

Business Models and Capital Financing Strategies in the Film and Animation Industries: Global Trends and Challenges

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Abstract:

This study analyzes the evolution of business models and capital financing strategies in the film and animation industries and the opportunities and challenges they face. With the acceleration of globalization and the continuous advancement of digital technology, these two industries have undergone profound changes in production methods, distribution channels, and business models. This study examines how the film and television industry can increase its revenue sources through IP expansion and transmedia narratives. It details the successful cases represented by the Marvel Cinematic Universe. This study also analyzes the development of the animation industry under the trend of globalization and digitalization. By analyzing the live streaming and crowdfunding models of platforms such as Bilibili, this study demonstrates how the animation industry can build a diversified profit model using fan interaction and virtual gifts. Despite the remarkable achievements of these two industries, driven by global capital operations and technological advances, investments in content diversification and technological innovation are still needed to ensure sustainable development in the future in the face of issues such as market saturation and creative fatigue.

Keywords: Film Industry; Animation Industry; Business Model; Capital Financing.

1. Introduction

The film and animation industries, as two major pillars of the entertainment sector, have long played an indispensable role globally. Both industries have made significant contributions not only to cultural dissemination and economic growth but also to tech-

nological innovation and the evolution of business models [1]. With the accelerated pace of globalization and continuous advancements in digital technology, the production methods, distribution channels, and business models of the film and animation industries have undergone profound changes, particularly in terms of capital financing and content distribution.

In recent years, the active capital markets and the rise of internet platforms, especially domestic platforms such as Bilibili, have led to significant transformations in revenue models, content creation, marketing strategies, and audience engagement in both industries.

The film industry began flourishing in the early 20th century, evolving from the silent film era to today's fully digitalized production and global distribution system, driven by technological innovation and capital investment. Its business model has gradually shifted from relying solely on box office revenue to a diversified model, including licensing rights, merchandise development, and digital streaming distribution. The success of superhero franchise films, such as the Marvel Cinematic Universe, further deepened the industry's exploration of intellectual property (IP) extensions and cross-media storytelling. By creating interconnected narratives across multiple films, this model has enhanced audience loyalty and market influence. The combination of cross-media expansion and capital financing has become a crucial business strategy in the modern film industry.

The animation industry has similarly transitioned from hand-drawn techniques to digital production, becoming increasingly commercialized on a global scale. With the development of online distribution technologies, the dissemination of animated content has expanded from traditional television and cinema to digital platforms, accelerating its industrialization. Domestic platforms like Bilibili not only provide new distribution channels for animated content but also generate new revenue streams through live streaming and interactive features, especially in fan interaction, virtual gift giving, and other fan economy activities. Additionally, the animation industry is increasingly reliant on IP development and cross-platform content operations, using merchandise, games, and other entertainment forms to expand its commercial impact.

Despite the significant achievements of the film and animation industries in recent years, both face numerous challenges due to increasing market competition and evolving audience demands [2]. Issues such as creative fatigue, market saturation, and the risks associated with capital operations are forcing these industries to seek new business models and innovative content strategies. At the same time, the global flow of capital has created more opportunities for growth, particularly in cross-border collaborations, global content distribution, and the expansion of international markets.

Thus, studying the business models and capital financing strategies of the film and animation industries is essential not only for understanding the operational mechanisms of these sectors but also for providing theoretical support and practical guidance for industry innovation. This study

analyzes the historical development, business models, and capital financing practices in the film and animation industries, explores the challenges and opportunities they face, and proposes strategic recommendations for future growth.

2. Historical Development and Background

2.1 Development of the Film Industry

The development of the film industry dates back to the late 19th and early 20th centuries. With continuous advancements in film technology and the growing demands of audiences, the industry gradually evolved into a global cultural and economic phenomenon. Early films primarily relied on simple photography techniques and manual editing. With the introduction of sound films (also known as "talkies") in the 1920s, the film industry underwent a major technological transformation, marking the transition from silent films to sound films. At the same time, the film gradually shifted from an art form into a commercially viable industry, establishing Hollywood as the center of commercial film production.

In the mid-20th century, the film industry faced significant challenges with the rise of television, causing a temporary decline in cinema attendance. However, film companies responded with technological innovations and content creation transformations, such as the introduction of color films and special effects, to regain their market share [3]. By the late 20th century, rapid advancements in digital technology ushered in another transformative era for the film industry. Digital production, special effects, and computer-generated imagery (CGI) technologies have become more sophisticated, making film production more flexible and visually enhanced. Classic examples such as the Star Wars series, the Jurassic Park series, and The Matrix series demonstrated the profound impact of digital technology on the film industry.

