

Predicting the development path of Bona Film based on the marketing mix theory

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Abstract. In 2017, with the rising Chinese film market, some Chinese private film and television companies began to establish other businesses, many of which failed. The aim of this study was to investigate the future development route of a Chinese private film and television company. In this paper, a detailed study of the case was employed to utilize facts and information such as the number of Chinese theater lines, the representative Chinese film box office, and Bona Films' yearly financial statement. As a result of the article's investigation, first and foremost, the Bona Film is in a loss situation in 4Ps due to the outbreak. Thus, Bona Film needs government policy support. Then, from the standpoint of the 4Ps, Bona Film is primarily concerned with the investment, production, and distribution of Nationalist films. The product category is too narrow. Finally, Bona Film's cinema is too small to build a complete Bona Film system.

1 Introduction

1.1 Research background

In 2017, the Chinese film industry took the opportunity to comprehensively implement the "Film Industry Promotion Law" as an opportunity to determine this year as "Film Quality Promotion Year" and "Film Market Regulatory Year" to promote the development, transformation, and upgrading of the film industry. This year, the film story film output was 798, the box office of the movie was 55.911 billion yuan, the city theater screen reached 50,776 yuan, and the urban cinema line viewers were 1.62 billion, all of which hit a record high [1]. The data indicate that despite the growth and stagnation of the global film market, Chinese films have maintained a positive development trajectory, and China's position as the second largest film market in the world has become more consolidated. It has become the primary growth driver for the global film industry [1].

Domestic film and television head companies began to develop horizontally in many fields except film and television investment, distribution, and production. For example, Wanda Group began to develop cultural tourism businesses and once invested in the construction of Qingdao Oriental Film Paradise [2]. However, due to the adjustment of debt pressure and its own strategic development of "light assets", Wanda Group can only abandon the project and transfer the park construction project to Sunac China Holdings Co., Ltd. [2]. It can be seen that film and television companies that wish to develop horizontally in numerous disciplines fail in the end.

Interestingly, as the first private enterprise in China to engage in the film distribution sector, Beijing Bona Film Group Co., Ltd. (hereafter referred to as "Bona Film") did not follow the head company. Upstream and downstream of the film business chain, investment, distribution, theater lines, and theaters will open. Simultaneously, the company's industry advantages in investment, production, and distribution of Nationalist Film have continuously made efforts to enhance the company's film audiovisual experience and film reputation, enhance the company's industry competitiveness, and consolidate the status of the industry.

In recent years, domestic film and television scholars have studied Bona Film from multiple angles. For example, Zheng Rui studied the problems of Bona Pictures in the process of listing in China [3]. Liang and Chen used Bona Film as the research object to study the problems in its film production and distribution [4]. Pangbo takes the cinema line of China Film Corporation as the research object. He mentioned the construction and operation of the cinema line of Bona Film in the study of the scale of the Chinese cinema lines [5].

1.2 Research gap

Although many scholars have studied Bona Film, for Bona Film to have advanced and accurate film investment, production, and distribution in the industry, the company cannot address the industry's top issues. No academic paper has explored why and how to change it.

In order to make up for the research gap in this area, this paper has designed research issues based on Bona Film as the research object, which is why companies

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with very forward-looking strategies and visions in film and television investment, distribution, and production are not available. Become the top company in the film and television industry? The article aims to explore a path that is more suitable for Bona Film through a multi-angle analysis of Bona Film.

1.3 Structure of this paper

The entire paper is broken into three parts to figure out the research question. Firstly, a case description will be given on Bona, followed by an analysis of the problems, and finally suggestions will be given based on the analysis. A huge number of statistics and information on the cinema and television industries in 2017–2023 are used for analysis and observation in the article. What are the reasons why Bona Film has always been in the industry from the standpoint of Bona's company's business and development strategy? Remove its impact. Provide fair thoughts and suggestions based on the problem.

2 Case description

Beijing Bona Film Group Co., Ltd. is the first private enterprise in my country to engage in the film distribution business. At present, the company's business covers the investment, distribution, theater lines, and theaters of the film, and it is open upstream and downstream of the industrial chain. A comprehensive layout can enable the company to effectively control business costs and reduce business risks, giving full play to the synergy effect.

