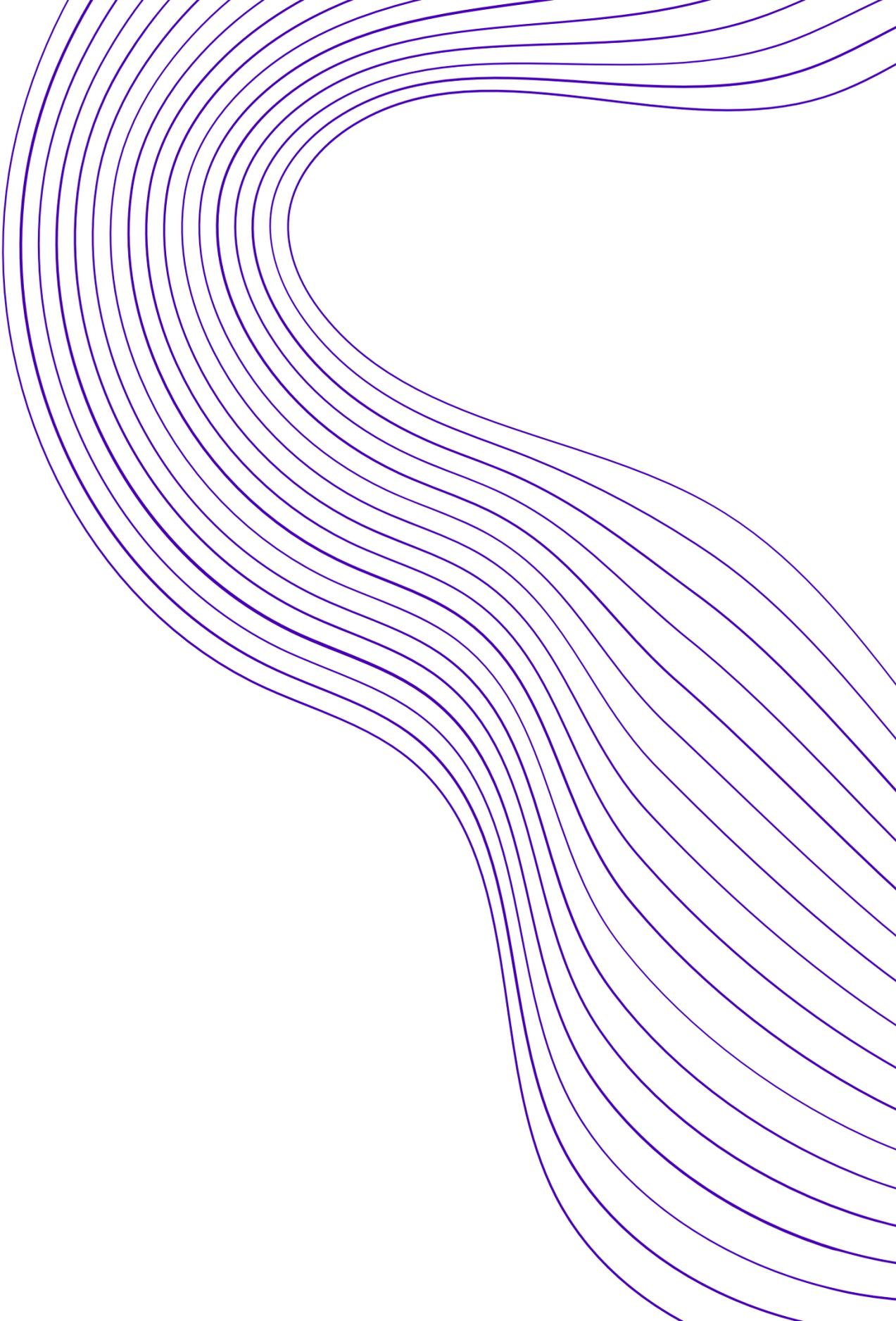


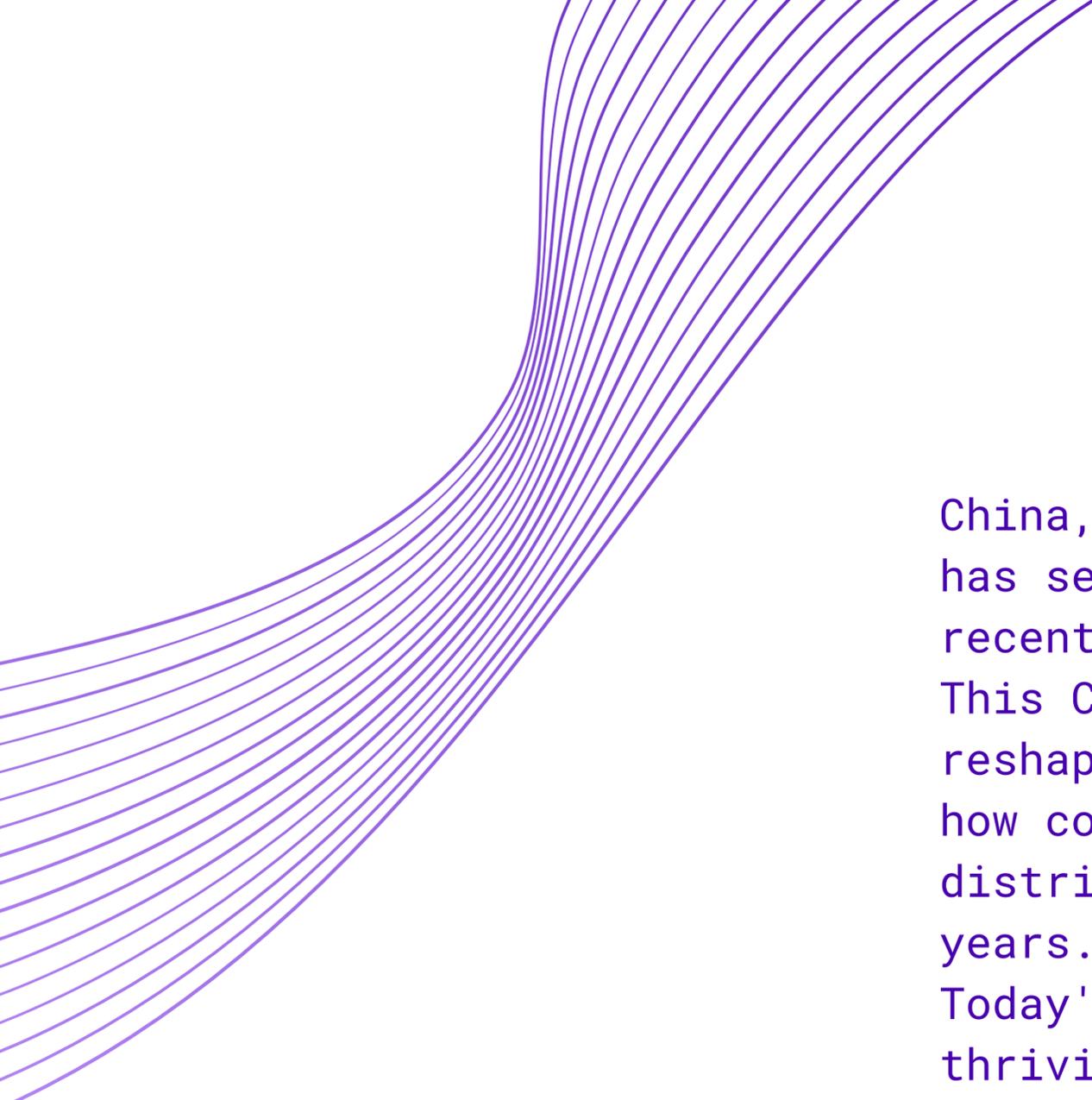
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5 Shifts Reshapes China Entertainment & Media Industry

AUG 2020 INDUSTRY REPORT

SOURCE: PWC CHINA ENTERTAINMENT AND MEDIA OUTLOOK 2016-2020



Summary

China, a land of pockets of impressive growth and opportunities, has seen rapid growth in the entertainment and media industry in recent years.

This China edition, includes intensive analysis of five shifts reshape the industry, which gives an opportunity for us to examine how consumers, advertisers, content creators and digital distributors are responding to these shifts over the next five years.

Today's entertainment and media companies are learning, acting and thriving in China, those with the right strategies and insights are most likely to succeed.

The power of youth, the dominance of localised content, the resilience of a new kind of bundle, the difference of growth markets, the opportunities for new business models. These highlighted shifts can help companies position themselves, plan and do business better to drive growth.

