저작자표시·비영리·변경금지 2.0 대한민국

이용자는 아래의 조건을 따르는 경우에 한하여 자유롭게

- 저작물을 복제, 배포, 전송, 전시, 공연 및 방송할 수 있습니다.

다음과 같은 조건을 따라야 합니다:

저작자표시. 귀하는 원저작자를 표시하여야 합니다.

비영리. 귀하는 이 저작물을 영리 목적으로 이용할 수 없습니다.

변경금지. 귀하는 이 저작물을 개작, 변형 또는 가공할 수 없습니다.

- 귀하는, 이 저작물의 재이용이나 배포의 경우, 이 저작물에 적용된 이용허락조건을 명확하게 나타내어야 합니다.
- 저작권자로부터 별도의 허가를 받으면 이러한 조건들은 적용되지 않습니다.

저작권법에 따른 이용자의 권리는 위의 내용에 의하여 영향을 받지 않습니다.

이것은 이용허락규약(Legal Code)를 이해하기 쉽게 요약한 것입니다.

Disclaimer
China’s Ambition in the Entertainment Industry:
An Analysis of “Chinese Expansion Model” and
Sino-Foreign Collaboration in the Chinese Entertainment Industry

서울대학교 국제대학원
국제학과 국제지역학 중국지역전공
정가현 (퓨른 테이)
Master’s Thesis

China’s Ambition in the Entertainment Industry:
An Analysis of “Chinese Expansion Model” and
Sino-Foreign Collaboration in the Chinese Entertainment Industry

August 2015

Graduate School of Seoul National University
Graduate Program in International Area Studies, China Area Studies
Tay Jia Xin Pheuron
Abstract

China’s Ambition in the Entertainment Industry:
An Analysis of “Chinese Expansion Model” and Sino-Foreign Collaboration in the Chinese Entertainment Industry

Tay Jia Xin Pheuron
International Area Studies, China Area Studies Major
The Graduate School of International Studies
Seoul National University

This research examines China’s condition of becoming an emerging entertainment production center, in other words, if China can produce innovative content that find success in the global market. It proposes a “Chinese Expansion Model” going on in the industry. The research employs Systems of Innovation theory and Economies of Scale to decipher China’s ability in producing original content that can be well received overseas. Through acquisitions, investments and active Sino-Foreign collaborations, China not only dipped its finger into the whole production circle of the entertainment industry but also enjoys effects of spillover learning curve through co-productions in the industry.

Though the efforts spent have begun to deliver results, Chinese entertainment industry will continue to “dance with chains on” in the foreseeable future, as President Xi Jinping and Politburo member and propaganda chief Liu Qibao has made it clear to the public to take “socialist core values as a guide” in the 2014 address to the industry. Nonetheless, the Chinese Expansion Model and constant Sino-Foreign collaboration will continue to prepare a solid foundation for the Chinese Entertainment Industry until the day it is given the green light to take off.

Keywords:

Student ID: 2013-24006
Table of Contents

Acknowledgement
Abstract
Table of Contents
List of Tables and Figures

I. Introduction .......................................................... 1

II. Literature Review ................................................. 5
   2.1 The Pessimist .................................................. 5
   2.2 The Optimists .................................................. 8
      2.2.1 Optimists’ Drawbacks ................................. 12
   2.3 Shortcomings .................................................. 13

III. Research Question & Definitions .......................... 14

IV. Analytical Framework .......................................... 17
   4.1 Propositions .................................................. 17
   4.2 Methodology .................................................... 18
V. The Chinese Expansion Model ................................................. 20
   5.1 Cultural Industries & The Party-state Control ..................... 20
   5.2 Keane’s Five Stages of Innovation Ecology ....................... 27
   5.3 Chinese Expansion Model ........................................... 33
       5.3.1 Interim Findings [Sub-P1] .................................. 38
   5.4 Economies of Scale in Chinese Entertainment Industry ....... 39
       5.4.1 Interim Findings [Sub-P2] ................................. 49

VI. Sino-Foreign Collaborations .................................................. 50
   6.1 Systems of Innovation for Rapid Catch Up ....................... 50
   6.2 Case Studies ................................................................ 53
       6.2.1 The Voice of China Zhongguo Haoshengyin .......... 53
       6.2.2 I am Singer Woshi Geshou ............................. 63
   6.3 Interim Findings [Sub-P3] ......................................... 68

VII. Conclusion ........................................................................... 71

References
Abstract (Korean)
List of Tables

[Table 1] The Innovation Ecology.................................................................27

[Table 2] Entertainment Industry Market Growth for 12 Largest Entertainment Market Countries........................................48

[Table 3] Research Findings........................................................................71
List of Charts & Graphs

Charts
[Chart 1] China: Disposable Income Per Capita…………………………………42

[Chart 2] Global OFDI Stock from Emerging Economies……………………44

[Chart 3] Overseas Sectors Receiving Chinese Investment in 2012…………45

[Chart 4] Annual Growth in Total Output of
Chinese Entertainment Industry 2008-2017F*…………………………………46

[Chart 5] Number of TV Format Import Programs VS.
Number of Innovative TV Programs in China (2010-2015)…………………69

Graphs
[Graph 1] Entertainment & Media Growth Rates 2013-2018*…………………47

[Graph 2] Reverse Product Lifecycle…………………………………………….52
I. Introduction

Over the past few decades, we witness the profound changes in China’s economy and its exchange with the world. In recent years, China has been actively investing in the overseas market. From acquiring the world’s largest pork producer Smithfield Foods to setting their foot in the automobile industry like purchasing Volvo and Jaguar. In 2014, Chinese outbound investment exceeded inbound investment into the country, highlighting “the ongoing shift of global economic influence to the East”. As China pumps money outward, more and more foreign companies are incorporated under the label of “Chinese-owned companies”. The entertainment industry is no exception.

In 2012, China’s largest entertainment enterprise, Dalian Wanda Group bought AMC Entertainment Holdings and became the world’s largest cinema chain operator. The South Korean third largest multiplex cinema operator Megabox, is now China-owned. Huge Chinese media conglomerates like Huace, Sohu.com and Alibaba, poured significant amount into the South Korean entertainment industry. Their expansion strategy holds control of the production circle in the foreign entertainment industry. This includes funding, scripting, production and editing to distributions. Also, active Sino-Foreign collaborations in the entertainment industry became observable.

Looking back the path of how Korean and Japanese companies rose to global leaders, Steve Ellis and Orit Gadiesh in 2006 proposed a common trajectory of Japanese and Korean companies employing a “Buy, Build, Borrow Strategy”. This strategy explain

---


three phases Korean and Japanese companies have went through: Build local manufacturing; Borrow ideas through licensing and joint ventures, Bought assets and brand abroad to enhance their position.  

Although both Korean and Japanese companies in general had gone through these three phases, it is a relatively less popular strategy applied in the entertainment industry. There were acquisitions or stake buy-offs of foreign entertainment and media companies by Korean and Japanese companies, but none of these countries had done it in such a scale like China. The Chinese media conglomerates now occupy the whole production circle. (distribution channels, talent agencies, and creative content production etc.) The broad expanse is hitherto, first of its kind in the history of the flows of a country’s pop culture into other countries. I argue that there is a “Chinese Expansion Model” in progress.

According to Oxford Dictionary, the word “Expand” is defined as “make or become larger; or spread out”\(^4\), whereas Macmillan Dictionary defines “Expansion” as “the process of making a business, organization or activity grow by including more people, by moving into new areas or selling more products.”\(^5\) In business literatures, “Expansion” is defined as “A strategy in which growth is obtained by increasing the number of stores in which customers can easily reach a company’s products and services”. The research employs the broad definitions of “Expansion” mentioned above in the dictionaries, which is, to spread out, to move into as many new areas as possible so as to maximize one’s capability.

---

The “Chinese Expansion Model” of Entertainment Industry in the research refers the model of Chinese entertainment or media companies making their growth by increasing the size of the companies, acquiring more resources, moving into new areas of related circles to increase the capabilities of the companies. By acquiring resources, enlarging size (be it physical size, market size or specialization areas) and capabilities, these Chinese companies gain more shares in their global positions in the entertainment sphere.

As the 12th Five-Year Plan mentioned to include massive expansion of media, publishing, movie, animation, television series and performance sectors for export, culture is considered a key priority and a “pillar industry” in China. What this paper then humbly aims to uncover whether:

**First, is the Chinese entertainment industry following the trajectory of Japan and Korea entertainment industry? If not, is there evolution in the trajectory of export as China develops?**

**Second, with the “Chinese Expansion Model” and active Sino-foreign collaborations in the entertainment industry, will we see a higher level of innovation and outreach in the Chinese Entertainment Industry?**

The objective of the research is to examine the condition of the Chinese entertainment export and analyze the possibility of the industry by looking at the recent transformation in the Chinese entertainment Industry. The Chinese entertainment sector is considered a branch under the Chinese Cultural Industry. The term “Cultural Industry/Industries” in China is sometimes referred to internationally as “Creative Industry/Industries”. The concept of a “Cultural Industry/Industries” and “Creative Industry/Industries” is relatively fluid in China, and the contents of the two industries are

---

always overlapping. The Cultural Industry, or Creative Industry, includes branches such as films, television broadcasting, radio programs, publishing, animation and etc. This paper however, focuses on the TV broadcast and film sector, which is the two major branch of the Chinese Entertainment Industry.

The research assumes that the “Chinese Expansion Model”, a recently established Chinese experience in the entertainment industry, together with the active Sino-Foreign production collaborations, will stimulate and elevate China’s ability in creating innovative content that is well received overseas.

The first part of the research discusses the connection between creative industries and party control in China, followed by examining the feasibility of the “Chinese Expansion Model” in the entertainment industry. Then it discusses the possibilities of the Chinese entertainment industry by incorporating economies of scale. The second part of the paper explores if collaboration will cause a high level of sharing of resources, “know-how” and technology spillover, will spike innovations in the Chinese entertainment industry. “System of Innovation” approach is employed in the second part of the research. The examination ends with two case studies of successful Chinese entertainment exports, indicating that the industry is unlocking possibilities.

However, this is not to say by having an expansion model and active co-production China will challenge the Hollywood nor compete with South Korea or Japan in their cultural export in the near future. The research hopes to provide another possible approach in reading the Chinese media and entertainment industry. The Chinese entertainment industry, albeit enjoying more leeway since privatization, it is clear the Chinese government is going to hold control to the industry for the time being. Nonetheless, it does not mean the effort spent in the Expansion Model and active Sino-Foreign collaboration in perfecting the techniques will go in vain. Such activities will continue to create momentum to develop the techniques and infrastructures of the
Chinese entertainment industry, and to prepare a solid foundation for the arrival of THE day.
II. Literature Review

Two bodies of literature can be classified regarding the topic of Chinese cultural export. The first set focused on a more pessimistic approach, mainly to describe the state control in the country that makes anything regarding culture and creative impossible. The other group is centered on an optimistic approach, looking at historical aspects, and the possibilities arise from the sheer size of the Chinese speaking market and a change in China from within.

2.1 The Pessimists

The first body of the literature approached the matter in a pessimistic point of view. Discussions have been active, and three kinds of approaches are usually applied to the arguments. Firstly, structure of dominance and strict media control; Secondly, party’s rigidity and ambiguity in carrying media law; and thirdly the economic functions of Cultural and Creative Industry.

The first approach from the pessimist group stressed the structure of dominance and strict media control in China. Scholars were skeptical on whether creativity would flourish under a system guided by central planning. A decade ago, Chinese scholar Jing Wang argued that the understanding of “Cultural Industry” in China is different from that of the Western notion. Cultural and creativity industry in China is a state-owned sector undergoing partial commercialization, under state monopolies in pushing an agenda of commodifying public cultural goods. She doubted that under the dominance of active state surveillance would there be creative imagination. Miao and Chen voiced the lacking

---

of professionals in the decision making of the industry due to the party’s emphasis on the structure of dominance, and that the industry is long underpinned by propaganda: “In the debates about culture, and in important policy decisions impacting on the cultural industry it is hard to hear expert voices – that of economists, managers, and those who own or invest in cultural enterprises.”

8 Xuefei Ren and Meng Sun talks about how the local state in Beijing has extended their control over art districts by introducing “Interlocking Directorates” – a practice of appointing government officials to serve as executive boards for various art districts organizations, in order to control over the production and profit. Under such party dominance and reluctance in relaxing the control, the critics, therefore do not think there will be positive result in Chinese cultural export.

Another similar approach by the English-language critique focuses on the party’s rigidity in ideology, and ambiguity in practicing media law. Evans Osnos, a New Yorker Journalist, wrote in his article that China could not produce “Gangnam Style”, a South Korean music video that managed to capture over 2.3 billions of clicks on YouTube, just because Chinese government has a “Kungfu Panda Problem”, meaning that the Chinese Communist Party (CCP) is inflexible in defining a “proper Chinese culture”, therefore unable to take thing lightheartedly even for entertainment industry. Due to the intervention, China can never come out with good content. John Delury believes that China lacks the ability to poke fun at their society and “is only comfortable

---

in exporting things that show off the greatness of its ancient civilization or economic development”. 11 He argues:

In China, culture and the arts develop under the watchful eye of the government, and anything too hip or interesting gets either shut down or bought up. In Korea, by contrast, artists and entertainers thrive in a space that is highly commercialized but also pretty much free of the heavy hand of the state.

Therefore, in John Delury’s point of view, creating such viral product in China is impossible.

In respect of the media control policy in China, many observers and analysts have pointed out the CCP had tightened the control over media industry, especially the Xi Jinping administration has increased its control over the Internet. However, the control over the Entertainment Industry is full of ambiguity. Hongmei Li stresses that lack of formal boundaries in Chinese entertainment control is causing hindrance to the creativity development of the industry. “The Chinese media (entertainment industry) is regulated by scattered regulations, orders and circulars, and the control regime is ambiguous, combining formal and informal controls.” 12 She argues that Chinese authorities are especially ambivalent towards entertainment media. On one hand, they encourage the boom of the industry and on the other attempting to control the programs, shall the programs become “over-entertaining”, promoting vulgarity, infotainment and celebrity gossip. However, there are no official measurements to evaluate if a program is over-

entertaining or not. The lacking of formal boundaries will continue to make censorship effective, since media workers will continue to embrace the low-risk mentality, often censor themselves to a degree that goes further than the often unclear official guidelines to prevent trouble.

