

Research on IP of Theme Park in China; Focusing on Film & Animation IP

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Abstract

In recent years, theme parks in China have developed rapidly and have become an important part of the tourism industry. China's theme parks are in the stage of development, and there are many deficiencies in film & animation IP and commercial marketing model, which seriously restrict the development of them. This study elaborates the status of IP development of China's theme parks through SWOT research method, and comprehensively analyzes the advantages, disadvantages, opportunities and challenges of IP development of such.

Keywords: *China's Theme parks, Film & Animation IP, SWOT, Opportunities and Challenges*

1. Introduction

Along with the rapid development of the Chinese economy and increase of material life levels, with the growing pressure of social life as the modern lifestyle changes, since most people

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seek to enjoy the experience of life, as a way to heighten entertainment experiential theme parks have become a means for people to consume the “new favorite in life”.

China has gradually realized the growing consumption needs of consumers and specified relevant policies according to the market. For the theme park industry to carry out comprehensive construction and investment, those construction projects developed rapidly, so far has formed a certain scale.

The Chinese theme park market is rapidly growing to the world’s second largest entity according to IAAPA data. (IAAPA, 2016, Figure 1). Three of the Top Ten world’s biggest theme parks are in China. Furthermore, the country has built more than 3,000 small and large theme parks during past 3 decades. Though 80% of them were merged and acquired to other companies, there are still major groups like Wanda and Fantawild are reshuffling the Chinese theme park industry. (Mahnwoo Kwon etc, 2020)

| RANK | GROUP NAME | CHANGE % | ATTENDANCE 2016 | ATTENDANCE 2015 |
|----------------------------------|----------------------------------|----------|-----------------|-----------------|
| 1 | WALT DISNEY ATTRACTIONS | 1.8% | 140,403,000 | 137,902,000 |
| 2 | MERLIN ENTERTAINMENTS GROUP | 1.2% | 61,200,000 | 60,500,000 |
| 3 | UNIVERSAL PARKS AND RESORTS | 5.5% | 47,356,000 | 44,884,000 |
| 4 | OCT PARKS CHINA | 11.9% | 32,270,000 | 28,830,000 |
| 5 | FANTAWILD | 37.0% | 31,639,000 | 23,093,000 |
| 6 | SIX FLAGS INC. | 5.4% | 30,108,000 | 28,557,000 |
| 7 | CHIMELONG GROUP | 16.0% | 27,362,000 | 23,587,000 |
| 8 | CEDAR FAIR ENTERTAINMENT COMPANY | 2.7% | 25,104,000 | 24,448,000 |
| 9 | SEAWORLD PARKS & ENTERTAINMENT | -2.1% | 22,000,000 | 22,471,000 |
| 10 | PARQUES REUNIDOS | -6.0% | 20,825,000 | 22,154,000 |
| TOP 10 TOTAL ATTENDANCE 2016 | | | 438,267,000 | 416,426,000 |
| TOP 10 ATTENDANCE GROWTH 2015-16 | | | 4.3% | 438,267,000 |

Figure 1: Word Top Theme Park (IAAPA White Paper, 2016)

According to the 2017 China Theme Park Development Report, foreign theme park revenue mainly consists of three parts, of which tickets account for 30 percent, shopping for 30 percent, and derivatives and other products account for more than 40 percent. (Baoliang Liu, 2018)

In China's 2018 National Development and Reform Commission issued "on a standard theme park construction and development of guidance", it is pointed out that "in recent years, the construction of theme parks across the country to satisfy the needs of the people's growing cultural tourism, perfecting the urban functions, such as has played a positive role, and has become an important form of tourism innovation development forms. However, problems such as unclear concept, blind construction, imitation and copying and low-level duplication have also emerged in the development of theme park construction. In some areas, local debt risks and the tendency to turn real estate into real estate have emerged."

Therefore, it can be said that although China's local theme parks are in the development stage, with a large number and a fast development speed, there is still a big gap in the business marketing mode and cultural IP compared with internationally famous theme parks, such as "Disneyland Park" and "Universal Park". Effectively improving the cultural value and brand effect of theme parks has an important strategic significance for the adjustment of the theme park industrial structure. This can be done by saving resources, through the promotion of cultural IP and development of the city (tending to the same trend), by improving the brand value and cultural creativity, and by focusing on the development of cultural IP to drive the economy by brand. In this paper, the SWOT method is used to conduct strategic analysis on the IP of China's local theme parks on this basis, it is aimed to put forward practical and effective solutions and strategic deployment for the future development of China's local theme parks' IP.

