

Research on multiple profit means of film business and its industrial derivatives: A case study of Universal Pictures

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Abstract:

The increasingly mature film industry has a huge influence on the world. Nowadays, film has become an important artistic channel for promoting culture and communication. At the same time, the commercial value of the film also promotes the development of the international market. In addition to box office revenue, the derivatives of the film industry also constitute an important part of the industry's profits. By issuing electronic games, opening theme parks, selling souvenirs and other ways to meet consumer demand, film and television companies have brought a lot of income, but also provide a positive role in promoting social development. For example, the Universal Studios resort built around the world attracts the majority of tourists to come and spend money through the influence of movie IP. At the same time, the opening of Universal Studios has also promoted the development of the regional economy, driving local tourism, transportation and service industries. The development of the industry and the improvement of consumer demand have also promoted the emergence of a large number of jobs and provided employment opportunities for the society. By analyzing the derivative sales model of Universal Pictures, this paper analyzes the marketing strategies and business models of different projects with examples and discusses the diversified profit means applied by them and their promoting effects on the market economy.

Keywords: Universal Pictures; film industry; film IP; film derivatives.

1. Introduction

With the gradual expansion of the film industry, the demands of the audience have gradually diversified.

In this process, more and more film companies have obtained rich economic benefits by expanding the market scale of their derivative products. Specifically, through the release of movie co-branded games,

the establishment of theme parks and movie and television cities, as well as the sale of souvenirs around the movie and other channels, while expanding the popularity of the movie brand, it also drives the development of regional economy. Universal Pictures, founded in 1912, is one of the largest film production companies in Hollywood, with numerous well-known film productions, and is part of the Universal Pictures Group. With the cooperation with Steven Spielberg, Universal Pictures launched “Jaws”, “ET”, “Jurassic Park” and other films with high visibility and high box office worldwide, which laid the foundation for the future film market of Universal Pictures.

By analyzing the sales model of derivative industry chain of Universal Pictures’ series of works, this paper discusses its market influence and promoting role, analyzes the success factors of well-known IP industries, and considers how to learn from the successful model of excellent industrial projects to create a local excellent film derivative market.

Based on the framework of review articles, this paper takes case analysis as the main research method and combines secondary data and literature to discuss the research objectives in various aspects and give examples. At the same time, the paper uses the literature citation method to further elaborate and expand the development of Universal Pictures and the film derivatives market by synthesizing relevant literatures.

This paper first discusses the market economic benefits brought by film derivatives and takes specific projects as examples to discuss the market scale and influence formed by them; Then discuss how the film company’s operation and sales model of film derivatives can better promote the improvement of economic benefits; Finally, it analyzes how local films should expand their own development market from the direction of forming industrial scale and planning marketing means.

2. Correlation Analysis Between Film Derivatives and Revenue

Movie derivatives refer to products developed based on characters, characters, scenes, props, logos and other elements in movies. These products include but are not limited to toys, hand models, books, audio and video products, clothing, souvenirs, theme parks, etc., which are based on the extension and expansion of the content and elements of the movie. Film derivatives not only have cultural value, but also contain huge economic benefits. Film derivative is not only a commodity, but also a cultural symbol and inheritance. They carry the cultural connotation and value orientation of the film. By purchasing and collecting

these derivatives, consumers can better understand and identify with the cultural spirit conveyed by the film. For film companies such as Universal Pictures, film derivatives are an important part of their industrial chain. By developing and selling these derivatives, companies can extend the life cycle of films, expand their brands, and generate significant financial gains [1].

As a world-renowned film studio and theme park operator, Universal Pictures has a wide range of film derivatives, covering a variety of fields from everyday objects to high-end collectibles. For example, toys, clothing and household items developed based on well-known film works meet the needs of different consumers.

Universal’s movie spinoffs are also closely tied to its theme park business. Inside the theme park, visitors can experience scenes and stories from the movie themselves and buy derivatives that match the theme of the theme park as souvenirs. This combination not only enriches the visitor experience, but also promotes the sale of derivatives.

2.1 Market Size of Beijing Universal Studios

Universal Studios Beijing, located in Tongzhou District of Beijing, is the third Universal Studios theme park in Asia and the fifth in the world. This theme park, which integrates entertainment, creativity and culture, has attracted countless visitors since its opening on September 20, 2021. Universal Studios Beijing not only brings the Hollywood charm of Universal Studios to China, but also integrates unique Chinese cultural elements to provide visitors with an unprecedented immersive amusement experience.

There are seven theme areas in the park, including the Wizarding World of Harry Potter, Transformers Base, Minions Land, Jurassic World Nubra Island, Kung Fu Panda Wonderland, etc. Each area is set against its own unique movie theme, highly restored scenes from the movie, so that visitors feel like they are in the movie.