Entering the 21st century, globalization and digitization accelerated the growth of the film industry. The emergence of global film markets and the distribution of films through the Internet and digital streaming platforms (such as Netflix and Disney+) have expanded the industry beyond specific geographic regions. Major studios like Disney, Warner Bros., and Universal Pictures began to rely on multinational capital investments, intellectual property (IP) expansion, and cross-media storytelling to maximize commercial returns. The Marvel Cinematic Universe (MCU), in particular, represents a model of cross-film series that has built a massive fan base and gradually become a com-

mercially valuable example in the film industry.

Overall, the film industry has transformed from an art medium into a global cultural and commercial industry chain driven by technological progress, capital operations, globalization, and content innovation. Its development process illustrates how the integration of technology and capital can achieve sustained industry growth and global expansion.

2.2 Development of the Animation Industry

The historical development of the animation industry has similarities to the film industry but also unique differences. As a distinct combination of art and commerce, animation first emerged in Japan and Western countries in the early 20th century. Early animation was primarily hand-drawn, akin to traditional film at the time, with relatively basic technology. However, with the release of classic animated films such as *Snow White and the Seven Dwarfs* (1937), animation gradually became a cultural form with international influence.

In Japan, the animation industry followed a particularly unique trajectory. In the mid-20th century, Japanese animation rapidly expanded, heavily influenced by the works of Osamu Tezuka in both manga and animation. Animated films and television series gradually gained recognition in global markets. Simultaneously, animation evolved from a niche culture to a mainstream one, encompassing films, television, manga, and related products and fan creations. Unlike Western animation, the Japanese animation industry emphasizes content diversity and the long-term management of IP. Successful IPs like *Dragon Ball*, *One Piece*, *Naruto*, and *Neon Genesis Evangelion* have become iconic.

With the advent of the digital age, the animation industry, like the film industry, began to rely on digitization and network technology for global dissemination. The internet has facilitated the cross-border spread of animation content, with Japanese works reaching global audiences through streaming platforms and social media. In China, domestic platforms such as Bilibili have become vital channels for younger generations to access anime content while also providing a broad platform for showcasing domestic animations [4]. Bilibili has created a new business model by leveraging content distribution, fan economies, and virtual gifts, gradually transforming the animation industry's revenue model.

Digitization and globalization have driven the industrialization of the animation sector, transitioning it from traditional handcrafted production to highly industrialized processes. The distribution methods have also expanded from television and cinema to digital streaming platforms.

Furthermore, the development of IPs and cross-platform content operations, such as marketing through video games, novels, and merchandise, have enhanced the animation industry's competitiveness in the global market.

The historical development of the animation industry reflects the deep integration of technological innovation, cultural dissemination, and capital operations. In particular, with the promotion of globalization and internet technology, the influence of animation has extended beyond Japan or a few countries, evolving into a global cultural phenomenon that demonstrates significant cultural export capabilities and commercial potential.

3. Business Models of the Film and Animation Industries

3.1 Business Model of the Film Industry

The business model of the film industry has evolved with advancements in technology, changes in audience consumption habits, and the diversification of capital operations. From relying primarily on box office revenues in its early days to the current diversified income streams, the film industry has demonstrated resilience and adaptability in a globalized and capital-integrated environment.

Traditionally, the primary source of revenue for the film industry was box office earnings and profit-sharing with theaters. Production companies would distribute films through theaters and share a percentage of the box office income. However, as the market matured and audience preferences shifted, box office revenues gradually became just one part of the film industry's business model, no longer the sole pillar [5]. Although box office revenue remains a core source of income for large commercial film projects, its share of total revenue is decreasing. For example, the success of the *Marvel Cinematic Universe* (MCU) is not solely dependent on global box office revenue but also on cross-media expansion and ancillary markets.

In the film industry, intellectual property (IP) expansion and the development of related merchandise have become crucial components of modern business models. A successful film is not just an isolated viewing experience; it contributes to a broader entertainment ecosystem. Successful films often drive sales of related merchandise, such as toys, apparel, and games, even creating long-term markets for derivative products. Take *Marvel*, for instance, and film successes are not confined to theater revenues; they also include revenue from merchandise, toys, apparel, comics, and other product developments, significantly extending the IP's lifecycle. Through cross-sector brand

licensing and partnerships, the film industry has achieved more sustainable and stable revenue streams.