2 Film & Animation IP

IP is the English abbreviation of intellectual property rights, IP is a commodity model formed on the basis of subculture, topic, reputation and other elements. With the development of the society, various industries are integrated with each other. According to this feature of IP, the film and animation industry began to show integration.

For the film industry, movie IP derivatives can be books, novels, posters, souvenirs, clothing, food, games, music and theme parks related to the movie content. These products rely on the reputation and influence of the movie itself to build enough trust in the hearts of fans, so as to obtain sales and profits. Due to the film industry itself having many characteristics, so the film IP-related derivative development is quite worthy of research and discussion. (Li Yang, 2019)

Animation IP refers to the culture, world view, and image of animation characters and other elements involved in and created by the animation work itself. (Baoping Yan, 2016)

The core element of animation IP design is to show various forms of content and symbols through creativity and ideas, and is widely accepted by the market and consumers. If the scenic spot sign system were to be compared to a person, IP design would be its face, which is actually often used in the publicity and image promotion of scenic spots. This IP can be a traditional, symbol or content, or a newly created form, which is widely used in animation, music, film, games and other fields. The “Scenic area identification system” refers to a variety of guidelines, and in animation IP from the visitors’ perspective in the scenic area, it is the spokesperson of that area who can help tourists to understand the distribution of scenic spots, cultural concepts and connotation.” Therefore, the most important thing in the design of the scenic area logo system is to design an animation IP that conforms to the scenic area's business philosophy and product requirements, and then expand its influence and popularity through the

publicity of certain media and tourists, so as to improve the image of the scenic area and increase the number of tourists. (Yao Yao, 2020)

As for the experience and mode of combining IP with theme parks, western countries have been relatively far evolved. Western countries were the first to adopt the model of "Theme park +IP", which has gradually entered the mature stage of development after several years. For example, Disney's Mickey Mouse, Winnie the Pooh, Pirates of the Caribbean, and Universal Picture's Harry Potter's Hogwarts School bring the images from animation to reality through this form. In general, based on most of the characters appearing in cartoons or movies, western major developed countries have produced related toys, decorations, services, derivative products, etc., and have associated theme parks with IP. To provide visitors of the theme park with the experience of viewing multiple IPs at the same time. (Jiajun Chen, 2020)

3 Market research & business models

3.1 Development Trend of Theme Parks in China

The development of theme parks in China is closely related to the global economic situation and globalization. In the "2020 China Theme Park Competitiveness Evaluation Report", China Theme Park Research Institute points out that 2020 is an unusual year. The COVID-19 epidemic has made people understand the importance of managing theme parks well and improving their ability to compete. With the spread and influence of the novel coronavirus, international travel exchanges have been blocked, and inter-regional tourism is still in a concerning state, but theme parks are the first to recover. COVID-19 has upended the way people traditionally work, learn, live and interact, and many of these changes are likely

to be long-term. For theme park industry it is mainly reflected in the following aspects:

① Consumers have formed the habit of online consumption and offline experience. During the epidemic, entertainment that required face to face was replaced by entertainment that could be consumed while staying indoors.

② Theme parks and many tourist attractions will increasingly rely on online sales and reservation systems.

③ Ticket economy will still be the main source of income for theme parks in the future, but the secondary consumption and mixed consumption mode will strengthened further.

④ The theme park cluster effect becomes more and more obvious.

⑤ Scale and branding go hand in hand.

⑥ Digital innovation has become the new driving force.

3.2 Market Size and Operating Business Model

With the development of China's tourism industry in recent years, theme parks, as a way of life and leisure, have developed rapidly in China. According to statistics, from 2010 to 2014, China's theme park market showed a steady development trend. In 2015, there was an explosive growth, with only 8 theme park operators increased in one year. In 2016, 6 theme parks were added, and 4 more in 2017. By 2018, the number of enterprises operating theme parks had increased by 3. (asshowninFigure2). Judging from the increase of number in theme parks in China, the development speed of such leads the world, and the market shows sign of strong vitality.

