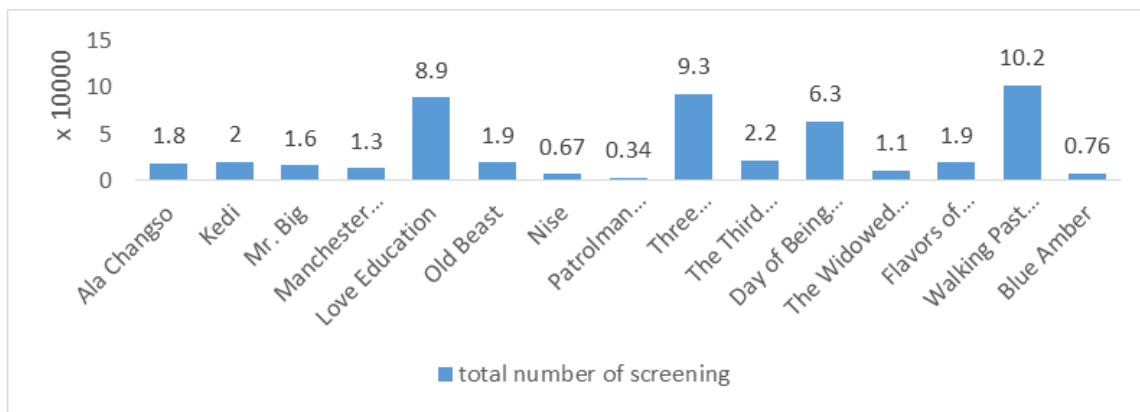


Fig. 12. Total number of screening of some art films in China.

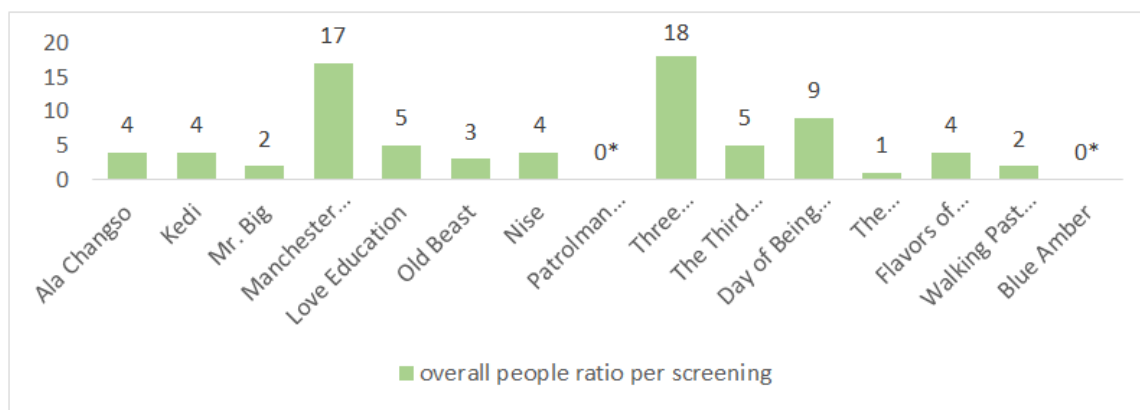


Fig. 13. Overall people ratio per screening of some art films in China. (\*0 indicates less than 1)

By combining the above three graphics for inter-variable regression analysis, the following data are further derived:

TABLE I. INTER-VARIABLE REGRESSION ANALYSIS

Independent Variable	Dependent Variable	F	Adjust R <sup>2</sup>	B	SE
Number of "Want-To-See" People	Total Number of Screening	6.385*	0.278*	(Constant) 13374.480	10996.560
				0.574*	0.321
Total Number of Screening	Overall People Ratio Per Screening	1.973	0.065	(Constant) 3.268	1.940
				0.363	0.000

a. \* Significantly correlated on 0.05 levels (bilateral)

Through the statistical analysis in "Table I", the number of "want-to-see" people can effectively predict the total number of screening. That is to say, when arranging the screening, the number of "want-to-see" people can be referred to for adjustment. In this way, the usage of screen can be effectively improved and the probability of no audience after arranging screening can also be reduced. Nevertheless, there is no significant correlation between the total number of screening and overall people ratio per screening, which means that the previous cannot predict the latter. In short, the number of "want-to-see" people can expect a general audience size, so as to help arrange the

screening of films, but the audience in fact does not directly linked to some specific arrangement of screening, so it is possible that there may be only a few persons or even none during some screenings. Consequently, choosing the release area accurately is more important to films, which requires a lot of data research.

