

Research on the Causes of the International Market Influence of Hollywood Films

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Abstract: Since the birth of films, the Hollywood film industry has undergone a century of accumulation and development, establishing a strong competitiveness and influence in the international market. Currently, Hollywood films have almost spread to all countries and regions around the world, presenting a monopolistic situation in the international film market. In view of the dominant position occupied by Hollywood films in the international market, it is of great practical significance to study the internal reasons for its global supremacy. This article will sort out the historical development track of the Hollywood film industry in the international film market, deeply analyze its century-old industrial operation mode from the perspectives of production and distribution respectively, explore the reasons for the strong influence of Hollywood films in the global film market, and use this as a reference to provide some feasible strategies for Chinese films to go global.

1. Introduction

With Hollywood's overseas expansion over the years, the international film market has gradually evolved into an indispensable core component of its industrial territory nowadays. In fact, the strong box office appeal of Hollywood films worldwide is the result of the long-term accumulation of its excellent content creation, precise market positioning and efficient global operation strategies.

In the eyes of Hollywood giants, the conquest of a market will go through a process from being closed, opening up to being fully open. In the 1920s, Hollywood demonstrated a forward-looking vision and keenly set its sights on the vast overseas market, specifically by establishing overseas offices in some countries. These offices were dedicated to serving the overseas distribution and market development of Hollywood films, laying a good foundation for its global dissemination. As time went by, Hollywood's emphasis on the international market deepened increasingly. By the mid-20th century, Hollywood improved efficiency through a detailed market segmentation strategy. They divided the overseas market into four major regions: Europe/Middle East/Africa, Latin America, Asia, and Oceania, and further ranked the countries or regions within each region based on income.^[1] This strategy enabled Hollywood to more accurately position high box office potential markets and concentrate resources for development. According to the survey, the box office revenue of the top five markets ranked by income accounted for about 45% - 55% of the total box office of Hollywood giants worldwide, while the top 15 markets accounted for approximately 75% - 80% of the global total box office.^[2] These data reflect the potential and importance of this part of the market to a certain extent. In the 1990s, along with the profound transformation of the global

pattern, some film markets that had long been closed to Hollywood gradually opened. Hollywood seized this opportunity and quickly filled the market vacancy. At the same time, the vigorous rise of the Asian economy also provided a broader market space for Hollywood and promoted its further expansion globally.

During this process of overseas expansion, the major Hollywood film companies have also undergone several rounds of mergers and reorganizations, continuously optimizing the industrial structure and achieving the re-integration of internal resources. The companies have achieved mutual benefits and win-win results, developed benignly, and become more international in their business strategies. Currently, Hollywood has formed a very mature industrial model from aspects such as production, distribution, marketing, and post-product development. It also has a wide international distribution network in the form of branches abroad and has strong penetration and influence in the film markets of various countries and regions around the world. Except for 2020, the overseas box office revenue of American films has consistently accounted for more than 70% of the global share. In 2019, when the local box office in North America shrank by 4%, the global box office revenue of American films reached 27.7 billion dollars, which was comparable to the total of the European, Middle Eastern, African, and Asia-Pacific film markets in the same year (28.1 billion dollars).^[3] It can be said that Hollywood films have almost formed a monopolistic pattern in the international market.

2. Analysis of the Reasons for Hollywood's Dominance in the Global Film Market

2.1 The Industrialized Production System Ensures the Maximization of Film Quality and Industrial Chain Value

The reason why Hollywood films can gain a foothold in the international market lies largely in the mature industrialized production system of Hollywood. Hollywood films have standardized processes in aspects including story planning, scriptwriting, film shooting, post-production, derivative product development, and copyright trading, and can complete the work efficiently through the digital management system. Through the strict implementation of refined division of labor and standardized management, Hollywood has not only created classic films such as *Schindler's List* (1993), *The Shawshank Redemption* (1994) and *The Truman Show* (1998) that are well-known and have profound themes, but also been able to produce blockbusters such as *Avatar* (2009), *Inception* (2010) and *Interstellar* (2014) with magnificent audio-visual spectacles.

