

Research on the Pathway of "Circuit-Based Release" in Chinese Cinema

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Abstract

As the economy continues to develop, China's film industry has shown a growing trend. However, in recent years, the film industry has shown signs of slow growth or even stagnation, which is closely linked to the lack of innovation in film content, inadequate market promotion, and issues with the film distribution model. Therefore, this article explores the film distribution model in China. Film distribution, a critical link in the distribution chain, serves as a mediator between producers and distributors. Although it does not directly create value, it plays a crucial role in enhancing the value of films. Innovations and breakthroughs in the distribution and screening model can drive the optimization and upgrading of the entire industry chain. By analyzing the current state of China's film industry, this article aims to summarize and explore a distinctive multi-line distribution path that suits China's characteristics, and to propose corresponding development strategies and recommendations.

Keywords

Chinese film market; circuit-based release; film industry; cinephiles

1. Concept and Case Studies of Circuit-Based Release

The concept of segmented distribution is in contrast to full-line distribution. It was officially introduced at the 24th National Film Promotion Conference and the first National Film Trade Fair. This model involves film distributors selecting one or several cinema chains for distribution, distributing only the film copies to cinemas under these selected chains, thereby forming an exclusive 'franchised' distribution system to optimize resource allocation. Broadly speaking, segmented distribution, audience-specific distribution, and selecting certain cinemas based on specific rules also fall under the practice of segmented distribution. This model originated in the film era when film copies were expensive and time-consuming, leading to a rotation screening model. Major films were typically preferred by large cinemas in major cities with the largest population coverage. Under this system, cinemas initially excluded from major films can provide screening space for low-budget films (such as

art films). In 2023, 24 films, including 'In Reunion' and 'No Problem,' adopted segmented distribution[1], and the production and distribution parties signed agreements with cinemas that had reached cooperation intentions. Although the concept of distribution by line originated in the film era of cinema projection, with the continuous development of social economy, niche, differentiated and even individualized consumption experience has been paid more and more attention. The core concept of distribution by line ——— distribution by audience, distribution by region and distribution by layer has increasingly highlighted its practicality and superiority. Abroad, the segmented distribution model has been widely adopted, while in China, it is still in its early stages of exploration. Most films under this model are art films, leading many to claim that 'segmented distribution is the only way for art films to overcome their challenges.' The '14th Five-Year Plan for the Development of Chinese Cinema,' released in November 2021, explicitly encourages innovative business practices such as segmented distribution, multi-round distribution, regional distribution, and targeted distribution. As a result, the film industry is increasingly adopting these practices, and segmented distribution is no longer limited to art films. "Love Myth", a Shanghai-language comedy released on December 24, 2021, is a small-and medium-budget film, but it was released in a regional distribution model. The Chaoshan dialect comedy "Take You to Meet My Mom," which was released on January 7, 2022, had a lower budget but still achieved a cumulative box office of 237.38 million yuan during its run. Shantou City alone contributed 72.17 million yuan, accounting for 30.4% of the total box office. Both films tell stories with distinct regional characteristics. "Love Myth" focuses on the daily lives of a group of middle-aged and young men and women in a Shanghai alley, presenting their stories through the local dialect to attract many Shanghai fans. Despite its low budget, the film cleverly leveraged promotional costs, focusing on Shanghai for its release, which significantly boosted its box office in the city, thus generating substantial revenue. Similarly, "Take You to Meet My Mom" adopted a similar promotional strategy, achieving notable success.

2. Advantages and Disadvantages of Circuit-Based Release in China

2.1. Expanding Market Space

As China's film industry continues to develop, the production of films has steadily increased, and market competition has intensified. However, the market share of films has not increased accordingly. According to research, the national box office in 2017 grew by over 10 billion yuan compared to 2016, but this growth slowed to 5 billion yuan in 2018, and further to about 2 billion yuan in 2019. As a result, the all-line distribution model has led to a decline in the market share of films. The high budgets of major commercial films have left smaller films neglected, and the increasing homogenization of films has caused audience fatigue. Therefore, the seg-

mented distribution model is being gradually adopted. This model aims to bring more films to the public eye, increase the number of screenings, stimulate group consumption among audiences, and thus expand the scale of the film market, creating a more differentiated market and an optimized distribution system.