The third approach in the pessimist group is on the economic function of the Chinese culture and media industry. Li stresses that although there is a broadening of the embrace for entertainment media and the entry of private media, these are more related to the government’s aim to promote the economic function of culture and media industry. Although the CCP has been promoting the development of private capital in China’s media market, the state remains unchallenged with its ideological control on content. The simultaneous encouragement on creativity is made available only when the state ideology remains unquestioned. Therefore the culture and media industries are only “dancing with chains”. Similarly, Yuezhi Zhao stresses that these activities are only allowed under the economic entities only to disseminate non-threatening cultural contents. Hence in the pessimist point of view, the expanding of Chinese cultural export overseas will encounter challenges than blessings.

2.2 The Optimist

On the contrary, the second body of literature has shown an optimistic view on China’s ability to create and export contents in the overseas market. The optimist

13 In the 18th Party Congress’ Third Plenary Session Decision, it mentioned that the CCP will promote development of private capital in China’s media market. This includes promoting private cultural enterprises, lowers the threshold of entry and allows private capitalists to be involved in overseas publishing and online publishing business, holding shares of state-owned film production, cultural and arts organizations.

literature studies from the perspective of structural, developmental, audience market and historical perspective.

However, it is important to clarify that most of the scholars, although standing optimistic, expressed a certain level of reservations and pointed out several problems that would cause impediments to the development of the industry. These drawbacks usually appear in the last section or the concluding paragraph of the optimist literatures, though the major idea of these discussions is in optimistic tone. These discussions on the drawbacks will be addressed in the later part of this section.

Similar to how pessimists construct their point of view through structural perspective, the optimists use the same perspective in countering the pessimists who believed that creativity is impossible, as the industry remains controlled by the state. Optimists like Chua Beng Huat and Michael Keane argue that, since marketization of the economy in 1978, the CCP removed state subsidy, forcing the entertainment & media industry to move towards producing commercial contents that bring revenue.\textsuperscript{15} That is, although state control does not fully relinquish from the industry, the structure of the industry has undergone changes. There is a growing level of privatization since the main drive for entertainment industry now comes from viewer’s rate and advertising revenue. Joseph Chan summarized the significance of such structural transformation as “moving further away from its propagandist function”. When the revenue of the industry is highly dependent on advertising as the source of income, the programs are shifting towards commercial, stressing the growing importance of viewer’s interest and likings, rather than the party’s liking. Chan also pointed out that although the state remains control of the

media companies, many related ancillary business are allowed to be privatized\(^\text{16}\), and outsourcing of productions to private production houses is allowed.\(^\text{17}\)

In regards of discussions on China’s ability to create, Keane points out that many of the academic analysis in media studies is framed by analytical categories handed down from cold-war politics, condemning only China’s media control and therefore miss out the big picture.

He pointed out that the slogan “From Made in China to Created in China” was surfaced in 2003 in China. However, ironically the creative emergence of China did not receive any attention from the international media. Keane pointed out that many of the academic approaches are framed and constrained by socio-biological approach.\(^\text{18}\) In this socio-biological approach, it echoes “dominant structures and hierarchies”, for example, the CCP is monolithic, and that China is a totalitarian state ruled by hardline ideologies remains chained to the past, and more importantly, socio-biological approach believe that things in China change slowly. On the contrary, Keane stresses that China is rapidly transforming from within, and the impact are felt in its region.\(^\text{19}\)

The second approach to the matter is from a developmental point of view. Michael Keane came out with “Five-Stage Innovation Ecology” in 2006 (Keane 2006,2007), a model that explains the transition of a country from low to high cultural export. Drawing empirical evidence, Keane concluded that although unlikely to challenge

\(^{16}\) Such as Hunan Broadcasting Group who privatized its advertising and other business operations.


\(^{18}\) Benjamin Schwartz, 1996, China and Other Matters, Cambridge, Harvard University Press.

\(^{19}\) Keane quoted a review in 2004 from Joshua Cooper Ramo, former foreign editor for Time Magazine: To the degree China’s development is changing China it is important; but what is far more important is that China’s new ideas are having gigantic effect outside of China. China is marking a path for other nations … how to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices in a world with a single massively powerful center of gravity.
the major exporting countries in the next decade, Chinese aspirations of success in the regional and content market are “building in momentum”.

The third approach draws from the historical point of view. Chua Beng Huat pointed out that the history of China exporting their culture goes back as early as 1582 when the missionaries acted as agents in transmitting Chinese cultures overseas. Back in the millennia, China is influential in the rest of East Asia as well as South East Asia, thus arguably having richer history and deeper structure in exporting their culture content (Chua 2012). In terms of Chinese’s cultural content export, Chua made a compilation of a series of Chinese exports, depicting that China had gradually changing from being a location essentially of consumption to an exporting country. China is successful in terms of exporting historical dramas and dramas based on traditional Chinese literature, for example Water Margin (Shuihu Zhuan 水浒传), Romance of the Three Kingdom (Sanguo Yanyi 三国演义), Yongzheng Dynasty (Yongzheng Wangchao 雍正王朝) and Kangxi Dynasty (Kangxi Dadi 康熙大帝). According to Chua, these dramas were successfully sold to Taiwan and Hong Kong in “reasonably high price”. Michael Keane who wrote extensively about Chinese Cultural and Media Policy, as well as East Asian Cultural Exports, added that the 1998 drama production, Princess Huanzhu (Huanzhu Gege) by Hunan Satellite TV, received success in South Korea, although it was broadcasted after 11pm on SBS due to the local restrictions (Keane 2008). Other than the historical dramas, military dramas is also well received in Korea and Japan, with Long March, The Eighth

---

20 Michael Keane, 2008, “From National Preoccupation to Overseas Aspiration”, in Ying Zhu, Michael Keans and Ruoyun Bai (eds), TV Drama in China, Hong Kong: Hong Kong University Press, Pg 143-156
Army, The DA Regiment, Drawing Sword, Soldier Sortie, My Colonel My Corps well sold to Japan.  

The fourth approach draws from the audience market. This optimist debate goes back to the 1990s when John Sinclair, Liz Jacka and Stuart Cunningham examined if “Cultural Imperialism” is breaking down the integrity of peripheral countries. Their stand was that “peripheral states” had created presence and reputation in the world content markets, albeit mostly through analogue and narrative formats targeted at diaspora communities and geo-linguistic regions where language and cultural similarities exist. Chua on the other hand, stresses that the sheer size of Mandarin speaking market, the Huaren Community, including Hong Kong, Macau, Taiwan, Singapore, Malaysia, Thailand and Indonesia, where the huge overseas Chinese community exist. Pointing out that China has a sheer size of Mandarin speaking market, cultural proximate East and South-East Asia, Keane is optimistic that a successful export of Chinese Film and Television is “an unequivocal yes”. In accordance to Keane, Chua Beng Huat mentioned the huge domestic audience in China is a sustainable support to the competitive commercialized media industry. Chua re-affirms China is likely to emerge as a major exporter of pop culture in near future (Chua 2012).

2.2.1 Optimist’s Drawbacks

Although standing optimistic on the subject, many scholars from the optimist camp laid out drawbacks in the industry, should China wants to produce content and have them export overseas.

The impediments to the development of creative content industry in China, as Keane outlined, are political control and intellectual property violations. In terms of political control, Keane believes that if creative and media industry continues to be reserved for policy discourse, the potency of creativity would diminish. For intellectual property protection, as China tries to move from the image of a low-cost outsourcing media production location to an innovative and exporting country, the rampant intellectual property violations in the country could shield away potential investors.

Looking only at the region, in terms of the unequal flow of Japanese and Korean pop culture into Pop Culture China, from Chua’s point of view, is a consequence of the structure and demographic. Since Pop culture China has a well-established production, circulation and distribution channel since the late nineteenth century, it makes distribution of Japanese and Korean pop easier. More importantly, was the demography in East Asia. The smaller consumer populations of Japan and Korea make dubbing and subtitling of Chinese language programs financially unviable (Chua 2012). In other words, the massive Chinese speaking population within and outside China makes the dubbing and subtitling a lucrative business. However, Chua suggests that compared to the widely consumed Chinese Language Pop Culture products in the Greater China, the consumption of Japanese and Korean imports remained few, and could only be treated as sub-culture with occasion spikes by popular artists.

In this regard, the pessimists and the optimist see eye to eye in terms of the drawbacks of China’s development as content export country. However, as repeatedly the optimists indicated in their studies, there are already observable evidence indicates that
China has already starting their journey in becoming a major player in exporting their original contents and cultural products, albeit having stumbling block along its way, the route of Chinese cultural and entertainment exportation is nonetheless a “long-term goal”\textsuperscript{24} and full of possibility.

### 2.3 Shortcomings

The majority of the related literatures were completed a decade ago. The recent developments in the Chinese Entertainment Industry and its implication is, therefore, absent. For instance, Keane introduced “Five-Stage Innovation Ecology”\textsuperscript{25} in 2007 to explain the transition of a country moving from low national production base into a competitive export market. Unfortunately, some of the recent advancement in the developing country, such as China, in our case, could not be fully explained by this Five-Stage Ecology.

As mentioned in the previous chapter, we see an evolving “Chinese Expansion Model” in the Chinese Entertainment Industry. Study on this recent change is, unfortunately, scarce. Against this backdrop, the importance of this research becomes evident. Building upon the previous efforts spent by Keane on explaining the transition of how a country move from low to high cultural export, this research would like to examine the possibility the recent “Chinese Expansion Model” entails to the Chinese cultural export, draw connections of Sino-foreign collaborations with a cultural economy approach. By straightening the current situations out, this research would give an update


\textsuperscript{25} Michael Keane, 2007, “Created in China: The Great New Leap Forward; Media, Culture and Social Change in Asia, New York, Routledge. Detailed explanation regarding the ecology can be found at the forthcoming chapter.
on Keane’s findings, so as to identify the future trend in the Chinese entertainment industry.
III. Research Question & Definitions

As the shortcomings are identified, the central research question is:

*With the extensive Sino-foreign collaborations in the entertainment industry, together with the newly emerged “Chinese Expansion Model”, will this create an environment to nurture a higher level of innovation and outreach in Chinese Entertainment Industry?*

Before attending to this central question, another question we should attend to is:

*Is the Chinese entertainment industry following the path of Japan and Korea? If not, is there a new model emerging as China develops?*

The research is to evaluate China’s condition of becoming an emerging production center, rather than becoming a “global dominance” like Hollywood. Thus, it is to examine the condition that with a “Chinese Expansion Model” and “Sino-Foreign Co-production” will elevate China’s level of innovation and outreach.

Many scholars have attempted to define “Innovation”. Norman and Veganti define it as value-add to originals, or in their words: “Doing better what we or others already do” 26 It means translating an idea or invention, making it better. For example the evolution of the online Gmail service. Gmail started with providing a basic platform for

---

email communication. Users were only able to use Gmail on the Internet to send and receive emails. The Gmail service later then evolved into various online services, including Gmail Chat and other computer office features identical to Microsoft Office. However, it provides what Microsoft office was unable to provide: an interacting system that allows a few Internet users to edit the same online Word file or Powerpoint file at the same time. So we could say that Google’s online office is an innovation, an improvement of the existing service. The paper employs the same meaning of “innovation” akin to the case of Google office.

The word “Outreach” has been commonly defined in various academic circles including papers in the marketing, sociology, and legal academia. The social sciences and business literature define “outreach” as “an activity of providing services to populations who might not otherwise have access to those services”. The word also means “to go beyond” or “to reach out” according to the dictionary. This paper uses the term “higher level of innovation and outreach”. Hence, by achieving “high innovation and outreach”, a country has its ability in creating original or innovative content that can be well received, or sold to other countries. In other words, a country’s ability to produce original or innovative content that find success in the global market.

Again, this research is not aiming to testify by achieving high creativity and outreach; China will be able to compete with Hollywood, or to leapfrog its East Asian counterparts. Rather, it humbly sets its target to analyze the influence and effect of the two ongoing elements to the Chinese Entertainment Industry, namely, the Chinese Expansion Model, as well as the heavy Sino-Foreign collaborations. Will these two elements elevate China’s possibility in cultural export?

28 Please check; http://dictionary.reference.com/browse/outreach
Considering my capacity in conducting the research, the scope of the project is restricted only to examine the improvement of the outreach and the techniques, production and contents of the mass media entertainment industry in China, particularly in the film and the TV broadcasting categories. This is because the two phenomena mentioned earlier, the “China Expansion Model” and the Sino-foreign collaboration are prominent and abundant in these two industries. With the data and cases available in these two categories, we can conduct a meaningful research to the industry.
IV. Analytical Framework

4.1 Propositions

Given the central research question described in the previous chapter, a detailed discussion on deciphering the propositions is in order.

To decipher the central question, the first and foremost question we need to attend to is whether the Chinese entertainment industry is following the trajectory of Japan and Korea? By comparing the trajectory of the export of Japanese and Korean pop culture, we can then confirm if there is a Chinese way of development in the export – the “Chinese Expansion Model” brewing along the way. With the confirmation of the existence of the “Chinese Expansion Model”, we will then move on to decode the ultimate central question.

This research consists one Central Proposition and three sub-propositions, listed as follows:

The Central Proposition [CP]

The “Chinese Expansion Model” and active Sino-Foreign Collaborations will create an environment to nurture innovation and higher outreach.

Sub Proposition 1 [Sub-P1]

The “Chinese Expansion Model” is a Chinese way of exporting culture.
Sub Proposition 2 [Sub-P2]

By occupying the production, technique, distribution, labor market, huge domestic and foreign market, this “Chinese Expansion Model” will experience higher economy of scale, thus subsequently gain market share relative to their competitors.