In addition, the developed industrialization of Hollywood enables the major Hollywood giants to fully utilize the IP resources in their hands to maximize the value of the industrial chain. The five major Hollywood giants all have their own powerful IP resources. For example, Universal Pictures has the *Fast & Furious* series, Warner Bros. has the *Batman* series, Disney has the Marvel Cinematic Universe, Sony has the *Spider-Man* series, and Paramount has the *Transformers* series, etc. Especially Disney, which has developed since 1926, has become one of the largest cultural and entertainment groups in the world. It relies on highly empowered content IP to expand into related markets such as theme parks, clothing, toys, and electronic products. In this network, the multimedia dissemination, with the help of the halo effect during the fans' acceptance of the content IP, magnifies the value of each super IP multiple times,^[4] and even forms a linkage effect among various IPs to tap the maximum value of the IP.

2.2 Global Market Positioning Avoids Cultural Discount

In order to enhance the charm of the films and ensure their popularity worldwide, in the early stage, Hollywood conducts thorough market research to fully understand the tastes and preferences

of the audience and gives priority to elements that are also popular in overseas markets. In a report from 1992 in *The New York Times*, industry analyst Jeff Logsdon pointed out that at least 75% of the top 200 films in terms of box office revenue each year conducted audience market research in advance.^[5] In contemporary Hollywood film marketing, the research targeting audiences has developed into seven main types, including concept testing, title testing, positioning study, test screening, advertising testing, tracking survey, and exit survey. These researches together constitute a relatively complete system that permeates every stage of the film, from the early development to its release.^[6]

Regarding the consideration of international elements, Hollywood films are specifically manifested in universal story themes, diverse casts and global location choices. In terms of script planning, Hollywood films focus on exploring common human emotions, values and story themes, such as love, courage and justice. These universal elements can cross cultural and geographical boundaries and resonate with global audiences. Many Hollywood films, such as *Forrest Gump*(1994), *The Lion King*(1994), *Titanic* (1997), *The Pursuit of Happyness* (2006) etc., have become classic films in the minds of global audiences due to their profound themes, touching stories and exquisite production. In terms of actor selection, Protecting the foreignness of foreign actors is usually a well-considered recruitment strategy for Hollywood,^[7] with the aim of enhancing the attractiveness of the films. From the 1920s to the 1940s of the 20th century, Hollywood successively absorbed outstanding directors and stars from many countries such as France, Germany, the United Kingdom, Italy, and Sweden, including the comedy master Charlie Chaplin, the suspense master Alfred Hitchcock, and the actresses Greta Garbo, Vivien Leigh, and Ingrid Bergman. Moreover, many directors, actors and even producers in Hollywood originated from Eastern Europe, Latin America, Canada and other places.^[8] In order to break into the Chinese film market and win the favor of more Chinese audiences, the Hollywood giants ingeniously invited stars familiar to Chinese audiences to join their blockbuster films. Paramount Pictures invited Li Bingbing and Han Geng to star in *Transformers: Age of Extinction* (2014), while Warner Bros. Pictures invited Jing Tian to play a supporting role in *Kong: Skull Island* (2017). Disney's live-action film *Mulan* (2020) chose Chinese actress Liu Yifei to play the lead role of Mulan. According to statistics, Between 1996 and 2004, at least 56% of Hollywood films had at least one foreign lead actor, and 34.6% of Hollywood films were directed by foreign directors.^[9] In terms of location selection, Stephen Follows' statistics on 2,088 live-action feature films released from 2000 to 2014 found that only 48% of the films were shot entirely in the United States, 28% of the films were shot entirely overseas, and 24% of the films were shot in both the United States and overseas.^[10] For example, *Mission: Impossible - Rogue Nation* (2015) chose several countries such as the United Kingdom, Austria and Morocco for location shooting to increase the authenticity of the story and the appeal of the film.

Through global market positioning, Hollywood films ingeniously integrate international elements, minimizing cultural discount, thereby enhancing their appeal to overseas audiences. During the production stage, Hollywood film production teams leverage the global resource network to collaborate closely with creators and partners worldwide, jointly crafting internationally competitive film works.

2.3 Comprehensive Overseas Distribution Network Occupies Distribution Advantages

The success of Hollywood films in the global market is largely attributable to the comprehensive and multi-tiered overseas distribution network they have established. Currently, major Hollywood film studios maintain their own branches or have overseas representatives in numerous countries worldwide, reaching a considerable scale.