As shown in "Fig. 13", unsatisfactory people ratio per screening may cause great waste of limited resources. Only 5 out of the 15 films achieved over 5 people per screening, including two Oscar films, a foreign language film, *Day of Being Wild*, which is a rerun starred by many big names, and *Love Education* jointly issued by NAAC and commercial

cinemas across the country. Tens of thousands of screenings of other art films resulted in less than 5 people per screening, meaning that a large number of screens were playing to none and these cinemas were not effectively utilized. To put it another way, quite a lot of cinemas even lose money because they have to put on art films after joining NAAC.

The exclusive release by NAAC should be clear and precise, rather than rough and vague. Over the past two years, the number of screens under NAAC has grown up to 1,800 at an astonishing rate, accounting for 3.5% of the total. About 20 art films are issued by it every year, taking up 4.1% of the market. As a result, its current priority should not be blind expansion of screens, but the deep exploration of how to find the true effective ones and maintain these screens in good condition to attract more audiences.

In the author's opinion, NAAC can learn from the questionnaire delivered by Art House Convergence. Take the issued films as the background, collect relevant data from the over 1,400 cinemas under NAAC and conduct statistical analysis, so as to find out the screen with high utilization rate. In respect of film release, the example of North America can also be followed. In the early stage, the limited release mode should be adopted, and on the basis of good word-of-mouth, it can be gradually developed into extended release in due time, instead of pursuing for blind winning by quantity. From the previous profile of "want-to-see" people in "Fig. 9", the city where the film was initially issued should not be limited

to areas with high ratio like Beijing and Shanghai, for these areas of high attendance are not representative.

### B. Incomplete Exclusive Release, Excessive Pursuit of Profits

At present, along with exclusive release, NAAC is also working with other commercial cinemas on large-scale release of art films around the country to help the producer maximize box office revenue. Although this kind of joint release may bring some benefits to the producer, at the same time, it also causes the directors of these films to ignore the problems of artistic quality of their works and target audience. The strong characteristics of the "author" himself of art films are bound to make them a kind of niche film genre. The release of art films should not take excessive pursuit of profits as the ultimate goal, but to find the maximum audience. When the quality of art films is enhanced in its own right and the audience is maximized, the box office will naturally become better.

Similarly in North America, the box office of art films cannot compete with commercial films either. As shown in "Fig. 14", the total box office of *The Shape of Water*, *Three Billboards Outside Ebbing, Missouri*, *The Rider* and *The Post* failed to reach 1/3 of the volume of *Star Wars: The Last Jedi*. Even as to *Transformers: The Last Knight*, which has a 5.2 rating on IMDB and a 14% tomatometer on "Rotten Tomatoes", earned \$130 million box office revenue.

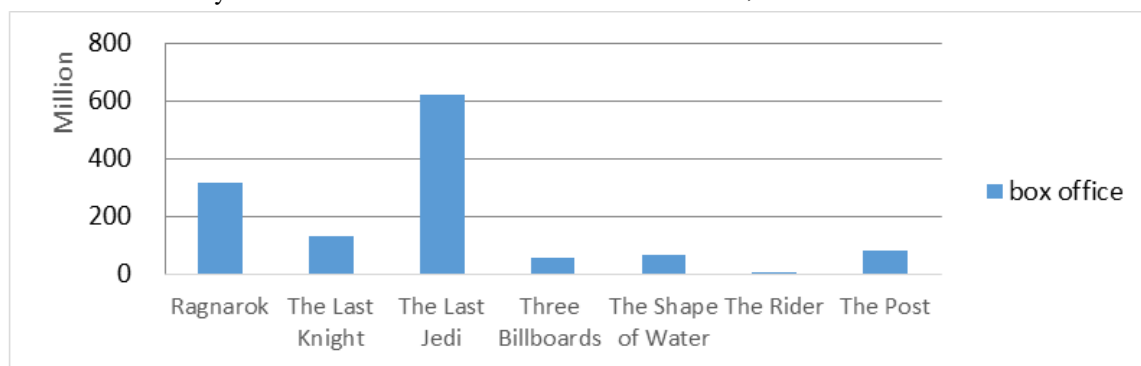


Fig. 14. Box office of some films in North America, 2017.

### C. Unclear Target Audience, Inaccurate Audience Positioning

Though China's exclusive release is still in its initial stage, since the very beginning of its establishment, NAAC has started to pay attention to the cultivation of art film audience, and has held a variety of theme and film exhibitions successively. Usually, when a film is issued, it will be accompanied by corresponding offline activities, such as meeting filmmakers and communicating with them after screening and so on. The official WeChat ID of NAAC has pushed more than 500 articles till now, basically once a day, investing a lot in the interaction with its fans. Even so, judging from the statistics above, NAAC has not approached

sufficient effective fans of art films. It is far from enough to only rely on some offline activities if it wants to know and understand, or even attract the audience who love art films. Quite a lot of audiences just come for the benefits of activities rather than simply love art films.