Upstream: Investment and issuance promote each other. On the one hand, with the help of investment (including major investment and participation in investment), the company can give priority to obtaining the right to publish the film and further expand the market share of the distribution business. On the other hand, the issuance business makes the company's preferences and market trends known to audiences and market trends. In-depth understanding can improve the efficiency of film investment decision-making.

Midstream: Other links to the courtyard business Empower. The company uses the advantages of the cinema lines to obtain investment opportunities and discourse rights to excellent film projects. In addition, the unified management of the cinema line improves the level of downstream theater business management, enhances the company's brand influence, can also exert the advantages of scale effects, and enhances the bargaining ability of theaters, thereby reducing operating costs.

Downstream: The theater provides cash flow plus marketing support. The theater business provides stable cash liquidity for other businesses, shortening the company's overall repayment cycle. In addition, theater

businesses can also support the company's distribution business through support of films and position promotion and can timely obtain market feedback information to assist the distribution business in optimizing marketing strategies.

Yu Dong established Beijing Bona International Culture Media Co., Ltd. in 1999, mostly for the purpose of business release. In the years thereafter, Bona Film has produced Nationalist Film's "The Taking of Tiger Mountain," Operation Mekong, and Operation Red Sea, winning 879 million yuan, 1.184 billion yuan, and 3.648 billion yuan at the box office, respectively.

After the "Opinions on Accelerating the Construction of the Cinema to Promote the Prosperity and Development of the Film Market," which further unified the layout of the entire industry chain, the company got a cinema license in February 2019. The theater officially joined the Bona Academy Line at the end of April 2019. The Bona Academy had 118 franchise cinemas as of December 31, 2022, comprising 96 company theaters and 22 external franchise theaters. Only 5.224 million individuals were affected by the disease in the perpetrator [6].

Bona Film has opened a precedent for the commercialization model of Nationalist Film and became the leading company of the Nationalist Film. However, as can be seen in Table 1, the annual report of Bona Film in 2022 shows that the company's net loss in 2022 was 72.107 million yuan [7].

3 Analysis on the problems

In order to better study Bona Film, this article uses the marketing mix theory of the 4 Ps. It was produced in the United States in the 1960s and appeared with the marketing portfolio theory. In 1953, Neil Borden created the term marketing Mix in the inauguration speech of the American Marketing Society, which means that market demand is more or less affected by the so-called "marketing variables" or "marketing elements" to some extent [8]. This theory is attributed to four basic strategic combinations: product, promotion, price, and Place.

When studying the economic problems of enterprises, the marketing mix theory of the 4 Ps is often used as the underpinning theory to solve issues. Zhang and others, through the Marketing Mix Theory of the 4Ps, studied the marketing strategies of the influx of Chinese and British mutual translation APP [9]. He and Guo, through the 4Ps model, mainly studied the marketing model of agricultural feed products on the Internet from the perspectives of Promotion and Place [10]. Wang et al. used Marketing Mix Theory to investigate the marketing strategy of Tibetan clothing [11]. Thus, followed by those analyses, this article will analyze Bona Film from the perspectives of Price, production, and Place.

Table 1. Bona Film Financial Statements 2020-2022

Unit: Yuan

	2022	2021	Compare this year with last year	2020
Operating receipt	2,011,540,072.56	3,123,590,510.73	-35.60%	1,609,708,550.55
Net profit of shareholders of listed companies	-72,106,866.13	362,677,972.01	-119.88%	190,692,984.13
Net profit of shareholders of listed companies after deducting non-recurring gains and losses	-193,577,461.56	300,688,324.35	-164.38%	126,285,3381.79
Net cash flow generated from operating activities	1,077,915,768.66	1,435,246,230.57	-24.90%	-355,858,152.15
Basic earnings per share	-0.06	0.33	-118.18%	0.17
diluted earnings per share	-0.06	0.33	-118.18%	0.17
Weighted average return on equity	-1.21%	6.66%	-7.87%	3.58%
	By the end of 2022	By the end of 2021	Compare the end of this year with the end of last year	By the end of 2020
Total assets	15,900,360,444.15	15,686,903,073.33	1.36%	11,345,655,640.65
Net assets of shareholders of listed companies	6,734,956,998.03	5,640,300,418.86	19.41%	5,441,886,490.80