With the rapid rise of streaming platforms like Netflix and Disney+, the distribution of films has shifted from traditional theatrical releases to digital and streaming platforms. Streaming platforms provide the film industry with a new distribution channel and additional revenue streams. Through subscription models, pay-per-view (PVOD), and other formats, film companies can continue to profit from their content even after theatrical releases. Especially during the COVID-19 pandemic, when user numbers on streaming platforms surged, the film industry accelerated its transition from traditional theaters to online distribution. For example, Disney's Disney+ platform has become a significant revenue channel for its film content, further pushing the company's reliance on digital distribution.

In recent years, the film industry has increasingly focused on transmedia storytelling and IP expansion. Transmedia storytelling refers to narratives that are extended across multiple media platforms, enhancing audience engagement and loyalty. The Marvel Cinematic Universe (MCU) is a prime example of this model, where films, TV shows, comics, and games are interlinked to create an expansive virtual world [6]. This approach allows audiences to engage with a brand beyond the plot of a single film, immersing themselves across multiple media platforms. This model not only boosts brand loyalty but also increases revenue through cross-media sales.

3.2 Business Model of the Animation Industry

The business model of the animation industry shares many similarities with the film industry but also possesses its distinct operational mechanisms. The production, distribution, and monetization of anime have gradually expanded from traditional TV and theatrical releases to online platforms, streaming services, and fan-based economies, forming a diverse business ecosystem.

The animation industry's business model typically revolves around IP development and sustained operation. Animation content is not only a cultural product but also a long-term intellectual property asset. Production companies often develop original content through manga or light novels and promote them to broader audiences through animation production. Through long-term IP operation, animation companies can generate revenue through various channels such as copyright sales, international distribution, and co-development projects. For example, Japan's Dragon Ball series is not just an anime; through decades of copyright management, it has become a global cultural phenomenon.

With the widespread adoption of digital technology, the

distribution of anime is no longer confined to TV and theaters. Streaming platforms such as Netflix, Crunchyroll, and Bilibili have gradually become important channels for anime content distribution. These platforms not only provide viewers with convenient access to content but also offer stable revenue sources for animation production companies through subscription models and ad-based revenue sharing. In China, Bilibili, one of the largest anime streaming platforms, not only provides users with access to anime but also expands content interaction through live streaming and short videos, further driving the marketization and industrialization of domestic anime.

In recent years, the animation industry has increasingly relied on the fan economy, particularly as digital platforms have driven this model further. The fan economy refers to the conversion of fans' strong identification with and loyalty to content into actual economic returns. For example, on the Bilibili platform, users can directly support their favorite anime works and creators by sending virtual gifts or participating in crowdfunding. For content creators, virtual gifts serve not only as a source of revenue but also as a reflection of fan engagement and interaction. By enhancing interaction with viewers, anime platforms can effectively increase user retention and loyalty, forming a stable revenue model.

Like the film industry, the animation industry is heavily dependent on the IP derivative and merchandise markets. Anime works are often accompanied by a wide range of merchandise, such as figurines, clothing, posters, and stationery, which serve as major sources of revenue for the industry. Through brand licensing and cross-industry collaboration, animation companies can further extend the lifecycle and commercial value of their IPs [7]. Additionally, anime conventions, offline events, and fan meet-ups are also significant profit-making avenues in the anime industry, further strengthening the emotional connection between fans and content and enhancing overall business operations.

By comparing the business models of the film and animation industries, it is evident that while they share similarities in terms of technology, capital operations, and distribution methods, they differ significantly in their target audiences, fan economies, and content operations. The film industry relies more on large-scale global capital operations and transmedia storytelling, whereas the animation industry focuses more on fan economies, long-term IP management, and deep integration with digital platforms. These differences present different strategic options and business opportunities for the future development of both industries.

4. Case Analysis

4.1 Film Industry Case Analysis: Marvel Cinematic Universe

The Marvel Cinematic Universe (MCU) is a prime example of successful transmedia storytelling and IP expansion in the film industry. Since the release of Iron Man in 2008, the MCU has gradually introduced multiple superhero characters, created a unified universe, and tightly linked the storylines of various films and TV shows, forming a grand narrative across different series. Its success is not only reflected in box office revenue but also its long-term IP management and transmedia expansion.

