

Free chinese entertainment industry research paper sample

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Introduction

China has about 1.3 billion people and it is one of the most populated countries in the world. Due to this high population, china has had many economic difficulties especially on its mainland. The situation in china has created noble opportunities for Chinese and other international company specializing and media and entertainment. The government of china has been looking for ways to restore the economic health of the country and in the year 2012, the government launched a five year plan which was intended to stimulate economic growth through increasing consumption (Beaton 2). This posed new opportunities as well as challenges in the entertainment industry both to the local and global companies. The paper explores these opportunities and challenges in details for firms doing business with china. The paper will give insights on the situation of the media industry and will seek to identify the benefits, problems and issues

that a firm would face in its cross border business relationship.

Recently Studio 8 announced a joint deal with one of the Chinese media companies known as Huayi Brothers in its going global strategy (McGahee para 5). Studio 8 is a US company based in Loss Angeles. It is a brain child of former president of the renowned Warner Brothers Studio. Studio 8 is known for its media and entertainment work that sells in many parts of the world. This business relationship has been termed as one of the best for Studio 8. This is because of the growth potential that is evident in China media and entertainment industry. According to experts, China is has the potential to be a movie capital of the world by the year 2020 (McGahee Para 3). With such optimistic expectation, Studio 8 expects to be at the center for such growth so that it can leap the best from the deal. The growth opportunity for Hollywood is almost put to certainty with the ongoing government efforts to realize economic growth through media and entertainment.

Opportunity

The significant rise of china to become a global economic power is a something most of the international companies seeking a cross border business relationship with China should consider. China is growing at a faster rate and climbing high on the development ladder. The country contributes 13 percent of the global GDP and is disposable income have greatly increased thus increasing the consumption hence stimulating growth for both the local and international companies doing business in China (EY para 2). The media and entertainment industry in china has been affected directly and positively by this economic advancement. As a result, the industry has

become more vibrant. According to a report by Ernst and Young, 2012 “Spotlight on China; Building a Road Map for Success and entertainment,” the media and entertainment industry is expanding at a higher rate than the economy of the country as a whole. The country is also making gradual reforms on regulation of the industry thus providing a good ground for media and entertainment business opportunity to thrive.

Benefits

According to a report prepared by Deloitte, China media and entertainment industry is expected to grow at a rate of 17% for the years between 2010 and 2017 (Deloitte 4). This assures Studio 8 of a steady growth curve once it ventures in China. The growth would mean increased infrastructure, increased production and sales which add on the net worth of the company and its profitability. Having diversified its business in the media and entertainment industry, Studio 8 will be in a position to recoup its much of the profits from its films, TV and talent entertainment conglomerate .

The research by Deloitte also noted that for a period of one year from 2010 to 2011, the spending on entertainment and leisure activities increased by 56% which is a good sign of great potential in Chinese market. The growth in leisure and entertainment expenditure means increased demand of such activities and facilities (Coonan 4). The growth rate is likely to be maintained in the coming years considering the size of the Chinese population. Studio 8 will benefit from this demand since it will increase the sales of its products thus promoting the growth of the company. This cross border relationship will expand the market segment for the company and will facilitate opening

up of subsidiaries in China.

According to David McGregor, the media and entertainment leader for EY in the Asia Pacific region, those companies which certainly understand their growth strategy cannot afford to ignore the idea of venturing in the Chinese media and entertainment industry (EY para 6). The drive to the China front is the adoption of digital technology by the government and the ease of regulatory restrictions. The digital adoption is in line with the products offered by Studio 8 Company thus making it easy for it to penetrate the market (Organisation138). The ease of regulations will on the other hand help the company to create alliances with the local media and entertainment company thus making it easy to introduce its products and services in the market. Introduction of the products and services is a vital especially in such a market where the culture and tastes of people is different from those in America where Studio 8 is located.

Issues

Some of the issues likely to crop up as Studio 8 establishes cross border business relationships with China is the diversity of culture in China and the different business objectives of Studio 8 and its Chinese partners (Sebenious 3). China is a country whose people have deep seated cultural tendencies which determine the way people interact and view things. Studio 8 being a foreign country is likely to have an issue with culture as there exists a great difference between the American ultra-modern culture and the Chinese culture that is based on traditions and religious beliefs. The difference in objectives comes in where the fundamental reason of seeking cross border

business relationship differs (McGahee para 6). This means that, what the US companies may want from cross border business deals may not be what the Chinese companies need. For example, Studio 8 may perceive Huayi Brothers, a Chinese company to be looking for a source of capital while in real sense; Huayi Brothers may be looking for a global platform to transfer technology (Beaton para 9). The divergence of point of view may become an issue in the business relationship thus hampering its growth.

Challenges

According to the Ernst and Young report (17) on the future of the Chinese media and entertainment industry, the cross border relationship with china might be faced with challenges such as the evolution of digital landscape, price sensitivity, volatile consumer preferences, and infringement of intellectual property rights as well as controls by the government and restrictions by regulatory authorities (Lorell et. al 35). The digital landscape is highly competitive and Studio 8 will have to face stiff competition from the local companies and the new entrants who are also attracted by this new market. However, ensuring success in digital technology in china, the company may overcome this challenge (Zhou 68).

China as a marketplace is diverse in terms of consumer preferences which keep on changing. Satisfying all these preferences may be sometimes challenging especially in a new market (Ernst & Young 18). The company therefore needs to establish a strong brand within the China market. Studio 8 may establish a variety of brands to suit different market segments and constantly improve on them through research and development. This will

help the company satisfy various consumer preferences and remain relevant in china. However, the vast market available is enough to justify establishment of the cross border relationship.

With the rampant advancement of technology, security of intellectual property is at stake. This is even worse in cross border businesses since one may not be conversant with all copyright issues within the country (Ernst & Young 17). Studio eight as a company need to research on terms of various intellectual properties in china to avoid infringement which may attract heavy penalties. Similarly, the company needs to familiarize itself with government regulations and restrictions for smooth operations (Howell 94). This may be done by establishing successful partnerships with the local companies which may help navigate through the regulatory landscape.

Conclusion

China provides one of the best business environments for the media and entertainment companies. The prevailing economic growth and the high population in China are factors that are enough for a company to consider and ignore various challenges. Nevertheless, establishment of cross border business relationship with companies which are already in the market is paramount for new entrants and especially those which are interested in media and entertainment industry which is rapidly growing and is highly competitive.

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