Sub Proposition 3 [Sub-P3]

Extensive collaborations will cause a high level of know-how, technology spillover and sharing of resources, which will spike creativity and innovation in the Chinese Entertainment Industry.

4.2 Methodology

The research is separated into two parts: Firstly, the “Chinese Expansion Model” and secondly, the Sino-Foreign Collaborations.

In the first half of the paper, an examination regarding the differences between China, Korea and Japan in terms of the trajectory the countries export their culture will be identified. The first two sub-propositions, namely Sub-P1 and Sub-P2 will be tested in this first half of the research.

In his devoted studies to Chinese cultural export, Keane had come up with a Five-Stages of Innovation Ecology to explain how a country is moving from low to high national production. Sub-P1 is an examination established from the structure built by Keane. In the first part of the analysis for Sub-P1, an introduction of Keane’s Five Stages Innovation Ecology is in order. Then, the paper will use the Five-Stages Ecology as a criterion model to compare and analyze the trajectory of the Korean, Japanese and Chinese culture export. The expected outcome of the comparative analysis is that the newly developed elements in the trajectory of Chinese export have yet to be identified by
Keane’s Five Stages of Innovation Ecology. That means the Chinese culture export is moving along a path different from its Japanese and Korean counterpart.

Next, the paper will proceed to examine Sub-P2. We will be using the economy of scale to examine if size does matter in the entertainment industry. It is assumed that when occupying the production, technique, distribution channel and huge domestic and foreign market, such “Chinese Expansion Model” will become a good environment to nurture quality production and export. The materials to test the viability of Sub-P2 will be drawn from figures and data from various resources including official bureau, news report and publications by established statistic analysis companies or investment consulting companies.

The examination of Sub-P3 lies in the second half of the research. Borrowing the “System of Innovation” approach, an analysis of the Chinese entertainment as a model of incremental innovation is in order. Two case studies of the current Sino-foreign collaborations will be used alongside the analysis.

The result of these three sub propositions, if testified and accepted, will in return support the central proposition of the research, which is: the “Chinese Empire Model” and active Sino-Foreign collaboration will create an environment to nurture higher level of creativity and outreach for the China Entertainment Industry.
V. The Chinese Expansion Model

5.1 Cultural Industries & The Party-State Control

Before we dive further into the main discussion about the Chinese Expansion Model, we will first examine the evolution of the concepts of cultural and creative industry and how the concept of the cultural industry is perceived in China. Next, the state control over the industry will be discussed.

The “Cultural Industry” is conceptualized by Max Horkheimer, Theodor W. Adorno and Gunzelin S. Noerr from the Frankfurt School. It represents a “standardized mass production of cultural commodities for passive consumption in the early twentieth century,” a product of capitalist industrialization, urbanization and modernization. These mass-produced cultural goods include TV and radio programs, films, magazines and etc., and people who consume such products will be deprived in terms of freedom, imagination and creativity. According to Frankfurt School, “Culture”, from the nineteenth to twentieth centuries, was supposed to represents arts and human creativity instead of the industrialized commodities we see today. In the modern capitalist society, the idea of “culture” and “industry” are blended to form “cultural industry”. Soon the term “cultural industry” transformed into a plural term -- “cultural industries”. This transformation is an acknowledgment of the complicity of the industry, as innovations and technologies are going to enrich the industry further. Researchers have discussed in detailed about the transition from the singular form to a plural form (Schiller 1989, Hesmondhalgh 2002, Wendy Su 2014)

The term “Creative Industries” first appeared in England in 1997. The Tony Blair led government decided to establish a Creative Industry Task Force as a “central activity of its newly set up Department of Culture, Media and Sport” 31. The creative industries is defined as “activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through generation and exploitation of intellectual property” 32 The concept of creative industries travelled from the UK to China in early 2004 and quickly “championed by local and city governments in China”. 33 However, many researchers have echoed that under the Chinese context, the fundamental understanding of a Chinese “creative industries” is different to a Western one, and “the creative industries are fundamentally misunderstood in China. Therefore, it is more appropriately to interpret these industries as “Cultural Industries”. 34 A perfect summary of the difference between the Western idea and the Chinese idea of Chinese cultural industries by the former director of the Division of Cultural Industries in the Ministry of Culture Wang Yongzhang is that Chinese cultural industries have an ideological dimension. The primary goal of Chinese cultural industries is to enrich the socialist culture and to advance the overall strength and competitive edge of China. However, the Western creative industries are nothing near to ideology tools but aiming at creating job opportunities and exploit economical potentials.35

Under the categorization of Chinese government, the core cultural industries includes Books, Magazines, Journal and Newspapers publishers and distributors; Radio and Television (both satellite and cable alike) broadcast stations; Audio-Video and Digital Productions; Film Productions; Arts and Performances. This research intends to look into the entertainment TV programs in China, which is a subordinate category under TV broadcast industry.

Since 1958, the Chinese TV broadcast industry was entrusted with a mission to “take the responsibility to publicize policy, disseminate knowledge and enrich people’s life by taking advantage of its strength”. As a matter of fact, the purpose of the TV broadcast industry, therefore, is to convey and publicize the Chinese Communist Party (CCP) propaganda. Until post-Mao era, the TV broadcast industry remains a party propaganda conveyor, and all the funding were controlled by the Broadcasting Bureau. However, the state support was insufficient to cover the increasing cost. In 1979, the industry was confronted with a fiscal reform. It was the first time that the CCTVs and some provincial TV stations were encouraged to seek ways to increase its revenue and reduce the burden on government budgets. An advertising business plan on the TV was first introduced to the TV viewers in Shanghai and advertising quickly raised to become the major source of income for the industry. Since the primary source of revenue came from the advertisements, TV broadcast industry has moved on from only pleasing the bureaucrats to winning the contest for viewership. In other words, keep their viewers happy.


Among all types of TV programs in China, entertainment programs enjoy a relatively free environment compared to news and current affairs programs. Today, as the standards for what qualifies as interesting or entertaining have risen tremendously due to the improvement of technology. Audiences nowadays are constantly exposed to a wide variety of information resources and artistic expressions. Therefore, visible shifts in the entertainment industry can be observed: the growing influence of consumer’s voice and the limitations of the consumerism.

One very popular example is the case of “Super Girl” (Chaoji-Nvsheng 超级女声), a successful reality show produced by Hunan CCTV in 2004. The reality singing competition show was a variation of the popular American Idol and was sponsored by Mongolian Cow Yoghurt (Mengniu Diary 蒙牛). This program selects contestants from all over the country, and the final result is based on audiences voting through the cell phone messaging system. One selling point of the show was that the candidates were harshly criticized and humiliated by the judges. Despite such vulgarities, the program was a spectacular success, due to its inclusive interactions with the audience, extensive screening process and highly entertaining content. It became very popular among viewers nationwide, with 400 million views. During the final episode, it successfully attracted over ten percent viewer ratings nationwide, and the total revenue from the cell phone messages reached RMB 15 million (USD 2.4 million).\(^\text{39}\) However, this reality show quickly received criticism from the authorities due to its entertainment-oriented nature. The former Minister of Culture, Liu Zhongde publicly condemned the show\(^\text{40}\) In a seminar held in 2005, the Super Girl was criticized for “advocating vulgarity sentiments


\(^{40}\) Coverage in China Times, 21 April 2006; Fa Zhi Wanbao, 29th April 2006.
on national TV” by a high-ranking official from the SARFT (State Administration of Press, Publication, Radio, Film and Television of the People’s Republic of China). Contrary to the expectations from the CCP to deter the program, it grew even more overwhelming after the remarks in the seminar were spread to the public. Domestic opinions on the Internet, newspapers and magazines defended the show 41 and due to the wide media coverage, more were interested in watching the show.

According to Chinese researchers, after receiving criticism and feedbacks, the production team of Super Girl made several adjustments on the costumes, stage design, hosting style and the list of songs. Costumes of the contestants were modified to fit the conservative values, contestants sang patriotic songs and the judges gave positive reviews after the performance.42 Researchers suggested that the sudden change in the style of the program summarized two situations in the Chinese entertainment industry.

First, it shows the growing influence of consumerism and the stronger voice the audience now possess. Soon after the program was criticized, public opinions in the newspapers, magazines and Internet appear to support the program. This suppressed further criticism from the mainstream media.43 Many mainstream reports toned down their accusing comments in consideration of “eliciting animosity from the audiences”.44 The show was able to escape from abortion in 2005 as the production team made several

adjustment to the style of the program until 2006 and transformed into “2011 Super Girl” (Kuaile Nvsheng 快乐女声) in 2011.

However, from the other side of the coin, the case of the Super Girl also illustrates the limitations of consumers’ will in China. Soon after the 2005 incident, the SARFT issued several regulations on such singing competition reality show. Regulations include primary screenings of national competitions, an “18 years old and above” age regulations for all contestants, and the judges must not make comments to embarrass the contestants.\(^{45}\) Over the years, the rules regulations in the cultural industry have undergone modifications and gradually become what we see today. The CCP has divided cultural industry into three categories:

First, the core cultural industries such as news agencies, book and journal publishers, TV, satellite TV and radio broadcast stations, audio & visual producers, Internet news agencies and Internet Café operators are not allowed to open up to foreign investments, since such core cultural industries have high ideological concerns. Second, limited foreign investments, co-funding and cooperation with foreign partners are allowed for industries like retail sales of audio and video products; production of TV and radio programs, production of film and production of public performance. However, the operations of the project and the agencies of such performance are under government control. Third, only the industries with least ideological concern are open up to foreign investors. Industries such as retail sales of books, newspapers, and tourism are open up for foreign funding.\(^{46}\)


The CCP’s approach towards the cultural and media policies in the country is never consistent. The tolerance level towards film, TV, art, writing and journalism fluctuates under different administrations. When President Xi Jinping came into office in March 2013, we see the Chinese government opted for more aggressive suppressing method in their media policy: the strict regulations such as real name registration, journalism secrecy agreement and extensive imprisonment of journalists after 2013. It is clear that the CCP under Xi has been increasingly assertive and aggressive than his predecessors in media and cultural policies.

While the control over news and current affairs broadcast program is tight, the entertainment programs in China enjoy a relatively free environment. In 2013, a cutback on TV entertainment regulations (禁娱令) was implemented for all TV broadcast industry. Under the 2013 regulation, there should only be one new foreign collaboration and TV format import for each CCTV annually, only four singing contests reality show are allowed to be aired in prime time, and only three entertainment programs are allowed on the CCTV daily. Although it is true that more regulations have come up, and the government is tightening their control, looking at the list of new imported TV formats for all CCTVs in 2014, Zhejiang CCTV is having 5 new format import programs, Shenzhen CCTV having 3, Tianjin CCTV having 2, Shanghai Eastern CCTV is having 4 new format import programs. Such implementation of regulations could be understood as manifestations of PRC’s long-term goal – to become a global cultural power—and a long-term policy pattern, “song yi duan, jin yi duan” (松一段，紧一段), loose for a time,

---

tight for a time. Leaders in the country have repeatedly declared the party’s position towards the cultural industries in the coming years. In Xi Jinping’s talk at the 2014 Beijing Forum on Literature and Arts, he noted the importance of promoting Chinese films in the international arena so they could compete with Hollywood, but stresses the importance to upholding core socialist values at home. In the same year, Politbureau member and propaganda chief Liu Qibao echoed the comment. Liu notes that China while needed to be an international movie power, it needs to take “socialist core values as a guide” and “contain more elements of the Chinese dream”.

The policies and the repeating declarations by the leaders show that the government’s intention of keeping a dual role for the entertainment industry as serving as a propaganda tool and making profit or influence overseas. Such situation indicates the CCP is undergoing a transition in terms of their role in leading the country forward. Academic pundits have discussed the problem of a fading communist ideology in an extensive and comprehensive way. Many things have changed since the reform era and the ideology of the Party’s purpose has become irrelevant as the country pursuit economic growth. China remains as a communist country and maintains its single-party dominant regime while capitalist elements are a constant reminder that the communist ideology has lost its validity. More contradictories and gray areas have surfaced


especially in the TV broadcasting industry since the Chinese Society has welcomed a growing profit-driven market, and the voice of the audience have grown comparatively prominent to the past. To put simply, the Chinese leaders now found themselves in a tug-of-war, in terms of striking a balance in between maintaining the gradually irrelevant ideology and a market-driven economy.

5.2 Keane’s Five Stages of Innovation Ecology

How do countries move from a low creativity, low cultural production export to high export, competitive market? In explaining this transition, Keane came out with “Five-Stage Innovation Ecology” in 2006. This ecology circle was used to explain how countries of cultural export interact within the global cultural economy, and gradually shifting from low to high export.

<table>
<thead>
<tr>
<th>The Innovation Ecology</th>
<th>Strategic Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-cost Production</td>
<td>Trade in tasks. Production work move in from higher cost centres and economies; mostly fee-for-service work denying local intellectual property development.</td>
</tr>
<tr>
<td>Imitation/Cloning</td>
<td>Local actors and producers duplicate global and regional products without committing to intellectual property regimes</td>
</tr>
<tr>
<td>Co-Production and Formatting</td>
<td>Local actors seek international partners through joint ventures, co-productions, or through licensing content and formats.</td>
</tr>
<tr>
<td>East Asian Creative Economy</td>
<td>Exploits the cultural proximity and co-productions within the region to build capacity.</td>
</tr>
<tr>
<td>Industrial/Creative Cluster</td>
<td>Specialization, differentiation and quality deliver distinctive branded content, higher value added, and economies of scale.</td>
</tr>
</tbody>
</table>

Table 1 The Innovation Ecology, Source from Keane 2007, Keane 2005.

According to Keane, for a country to move to become a cultural exporter, it must go through these five layers of interaction above.
Table 1 is a detailed breakdown of these five layers, which include: Low-cost Production, Cloning/Imitation, Co-production and Formatting, Niche Market Breakthrough and Creative Cluster. These five layers co-exist and compliment each other. It does not mean the transition must go from the first to the last layer. Actors and investors can move between the layers of this ecology. In the following part of the section, explanation and summary about each of these layers following by discussions of the trajectory of Japan, South Korea and China’s culture export.