From a historical perspective, Hollywood's globalization strategy has a long history. As early as the 1920s, Hollywood established offices in various countries, including China, to distribute and promote films, conduct market research, and gather feedback. By 1979, Hollywood's overseas markets encompassed 75 countries; this figure rose to over 80 countries by 1990, and surpassed 150 countries in the early 21st century.^[11] According to statistics, in the early 1990s, among the 4,000 feature films produced worldwide, Hollywood films accounted for less than one-tenth of the quantity, but occupied 70% of the global box office.^[12] With the passage of time, Hollywood's overseas distribution network has continuously expanded and improved, expanding from the initial few key markets to almost all the major film markets around the world today. Therefore, in the face of the film market conditions in different countries and regions, Hollywood giants can quickly collect feedback from the local market, make market judgments in time, and then flexibly adjust the distribution strategy. In addition, this extensive and efficient international distribution network also enables Hollywood giants to distribute the film products of other producers in the international market.

Amid the continuous deepening of globalization, Hollywood's distribution network has become increasingly large, enabling Hollywood films to be distributed in various countries and regions. The powerful distribution network provides strong support for the simultaneous distribution of Hollywood films, allowing them to be released simultaneously in many countries and regions around the world, forming a strong market resonance effect. Take *Ready Player One* (2018) as an example. The film was released simultaneously in 63 countries and regions around the world. It not only capitalized on the popularity of the North American domestic market but also sparked a worldwide craze for viewing, creating a strong market resonance effect, while simultaneously preventing box office losses due to piracy. According to statistics, *Ready Player One* ultimately earned more than 600 million dollars at the box office.

At present, Hollywood has built a highly developed, multi-level and all-round distribution network system. This efficient distribution mechanism ensures rapid and effective delivery of the film to its target audience, maximizing box office revenue, and simultaneously lays a solid foundation for subsequent extension links within the industrial chain, including copyright sales and derivative development.

2.4 Precise Segmentation of International Markets and Targeted Marketing Strategies

One of the important reasons why Hollywood films can dominate the world is its great emphasis on the marketing and promotion of films. Scholar Stephen Fellows conducted data analysis on 29 films he obtained from Hollywood studios and found that among these 29 films, the highest proportion of marketing expenses for a film reached 40% of the total cost, and the lowest proportion was also 24%.

Before entering the international market, major Hollywood companies conduct in-depth research on the target market where they are going to release their films. The research content includes multiple dimensions such as the cultural characteristics of the target market, the characteristics of the audience group, the audience's movie-watching habits, the seasonality of the market, available publicity media, etc. Based on these research results, distributors will reposition the film to make it "localized" in order to narrow the psychological distance between the film and the local audience and stimulate the audience's interest in watching the film. In the process of "localizing" the film, common methods include inviting stars from the target market to participate in the film's dubbing, strengthening familiar elements for the audience in the film, adjusting the poster design and the film title, etc. In addition, for profitable markets, Hollywood giants will also intensively invest resources to obtain higher returns. When marketing the film *Cinderella Man* (2005), Hollywood skillfully

formulated different publicity strategies based on market differences. In the English-speaking region, it emphasized the myth of a humble person achieving the American Dream; in Europe, it focused on the passion of boxing; and in Japan, the film was shaped into a legend of an ordinary man protecting his family through struggle.

Similarly, for the animated film *Zootopia* (2016), the filmmakers carefully selected and designed different versions of news anchor characters based on the cultural backgrounds and characteristics of each country. The elk symbolizes freedom and wildness in the North American version, the koala represents the national symbol in the Australian version, and the raccoon dog embodies mystery and wisdom in the Japanese version. Each character skillfully incorporates local characteristic elements and evokes the resonance of the audience. In the Brazilian version, the filmmakers chose the jaguar, which combines strength and speed, as the anchor to showcase the wildness and vitality of South America. The British version selected the Corgi, which is beloved by the British royal family, reflecting the film's respect and integration of British traditional culture. Similarly, in the Chinese version, the filmmakers chose the national treasure, the giant panda, as the anchor, demonstrating their attention and precise control of the Chinese market. *Zootopia* achieved a dual fit of culture and market by customizing exclusive anchor characters for different countries and regions, greatly enhancing the global influence and commercial value of the film.