In order to make clear "who is the audience" and "where is the audience" of art films, the promotion and marketing methods employed by many foreign film institutions and cinemas provide us with important references and inspirations like the construction and operation of official websites, the promotion of mainstream social networking sites, and the cooperation and development of popular video sites and so forth.

<sup>a</sup>. data collected from [boxofficemojo.com](http://boxofficemojo.com)

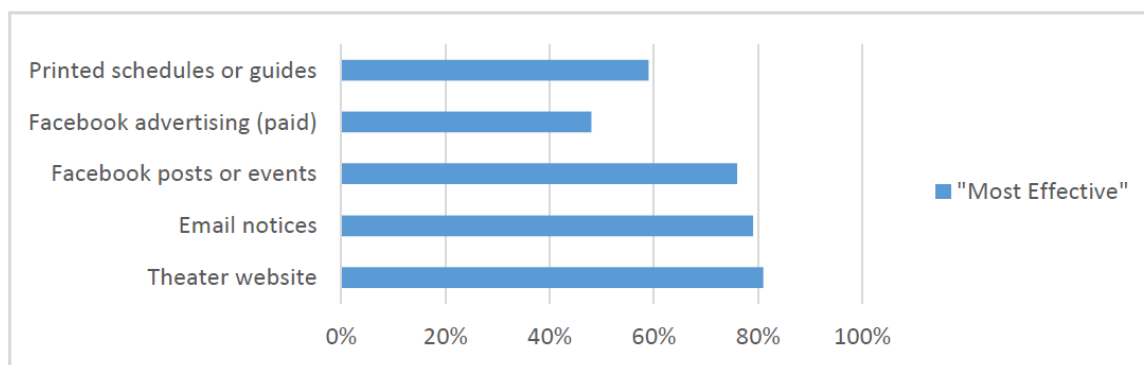


Fig. 15. Effective marketing methods in North America. [4]

As shown in “Fig. 15”, it is found in the National Audience Study that 5 most effective marketing methods stand out of 20 listed in the questionnaire, the top two of which are theater website and e-mail notices. When the author opened the homepage of Art House Convergence, the first thing it showed was the invitation of participating in the 2018 National Audience Study, while it was hard to find relevant information about the release of films on the official website of NAAC. Even though the current mobile social software is very convenient to publish information, more channels will bring about more audiences. If China could assemble domestic cinemas and fan groups and launch a massive art film audience study every year, the profile of Chinese audiences of art films can be more clear and meaningful, so that their age, interest, career, feedback and fascination of art films and other information can be got. Another instance is to cooperate with video websites. Deeply explore the specific group of people who watch art films depending upon the clicking number on video websites and classify them, and thus further find effective audiences.

#### D. Lack of Connection with Audiences, Potential Fans to Be Involved

As can be seen from “Fig. 13” in the previous text, most moviegoers of art films come for the Oscar works, and yet show little or no interest in domestic award-winning works. It can be found that it is a long-term and arduous work to cultivate Chinese audiences’ attachment to artistic films.

First of all, keep good connection with old audience. Chinese moviegoers are concentrated in the age of 20-29 years old, so it needs to effectively maintain this group of audience by multiple ways, so that this part of the population will not be lost after entering 30-34 years old. Secondly, for exploring new audience, it is necessary to constantly collect high-quality art films from various regions at home and abroad. Seen from works like *Manchester by the Sea*, *Three Billboards Outside Ebbing, Missouri*, and *Day of Being Wild*, the release of art films in China can obtain good market prospects. On the other hand, the number of art films should be appropriately increased to supply the audience with diverse films to choose from, for the sake of observing the preferences of the audience. In addition, provide more release opportunities for art film directors in the mainland, so that they can take part in the interaction of sharing their

creative experience and artistic cognition with the audience, build up a bridge between the art film and the audience, and improve the audience’s taste of appreciating art films. The cinema can be used as a place to establish emotions between people and between the cinema and its audience, together creating a small fan world full of art atmosphere.

## VI. CONCLUSION

So far, NAAC’s achievements are commendable, and it has done a crucial contribution for the release of art films in China, especially making great efforts on the selection and screening of art films during art film theme exhibitions and film festivals. The China film archive of NAAC plays all types of art films nonstop every day, with the purpose of increasing the audience’s perception and affirmation of art films. The author believes that the current problems are temporary, and active measures can be taken to deal with them. In the case of North America, it was only in 2013 that the National Audience Study started. As a fledgling, many things still need to be learned from abroad and explored by NAAC. With the continuous improvement of subsequent release management and activity operation, the development of NAAC will be better and better.

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