Low-cost Production

The first layer, the low-cost production, in other words, developing countries at this point, will become the outsourcing location for other fully capitalized, exporting due to their low-cost production characteristics. The “Made in China” phenomenon is a perfect example of this layer: Products are designed in developed countries, and assembly or produced in China. For countries and localities that rely on outsourcing of cultural production, their chief assets are their reserves of surplus low-pay labor. All time-consuming processes and tasks are outsourced to these location countries.

Japan was an outsource location for developed countries like the United States, for producing time-consuming processes. Many of the production processes of Western animation were outsourced to Japanese anime studios since the 1980s to 1990s. The TMS Entertainment is the most notable among all, which animated popular TV productions like Batman: The Animated Series, Spider-Man and Duck Tales. Starting from the early 2000s, Japan switched from an outsourcing location for U.S. to an

---

outsourcing country, exploiting labor pool and the “low-cost animation factories” 54 outside of the country. The majority of the countries are Asian markets, including China and India. 55

In the case of South Korea, according to Miller, up to 90 percent of the world’s animation is produced in Asia 56, and South Korea is one of the location. The more high profile products of South Korean work outsourced from the U.S. are The Simpsons, Justice League Unlimited and Hey Arnold. 57

China, by bearing the name of the “World’s Factory”, signifies cheap labors, low-cost and therefore top location for outsourcing. These outsourcing tasks often occurs in the animation industry, but also evident in design, fashion and cinema. 58 According to Keane, this first level of ecology sometimes finds sparks product innovation at the factory floor.

**Imitation or Cloning**

The second layer is called *imitation or cloning*, it is said to be a key element for the rapid growth of creative industries in large markets for example China and India. 59 Imitating a success-proven formula provides economic benefits. However, the downside, in the long run, according to Keane in his many articles regarding the topic, will diminish the returns. Such disadvantage applies to companies as well as the level of the country.

---

Producers at this level will usually deny the act of imitation to be excluded from legal acts.

Imitation and Cloning have been a common trajectory in the East Asian entertainment production sphere. There has been no lacking of literature investigating the topic. According to Koichi Iwabuchi, Japan’s popular culture has been deeply affected by the American popular culture and media products. Since World War Two, there has been an influx of American TV products into the Japanese entertainment industry, and all that Japan did was to imitate, copy and localize these American products. Many Japanese program formats and concepts are “influenced by” or “borrowed” from American programs. Sheridan Tatsuno tells Japan’s transition in his book Created in Japan: From Imitators to World-class Innovators. After years of imitating Japan began to emphasize on creative products. In the 1950s to 1960s, Japan was still producing low-cost imitations; however, by the end of 1960s they have succeeded in producing products of better quality, and now creating global standards. Lee Dong Hoo discussed how the inflow of Japanese trendy drama given the South Korean chances to “imitate” in the 1990s. Abundant examples of suspected “imitations” from Japanese TV drama were listed in his study. In his other study about program adaptation, Lee listed different types of program adaptations, including copying, cloning and other licensed or unlicensed type of adaptations. Many South Korean TV

---

61 Sheridan Tatsuno, 1990, Created in Japan: From Imitators to World-class Innovators, Harperollins, University of Michigan.
programs were “transplanted”, “copied”, “plagiarized”, “adapted” before South Korean entertainment production became the regional leader in the industry.  

China, on the other hand, has received criticisms regarding plagiarizing, and cloning of their TV programs. Michael Keane’s study of TV format business in China listed many Chinese TV programs “A direct copy” of international programs. However, he claims that this method has been a “key element in the rapid growth of creative industry” for large markets like China, albeit bringing diminishing returns if more and more copying and imitating are to happen.

Co-production

The third layer is called co-production. It is considered an upgrade to the value chain when the country switches to co-produce or purchase format from other countries. Through the international and regional network and collaborations, local industries will learn by the training and practice, gaining access to new technology and learning for the betterment of their corporate governance.

There has been active co-production going on regionally and internationally for Japan, Korea and China. Many scholars has discussed about Japan-Foreign co-production (Iwabuchi 2004, Otmazgin 2008), Korea-Foreign co-production (Doo Bo Shim 2005, Dong Ho Lee 2004) and inter-regional co-productions (Iwabuchi 2004, Albert Moran 2004) be it in film, drama, television programs or music industry. These three countries in the discussions have sought co-production and format purchase to improve and

---


develop their ability in the industry. In fact, this co-production activity can be found today.

As discussed in the introduction, China and Korea media companies have been closely participating in co-production recently. Keane believes that co-production and format trade “offers the promise of success in truly international market”, also a good chance for producers to access new distribution network. Japan, upon consolidating the knowledge of making successful TV formats from co-production with the US, was able to make strategic transform to an exporter. South Korean TV industry was able to gain insights from various practices, formal and informal alike, and successfully exported various popular TV and film productions. Film industry wise; many international movie co-productions have created box office miracle now and then.

East Asian Creative Economy

The fourth layer of the ecology is the East Asian creative economy. According to Keane, East Asian animation and cinema are now “consolidating their backyard” (Keane 2006) and breaking into the potentially higher investment return Western market. By learning to internationalize and share resources, East Asian countries are giving the member countries in the region to exploits the cultural proximity and co-productions within the region. That is how the East Asian countries, especially China build its capacity.

It is common nowadays for a Chinese consumer to watch a China-Korea co-production film in China, starring Korean actor and Chinese actress. Many of the producers in the region, especially the Korean and Chinese producers have acknowledged the increasing importance of drawing creative skill resources from their respective region. Judging by the fact that many of the Hollywood productions are now outsourced in Asia
(Miller 2001), this East Asian region is currently making a “co-prosperity zone” (Keane 2006) where the returns on investment are exponentially higher.

**Industrial/ Cultural Cluster**

The fifth category, the *industrial/cultural cluster* is characterized as the “most mandatory in debates about regional economic development” (Keane 2007). With a concentration of production in a single location, this would produce specialization in the industry, systemization and quality deliver distinctive content. Clustering will promote competitive growth strategy, so as to fully exploit economies of scale. The creative sparks emerged from creative clusters such as Anime and Manga Clusters in Japan, Film & TV clusters in Seoul and clusters in Shanghai and Beijing will enhance the potential value of the industry, train talents and create strong cultural brands.

The comparative analysis above showed that China, Korea and Japan are seemingly sharing the same route in exporting their cultural products. However, as I mentioned earlier, this ecology was introduced about a decade ago. It does not fully capture the development in the industry today. Keane’s ecology only captured the later two.

As time goes by, the Chinese Entertainment Industry had evolved and employed new strategies. These new strategies, which will be discussed in the forthcoming session includes obtaining stakes, investing, sponsorship and brain draining the foreign Entertainment and Media Industry.

**5.3 The Chinese Expansion Model**

In chapter one we defined the “Chinese Expansion Model” as “a model of Chinese entertainment or media companies making their growth by increasing the size of
the companies, acquiring more resources, moving into new areas of related circles to increase the capabilities of the companies."

If we look back on the path of how Korean and Japanese companies rose to global leaders, what we can find is a common trajectory of employing a “Buy, Build, Borrow Strategy”. This strategy, proposed by Ellis and Gadiesh in 2006, explains the three phases Korean and Japanese have gone through:

*The first phase is to build local manufacturing to provide low-cost outsourcing service. The Second phase is to “borrow” ideas and technology from others through licensing and joint ventures, and the final phase, the Korean and Japanese companies bought assets and brand abroad to enhance their position.* (Ellis & Gadiesh 2006)

This “Buy, Build, Borrow” strategy is widely applied in the development if East Asian countries’ economy. Companies regardless of industry had employed the same strategy. In other words, this “Buy, Build, Borrow” strategy is not new in the entertainment industry. A few Japanese companies had eyed on opportunities in obtaining stakes of the US entertainment companies before the Japanese asset price bubble took place in 1990. Sony and Matsushita are the two examples. Matsushita Electric Industrial Company purchased MCA Inc. in 1990 in the hope that such entertainment “software” business can bring high-profit margin to the consumer electronics appliance business in return. However, five years later, MCA Inc. was sold to an American company.

Sony, the Japanese electronics giant, purchased the CBS Records and rebranded it to Sony Music Entertainment in 1987. It is now the world’s 2nd largest music company. In 1989, Sony took over Columbia-TriStar Pictures Entertainment, which included two studios – Columbia Pictures and TriStar Pictures. To date, Columbia

---

TriStar is one of the seven major studios in Hollywood. Although this huge movie making company is under the big umbrella of Sony Pictures Entertainment, Sony employs a hands-off approach in managing the company. Examining Sony’s “expansion model” back in the 80s and the list of acquisitions by Sony Corporation from 1982 to 2014, the entertainment industries acquisitions falls into three categories only: Production (Editing, Movie & TV); Music Publishing and Video Games.

In contrast with Japan “expansion model”, the Chinese Expansion Model is an extended version of such behavior. It muscles into the whole industry circle ranging from funding, creating, human resources and talent management, production and distribution. The act of expanding into overseas entertainment industry can be classified into three types: Firstly, Acquisition and Obtaining Stakes. Secondly, Investment and Sponsorship, for foreign market exposure and getting the decision-making power in return, and third, “Brain Draining” by means of contract.

Acquisition and Obtaining Stakes

Many Chinese conglomerates are buying in stakes from overseas entertainment entities. Dalian Wanda Group, China’s largest entertainment enterprise, was the most eye-catching company among all. In 2012, Dalian Wanda bought AMC Entertainment Holdings (AMC), the American’s 2nd largest movie chain for $2.6 billion and became...

---

68 The seven major studios in Hollywood are: Metro-Goldwyn-Mayer, Paramount Pictures, Sony Pictures Entertainment (Columbia-Tristar) Twentieth Century Fox, Universal Studios, Walt Disney and Warner Brothers. Three of These, Columbia-Tristar, Universal and Fox are foreign owned. Japan Sony owns Columbia-Tristar.
the world’s biggest cinema owner. The deal marked the largest buyout by a Chinese firm in the acquisition of an American company.\textsuperscript{72} Wanda Group’s owner, Wang Jianlin said in an interview regarding the purchase: “in ten years, the Chinese economy will be on way to dethrone US as dominant economic power. But in terms of cultural power, China is still far behind… this project is an opportunity to implement a national policy in order to promote cultural power.\textsuperscript{73}"

Following the purchase was a $20 million donation to the Academy of Motion Picture Arts and Sciences, which runs the Oscars.\textsuperscript{74} Earlier, Wanda bought Sunseeker, a British Yacht maker whose sleek craft has featured in James Bond Firms. As Chinese movie industry develops at unprecedented speed, Wang told the media during an interview that buying big US company is going to help in their distribution overseas.\textsuperscript{75} Wanda Group had announced a massive 8.3 billion project of constructing a 900 acres Movie Metropolis at Qingdao. Equipped with 20 movie studios, cinemas, theme park, hotels and wax museum, this Metropolis will be crowned as the world’s largest movie production center by its completion at 2017. Currently, the company has reportedly “reached preliminary agreements to ensure 30 foreign films to be shot there each year” and to produce “at least a hundred films a year.\textsuperscript{76}

\textsuperscript{75} The Guardian: “How Chinese Tycoon Wang Jianlin Is Turning Hard Cash into Soft Power”, December 9\textsuperscript{th} 2014
\textsuperscript{76} New York Post, “China’s Answer to Hollywood” , 2013 September 23\textsuperscript{rd}. Accessed May 17\textsuperscript{th}. http://nypost.com/2013/09/23/chinas-answer-to-hollywood/
On the other hand, Huace, a leading Film & TV company in China pledged US$ 50 million and become the 2nd largest stakeholder of Next World Entertainment (NEW), a top movie distributor in South Korea. Sohu.com poured $15 mil and became partners with KeyEast, the agency behind celebrities like Kim Soo Hyun, Bae Yong-Joon and Kim Hyun Joong. China's Juna International, bought 3.4 million shares of Chorokbaem Media, Korea's largest drama production company.

Judging by the size of the infrastructure and the scale of the production, also by Wang’s comment on various interviews, it is clear that many media and entertainment conglomerates are deploying the “obtaining stakes” strategy to expand their production abilities.

**Investment and Sponsorship**

In March 2015, China’s second biggest TV network, as well as the pioneer in entertainment broadcast, the Hunan CCTV, announced their latest USD 1.5 billion investment to the US Lionsgate. The investment package includes opportunities for the two companies to produce or co-produce movies in China, TV format development, and most importantly, Lionsgate will represent Hunan’s film output in the international market. Long Qiuyun, the Hunan CCTV Broadcast Intermedia Co. (HTBI) chairman indicate that the deal “will bring Hollywood’s production to China and start an era full of imagination.”

South Korea has also become a “hot potato” for this “Expansion craze” in China. Ever since the emergence of the Korean wave, Chinese have been eagerly looking for

---


investment opportunities in Korea. In 2014, a Chinese consortium has made an investment and purchased 50% shares from the South Korean No.3 multiplex cinema operator Megabox. Alibaba also announced it would invest 100 billion Korean Won (US$ 92 million) in Korean films. TenCent Holdings, a Chinese investment holding company whose subsidiaries provide media, entertainment, Internet and mobile phone messaging app provider, invested US$500 million into CJ Games in 2014, holding 29% stakes of this Korean game company.

In the 19th Busan International Film Festival (BIFF) held in 2014, two Chinese media and entertainment conglomerates, iQiyi and Youku Tudou sponsored the event’s opening and closing ceremony. The generous amount of money poured into the prestigious international film festival has successfully drawn attention from the film practitioners across the world, also lobbied the Chinese’s influence in the industry.