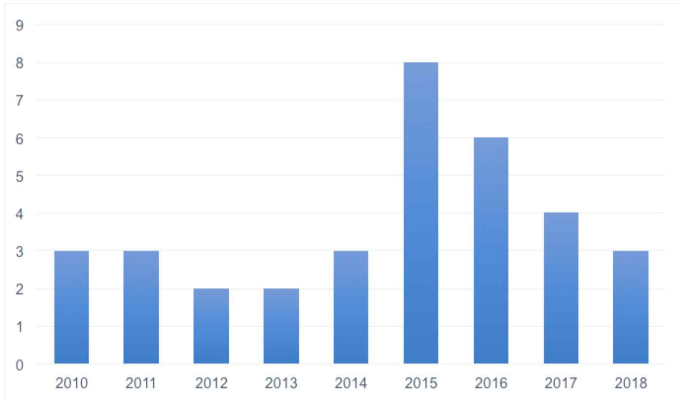


Figure 2: The number of theme parks in China has increased in the past decade (2020
 ChinaThemeParkCompetitivenessEvaluationReport)

With the continuous development of China's economy, the investment in theme parks is increasing year by year. The investment in large-scale theme parks is as high as 1 billion to 10 billion ¥ (currently about 0.154 billion to 1.539 billion \$), generally covering an area of 0.6 to 6 square kilometers. (Shi'en Zhong etc, 2015)

The theme park market in China has a broad prospect. World famous theme parks have been looking at the Chinese market and have made large-scale investment and industrial layout in important cities in China. (as shown in Table 1)

Table 1: The layout of the global famous theme park brand in China (Frost Sullivan institute, 2019)

| World famous theme park brand | Layout city (landing and planned landing) |
|-------------------------------|---|
| Disney land | Hong Kong/Shanghai |
| Universal Studios | Beijing |
| Time Warner Dream World | Zhuhai |
| Lego(Merlin) | Shanghai/Zhuhai |
| Six Flags Great Adventure | Jiaxing/Chongqing/Nanjing |

In 2019, the Lead Leo Institute Chinese theme park industry market research pointed out that the Disney brand has a complete industrial chain layout - Media Networks, theme Parks and Resorts, Studio Entertainment, Consumer Product and Interactive being the five business sectors, constructed so Disney's IP can spread and for the appreciation of ecological landscape. Among them, film and television entertainment has the function of IP content creation and authorization to create value. Its theme parks embody IP content as experience-based products. Consumer derivatives are the authorized operation, publication and retail of commodities, which will further integrate the IP into the consumers' lives. Interactive entertainment is based on IP derivatives (games) development and licensing. The media network is the channel end of IP transmission. (as shown in Figure 3)



Figure 3: Disney IP business model (Frost Sullivaninstitute,2019)

China's business models are mainly based on the integrated development of cultural tourism and theme parks. Theme parks have become part of the cultural tourism industry, with ticket revenue from well-known theme parks in China accounting for about 70 percent of the total revenue, and ticket revenue from well-known theme parks overseas accounting for about 30 percent of the total revenue. The economic benefits of China's theme parks are mainly based on the ticket economy, and the industry is supported by the flow of people and the huge market.

Compared with the well-known theme parks abroad, the IP development of theme parks is relatively weak, and the profit model is comparatively on one side, and no large-scale and

systematic business profit model has been formed. (as shown in Figure 4)



Figure 4: Cultural tourism industry integration of theme parks (Frost Sullivan institute, 2019)

4 SWOT analysis of theme park IP

4.1 Strengths

4.1.1 Historical Advantages

China has a long history, profound cultural deposits, accumulated thousands of years of cultural heritage, and rich cultural genres, covering a wide range, such as historical allusions, literary works, celebrity biographies, myths and legends, folk dance etc.

4.1.2 Geographic Advantages

Rich in ecological resources such as mountains, rivers and the like, China has its own unique advantages of multi-landforms and multi-nationalities. It is inclusive and

compatible with various cultures and can be created in different genres for consumers with different preferences.

In China there are theme parks such as “Fantawild” which use the Chinese culture as a theme of their project. The park’s content is put together with a large amount of Chinese national elements, containing rich historical cultural and spiritual philosophy. Using these elements as a theme, allows the visitors to enjoy the entertainment, as well as experience the extensive and profound heritage. Thus leading to the expansion of the Chinese traditional culture, and the satisfaction of the public demand for cultural consumption.