Since the opening of Universal Studios Beijing, the number of visitors has continued to grow. Universal Studios Beijing received more than 2.1 million visitors in 2021, a figure that will grow to 12.8 million in 2022, according to the statistics of Coresearch Industry Consulting. In the same year, the annual revenue of Universal Studios Beijing has reached about 9.6 billion yuan, playing an important role in promoting the revenue of global Studios theme parks. (Data source: Co-research Industry Consulting)

In addition to ticket, catering, shopping and other consumer expenditures, Beijing Universal Studios has also driven the development of surrounding hotels, tourism, transportation, commerce and other related industries, forming a

benign industrial ecological chain, to Tongzhou GDP has brought huge growth. At the same time, it also promotes the upgrading of regional industries, attracts investment and consumption, and enhances the international image of the city, which not only brings significant economic and social benefits to the surrounding areas, but also sets a new benchmark for the development of China's theme park industry [2].

With the continuous introduction of new projects and the continuous improvement of facilities in the park, more tourists will be attracted to visit and experience in the future; On the other hand, by strengthening the linkage development with the surrounding areas, the formation of a more complete tourism industry chain, and further enhance its market competitiveness and brand influence.

In addition, with the application of new technologies such as digitalization and intelligence, Universal Studios Beijing will continue to upgrade its service model and management level to provide visitors with a more convenient, effective and personalized service experience. And strengthen cooperation and exchanges with other Universal Studios theme parks around the world to jointly promote the healthy development of the global theme park industry.

2.2 Harry Potter Themed Games

In addition to the movie peripheral products, "Harry Potter" themed games have also brought a lot of profit to the Harry Potter series derivative industry in the market.

For example, its derivative famous game "Harry Potter: The Magic Awakens" since its release, with unique game mechanics and wonderful story, has achieved significant sales results around the world.

Hogwarts Legacy is a game developed by Warner Avalanche Studios and published by Portkey Games. The game, which is based on the wizarding World of Harry Potter, was released on February 11, 2023, and won the Steam2023 Awards for Best Steam Deck Game on January 3, 2024.

2.3 Sales of Peripheral Products Such as Harry Potter

Harry Potter IP is one of the top 10 most profitable IP in the world. As early as 2011, there were media reports that the scale of the giant industrial chain driven by Harry Potter has reached 200 billion US dollars, and the brand value driven by the publication alone may have exceeded the Marvel Universe.

In addition to the most intuitive book sales and box office receipts, the spin-off surrounding of the wizarding world is also full of tricks. From the most ordinary hand-made

dolls, anniversary hardcover books to movie spin-off props peripheral, there are countless toys, clothing, food and other thousands of franchise goods.

Nowadays, the income of Harry Potter peripheral products has become one of the main sources of film product income, and its wide sales market and diversified audience also provide a boost to the multi-directional development of the film derivative market.

3. Universal Studios' Operation and Sales Model for Derivatives

3.1 Authorized Operation and Licensed Goods

Universal Studios' licensing business mainly includes traditional consumer product licensing, non-traditional licensing models, and partnerships with major brands and enterprises.

The traditional consumer goods license covers the manufacture and sale of all kinds of goods, such as toys, clothing, accessories, etc. Universal Studios has many movies IP, such as Minions, Jurassic Park, etc., which are widely used in a variety of consumer products to meet the daily use and collection needs of consumers.

In addition to the traditional consumer product licensing, Universal Studios also actively explores non-traditional licensing models, such as increasing cooperation with major brands and game companies, which promotes friendly communication and common development between the industry while expanding the market.

Through these licensing operations, Universal Studios not only expands its brand influence, but also brings consumers a colorful experience and high-quality products. Whether through the purchase of related goods, or participating in various activities, consumers can deeply feel the unique charm and cultural connotation of Universal Studios.

Universal Studios licensed merchandise includes Harry Potter, Minions, Kung Fu Panda, Transformers, Jurassic Park and many other classic IP peripheral memorabilia.

In addition, Universal Studios also offers some featured merchandise, such as the Minions Zodiac collection at the Minions Bazaar, which is inspired by the Chinese Zodiac culture and includes a selection of merchandise in various categories such as T-shirts and backpacks, as well as merchandise exclusively available at Universal Resort Beijing. These licensed goods not only cover classic characters and scenes from movies and animations, but also incorporate rich cultural and creative elements to provide tourists with a wealth of choices and a unique shopping experience.

3.2 Immersive Experience and Scene Creation

The immersive experience covers seven theme areas in Universal Beijing Resort. Visitors can have close contact with the movie, and realize close interaction with the movie scene, plot and characters.

Among them, Colin Trevorrow, director and screenwriter of the Jurassic World series, personally participated in the creative design of the park as a creative consultant of the Jurassic World Nubra Island theme area. In the “Jurassic World Adventure” project, John Schwartzman, director of photography for the Jurassic World films, created a thrilling visual experience for visitors.

In the wizarding world of Harry Potter, visitors will follow in the footsteps of the characters in the same adventure scenes as the movies and explore the magic of Hogsmeade and Hogwarts Castle.

Based on its deep insight and understanding of the Chinese market, Universal Studios Beijing has created a number of unique experiences exclusively for visitors. For example, the world’s largest minion’s paradise and the world’s first future water world exclusive scenic spot and so on.