“Brain Draining” by Means of Contract

The method of signing production contract with promising foreign producers to produce Chinese films and drama has been in fashion in the recent years. In terms of “brain drain”, the Chinese entertainment conglomerate had employed this very method, telling a vast strategic difference from its East Asian counterparts in exporting their culture.

By using the term “Brain Drain”, the paper did not mean permanent departure of these foreign producers to China to contribute to the Chinese Entertainment Industry,

---


42
as what the usual “brain drain” defined by many migration theses. Rather, the “Brain Drain” in the paper means the act of abstraction of talent, creative work or TV production workmanship of renowned foreign producers by Chinese entertainment companies within a certain time frame, by issuing legal contract, which is accepted by both parties. This is a strategy that has not been adopted in Japanese or Korean media and entertainment companies during their development period.

As reported on The Economist, Dalian Wanda Group had signed deals with “several western talent agencies representing prominent writers, producers, actors and directors, hoping to come up with co-productions that benefit from a sprinkling of Hollywood.”

With the surging demand for Korea inspired contents, the producer for the famous “My Love from Another Star” (Byul-essooun-geudae 별에서 온 그대), Jang Tae Yoo has signed on a contract with Yuehua Entertainment for five years to produce Chinese dramas. The Hong sisters, Hong Jeong Eun and Hong Mi Ran, who are famous in writing drama scripts, including “Best Love” (Choego-eui-sarang 최고의 사랑), are working on a Chinese romantic comedy.

5.3.1 Interim Findings [Sub-PI]

From the comparison examination of the trajectory of Japan, Korea and China’s cultural export using Keane’s Five-stages Innovation Ecology, we can now confirm that Chinese Entertainment Industry is moving further away from the “traditional path” established by Japanese and Korean Entertainment Industry.

The “traditional path” includes activities from outsourcing location of low-cost production, imitation, co-production, East Asian Creative Economy circle and creative cluster. Although China fulfilled this ecology, there are more new developments in the
Chinese Entertainment Industry. Acting together, these Chinese media and entertainment companies had breakout the single specialization model and ventured into a multi-specialization model, which covers a wider scoop within the industry. Many companies have gone through the process such as: Acquisition and obtaining stakes of foreign entertainment and media companies; Investment & Sponsorships by Up and rising Chinese entertainment and media companies; and “Brain Draining” by means of contract, which are already discussed above.

Looking from a zoom-out perspective, the Chinese entertainment media companies have occupied the major sectors of a production circle in the entertainment industry, ranging from distribution, creative production, talent resources and management, also know-hows of editing and cinematography and brand marketing. This multi-specialization model has also bring about the specialization of the suppliers of the industry, which includes distribution channels, producers that specialized in different areas, talent agencies that provides the inflow and outflow of the talents and also well equipped studios for better production. This multi-specialization model is a route that has not been experienced by the entertainment industry of South Korea and Japan. Based on our findings above, [Sub-P1], the proposition of “The ‘Chinese Expansion Model’ is a Chinese way of exporting culture.” is accepted.

5.4 Economies of Scale in Chinese Entertainment Industry

As we proved the Chinese Expansion Model different from the trajectory of development of Japan and Korean Entertainment Industry, it is time to examine if occupying the production, technique, distribution, labor market, huge domestic and foreign market, the Chinese Entertainment Industry will experience higher economy of scale, and subsequently gain market share relative to their competitors. [Sub-P2]
The question we are going to discuss in this section is whether size matters. Does occupying bigger production, wider coverage of distribution channels brings growth in the cultural export? An economic theory -- the economies of scale, or increasing returns to scale will be employed in the analysis. Collin Hoskins, Stuart McFadyen and Adam Finn defines Increasing Returns to Scale as follows: if an X% increase in all inputs, the output increases by more than X%. So if, for example, a company doubles all its inputs, it will get more than doubles the output.\textsuperscript{81}

The economy of scale in the entertainment industry has been widely discussed by various economists, media and organizational behavior scholars. Nicholas O’regan and Richard Makadok stressed the bigger the size of the company, the more successful the company is.\textsuperscript{82} Which is, the larger a firm’s marginal benefit from increasing its size, the more it will increase its size, and as it does so, it will increase its market share relative to its competitors.\textsuperscript{83} From the resource-based scholars’ point of view, as resources and capabilities accumulates over time, the more superiority, and competitive advantage is expected. In that case, if the company utilizes the resources and capabilities, the size effect (economies of scale) can be exploited.\textsuperscript{84}

Krugman & Obstfeld, in their \textit{International Economics: Theory and Policy} listed Hollywood as a case study on the theory of Increasing Returns to Scale. The book listed out several forces to led emergence of solid entertainment complex:\textsuperscript{85}

\begin{flushleft}
\textsuperscript{81} Collin Hoskins, Stuart McFadyen and Adam Finn, 2004, Media Economics: Applying Economics to New and Traditional Media, Sage Publication.
\end{flushleft}
(1) The sheer size of the home market, such as the United States. The US is the world’s dominant exporter of entertainment due to its advantage in the sheer size of its home market.

(2) The External Economies of Scale. Often led by the availability and development of the cultural and entertainment clusters, for example, the Hollywood, which will bring: Specialized Suppliers, Labor Market Pooling, and Knowledge Spillover.

According to Krugman & Obstfeld, these forces had “successfully led the emergence of not only Hollywood, but several other entertainment complexes, including Bollywood, Hong Kong, and Venezuela’s Caracas for Latin American entertainment productions”.

To examine Sub-Proposition 2, which is to find out if occupying the production, technique, distribution, labor market, huge domestic and foreign market, this “Chinese Expansion Model” will experience higher economy of scale, thus subsequently gain market share relative to their competitor, the paper will conduct a series of analysis in the coming sections, based on Market Size, Outward Investment Growth, Chinese Entertainment Clusters, and Chinese Entertainment Industry Growth Rate in the recent years.

**Sheer Market Size of China**

On 2014, IMF confirmed that China has become the world’s number one economy. Although this debate of “World’s number one” is still ongoing, depending on a purchasing-power basis or a raw market value basis, the rapid growth of Chinese economy is an undeniable fact.

In his latest book about the East Asian pop culture, Chua discusses the humongous size of the Chinese market. He believes that a 1.3-billion-market-size is the
country’s “trump card” in the soft power contest, as “every conceivable producer can ignore only at its business peril”.  

According to Motion Picture Association of America (MPAA)’s Theatrical Market Statistic Report 2014, China’s cinema audience market now worth US$ 4.8 billion while Japan is now US$2 billion. It is a huge leap compared to the report just two years ago where China stood US$2.7 billion, and Japan stood US$2.3 billion in 2013. In fact, this is predicted by Ernst & Young in their media and entertainment report in 2012.

In a report titled “Spotlight on China” which aims to analyze the current and future trend of Media and Entertainment Industry in China, it predicted China would leapfrog Japan soon and surpass U.S. by 2020. The major driving force for this achievement is the increasing disposable income in China.

Chart 1 is a detailed breakdown of China’s disposable income per capita from 2006 to 2014, extracted from the annual report of National Bureau of Statistic of China. The disposable income per capita in Chart 1 shows a steady rise every two years in China. It was reported by the Bureau that the growth of the disposable income per capita on 2014 was 8%. Although the number did not show the whole income landscape across the whole nation, nor it expects more Chinese are becoming millionaires, it is certain that Chinese is enjoying stronger spending power than it used to. Also, it is undeniable that there is a striking gap between the rich and the poor in the country. However, Ernst & Young sees Chinese consumers are more willing to spend their growing wealth on

---

entertainment products and services. In 2010, spending on entertainment and recreation was US$ 350 billion. The amount had grown to US$ 547 billion in 2011.  

Chart 1. Source: National Bureau of Statistic of China

China is now the second largest in terms of the film market. On the overall Entertainment Market, Japan still holds the second after the US. However, some professionals in the industry predict that China will overtake Japan soonest by 2016 to become the largest Entertainment & Media market after the US. PwC Global Entertainment Media Outlook, a forecast report from 2014 to 2018, the report suggest that China spent US$ 127.3 Billion in E&M industry in 2013. The amount will continue to grow. “The compound annual growth rate (CAGR) will be at 10.9% through five years to 2018, reaching US$ 213.6 billion. In contrast, entertainment and media spending in

---

Japan will remain flat, rising at CAGR of 0.4% in 5 years.” However the report says that although China’s growth outpaces the US, it still has a long way to claim top spot, which is now three times the size of China’s entertainment market.\(^{90}\)

**Outward Investment Growth**

China’s outward foreign direct investment (OFDI) has expanded through the years. Since 2006, the OFDI grew from US$3 billion in 2005 to 20 billion in 2006, and hike to 50 billion by 2008. The annual OFDI for 2010 was $60 billion, making China one of the world’s top 10 exporters of outward direct investment of post-crisis years. Although China is also a huge recipient of inward OFDI, it is now playing an increasingly important role as an investor.\(^{91}\) In 2014, China’s OFDI rose 14.1% to $102.9 billion while inward OFDI only rose 1.7% to $119.6 billion. To quote the World Resources Institute, China’s Outbound OFDI will overtake inward OFDI within the next two years at this rate.

Chart 2 below shows a comparison of global outward OFDI stock by four emerging economies from 1980 to 2013. Among South Africa, India, Brazil and China, China shows a very rapid expansion from 2005 to 2010. It also holds the largest stock since 2010. Looking only at China’s investment in South Korea, the Financial News reported that in the first half of 2014, China’s investment in South Korea was US$ 708 million. While real estate leasing occupied the largest proportion, investments in the cultural industry gain a significant increase of 20%.

---


\(^{91}\) World Resources Institute, China’s Overseas Investments Explained in 10 Graphics. http://www.wri.org/blog/2015/01/china%E2%80%99s-overseas-investments-explained-10-graphics
The World Resources Institute’s analysis agreed with the statement above. According to the World Resource Institute (WRI), of the overall overseas sectors that are receiving Chinese investments, Leasing and business service took up the major 33%, the largest among all other sectors. (see Chart 3 below) According to WRI and National Bureau of Statistic of China, some of this 33% were set up as investment and asset management subsidiaries, which the amount could have been reinvested in other industries such as entertainment and media. According to the official statement by the National Bureau of Statistic, Culture, Sports and Entertainment Industry achieve the fastest growth in investment in 2013, accounting 102% growth increase.

---

Chinese Entertainment Industry Growth Rate

Backed by the sheer market size, enormous investment shares, benefits from huge labor market pooling and specialized suppliers, it is agreeable among cultural industry scholars that the industry is experiencing rapid transformation since 2006. Although the share of cultural industry to China’s GDP remains small (3.84%)\(^93\) in comparison to developed countries such as Britain (10%), the growth of the industry has been substantial in the past few years.

According to the latest report on the industry released by the National Bureau of Statistics, The production of the industry had grown by 60 times in 10 years, from 30 billion RMB (US$ 4 billion) in 2003 to 1,807 billion (US$ 291 billion). The China Briefing, a leading business intelligence site concludes that the entertainment industry in China has “explosive growth” in the recent years. Various major papers also reported that

the entertainment industry has grown 17% between 2010-2015, a much faster growth pace than China’s overall economy.  

In a report done by the Statista Porter, one of the world’s largest statistic portals about annual growth in total output of the Chinese entertainment industry from 2008 to 2015, the total growth rate accelerated in 2008 to 2009, toping the highest growth rate to date. (See Chart 4 above)

The total output went down from 2009 to 2011 and experienced a rebound since 2011. The annual growth rate in the total output of the Chinese entertainment industry has been registering constant growth, from 12.3% in 2012 to 16.3% in 2013. Although the growth slowed down from 2013 onwards, Statista predicted that the total output growth

rate would continue to experience slow but steady growth, reaching 17.1% in 2017. This could be the result from the Chinese Expansion Model in the recent years.

*Entertainment and Media growth rates 2013-2018F*

According to the PwC Global Media Outlook of 2014, a report that forecast the near future of the Chinese entertainment industry based on the recent trend. The report forecasts that China will be able to leapfrog Japan in 2016 to become the largest market in the Asia Pacific and the second largest market after the US. In a graph that explains the Global Entertainment and Media Growth Rates from 2013-2018, it shows that the BRIC countries have high growth rates in the industry (10.%) compared to the 3.5% growth rate of a matured country. (See Graph 1 above)

As for China, the report reveals that in 2013, the Chinese entertainment and media market costs US$ 130,934 and with the average annual growth rate of 10.9%,
which is the highest among the 12 largest entertainment market countries, the total media market of China in 2018 will reach US$ 219,412, thus pushing its ranking from 2013’s 3rd to 2018’s 2nd, surging past Japan to become the largest market in Asia Pacific. Other countries that are predicted to improve their overall rankings are Brazil and Russia, who achieve 10.3% and 9.8% annual growth rate respectively. (See Table 2)

### Entertainment Industry Market Growth for 12 Largest Entertainment Market Countries

<table>
<thead>
<tr>
<th></th>
<th>Entertainment &amp; Media Market ($M)</th>
<th>Ranking</th>
<th>Average Annual Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013</strong></td>
<td><strong>2018</strong></td>
<td><strong>2013</strong></td>
<td><strong>2018</strong></td>
</tr>
<tr>
<td>USA</td>
<td>572,874</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Japan</td>
<td>168,862</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>China</td>
<td>130,934</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Germany</td>
<td>112,833</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>UK</td>
<td>90,514</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>France</td>
<td>75,880</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>South Korea</td>
<td>49,225</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Canada</td>
<td>46,626</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Italy</td>
<td>43,013</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Brazil</td>
<td>42,186</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Australia</td>
<td>36,883</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Russia</td>
<td>27,701</td>
<td>12</td>
<td>11</td>
</tr>
</tbody>
</table>

Table 2. Source: PwC Global Media Outlook 2014.

### 5.4.1 Interim Findings [Sub-P2]

The aim of [Sub-P2] is to examine if occupying the whole production circle of the industry and employing a multi-specialization model, will the Chinese entertainment industry experience economies of scale, thus enjoying positive development in the market share.