3.1 Affected by the epidemic, the company is in a state of losses

According to Price, a victim of the disease, the Chinese film and television market has been very tiny during the last three years. According to National Film Bureau figures, the total box office of the Chinese film market in 2022 was just 3.067 billion yuan, a 36.4% reduction from the same period in 2021. 41.5% of the country's theaters have been closed for more than three months, and the number of moviegoers has dropped by 455 million [12]. In addition, the number of films released in the Chinese film market fell from 547 in 2021 to 325 in 2022 [12]. According to Bona Film's 2012 financial report, the net loss in 2022 was 72.107 million yuan, while the net profit in the same period the previous year was 363 million yuan; the net loss after deduction was 194 million yuan for 300 million yuan [12]. As a result of the epidemic's influence on the Chinese film and television markets, the quantity of film investments and productions at Bona Film has dropped dramatically, and its online seating rate is low. Since 2020, the corporation has been losing money.

3.2 Bona Film products are too single

From the perspective of production, Bona Film is one of the most profound film companies that dig the main melody theme. It also heavily relies on the performance of this style of Nationalist cinema. Using "Changjin Lake" as an example, it provided over 70% of Bona Film in 2012 [6]. The "Water Gate Bridge of Changjin Lake", which has a box office of over 4 billion yuan in 2022, is expected to account for a large proportion of Bona Film in 2022. However, if closely observe these movies that Bona Film is going to invest in and start, it can be found that most of them are prequels or sequels of Bona Film's previous successful works, and there is no innovation in the theme of the movie. Such prequels or sequels will give the audience a series of films that are not as good as one another. Some audiences watched the sequel to "Changjin Lake" "The Water Gate Bridge of Changjin Lake", and commented on the Internet that "compared to the previous part of the second part, to lose the advantages clean". Harvest hundreds of likes. If Bona Film continues to remake sequels in the future, it will have no competitive advantage against industry leaders such as Chinese movies and Wanda Film, and the audience will suffer from visual fatigue. In general, Nationalist Film is Bona Film's best product, although it does not lead the industry's products.

3.3 Bona Film's courtyard section is low competitive

From the perspective of Place, there is a significant disparity between Bona Film and the industry's major companies, Wanda Film and Dadi Cinema, in the subject of film screening. As of December 31, 2022, Wanda Film had 704 direct-operated movie studios and 6110 screens in China [13]. Currently, the firm operates 375 IMAX theatres, 44 Dolby Cinema cinemas, and 34 Cinity cinemas, with the most IMAX screens in the world [13]. The number of theaters under the Dadi Courtyard reached 1045, and the number of screens was 6277, ranking first among the national courtyard companies [14]. In contrast, at the end of 2021, there were 108 franchise theaters under the Bona Hospital Line and 905 screens, including 92 own theaters with asset-connected types and 16 external contracting theaters [15]. In short, Bona Film still has a significant number of theaters compared to the market leaders.

4 Suggestion

4.1 Relying on national policies to realize the company's rejuvenation

According to the reason for the low price, this article recommends Bona actively responding to some policies proposed by the government's revival of the Chinese film market and accepting corresponding subsidies. In July 2022, the Ministry of Finance of the People's Republic of China issued the "Notice on the Local Fund Budget of the National Film Development Special Funding Special Funding Budget for 2022". The total amount of subsidies for the whole year reached 355 million yuan, which was used to support the development of the national film industry. In August 2022, the National Film Bureau issued the "Notice on Carrying Out the 2022 Film and Huimin Consumer Machine", united the movie ticketing platforms such as Cat Eye and Douyin, and issued 100 million yuan in consumer vouchers to guide the audience into the cinema.

As an excellent private film and television cultural enterprise in China, Bona Film will adhere to the business purpose of "promoting the spirit of the times, filming a good Chinese story, and promoting industrial development". Together with the outstanding talents of the industry, take the road of high quality, continue to develop, be aggressive, create, and carry forward outstanding movies with the characteristics of the times, open up new ideas for the Chinese film market, and strengthen the entire industrial chain of investment, distribution, theater lines, and other industrial chains. The layout promotes the development of the film industry [16].

In the future, Bona Film should concentrate on the film industry and increase the company's competitiveness in all sectors of the industrial chain. It will continue to promote the achievement of business objectives in four areas: "continuing to deepen the prosperous film investment," "strengthening film

distribution channels and advantages," "expanding and improving theater construction," and "strengthening capital operations" [16].