Shift 1

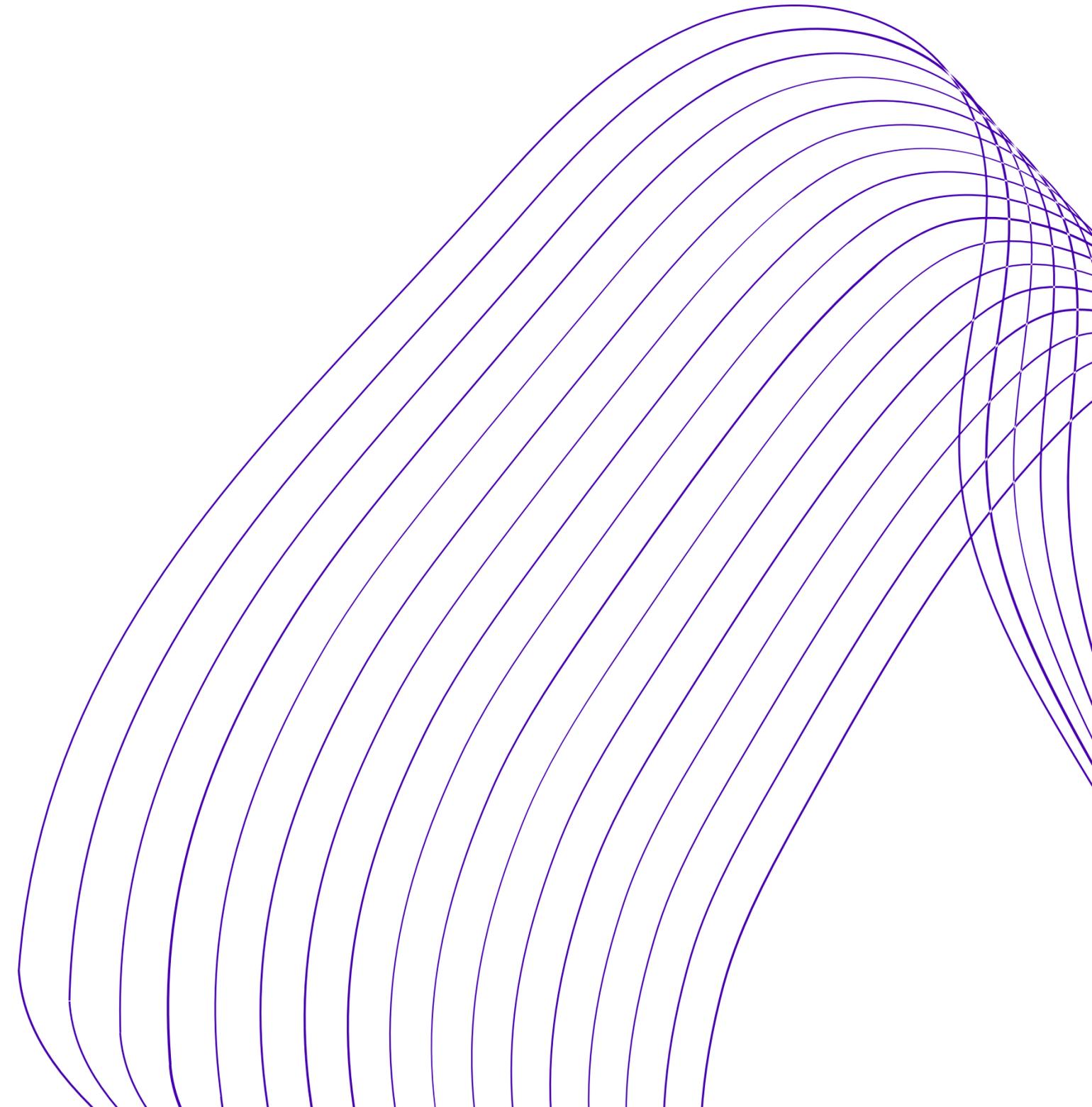
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Demographic: Youth will be Served

In China, young people are becoming mainstream customers in the market, forecast to account for 35% by end of 2020.

Two key characteristics of the young people market in China:

1. The way they prefer to access information: they are more involved in passive engagement with information that is pushed to them, and absorb information piece by piece.
2. The affinity with social media, leading to fans having a substantial impact.



Shift 2

Competition: Content is Still King

Preferences and tastes regarding content differ between markets, so businesses have to customise their content based on local cultural and style, as well as TV viewing experiences, in order to meet the needs of local consumers.



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Shift 3

Consumption: Joy of Bundles

In China, bundling products and services into a "living ecosystem" is also becoming popular. For business, a closed loop can be constructed by vertical integration or lateral development inside a value chain, implementing the strategy of cross-selling and enhancing cost exchanges.

In this era of mobile internet applications, the use of social networks and online behaviour has been undergoing major changes, and users are expecting to enjoy communications at anytime, anywhere.



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Shift 4

Geographic: Growth Markets

When businesses develop their strategies, those strategies should vary from one to another. China's entertainment media market is emerging compared with more mature Western market. In 2014, China's entertainment media market surpassed Japan to become the biggest market in Asia.

Eleven of the 13 sub-industries are set to exceed typical global growth rate in the next five years. Also, even though many Chinese entertainment media businesses started late, many of them have roles on the international stage, delivering Chinese culture to the world.



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Shift 5

Business Model: Transforming with Trust

In China, the entertainment media industry has been influenced by digital content and Internet media concepts arising from structural changes in the industry.

Traditional businesses face imminent challenges necessitating changes and transformation, whilst leading to a new business model that may create more opportunities for offering consumer products and services that suit customers' current needs and behaviour.

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