Our analysis in this section shows that the ever-growing market, high investment rate and estimated growth in total output sums up a bright future for the growth of the
Chinese entertainment market. By occupying the whole production circle of the industry, the development of the size of the market is encouraging. Data are supporting the fact that improvement and growth in the output are prominent in the Chinese entertainment industry. Applying the theory of increasing returns to scale, we see China increasingly investing in the overseas entertainment market, yet at the same time, nurturing growth at home. High growth rate generates growing output, and that helped in pulling up the overall ranking of the industry internationally.

Our analysis and supporting data in this section shows that the current Chinese entertainment industry has fulfilled another two prerequisites for the emergence of an entertainment complex listed by Krugman & Obstfeld: the sheer size of a market and abundant labor market pooling. China, equipped with its massive size of consumer and labor market, is experiencing growth in the entertainment market.

In the next chapter, we will discuss how active Sino-foreign Collaborations will stimulate knowledge spillover and enhance the ability of Chinese entertainment & media companies to produce original or innovative content that find success in domestic and global market.
VI. Sino-Foreign Collaborations

6.1 Systems of Innovation for Rapid Catch Up

In the current chapter, a “System of Innovation” approach will be discussed to examine the last sub-proposition, [Sub-P3] of the research, which is to see if active Sino-Foreign collaborations will cause high level of know-how and technology spillover and sharing of resources, which will spike innovative creation in the industry. The paper will first explain the concept of “Systems of Innovation”. Then it will demonstrate the concept by studying two case studies of successful, original exports. Both cases are positive results by stimulants from active Sino-foreign collaborations.

The discussion about “System of Innovation” started since the appearance of National Systems of Innovation (NSI) studies suggested by Freeman (1987,1988,1995)\textsuperscript{95}, Lundvall (1988) and Nelson ed. (1993), and have since developed and evolved to many different approaches based on NSI.

Regarding the definition of the concept, Freeman defined it as “the network of institutions in the public and private sectors whose activities and interactions initiate, import, modify and diffuse new technology”\textsuperscript{96}. Lundvall however, divides and define the concept into narrow and broad definitions.\textsuperscript{97} The narrow one was “organizations and institutions involved in searching and exploring – R&D departments, technological institutes and universities.” The broader definition was “all parts and aspects of economic

structure and the institutional set-up affecting learning as well as searching and exploring—the production system, the marketing system and the system of finance present themselves as subsystems which learning takes place.” (Lundvall 1992).

In an important literature about the system of innovation, the *Innovation Policy In a Global Economy*, Daniele Archibugi, Jeremy Howells and Jonathan Michie made a perfect summary of the complex evolution of the discussion and approaches about systems of innovations approaches. The editors pointed out that Charles Edquist had made a huge contribution regarding the core characteristics of systems of innovations approaches. In Edquist’s literature, he sorted out the common foundation of the systems of innovation approaches, and highlighted the diversity of these approaches. One of the key ideas in the “Systems of Innovation” is the role of learning.

Lundvall is a strong believer in the role of learning in the system of innovation. In Lundvall’s concept of systems of innovation, learning is the key element in the system of innovation because he believes that many sectors and segments in the economy contribute to the overall process of interactive learning. Thus, learning will stimulate the dynamic of the system, and connect the whole system together. The momentum of the system and the linkages, as well as the interaction between them, is a critical point in the direction of technical change. (Lundvall 1995) According to D.Archibugi et.al, this learning progress does not only stays at the level of individual or companies. It is a whole “Learning Economy” that takes place from individual to the organization, inter-firm to institutional learning, and cross-institutional learning to the whole system. (Archibugi et.al. 1999).

---

Within the discussion of learning, many scholars associate the idea of learning with incremental innovation. (Lundvall 2010, Noteboom 1999, McKee 1992, Leifer 2000). Leifer defines “Incremental Innovation” as changes that happened a little bit over time, to improve existing products or services. That means, doing better in what others already do. In terms of Entertainment Industry in the modern time, China is considered a latecomer. It has Japan and South Korea running at a step or two further than it does. This allows China to “learn”, as there are precedent cases serving as a model. Discussion about East Asian latecomer advantages in the incremental innovation has been abundant. (See Hobday 1995, Mathews 1996, Derick Kraemer 1998, Wong 1999). Latecomers in the incremental innovation approach enjoy the free ride of information generated by pioneers; successful avoidance of the cost of trial and errors, enjoy the effect of spillover learning curve as well as know-hows from early movers. An important strategy taken by latecomers is “Reverse Product Lifecycle”, a strategy that enables latecomer to move from mere follower to fast followers, and eventually armed with the techniques or skills that could leapfrog established leaders. (Wong 1999) This “Reverse Product Lifecycle” strategy is widely applied in Japanese and Korean Automobile and Semiconductor industry.

Graph 2 below shows a typical transformation of the latecomer in the industry to fast-follower. Firms or institutions alike, the latecomers will first start off with low-cost production so as to cater low-price market segment. In this phase, there is no innovation or creativity going on. Imitative learning will occur here in the first phase. It would be either copying or learning through licensed co-production where technology and information are easily obtained.

Co-productions and collaborations will facilitate the transfer of know-how. In the second phase when companies or institutions masters basic know-how and accumulated certain experienced in production, will shift to produce sophisticated goods. As time goes by, by investing in learning, imitative research and development (R&D), incremental innovations will start to effect. This synergy of incremental innovation will enable companies to shoot from backward position to leading position, eventually overtake the existing leaders in the industry.

As mentioned at the beginning of the chapter, two detailed case studies will be employed to examine if there is incremental innovation effect happening in the Chinese Entertainment industry. The [Sub-P3] is to examine if an active Sino-Foreign collaboration will cause high level of know-how and technology spillover and sharing of resources, which will spike creativity and originality in the Chinese Entertainment Industry.
6.2 Case Studies

Case Study 1- From *The Voice of China* to *Sing My Song*

The Program: *The Voice of China*

The first case study is a Chinese reality program called “The Voice of China” (*Zhongguo Haoshengyin*). It is a successful music reality show currently in its fourth season on Zhejiang CCTV since its premiere on 2012. The program is originated from a Dutch program, *The Voice of Holland*.

The Voice of Holland was a huge success when it first aired in Netherland in 2010. It attracted a 3 million viewer rates, a high viewer rating for Netherland considered the number of total population was about 16.8 million. After the huge success in Netherland, the program was licensed to various international TV networks, including US, Ukraine, Argentina, Germany, Spain, China and 17 other countries.

The program consists of three sessions: a blind audition, a battle and a live performance show. In the first round of the program, which is the blind audition, four coaches (also acting as judges the same time) will select team members from the contestants by their performance. Each team of the singer in mentored and coached by its respective coach after the first round of the audition. In the second stage, coaches will have two of their team members to battle against each other by singing the same song together. The winner of this very battle will advance to their first live performance (the 3rd phase of the show). Four contestants from each team will compete head to head from this live performance battle with public votes determining the best among each live battle, to produce the final eight. In the final phase, the remaining eight contestants will compete against each other in live broadcasts. The audience and the coaches have equal say up to selecting the final four, which each of the contestants represents each coach. These four
contestants will compete against each other in the final round, with outcome based solely on the public vote.

The Voice of China is produced by Canxing Production (上海灿星文化传播有限公司), a production company under Star China International Media Ltd. (Star China) Star China is a leading media entertainment group in China, with business ranging from broadcasting, filmmaking, artist management, music, and concert production. The Canxing Production has produced a variety of popular TV programs in China prior to the production of The Voice of China. For example So You Think You Can Dance and China’s Got Talent.

Successful Adaptation of Overseas TV Format

The Voice of China is considered a successful adaptation of a foreign TV format due to two major reasons: Firstly, ensure the best crew for every process in the production chain; and secondly, the risk of loss and profit are shared equally among production team and the broadcaster (in the case, the Zhejiang CCTV). It is one of the first few Sino-Foreign collaboration program that operate a shared profit and loss policy between the production team and broadcaster, one of the obvious reasons for their success that many Chinese scholars have agreed on.

In terms of ensuring the best for every process in the production chain, the production team invited the gurus from the entertainment industry, including the renowned Image Design Director in China, Gao Yuanze; the program’s Sound Director was Jin Shaogang, the official sound engineer for the 2008 Beijing Olympics; the recording was done by finest producer who once recorded an album for a famous Mando-Pop star Faye Wong. The best bassist in China chaired the position of Live Band Director for the program. Everyone in the production team are considered top in their professionals.
Other than providing the best human resources for the production, the team was also backed up by top quality equipment. The four electronic chairs of the judges that could be turned in a 360 degree were air-flown from the United Kingdom and cost 800,000 Yuan (US$ 128,859). The elaborate and painstakingly built sounding system was more than enough to hold a top-notch concert. 26 LED TV screens and 26 cameras were set up for the program. The numbers of the total camera used in the program were ten times more than what a usual variety show in China needs. The sounding system costs 20 million Yuan, (US$ 3.2 million), all of which added to assure the quality of the program.

The post-production of the program was meticulously done. In the usual case when a production company bought the license from the company who owns the format rights, a “format manual” will be offered to the production company to follow suit. This manual includes every single technical detail needed to execute the production of the whole program, including plot design, lighting, music, dance and location suggestions. Even an invitation to the judges or guests is carefully explained. During the trial broadcast, the company who owns the copyright of the format will send staffs from all specialization to provide guidance in various ways, including the production of the program, editing, execution and even marketing and advertising of the program. Well equipped and professionally trained, the staffs were able to produce a successful program with compact and tightly plotted episodes.

The second factor that assisted the program’s success was the shared profit and loss operating model. A common approach in the Chinese media and TV industry is to separate broadcast and production. For instance, a TV broadcast station works separately with a production company. The production company can produce a program, and try its best to sell the program to a broadcast station. Once the program is completed, it will be

---

103 中国好声音的成功要素 Factors that created a successful “The Voice of China”.

62
sent to the broadcast company for an expected profit assessment. The assessment will estimate how much profit would the program bring, or an estimation of the advertising opportunities through the program. In order to suck up more profit from each program, the common practice for all broadcast stations is to lower the price of purchase and scoop the profit from advertisement. Considering the low amount each broadcast station would pay, the production companies’ aim was to make a program using as low budget as they could to improve their profit margin. This practice has inevitably compromised the quality in all Chinese TV production. 104

However, “The Voice of China” adapted a brand new system in terms of profit sharing. The production company Canxing, and the broadcasting TV Station, the Zhejiang CCTV decided to share the profit and loss of the program together. The producers and the broadcasters came up with an expected viewer rating that both sides are agreeable. If the actual ratings go under the number, the production company will have to bear the losses. However, if the actual ratings go above the expected ratings, both the production and the broadcast company will share the profits together. This method is considered a joint venture between the production company and the broadcasting station. Since it is a joint venture, both sides share the risks and the profit. If the program is successful, the ads will increase and, therefore, the profit. In order to reach larger audience, the producers will do their best to increase the quality of the program such as inviting popular artists as casts and forming a star production team. This in return, improved the overall quality of the TV program.

The first season of “The Voice of China” received a viewer rating of 1.47 and ranked the 2nd highest rating of all TV programs over the same period nationwide. During the 2nd season, the program received even more viewership since the blind audition. The

---

ratings were 5.031 and the program championed the nationwide TV programs viewership for five conservative weeks. The program not only the premiere program received high viewership but also received high ratings on Internet video sharing website Sohu.com. The episode five of season two achieved 201 million play rates within 48 hours after the episode was uploaded onto the website.\(^{105}\) It also successfully attracted the eyesight of overseas viewers, particularly in the Greater China. The program was successfully aired in Hong Kong, Taiwan, Singapore, and Malaysia.

**Sing My Song: Original Program, Successful Export**

So when *The Voice of China* received wide outreach overseas, the same production team in Canxing who produced *The Voice of China* began to dream big.

They wanted to produce an original TV program that can be exported overseas. Prior to 2014, many foreign TV formats has been reproduced into Chinese version and aired in China. Since there weren’t many choices left in the overseas TV format market, the producers of Canxing decided to brave the risk of failure to come out with an innovative version of *The Voice of China*.

After months of brainstorming, the team came up with a program called “*Sing My Song*” (*Zhongguo Hao Gequ*, literally means “The Song of China”), a Chinese reality talent show. It retained some of *The Voice of China*’s format, yet at the same time, the contestants in *Sing My Song* are required to perform original compositions, rather than covering songs sang by other artists before.\(^{106}\) Before *Sing My Song*, there were numerous reality talent shows in China focus on the singer, rather than the song itself. However, it is all about the song for the program *Sing My Song*. Contestants are

---

\(^{105}\) Talking About The Voice Of China 浅谈“中国好声音”(*qiantan zhongguohaoshengyin*)

\(^{106}\) Xinhuanet English EWS, “Original Shows”, 2014 Jan 4th
amateurs pop music composing and songwriting, hoping to sell their work to the judges, who are famous producers.

**The Original Program: Sing My Song**

The *Sing My Song* show consists of three phases: the first round blind audition is called "the recording", proceeding to the second round, a battle called "Fighting the Title Track" will take place. Then, a final battle called "the song" will follow suit. In the first round, the contestants will compose an original song for the blind audition. One can only process to the 2nd stage if only he or she acquires more than 75% of the total approval votes by the audience. This “blind audition” is done at a special stage designed for the show. An interesting feature called the “Door of Music” stood in between the contestant and the audiences, and will only open when the contestant pass the 75% cut off point. The contestant will then have chance to receive feedbacks from the four judges, who are all famous singers or producers. Next, the judges are given five seconds to decide if he or she wants the song to be recorded into the judges’ music album. If two or more producers want the same contestant (as happens frequently), the contestant has the final say.

There will be four groups of contestants under four different producers/judges by the end of the blind audition. In the second stage of the program, the judges will provide training and guidance to the contestants to improve their techniques. A weekly assessment will be conducted in each group. Each of the contestants will have to compose another song to compete within the group. A knock-out competition is conducted to select the two finest songs in each group.