Marvel Studios has successfully developed a series of high-value IPs, including characters such as Iron Man, Captain America, and Thor. These IPs have not only demonstrated strong market appeal in films but have also expanded their brand influence through comics, TV shows, video games, and merchandise. Through transmedia storytelling, each film stands on its while also laying the groundwork for subsequent works, enhancing audience loyalty and anticipation. This continuity across platforms has made the MCU one of the most commercially viable models in the film industry.

The success of the MCU relies not only on the quality of its films but also on its collaborations with other entertainment forms, extending the brand into a wider market. For example, Marvel partnered with Netflix to produce several related TV shows, collaborated with gaming companies to develop video games, and published a large number of related comic books [8]. This transmedia storytelling model not only enriched the MCU's universe but also greatly increased audience engagement across different platforms. The MCU has grossed over \$20 billion in box office revenue, making it one of the most successful film series in history. However, its income is not limited to box office earnings. In addition to the films, Marvel has significantly increased the commercial value of its IP through the release of numerous merchandise, such as toys, clothing, comics, and video games. By leveraging its diversified business model, the MCU has achieved success not only in theaters but also through cross-sector collaboration and IP expansion, securing stable and diverse revenue streams. Initially, Marvel Studios was not a global film giant, and its early works were relatively independent, constrained by funding and technology. However, through collaboration with Disney, Marvel gained ample financial support for film production and promotion, mitigating the risk of failure from a single film. The infusion of capital helped Marvel Studios significantly improve the quality and special effects of its films, further enhancing its market com-

petitiveness. This case demonstrates the importance of capital in the modern film industry, especially in transmedia storytelling and IP expansion, where capital operations are key factors for success.

4.2 Animation Industry Case Analysis: Live Streaming Model on Bilibili

Bilibili, one of China's leading animation platforms, has successfully built a diversified business model centered around anime content, with its innovative live streaming and fan interaction model standing out as a key case in the animation industry. Through its live-streaming platform, Bilibili not only provides users with access to anime content but also creates unique revenue streams through interactions, virtual gifts, and crowdfunding.

Bilibili's live streaming model allows users to watch anime content in real-time and interact with the streamers and other users. This interaction enhances user engagement and increases platform activity and user retention. Real-time interaction is not limited to text exchanges; users can also send virtual gifts to show their support for the anime content or streamers [9]. Virtual gifts have become one of the platform's major sources of income while also deepening the interaction between users and the content.

The virtual gift model on Bilibili is one of the platform's key highlights. Users can send virtual gifts to streamers or anime works during live streams, which are purchased using the platform's currency and become a source of revenue for the platform, streamers, and content creators. Virtual gifts not only provide direct economic benefits but also enhance user participation and loyalty, further increasing the commercial value of the content. Through the fan economy, Bilibili successfully converts viewers' emotional investment in content into actual economic returns. In addition to live streaming and virtual gifts, Bilibili offers users the opportunity to participate in anime production through crowdfunding. Users can support their favorite anime works via the platform, helping content creators complete their projects. This model not only provides financial support for creators but also strengthens the emotional bond between fans and the works. Bilibili's crowdfunding model highlights the importance of community engagement and fan support in the animation industry, further promoting diversity and innovation in content.

Beyond live streaming and fan interaction, Bilibili also enhances the commercial value of its anime content through partnerships with other platforms. For example, Bilibili collaborates with e-commerce platforms to sell related anime merchandise, such as figurines, clothing, and stationery. Additionally, Bilibili holds offline events, such

as anime conventions, to strengthen the connection between users and the platform. This combination of online and offline strategies allows Bilibili to generate revenue through multiple channels while promoting the industrialization and commercialization of domestic anime.

By analyzing the cases of the MCU and Bilibili, one can see the differences and commonalities in the business models of the film and animation industries. The MCU relies on large-scale capital investment and transmedia storytelling, while Bilibili builds a highly interactive business model through fan economy, virtual gifts, and crowdfunding. Both have achieved remarkable success in their respective fields, offering valuable insights for the future development of the film and animation industries.

5. Challenges and Opportunities in the Film and Animation Industries

5.1 Creative Limitations and Market Saturation

Both the film and animation industries face increasing challenges related to creative limitations and market saturation. As content production accelerates, especially with the rapid development of streaming platforms, there is growing concern about a need for more originality and repetitive narratives. In the film industry, franchises and sequels often dominate the box office, limiting opportunities for more innovative or independent projects to gain traction. While successful IPs such as the Marvel Cinematic Universe generate significant profits, their dominance in the market can lead to creative stagnation, with similar story arcs and characters being recycled.