3. The Inspirations of Hollywood for Chinese Films Going Global

3.1 Accelerate the Construction of Film Industrialization and Improve Production Standards

Film industrialization is the guarantee of film quality. Establishing a film industrialization system means standardization and proceduralization of film production, which can largely solve the problem of uneven production levels of current Chinese films. The successful experience of Hollywood shows that a highly industrialized production process can not only ensure the quality and production efficiency of films, but also accurately predict market trends and effectively manage risks. In contrast, China's film industrialization is still in its infancy. Except for some big-budget films like *The Wandering Earth* (2019), *Ne Zha: Birth of the Demon Child* (2019) and *Creation of the Gods I: Kingdom of Storms* (2023), which adopt industrialized production methods, most domestic films still adopt the small workshop production mode, resulting in frequent problems like low production quality, chaotic management of film and television projects, and low production efficiency.

To promote the construction of China's film industrialization and achieve modern management, standardized production, product categorization, international division of labor, and large-scale film industry, the government, leading film enterprises and workers in the film industry need to collaborate. This process should deeply integrate modern technologies, especially cutting-edge ones like 5G, big data, and VR, to provide strong support for the construction of the film industrialization system. Through technological innovation and application, it promotes the close connection and efficient collaboration of the entire industrial chain, and realizes the all-round upgrade from creative planning to post-production and then to market distribution.

3.2 Expand International Vision and Joint International Production

In the globalization strategy of Hollywood, its target positioning is the global audience. Therefore, Hollywood films often take universal values such as justice, equality, freedom, fraternity and profound humanistic care as the core of the story. These elements cross cultural boundaries and are easily resonated by the global audience. In view of this, in the planning and production process of Chinese films, emphasis should be placed on constructing a story framework containing

universal human values, strengthening the creation and exploration of genre films, minimizing the impact of cultural discount, and seeking the intersection of Chinese and Western cultures.

Richard Fox, Executive Vice President of International Division of Warner Bros., once proposed that local language film products are the key to the success or failure of the global growth strategy. Chinese films ought to thoroughly delve into and harness abundant cultural resources. Concurrently, at the production stage, it is advisable to actively integrate international teams and elements, aiming to create film and television works that are not only steeped in Chinese cultural heritage but also possess a global outlook. The Chinese film *Legend of the Demon Cat* (2017) is a successful case. This film uses the historical story of the Tang Dynasty - the death of Yang Yuhuan, and takes Bai Juyi's *Song of Eternal Regret* as the story clue. The film also spent a lot of money to restore the scene of the prosperous Tang Chang'an City. In addition, *Legend of the Demon Cat* invited the famous Japanese actors Shôta Sometani and Hiroshi Abe to play important roles. After this film was released in Japan, it attracted many viewers and set a new high in the box office of Chinese films in Japan in nearly ten years.

3.3 Establish a Differentiated Overseas Distribution Network for Chinese Films

At present, there is a significant problem in the overseas distribution of Chinese films, that is, over-reliance on foreign distribution companies. This not only limits the international dissemination of Chinese-language films but also often leads to many unfavorable situations for the films during the distribution process. For example, the excellent Chinese film *Hero* (2003) was introduced to the North American market by Miramax Films. However, due to the fact that the company had several films waiting for publicity and distribution at that time, the release of *Hero* was postponed for nearly two years. The two-year distribution time difference caused heavy losses in overseas box office revenue.

To enhance the competitiveness of Chinese films on the international stage, the key lies primarily in cultivating a group of professional Chinese film distribution companies that can take root in overseas markets. These companies should deeply understand the cultural connotation and market positioning of Chinese films, and at the same time be familiar with the operation rules and trends of the international film market, serving as a bridge through which Chinese films can connect to global audiences, thereby reducing distribution delays or market misses caused by external factors. Subsequently, based on drawing lessons from the overseas distribution experience of Hollywood, the overseas distribution of Chinese films should build an overseas distribution network different from that of Hollywood and adopt a differentiated strategy, focusing on the development and distribution of overseas Chinese markets.