Ten original compositions will be selected through a total five rounds of knock-out competitions. More editing and revising will be done before the final session takes place. Contestants will be given a chance to invite renowned singers to perform in the Grand Finale. Judges may also choose one of their favourite songs from the list to
perform live on the stage during the Grand Finale. The winner of the Grand Finale is selected based on an SMS voting system. The song that accumulate the highest score will be given the title of “The Song of China” (中国好歌曲), and the composer of the song will bear the name of “The Best Singer-Songwriter of the year”.

The show premiered on 3 January 2014 on CCTV-3 (Arts and Entertainment) channel and was sponsored by Hangzhou Wahaha Group and Wahaha Joint Venture Company. It was so successful that it covered 480 million viewers, accounting for 37% of the total audience share of the period. Audiences across the border like Taiwan and Hong Kong, shown interest in the program as well. Taiwan CTI and Hong Kong HD Entertainment Channel bought the original show and broadcasted the program on their stations in 2014.

A Path-breaker

The emergence of Sing My Song is closely related to the end of the first season of The Voice of China, simply because the producers find it a challenge to hunt down good original music to support the industry that is having a talent surplus.

An interview with the Vice President of Canxing Production Lu Wei revealed the reasons behind the decision of producing a reality talent hunt program focusing on song writing. “When we were in the midst of producing The Voice of China, I remembered one of the judges commented that ‘it is always easy to scout good singers in China. But if we can scout someone who is truly capable of creating original music, a songwriter, it would make a significant difference in the Mando-Pop Music industry.’ That is where the idea of the program Sing My Song came about.”

However, the determining factor of producing *Sing My Song* was the shortage of good originals for their newly signed artists from the first season of *The Voice of China*. “We experienced some problem in developing new concepts and market for these young talents. We wanted to assign new songs or single projects for them, but it is difficult to find some particularly good songwriter and good originals,” said Lu Wei. He believes that the problem with the industry is not that China is lacking talented songwriters, but lacking the discovery channels. In order to discover better originals and talented songwriters, Lu Wei and his team began the production for the original songwriting reality talent show *Sing My Song.*

In an interview with Xinhuanet, one of the most celebrated mainland singer, Liu Huan stated that the main selling point of the show is not about singing techniques but the song itself. “It is not a singing competition… the appeal and market potential of the song is what matters most. The singer’s and songwriter’s vocal skills and stage presentation only play a small part.” Although the show retains basic elements of “*The Voice of China*” such as blind auditions and battles, the scores are largely focuses on lyrics, emotions and compositions of the music itself, rather than the techniques of the singing.

Scholars and commentators agreed that one of the reasons that make the program successful is that the show does not focus on the talent but “presents the dreams of ordinary people”. Unlike its predecessors that focus on gossip and entertainment, it focuses on quality performances and the express of emotions. According to Lu Wei, there is always a core message in every TV format. “The difference between *The Voice of China* and *Sing My Song* is that, the formal one celebrates the idea of “Every Life is a

---


Major Hit (song), while the latter focuses on the composers’ ability to express the most heart touching emotions through their work.” Apparently, it was the heartwarming and inspiring message from the show that was able to capture the heart of the audiences. In the premiere season, Sing My Song ranked the first in the CSM48 rating survey. The rate exceeded the total ratings of another popular program, the “I am A Singer” by Hunan CCTV.

In spring 2014, ITV England confirmed its purchase of the format of Sing My Song. The English version of the program is scheduled to broadcast on British TV channel in two years’ time. It is the first time in the history of the Chinese Entertainment Industry to have a local TV format exported overseas, which the ITV called the deal “A milestone.”

In another interview with Beijing Daily, Lu Wei explained the team’s aspiration in details. Before the team kick starts the recording of Sing My Song, they have already made up their mind to make the program and its format export friendly. “After we determined the general framework of the program, we made a PPT Presentation and brought it to the Asian Television Festival. Many international agencies express interest in the program even before the program was produced.” The reaction was great after the first few episodes ran on air. It received high viewer ratings, and before it finished its run on air, Canxing Production had sealed the deal with the English ITVSGE. In addition

to purchasing the format itself, under the agreement, ITV will also represent Canxing Production in the overseas market to promote the sales of the format. A strategic partnership between ITV and Universal Music was also set up for the betterment of the promotion of the Sing My Song format. Under the partnership, Universal Music will provide contract and support for the winner to record an album. A contract with Universal Music to publish an album record is expected to be one of the greatest factors in attracting talented songwriter to the show.  

According to the report from People.cn, one Vietnamese TV station has also concluded the deal with Canxing on the format purchase of Sing My Song. The co-production between Vietnam and China will come the end of this year or latest by 2016.  

Although some of the Mainland China production companies have certain reservation about the export of Sing My Song as some view it as a single successful case, and some view ITV’s purchase as “leaving the format to an agency (ITV) ”, what should not be overlook is that it is the first time that a Chinese TV format has created awareness in the international format market, as well as in the mainstream broadcaster’s circle such as the UK. Yin Xiao Wei, the deputy communication manager of Canxing Production said that Sing My Song is something new in the market, as there has not been

---


116 Legend Media’s Research & Consulting Director Peng Kan expressed reservations regarding their competitor’s achievement in Sing My Song’s format export and pointed out that the deal with ITV is more similar to leaving the case to an agency. However Peng did acknowledge that it is also the first time in the history that a renowned broadcasting company shows interest in a Chinese TV format, which is considered “one step forward” in the industry. Please find details at at Li Xiazhi’s report on Beijing Daily, “It Takes Three Years for Chinese TV Program to ‘Get a Grip’ of the Industry”, published on 2014 April 18th.
any reality talent show produced just to discover songwriters. Thus, it could be said that Sing My Song filled the gap in the entertainment format industry.

From the perspective of the general creative industry in China, although there is no lack of talented singers in the country, it still pretty much depends on original music production to support the entire development of the industry. The birth of Sing My Song, although unable to meet the market demand for songwriters, has undeniably stimulated the atmosphere of creating new songs, or promoting general creativeness in the industry. The Chinese entertainment has advanced from merely adapting foreign TV formats to innovate new TV format that has begun to attract eyeballs. We can consider Sing My Song a pioneering success, or a light of hope in the Chinese entertainment industry.

Case Study 2 – Wide Outreach of I Am a Singer

The second case study of the TV program “I Am A Singer” demonstrates another privilege China enjoy – the big overseas Chinese community. Other than China itself, Hong Kong, Taiwan, Singapore and certain parts in the Southeast Asia, including Malaysia, Indonesia, Thailand and Vietnam are considered the network of Chinese popular culture. This transnational ethnic Chinese population has had already a long history of exchanges in pop culture. Young Malaysians Chinese or Singaporean Chinese could have grown up listening to Taiwanese Mando-pop songs, watching Hong Kong Movie and Chinese drama. In this sense, the Chinese entertainment industry, especially the TV entertainment industry has fully utilized its ethnic Chinese community in boosting a wider outreach for a “Made in China” or to be precise, “Remake in China” program.

The case study below will reveal how a format licenced Chinese Reality Show originated from South Korea had taken this advantage and fully utilized this strong overseas Chinese community, or sometimes even the regional community is useful enough to create wider outreach for the program.

**The Program: I Am a Singer**

*I Am a Singer* 我是歌手 is originated from a South Korean TV program 나는 가수다 (naneun-gasuda). The South Korean reality show was produced by Munhwa Broadcast Corporation (MBC) and received strong repercussions in South Korea in 2011. The program successfully revived the singing careers of several veteran singers in the South Korea music industry and created tons of news headlines since then. In 2012, Hunan CCTV in China purchased the program format and produced the Chinese version of the program. Similar to the Korean version, the Chinese *I Am a Singer* consist of seven singers. The show itself is divided into rounds. Each round consist of two performance episodes, one preliminary and one final performance. These audiences will vote to eliminate one of these seven singers with the lowest ranking at the end of the show each week.

The contestants are popular singers from various genres in the Mandarin music industry. Each of them is paired with a “manager”. These managers are Hunan CCTV’s famous program hosts who serve as mentors, to accompany the contestants throughout the week, and to provide comic relief to the show. There will be two round of performance. These talented, veteran singers will sing a song of their choice and an assigned piece in front of a group of 500 audiences. At the end of the performance, the audience will can votes for their top three favorite singers. The result will then be released based on the total votes from first and second round performance. The singer who accumulates the lowest votes will have to be eliminated from the show. This empty
slot will be filled up by another singer the following week, and these seven singers will perform to eliminate another singer out. Thus, the star lineup of the program varies throughout the course of the show. This reality show is very much different from other talent search TV program since the contestants of the program are not nobody but veteran musicians who have varying establishment in their music careers. Due to the fact that none of these veteran singers desire to be voted last amongst their peers, it guarantees the high level of competition and performance, and is very much anticipated by the viewers, critics and fans of the singers alike. The level of anxiety in the show also helped to push the overall viewership ratings for the program.

The first season of *I Am a Singer* has a total 13 episodes. It accumulated a total 700 million times views on their official video-sharing website. On its Grand Finale, the viewership through Internet on both state and city network were both embraced by high ratings. Topics about *I Am a Singer* on Weibo the micro-blogging site exceeded 100 million times on that single day. User and media attention on Baidu the search engine was 1.2 million and 40 million respectively, a record breaker of the history of the reality show program. The program continued its second season in January 2014 and kicked started its third season in January 2015. The three seasons of *I Am a Singer* successfully created whirlwinds in the music industry. Many “has-been” were able to stage a comeback after their appearance on the program.

**Localization of I Am a Singer**

Purchasing a TV program and remake it into a Chinese version is common in the Chinese entertainment industry. However, not all Chinese remake can create glorious

---

achievement. One common similarity of successful remakes is that they have all undergone the process of localization before their public appearance.

*I Am a Singer* had also undergone some modifications under the hand of its Chinese Producer, Hong Tao. In order to accelerate the anxiousness and competitiveness of the show, a repechage system was added to the rules and regulation of the program. Similar to many sports games, this repechage stage is a supplementary qualifying round for the contestants who were eliminated from the previous episodes, a direct ticket for a comeback to the competition stage. The repechage not only an opportunity for the singer but also fulfill the needs of the audience. The reappearance on the program is the last chance for the singers to prove themselves. Since it is the last stand, it is likely that more will tune in to watch this fun and exciting episode.

The first season of *I Am a Singer* also brought the broadcasting media of an entertainment program to a brand new level. It was the first time in China that the audiences would be able to catch the show in movie theatres. On the Grand Finale of the first season, 12 movie theatres from Wanda and Mango Bona in 11 cities had decided on a special life broadcast. A total of 3000 seats were open for grabs among 60 million online users. As envisioned, the tickets went like hot potatoes on the day it was open for sale. The first time that the local broadcasting station and the movie theatres collaborate in playing a TV program in the local theatres. The new operating model in the industry is indeed a milestone for the Chinese entertainment industry.

The third modification of *I Am a Singer* in China is that the SMS voting system by the public was omitted. In the Korean version of *I Am a Singer*, audiences were able to show their support by voting to the SMS system. The feature helps in strengthening the interactions between the production team, the contestants and the audience. However, the

---

119 Tencent Entertainment, “I Am A Singer” Grand Finale Broadcast, First Time Ever in Movie Theatres, 10th April 2013. 腾讯娱乐《我是歌手》总决赛周五开战 首创影院直播模式。
Chinese production team opted for another voting media, which helps to penetrate deeper into the audiences. The Facebook or Twitter equivalent Weibo was very well utilized in publicizing the program. According to the official material, Weibo, the Chinese microblogging website had a total 503 million registered user in 2012.\footnote{Josh Ong, “China’s Sina Weibo Grew 73% in 2012, passing 500 million registered accounts”, Theneextweb.com, 2013 May 21, \url{http://thenextweb.com/asia/2013/02/21/chinas-sina-weibo-grew-73-in-2012-passing-500-million-registered-accounts/} Accessed 12\textsuperscript{th} July 2015.} It could be said that the Chinese Weibo is enjoying a market penetration similar to Twitter. Many marketing campaigns were done through Weibo during the competition and during the Grand Finale, the real-time sharing and discussion of \textit{I Am a Singer} reached 100 million times. Since the feature of Weibo is to allow real-time postings appearing onto every user’s homepage, it inadvertently created awareness to the mass. When more topics related to the same program appeared on one’s homepage at a time, the more people will be curious about the program, and ultimately turning on the TV to watch the program.

One last difference between the Korean and Chinese version of the program is that the first season of the Korean version did not produce a champion. Instead of putting up a Grand Finale, a couple of Korean singers who managed to survive after seven times of elimination contests were “graduated” from the Korean \textit{I Am a Singer}. However in the Chinese \textit{I Am a Singer}, all singers who did not eliminate from the previous shows were gathered for a final battle. As compared to the Korean version, the Chinese version is far more provocative. The nervousness, and excitement from the Grand Finale of the Chinese \textit{I Am a Singer} contributed to the high viewer ratings.

\textbf{Reaction from Overseas}

The Chinese version of \textit{I Am a Singer} utilized its strong overseas Chinese community and the regional community. The result was splendid, considered one of the best outreach in the Chinese reality show thus far.
We will use season one of the program as an example in the below discussion. Since the show invited many Hong Kong and Taiwanese singers as contestants, the media coverage in these areas was high throughout the program. Towards the end of the show, two Taiwanese Singer, Terry Lin (林志炫) and Aska Yang (楊宗緯) emerged. As an active singer in the 90s, also famed in its smooth, beautiful conversion of a high-pitched voice, Terry Lin is a skillful singer and enjoys the reputation of “Bel Canto Singer”. Aska Yang debuted in 2007, where he joined as a contestant for a Taiwanese Star Search Singing Contest One Million Star, a popular singer in Taiwan. Many Taiwanese were eager to find out the results of the show, especially when singers of the new and old generation were placed on the same stage. Since there was a huge demand in Taiwan, and due to the fact that no local media had carried live broadcast of the program, the Taiwan EBC suspended their usual program and did a live broadcast of the Grand Finale. Other media companies such as CTI and TVBS sent reporters to China and did huge coverage of the whole show. That finale show achieved 470 thousand views per minute that night, an unprecedented figure for any live broadcast of Chinese program in the past. Many Taiwanese media personals were impressed by the scale, techniques and the effort spent.