4.2 Weaknesses

The influence of cultural IP being insignificant, is a result of its popularity not being enough. Likewise, not having an effective marketing model results in the numbers of IP being insignificant. As an example, Fantawild Theme Park's mascot "Duludubi" can be examined. Insufficient publicity did not form an influential IP image. On the one hand, Fantawild is upgrading its Theme Park, and on the other hand, it is building Boonie Bears, a top-tier IP brand in China. (as shown in Figure 5). In the offline Fantawild theme park, it is also creating the latest live entertainment scenes around this IP. However, compared with Disneyland Park and Universal Park, Fantawild theme park's IP is less well known in the world, and has a big gap in IP production output.



Figure 5: Fantawild: Boonie Bears

While developing IP, China's theme parks still have some problems, such as weak independent IP design and R&D ability, low IP realization ability and blind introduction of theme IP. The IP schedule for a Disney movie is usually preliminarily determined about a year in advance. The company can carry out pre-marketing planning according to the release date of the movie, carry out a large number of publicity activities before the movie is released, and put IP derivatives on the shelves for simultaneous sale. Consumer goods typically hit the market six weeks before the film's official release, followed by limited-edition derivatives and even co-branded versions of stars to bring attention. However, China's business IP operation mode is relatively single-sided and lagging behind. It mainly focuses on the box office. Most of them wait until after the release of animation and film, and consider the release and sale of IP derivatives based on the box office. Therefore, IP derivatives will miss the best-selling opportunity.

Leadleo Institute pointed out in "2019 China Theme Park Industry Market Research" that theme parks need talents in creativity, planning, project, architecture, machinery, robotics, film and television, computer, automatic control, operation and other aspects in the process of creative design, research and development, production and final operation and management

also need to be kept in mind. However, the history of China's theme park industry development is relatively short. Local theme parks, especially cultural and scientific theme parks, lack relevant experience. It is difficult for the industry to develop and produce creative design and theme projects, which is further hindered by a shortage of relevant talents and personnel training mechanism. Performance and entertainment projects mostly exist in the form of simple imitation, and lack of integration with media, film and television, animation, games and other industries, and serious homogenization competition restricts the development of the industry.

4.3 Opportunities

China's theme parks are in the development stage, supported by the Chinese government and invested in heavily. China's "13th Five-Year Plan" proposes to "vigorously develop tourism, supporting the development of ecological, cultural, leisure, mountain tourism, etc." Nowadays, theme parks play an important part in tourism, therefore it is the best time for development.

In 2018, the China National Development and Reform Commission published a notion "on a standard theme park construction and development of guidance." They pointed out that the rich culture connotation of Chinese traditions, if encouraged to be included elements of theme park attractions, actively promote the socialist core values and narrate a good Chinese story and culture. In order to guide theme park enterprises to establish a long-term investment mechanism, it is important to regularly update the theme park facilities and equipment, encourage cultural creativity, and constantly innovate various experience services, performing arts and other activities. Based on geographical conditions and regional characteristics, the focus should be on and highlight the theme, and duplication of content or similarity in form should be avoided. Science and technology should be used to support

theme park enterprises in order to strengthen scientific and technological innovation, fully mobilize the initiative of all sectors of society, and promote innovation in technology, format, content, model and management. The government should support the use of digital technology, simulation, internet and other high and new technologies to support the development and utilization of cultural content, equipment, materials, processes and systems, and accelerate the pace of technological transformation. China should promote the integrated application of animation games and virtual simulation technology in theme park designs and manufacturers. Additionally, the use and protection of intellectual property rights should be strengthened, the incentive mechanism improved for innovation, and market players expanded. Furthermore, China should actively learn from foreign experience, strengthen their independent innovation, pay attention to brand building, and actively cultivate theme park enterprises with rich cultural connotation and market influence. Having an operational theme park industry in China could encourage the excavation, protection and development of characteristics of traditional folk art and service concept. Furthermore, cultivating theme park enterprises with local characteristics would extend the industrial chain, improve the value chain and promote said enterprises through cooperation. Each would be involved in equity participation in various ways. Including the creative design, tourism planning, and derivative product development cooperation. Finally, to enable cross-borders integration of industrial groups, conditional theme park enterprises “going out” should be supported to expand the export of products and services.