The *Annual Report on Overseas Chinese* (2023) indicates that the number of overseas Chinese has exceeded 60 million, and they are distributed in 198 countries and regions across the world. It can be seen that the overseas Chinese film market has huge potential. On the National Day in 2019, the Chinese film *My People, My Country* (2019) was simultaneously released in 54 cities and more than 100 cinemas in Canada, the United States, New Zealand, and Australia. In order to celebrate the Chinese National Day, many Chinese people spontaneously organized to book out entire theaters to watch, which resulted in the film's box office in North America exceeding 270,000 dollars on its opening day, becoming the champion of the opening box office for Chinese films in North America in 2019. In Australia, the film broke the highest opening weekend gross record for a Chinese film since 2010, with a total of 590,000 dollars. In 2023, when *The Wandering Earth II* (2023) was released in North America, it quickly sparked a viewing craze in cities where Chinese people live together such as Los Angeles and Vancouver, making movie tickets once in short supply. The first weekend when *The Wandering Earth II* was released in the UK also attracted an audience

group mainly consisting of Chinese people, and even many audiences bought tickets multiple times to watch it repeatedly. These phenomena all reflect from the side that the potential of the overseas Chinese market cannot be underrated. Therefore, it is crucial to establish a differentiated overseas distribution network for Chinese films.

3.4 Boosting Brand Power for Film Enterprises and Content

Under the background of the increasingly prosperous global entertainment industry, the film industry, as an important carrier of cultural dissemination, has witnessed the growing significance of its brand building. A brand is both a symbol of the enterprise's image and the core embodiment of market competitiveness. For film enterprises, building a strong enterprise brand and film content brand can enhance the market appeal of works and the loyalty of the audience. Additionally, it can help establish a unique cultural identity on the international stage and boost the soft power of national culture.

In order to better promote Chinese films to go global, on the one hand, it is necessary to strengthen the construction of content brands. On the other hand, attention should be paid to the construction of enterprise brands. In terms of content brand building, series films can be regarded as the magic weapon for Hollywood films to win in the international market. Looking at the global box office rankings, most of the top 100 films are Hollywood series films. Especially, many series films of Hollywood such as *The Avengers* series and *Fast & Furious* series have been popular worldwide. In recent years, China's *The Wandering Earth* series, *Detective Chinatown* series, *Yip Man* series and other series films have performed well in the mainland market, reflecting the charm of Chinese series films themselves. In this regard, film practitioners should deeply explore the elements suitable for the development of series films from multiple dimensions including historical stories, myths, and folktales, thereby providing abundant story materials and innovative inspirations for series films. Facing the Z generation, who are now the mainstay of moviegoers, creators need to conduct thorough research, based on the audience's viewing preferences, to provide valuable references for the creation of sequels. Additionally, creators can actively utilize modern technological tools such as 3D technology, Virtual Reality (VR), and Augmented Reality (AR) to enhance the visual effects of the film series and optimize the viewing experience.

In terms of enterprise brand building, the five major giants in Hollywood—Disney, Warner Bros., Sony, Universal, and Paramount—have forged exceptional brand images for their film enterprises globally and are widely recognized by audiences worldwide. Presently, while China boasts powerful industry leaders in the film sector, including China Film Group Corporation, Bona, and Wanda, they still face notable gaps in brand development. To bridge this gap, Chinese film enterprises should adopt advanced international film production concepts and management models, reinforce international collaborations, refine the production process, and relentlessly pursue excellence in every aspect, including scriptwriting, casting, shooting, and post-production. This will enable them to distinctively showcase their brand personality and progressively carve out a brand image that resonates deeply with audiences globally.

4. Conclusion

With the continuous expansion of the Hollywood film industry globally, its international influence has become increasingly prominent. An in-depth analysis of the reasons behind its success from both production and distribution perspectives reveals that Hollywood's leading position in the global market is attributed to its highly industrialized production process, global market vision, extensive overseas distribution network, and precise market segmentation strategies. This influence of Hollywood is not only reflected in box office revenue and market share at the economic level but

also deeply penetrates into multiple fields such as culture and diplomacy. Against the backdrop of globalization, Chinese films are also an important window to showcase the soft power of the Chinese nation's culture. Chinese filmmakers should be committed to creating outstanding works that have an international perspective and are rich in entertainment and humanistic feelings. In addition to gaining recognition and affection in the domestic market, these works should also transcend national boundaries, truly go global, showcase the unique charm of Chinese cinema on the international stage, and let the world witness the power and style of Chinese films.

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