In the later seasons, the program invites Korean singer “The One” Jeong Sun Won, and Kit Chen from Singapore as contestants. These foreign contestant successfully attracted eyeballs from their respective home country. For example, right after Kit Chen joined the program, people in Singapore started to watch the show on its official YouTube or YouKu channel. Singapore is known to be one of the China’s greatest foreign consumer markets due to its overwhelming majority of the Chinese population. It has always been predominantly a location of reception of Mando-pop music from Taiwan, Hong Kong and China. However Singapore’s homegrown artist is less known in these Chinese ethnic country. Kit Chen’s representation in the program is considered a way for
Singapore to “be seen” and hence many Singaporean were supportive of her appearance. On the night when she was eliminated from the program, many Facebook shares were attributed to her. Local papers covered stories about her the next day. Shortly after Kit’s appearance on the show, the Singapore broadcasting channel, Channel 8 bought the broadcast license of the Chinese *I Am a Singer*. By mid-June of 2015, audiences of Singapore were able to watch the show on their national broadcasting media.

In fact, the Chinese *I Am a Singer* is not an individual of Chinese remakes that achieve wide outreach. Many Chinese program that undergone collaborations with foreign media entities received huge support domestically and internationally alike. Programs like *Where are we going, dad?* (Babaqu Naer 爸爸去哪儿？), *Running Man* (Ben Paoba Xiongdì 奔跑吧兄弟) that are collaborative work with foreign media have received an overwhelming response from the audiences.

### 6.3 Interim Findings [Sub-P3]

The previous section discussed two case studies. Both cases showed how Sino-Foreign collaborations are aiding the innovation and outreach of the industry, be it the technology, planning and operation. The paper suggests that more collaboration of such will bring fruitful growth, and the outcome is rewarding.

To measure the difference before and after the act of collaborating with outstanding media production team overseas, the research collected data and information from news reports of Sino-Foreign collaborations and original or innovative TV programs from year 2010 to 2015. This information is then made into a chart indicating the number of TV format import programs and the number of innovative programs over the years. The result points towards that more TV format import (In this part of the paper, “import”

---

121 Many Singaporen papers and publication such as Lianhe Wanbao, Shinmin Daily, Lianhe Zaobao, iWeekly covered the story about Kit Chen and the program “I am a Singer”.

76
means remake version of a foreign TV show) have positive effects on the increase of innovative TV formats invented in China.

The year 2012 is considered the watershed of the TV industry in terms of producing innovative content. There was an acceleration of import in foreign programs. Many programs that were a proven success overseas were brought over to China. Outstanding producers, videographers, writers and all related specialist were invited to China during the making of the Chinese version of such TV programs. Sino-Foreign collaborated program jump from 11 projects to 66 projects in 2012, a six-time increase in just a year. As such, a double increase in the number of innovative TV programs began surface in 2013.

![Chart 5: Number of TV Format Import Programs VS Number of Innovative TV Programs in China (2010-2015)](chart)

Chart 5 above shows a clear trend that with high Sino-Foreign collaborations, more innovative programs will be produced. Since 2012, there was a surge in foreign production import. As we have discussed previously, such collaborations come with
format manuals, technical and marketing staffs that continue to heighten the progress and degree of excellence in the industry. As collaboration rate surge, it sparked the creation of 13 new, innovative Chinese TV programs in 2013, and 18 innovative programs in 2014. More innovative and original programs were produced since 2012. Many of these original programs are also enjoying wider outreach.

Among these Chinese remakes, 31 programs has been purchased by foreign broadcasters and was aired in the United Kingdom, United States, Germany, and of course the Greater China countries such as Taiwan, Singapore and South East Asian countries like Vietnam, Malaysia, Thailand and Indonesia. Although the number of the innovative programs produced is scarce, it is undeniable that three years of massive foreign collaborations, the Chinese entertainment industry has begun to evolve.
VII Conclusion

This thesis has focused on deciphering if a “Chinese Expansion Model” and active Sino-foreign collaborations in the Chinese entertainment industry, will we see a higher level of innovation in the TV productions and wider outreach of these Chinese TV productions. The research assumes that the “Chinese Expansion Model”, a recently established Chinese experience in the entertainment industry, together with the active Sino-Foreign production collaborations, will stimulate and elevate China’s ability in creating innovative content that could be export overseas. To examine the issue raised above, a main proposition and three sub-propositions are introduced. Each proposition was assessed, and the interim findings were addressed in the preceding chapters.

Table 3 below is a brief summary of each of the interim findings to its corresponding proposition.

<table>
<thead>
<tr>
<th>Forces to Emergence of Entertainment Complex</th>
<th>Research Result / Interim Findings</th>
<th>Proposition Accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Krugman &amp; Obstfeld 2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialized Supplier</td>
<td>[Sub-P1]</td>
<td></td>
</tr>
<tr>
<td>Sheer Size of the Market</td>
<td>[Sub-P2]</td>
<td></td>
</tr>
<tr>
<td>Labor Market Pooling</td>
<td>[Sub-P1] [Sub-P2]</td>
<td></td>
</tr>
<tr>
<td>Knowledge Spillover</td>
<td>[Sub-P3]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The “Chinese Expension Model” Covers: Distribution, Writers, Producers, Talent Agencies, Studios etc.</td>
<td>þ</td>
</tr>
<tr>
<td></td>
<td>Growth in Entertainment Market Share. Already a huge market.</td>
<td>þ</td>
</tr>
<tr>
<td></td>
<td>Rich Human Resources in China</td>
<td>þ</td>
</tr>
<tr>
<td></td>
<td>Through Sino-Foreign Collaboration:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Growth in Techniques and Production</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Growth in Innovation: New Original Contents</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Growth in Outreach</td>
<td>þ</td>
</tr>
</tbody>
</table>

Table 3. Research Findings
In Chapter 5, the research discussed Krugman & Obstfeld’s definition regarding the forces of the emergence of an Entertainment complex. The forces include Specialized Supplier, Sheer Size of Market, Labor Market Pooling, and Knowledge Spillover.

For the first force, the Specialized Supplier, while examining if the Chinese entertainment industry is following the established development path compared to its Korean and Japanese counterparts, Sub-P1 has proven that the Chinese has now evolved from the traditional single specialization model to a multi-specialization model, which covers a wider scoop within the industry. That includes distribution channels, producers, agencies, talent management etc.

As for the second and third force proposed by Krugman and Obstfeld, namely the Sheer Size of the Market and Labor Market Pooling. Applying theories of increasing returns to scale, Sub P2 has proved that China is experiencing growth in its entertainment industry. Data are supporting the fact that improvement and growth in the output are prominent in the Chinese entertainment industry.

The last force for the emergence of entertainment complex is Knowledge Spillover. The case studies in Sub-P3 demonstrate the positivity of China in advancing the techniques and innovation in their entertainment industry. The findings are that more innovative and original programs were produced since Chinese TV production companies accelerate the number of project collaborations with foreign production companies.

China has been seeking to play an increasing role in the international cultural arena since a decade ago. It was 2001 when the clause “Cultural Industries” is formally used in relation to reform the cultural system. In 2009, the cultural industries became a key element of the national economic strategy. To advance its political agenda, China is deemed to enhance its “soft power”, especially in terms of increasing its cultural charm. The May 2013 collaboration with UNESCO, the Hangzhou International Congress on

---

“Culture: Key to Sustainable Development” is one obvious move. This Congress was the first International Congress on the culture and development organized since the Stockholm Conference in 1998. This Stockholm Conference had led to the UNESCO Universal Declaration on Cultural Diversity in 2001 and CDCE (UNESCO Convention on the Diversity of Cultural Expressions) in 2005. “China’s act in organizing the Hangzhou International Congress per se is considered a significant move for the world’s recognition in its culture and its development programs.” 122 It marked an important step for China and disclosed the Chinese’ ambition are no longer contained to its regional area. The rise of the popular media content in the region, especially the Japan’s “Gross National Cool” and Korean Wave, has place China on alert.

China is already the current center of gravity in terms of global economy. Will other countries eventually be buying TV program formats created in China? Ultimately, can China become a creator and exporter of its cultural contents? As our case studies earlier demonstrate, certainly, China today has started to produce innovative contents and exporting them to several overseas markets but it is hardly global. However, it is important to note the fact that efforts are spent, and the industry has begun to receive paid off. The expansion model and Sino-foreign collaborations had begun to show results.

Many observers and analysts have pointed out that since President Xi Jinping took power, control over the media has increased. The 18th Eighteenth Party Congress’ Third Plenary in 2013 suggested the future development in the Chinese media was to enhance the party’s ideological controls and media censorship. However, as there is a booming entertainment culture and a progressive development of the production and techniques in the entertainment industry under way, also by the fact that vast majority of Chinese media now rely primarily or solely on advertising as source of income, it is not

surprising that the market is dictating the media contents in China. Although the Chinese authorities have issued a couple of policies and regulations to ban programs that are “over-entertaining”, many of such precedents indicate that authority is encouraging a “dual role” for its entertainment industry – A Party’s mouthpiece, and economic entity. At the current moment, entertainment industry are given greater leeway due to its profit-making nature, and also that China has a “greater dream” in terms of cultural influence in the international arena, a dream to convert the image of backwardness and technology deficient to potential superpower. But these are under a condition that such cultural or entertainment contents are non-threatening, and will not challenge the social stability of China on a larger scale. The question we want to ask here is, does it mean no innovation or cultural content can be emitted from a “sole economic entity”?

It is also meaningful to note that the Chinese TV programs or films back in the 60s and today are just very different. The quality of the programs is already showing a huge difference. As Michael Keane puts in his latest publishing about Chinese TV industry, many research are constructed under an oppositional framing. For example, the West vs. China; Capitalism vs. Socialism; Modernity vs. Tradition. Such framings offer a limited explanation of the current situation in China. Standing in between those oppositional combinations mentioned above, China today can no longer relate to either end of those extremes. China is experiencing changes. Thus, reading Chinese media content as intrinsically controlled by the government, will compromise the competence of understanding the Chinese Entertainment industry.

It is perhaps, too early to make a judgment if the Chinese ambition of excelling their entertainment industry will result in a super hotspot for cultural export in future, but China is evolving. The soft power that the neighboring countries currently enjoy does not come overnight. They took a long time to consolidate. Likewise, it will take some time for researchers, intellectuals of China and the Chinese government officials to see the
effect. Although it is clear the Chinese government is going to hold control to the industry for the time being, it does not mean the efforts spent in widening its scoop and specializations, expanding its scale and collaborations with foreign media entities are going in vain. The Expansion Model and the Sino-Foreign collaborations are going to continue the momentum of developing the broadcasting and content creating techniques and infrastructures, to prepare a solid foundation for the future excellence of the Chinese entertainment industry.
Reference


jiemu banquan weiji), China Press Journal, 23 October. 


He Hui Qun: Oracle TV Subscriber Viewing Behavior Analysis of Big Data Platform 贺辉群： Oracle 电视订户收视行为分析大数据台, 


Michael Keane, 2008, “From National Preoccupation to Overseas Aspiration”, in Ying Zhu, Michael Keans and Ruoyun Bai (eds), TV Drama in China, Hong Kong: Hong Kong University Press, Pg 143-156


Sheridan Tatsuno, 1990, Created in Japan: From Imitators to World-class Innovators, Harperollins, University of Michigan.


World Resources Institute, China’s Overseas Investments Explained in 10 Graphics. http://www.wri.org/blog/2015/01/china%E2%80%99s-overseas-investments-explained-10-graphics

Xue Gengyun and Chen Hong, 2007, Reality Show: Theory, Pattern and Innovation (Zhenrenxiu jiemu, lilun, xingtai he chuangxin), Shanghai: Fusan University Press.


Abstract (한국어)

엔터테인먼트 산업에서 중국의 야망:
중국 엔터테인먼트 산업의 “확장 모델”과 국제협력에 관한 분석

정가현 (퓨론 테이)
국제지역학 중국지역전공
서울대학교 국제대학원

본 연구는 중국이 앞으로 엔터테인먼트 프로덕션의 중심으로 성장하기 위한 조건을 분석하였다. 즉, 과연 중국이 혁신적인 엔터테인먼트 콘텐츠를 생산하고 이를 글로벌 시장에 수출할 수 있는가를 종합적으로 살펴보고자 하였다. 나이아가 본 논문은 현재 중국의 엔터테인먼트 산업에 대한 이해를 높이기 위해 “중국 확장모델” (Chinese Expansion Model)을 제시한다. 특히 국가혁신시스템(Systems of Innovation)과 규모의 경제(Economies of Scale) 두 가지 이론에 기반하여 중국이 해외로도 수출 가능한 독자적인 엔터테인먼트 콘텐츠를 생산할 수 있는 능력을 갖추고 있음을 밝히고 있다. 이때 중국은 인수, 투자 및 수많은 국제 협력을 통해 이미 엔터테인먼트 산업 중 전체 프로덕션 라인에도 깊숙이 관여하고 있을 뿐 아니라, 합작을 통한 학습곡선(Spillover Learning Curve)의 효과도 누릴 수 있다는 것을 알 수 있다.

이렇듯 중국의 엔터테인먼트 산업이 긍정적인 결과를 보이기 시작한 한편, 중국 정부의 지속적인 언론 통제로 인해 당분간 해당 산업의 발목을 붙잡는 요소가 될 수 있다. 하지만 본 논문은 “중국 확장 모델”과 지속적인 국제협력이 중국 엔터테인먼트 산업의 미래 발전을 위한 기틀을 마련할 것이라고 주장한다.

핵심어:
중국 엔터테인먼트 산업, 중국 확장 모델, 국가혁신시스템, 점진적 혁신, 국제 엔터테인먼트 산업 협력

학번: 2013-24006 (정가현)