4.4 Threats

After China's entry into the WTO in 2001, the tourism industry began to compete directly with foreign rivals.

However, the competition of theme parks was particularly prominent. For example, the Walt Disney Company, settled in Shanghai and invested and established Shanghai Disneyland Park, which was officially opened in Pudong New Area of Shanghai in June 2016. In 2014, Universal Studios Hollywood, which owns a number of film and animation IPs, also entered the Chinese market and built a Universal Park in Tongzhou district of Beijing. The official announcement is that the constructions were expected to be completed by the end of 2020 and the park is to be opened in May 2021.

The United States have a vast experience in the operation of theme parks. From the perspective of cultural management and planning, its cultural IP creativity have a wide coverage and high visibility. From the technical level, Hollywood has advanced film and animation production technology, which holds the world's leading production level. These factors bring great challenges to the development of theme park IP in China.

Compared to the United States, China started developing theme parks relatively late. The first theme park “splendid China” having been opened in 1989 in Shenzhen. The Chinese theme park development history accounts to less than 30 years. There are about 2500 theme parks in China. Additionally, there are three different growth patterns 'amusement park + film and television show', 'science and technology characteristics + animated cartoon' and 'foreign theme park IP + diversified development'. It is possible that during the construction of theme parks they might have their own characteristics and focus of these patterns, but they can also mix and mutually influence one another. It can be seen that technology and capital are no longer the key factors for the rise and fall of China's local theme parks. Instead, creation of theme parks and better content IP bearing good culture and values are the key to a sustainable development of such. (Lei Wang etc, 2019)

5 Conclusion

With all this in mind, it can be said that, although China is also vigorously developing theme parks at present, its deficiencies are relatively obvious compared with the mature development mode of developed countries. Despite the Chinese government having formulated relevant measures to promote the development of theme parks in terms of policies and systems, there is still an obvious gap between the Chinese government and well-known theme parks such as Disney in terms of some non-policy factors, such as IP popularity. This paper uses the SWOT analysis method to expatiate the various factors existing in the current situation of the development of Chinese theme parks. That is, China itself has a rich history and culture and diverse landscapes, so there is a great variety of materials to exploit. However, due to the lack of IP independent design, research and development capabilities, the cultural output is weak, resulting in low visibility in the international community. Due to China's late start and the competition from famous theme parks such as Disney, the survival situation is still grim. Therefore, according to the current situation of the development of theme parks in China, the following three improvement plans are proposed through SWOT analysis.

First, establish national self-confidence, and resolutely resist imitation. Give full play to the subjective initiative, mining Chinese excellent traditional culture, while holding on to positive aspects and discard the negative ones. Encourage divergent thinking during the creation process, in order to build an IP with unique and creative connotation, Such as AR/VR/MR combined with real ascension tourist interaction and experience. All this could form a theme park with market appeal.

Second, improve the quality of cultural IP products while increasing IP output, and reducing blind construction. Increase the research and development of creative IP to improve the IP

content of interest. China should intensify publicity efforts to promote it globally through TV and internet platforms, in order to quickly expand the popularity of film and animation IP. It should then combine this with entity themes to enhance the creativity and interactivity of cultural IP, so as to create theme parks with local characteristics. For example, Disneyland Park and Universal Park not only have competitive cultural IP, but also a large number of them.

Third, adjust the theme park consumption structure, improve the business marketing model, and promote the consumption of derivatives. The single business model based on ticket economy has become a history. The annual revenue of Disneyland Park and Universal Park, excluding tickets, accounts for more than 50% of the total revenue. At present, Chinese theme parks are gradually awakening, Fantawild, for example, implanted Boonie Bears IP into Fantawild Theme Park to restore the life scenes of Boonie Bears in the animation -- Bear in the Valley, Bear in the Theater, Bear in the Stage, etc., so as to achieve a win-win development of cultural IP and theme parks.

In 2020, with the outbreak of COVID-19, the global economy will be severely impacted, and theme parks will also be confronted with great economic challenges. The development of theme parks in China will face unprecedented tests. Under the background of both opportunities and challenges, it is of great strategic significance to reorient the strategic direction, adjust the industrial structure and perfect the business model and planning of commercial IP.

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