In the animation industry, particularly in Japan, the sheer volume of anime production has led to concerns about market oversaturation. With many studios focusing on adaptations of popular manga and light novels, the push for continuous output can result in lower quality or formulaic content. This creative fatigue could potentially alienate audiences, reducing long-term engagement. To counteract these issues, both industries need to invest more in original content and innovative storytelling, thereby ensuring diversity and sustained interest in the market.

5.2 Capital Investment and Globalization

Capital investment plays a pivotal role in both industries, but it also presents challenges. On the one hand, large-scale capital injections, as seen in the MCU, have enabled the production of blockbuster films with cutting-edge visual effects and extensive global marketing campaigns; however, this reliance on substantial investments means

that production companies are increasingly risk-averse, preferring established franchises over new ideas. Smaller, independent studios often need more financial resources to create high-budget productions or attract major global audiences [10].

Globalization offers both challenges and opportunities for the film and animation sectors. For the film industry, globalization has opened new markets, particularly in countries like China, where box office revenues have soared. However, cultural differences and regional regulations can create barriers to entry, forcing companies to adapt content for different markets. In the animation industry, platforms like Netflix and Crunchyroll have significantly expanded the global reach of anime, allowing for wider international viewership. Yet, global demand also places pressure on studios to conform to international standards and expectations, sometimes compromising the unique cultural identity of their content.

6. Research Perspectives

6.1 Opportunities for Innovation

Despite the challenges, both the film and animation industries have immense potential for innovation. Emerging technologies such as virtual reality (VR), augmented reality (AR), and artificial intelligence (AI) offer new possibilities for immersive storytelling and audience interaction. For example, VR could revolutionize how audiences experience films and anime, creating more personalized and interactive narratives. AI could be used to enhance production efficiency, from automating animation processes to predicting audience preferences based on big data analysis. These technologies could also create new opportunities for independent creators, allowing them to compete with larger studios by lowering production costs and enabling more experimental projects.

6.2 The Impact of Technology and Consumer Behavior

As consumer behavior continues to evolve, technology will play an increasingly important role in shaping the future of both industries. With the rise of digital streaming platforms, audiences are demanding more convenient and personalized content. Binge-watching, for example, has changed the way people consume media, leading to shifts in content production and distribution strategies. Short-form content on platforms like TikTok and YouTube is also gaining popularity, indicating that traditional formats may need to adapt to shorter attention spans and more fragmented viewing habits.

Moreover, fan engagement has become a critical factor in determining the success of content. In the animation industry, fan-driven platforms like Bilibili demonstrate the power of interactive and community-oriented experiences. As audiences increasingly seek active participation rather than passive consumption, content creators must find new ways to integrate audience input into their work, fostering stronger emotional connections and long-term loyalty.

6.3 Strategic Recommendations for Industry Growth

To ensure continued growth, both the film and animation industries should focus on a few key strategies:

Diversification of Content. By investing in original stories and embracing a wider variety of genres, both industries can avoid market saturation and appeal to broader audiences. Encouraging creative risks and supporting independent filmmakers and animators could lead to groundbreaking work that revitalizes the industries.

They are leveraging Emerging Technologies. Integrating new technologies such as VR, AR, and AI into production and distribution processes can create more immersive experiences and attract tech-savvy audiences. Studios should also consider hybrid models that combine traditional media with interactive elements to stay relevant in the digital age.

Global Collaboration and Localization. As globalization continues, forming strategic partnerships with international production companies and platforms will be crucial. At the same time, localizing content for different markets without sacrificing authenticity will be key to maintaining cultural relevance while reaching wider audiences.

They are enhancing Audience Engagement. By creating more interactive platforms and fostering fan-driven content, both industries can build stronger relationships with their audiences. Utilizing community engagement tools such as crowdfunding, virtual gifts, and real-time feedback loops can create a more collaborative and rewarding viewing experience.

7. Conclusion

The film and animation industries have undergone significant transformations over the past few decades, adapting to technological advancements, shifting consumer preferences, and the forces of globalization. While both sectors face challenges such as creative limitations, market saturation, and capital dependency, they are also presented

with opportunities for innovation and growth. By embracing new technologies, diversifying content, and engaging more deeply with global audiences, the film and animation industries can continue to thrive in an increasingly competitive entertainment landscape. As these industries evolve, they will need to strike a balance between maintaining cultural authenticity and expanding their global reach while ensuring that creativity remains at the heart of their success.

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