4.2 Entering the Metaverse and exploring the development of its combination with the film

Regarding the single problem of Bona Film products, this article recommends that Bona Film expand its business field, such as by entering the Metaverse. The proposal of the concept of the metaverse is actually an attempt to create a virtual world connected to the real world. It is essentially the virtualization and digitalization of the real world. Large transformation [17]. The current Metaverse is not mature enough to be in the conceptual stage, so it is very suitable for Bona Film to invest at this stage. According to PwC, the size of the universe market in 2030 will reach 1.5 trillion yuan. Among them, there will be a large proportion of the film and television entertainment industry because the content of film and television entertainment and the Metaverse have natural combination attributes.

On the one hand, film and television IP can enrich the content of the Metaverse's morphological products, and the thinking of the Metaverse can also nurture the creation of film and television stories. Both-way fusion will produce better-looking and more diverse works.

Moreover, the technology of the Metaverse will promote the reform and reshaping of the film and television industries, give relevant creations more immersion and interactive experience, and create a new business model, such as revenue from various virtual products [18]. When the Metaverse comes, the film is definitely an important part of the Metaverse. The film form and the creative method of the film in the space of the Metaverse will be fundamentally changed. The creative model and profit model of the film will change. Although it is unknown in what form it will eventually appear in the Metaverse, the Metaverse will inevitably generate an entirely new movie environment than the current one. Bona Film can mix the company's IP with the metaverse to achieve "zero distance" contact with the realm of the Metaverse through the interactive mode of the audience and the works.

4.3 Strengthen the construction of the courtyard and create the "Bona Studios" brand

In response to the problem of the Bona Film courtyard in Place, this article recommends that Bona Film has vigorously built theater in recent years. Through the construction of cinema projects, the theater scale of Bona Film will be further expanded. Wanda Cinema Line is a successful case. Wanda Film's Zhuhai Hengqin Wanda Cinema Line Co., Ltd. has more than 500 direct-operated theaters and more than 5,000 screens [19]. In 2022, it achieved a domestic box office of 5.222 billion yuan and 200 million viewers. The theater can be seen in various cities in China, and it has maintained the market share of the box office perpetrator for many years in a

row [19]. The expansion of the cinema line helps to increase the scale and influence of the theater.

On the other hand, it will use downstream screening channels to ensure the company's distribution business obtains film distribution rights and improves bargaining capabilities. Cinemas should focus on cities that develop a high-quality domestic economy, such as Beijing, Shanghai, Guangzhou, and other regions, to further expand and increase market share. A strong corporate cinema business network will help further consolidate and enhance the synergistic development advantage of vertical integration of the industrial chain, give full play to the supporting role of downstream theater screening terminals for upstream business, promote the company's profit, and achieve strategic goals.

5 Conclusion

In the context of the development business of Chinese private film and television companies in many fields, this article conducted research on Bona Films' company products, company profit and loss, and the company's future development direction.

This article demonstrates the rationality of the marketing mix theory of 4Ps: price, production, and place. price are all important factors in corporate marketing. It directly affects consumers' purchase decisions, and the market environment will also affect Price. Production is the core competitiveness of the enterprise, and the quality, function, packaging, and other aspects of products will affect consumers' purchase decisions. Place is an important part of 4Ps. It directly affects the sales and distribution of the product. By choosing the right Place, companies can get greater sales and profits in the market.

In addition, this article also develops a future development path for Bona Film. As the first private film and television company in China, Bona Film can carry out the Metaverse business while expanding the cinema to form a complete Bona Film system. According to the development of this route, in the future, Bona Film's brand effect will become stronger and stronger, and it is expected to become the leader of domestic private film companies in China.

However, there is also a lack of research in this article. First, in terms of data collection and collation, the channels for data collection are more chaotic. Therefore, in the end, the company's financial statements can only be displayed in the form of a form. In Future studies, after determining the research object, the research should go to the official website to check to determine whether there is any data related to research. More efficient while improving the authority of the article.

The second is that the research perspective of the articles is not comprehensive. In addition to the Marketing Mix Theory of 4Ps, factors that affect corporate operations are Physical Evidence, processes, People, etc. More detailed analysis from more angles can make the future development path of enterprises clearer. In Future Study, more theories can be used to study cases.

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