It is worth mentioning that the first Universal theme park with the theme of “Kung Fu Panda” settled in Beijing Universal Resort. The scenic area is based on the DreamWorks animation series “Kung Fu Panda”, designed around the “Chinese legend experience”, to create a full indoor scenic spot, in the Legend of Lantern Shadow, Peace Valley and Panda Village, visitors will be able to walk through the movie screen with Po, experience a different kind of “Chinese style” [3].

4. Reference Direction of Local Film Derivatives Market

While Hollywood films make most of their money from the sale of derivatives, Chinese films rely on box office and advertising.

First of all, the development of film derivatives in China faces great challenges. The sale of derivatives has always been an important channel for the rapid realization of IP, an ordinary water cup, clothes, once associated with the hot IP, the price will be several times higher. Therefore, whether to choose to buy movie peripheral products, what kind of movie peripheral products to buy, is a question worthy of consideration for the majority of consumers.

For high-income people, middle-income people and ordinary income people, the demand for what kind of movie peripheral products to buy is different, so the local movie derivative market should also accurately locate the needs of the audience and develop products suitable for different

income groups and spiritual needs [1].

As the domestic IP derivatives market is still in the early stages of development, the public needs some time to accept this new consumption habits and concepts. This needs to provide assistance to the development of the relevant industrial chain through multiple directions such as its own IP creation and derivatives marketing [4].

Although the development of Chinese film derivatives faces great challenges, it still has a broad development prospect. In the history of Chinese film and television series, there are many classic films and television works that are commendable. For example, “Journey to the West”, which is repeated every summer vacation, is a classic memory of every post-80s and 90s and has a rating of 96%. This data reflects the huge influence and popularity of Journey to the West among Chinese audiences.

4.1 Creating the Own IP Address

Whether derivatives can provide us with enough emotional value depends first and foremost on the quality of the content. Although on the surface, the Hollywood film market derivatives revenue is higher than the box office revenue, but in essence, only through high-quality content to create influential IP, can attract audiences to consume.

Secondly, look at whether the product is intentional. Some co-branded goods are sold at inflated prices with the heat of IP, while the design and production processes cut corners. In the long run, the market’s reputation and sales will be greatly affected [5].

The reason why Harry Potter is called a super big IP at the global level is that it has achieved a huge span in time and age and has a broad and strong fan base. And the work itself represents the memories of a generation’s youth.

The wizarding world of Harry Potter, created by Beijing Universal Studios, follows the plot of the book and the movie, creating an almost perfect wizarding world in the minds of the audience. It is precisely because of the high quality and attractiveness of IP itself that a strong audience base has been laid for the market development of theme parks.

In fact, local films also have almost comparable film works, such as the 2015 summer “Monkey King: Hero Is Back”, which not only harvested high box office, but also achieved great success in the development of derivative market. Monkey King: Hero Is Back rooted in traditional Chinese culture, has a strong national cultural atmosphere, as well as a wide range of social influence and audience groups, has important cultural attributes, and has made a deep exploration of China’s outstanding traditional culture. This proves that the combination of film IP and Chinese traditional nationalized culture is an effective

path for the development of Chinese film derivatives. If we can keep up with the influence of movies, create its related movie derivatives, extend the industrial chain, and enhance the continuous influence of IP, we can explore a new way for the development of China's movie peripheral products [4, 6].

Therefore, IP itself must have a strong recognition, reasonable layout and development of content derivatives, so that it can quickly occupy the minds of fans, so that IP has been a considerable development.

4.2 Optimization of Business Model

With the increasing maturity and internationalization of China's film industry, the potential of the film derivatives market has been gradually stimulated. This is not only an extension of the film industry value chain, but also an important sign of the deep integration of cultural and creative industries. The development of the film derivative market can not only bring additional income to the film, but more importantly, they can extend the life cycle and influence of the film, deepen the audience's emotional connection to the film, and become the carrier of cultural transmission.

In terms of operation, it can increase the linkage cooperation with well-known brands to expand brand effect and attract potential consumers; At the same time, the promotion of film derivatives online and offline should be intensified, including the promotion on social media and e-commerce platforms, as well as the launch of film conferences and surrounding sales activities in various cities, so as to expand the scope of influence of films, carry out personalized promotion for target groups, and lay the foundation for the construction of film derivatives market [7, 8].

5. Conclusion

This paper studies the market scale and operation mode of Universal Studios' film derivatives, and probes into the development direction of local film derivatives. The profit model and market influence of film derivatives market are deduced by analyzing the sales model of film derivatives.

In view of the specific cases, the author puts forward the optional direction and sales model of the development of domestic film derivatives market.

The limitation is that this paper only analyzes the derivative business mode of the main projects of Universal Studios, with few reference cases, and the diversified consideration of the development of local film industry chain is not comprehensive.

It is expected that the theory of this paper can be popularized in the course of practical application in the future.

6. Reference

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