2.2 New Pathway for Mid/Small-Budget Films

At present, most domestic films are released in a unified and centralized manner. When a blockbuster film is released, more than half of the tens of thousands of cinemas in China may be showing the same film. Small and medium-sized films are likely to be "one-day trips" or "never see the light of day", and fans' choices are limited, making it difficult for small and medium-sized films to succeed in the film industry. Every year, over 1,000 feature films are produced in our country. However, due to the unified distribution model, less than half of these films are released each year. These unlaunched films are mostly small to medium-sized productions. This does not mean that these films lack an audience; rather, their audience is smaller. By adopting a segmented distribution model, small to medium-sized films can independently choose which cinemas to partner with for screening, precisely targeting their audience. They are no longer overshadowed by large commercial films[2]. They can freely select the cinemas and screening times, gaining more flexibility and autonomy, which brings new life and hope to young people and artistic directors. For example, "Manchester by the Sea," an Oscar-winning film, was the first film to be released exclusively by the National Art League. When the film was released in August 2017, only 190 families joined.

The film was shown on 270 screens, and more than 100 more were added in the second and third weeks. One month after its release, the box office reached 8 million yuan. Compared with several representative domestic and foreign art films released in 2017, Manchester by the Sea has shown outstanding performance in terms of attendance, average number of visitors and average revenue, so distribution is another way for small and medium-sized films to develop.

2.3 Meeting Diverse Audience Demands

The full-line distribution model restricts the personalized needs of film enthusiasts, especially for art films, where the audience is already small. The impact of commercial blockbusters further limits the choices of art films, often preventing audiences from seeing newly released art films in theaters and failing to meet the personalized viewing needs of film enthusiasts. Therefore, breaking and changing the single distribution model to form a differentiated system is necessary. This involves a two-way selection process between film enthusiasts and films[3], allowing producers to gain a more detailed understanding of each theater's audience, thus fostering cooperation with theaters. On the other hand, a segmented distribution model can help establish theater brands. Through this 'franchised' distribution method, theaters can secure exclusive film sources in specific regions, attract diverse audiences, and compete differently with other theaters, thereby highlighting brand image, en-

riching brand connotations, building brand loyalty, and increasing the diversity of viewing options for audiences. Thus, segmented distribution can prevent theaters from only screening popular films during peak hours, giving other films a chance to share the market, and increasing the variety of choices for film enthusiasts.

3. Disadvantages of Circuit-Based Release in China

3.1 Increased Management Costs

While the full-line distribution model fails to meet the personalized and diverse needs of audiences, it offers greater convenience in management and promotion through unified distribution by cinemas. In contrast, the segmented distribution requires close collaboration between front-line cinema staff and producers, necessitating a deeper understanding of the films and the cinema's audience by cinemas, as well as precise marketing strategies. Segmented distribution first raises the screening threshold, which further increases management costs. This not only tests the distributor's ability to evaluate cinemas but also the cinema chain's control over its cinemas. Each cinema chain has different sales situations for each genre of film; some have more cinemas in third-and fourth-tier cities, while others mainly operate in first-and second-tier cities, and there are also regional cinema chains, making the situation very complex. Therefore, gaining a deep understanding of each cinema chain and cinema's specific conditions will increase the cost of film management, which is a challenge that needs to be addressed.

3.2 Unmet Personalized Demand

While the release of films in different regions provides a good outlet for small and medium-sized films and art house films, it also faces the challenge of failing to meet the personalized needs of moviegoers. Theaters tend to screen films based on the preferences of the majority of moviegoers, often overlooking the tastes of individual fans. As a result, some moviegoers who want to watch their favorite films may not be able to do so in their local theaters and must go to designated theaters. For example, this year's theatrical releases

Movies such as "Silent Record," "Twinkle Twinkle Little Star," and "If You Are the One 3" have adopted a segmented release model, meaning moviegoers can no longer watch all three films in one cinema; they need to visit other cinemas to see the films they want. This fails to meet the public's personalized viewing needs. The issue of segmented release not addressing the public's personalized viewing needs is one of the challenges that need to be addressed in the current segmented release model.

3.3 Uneven Market Performance

After a film is released, audiences will comment on it based on their preferences and share their impressions. However, the multi-line distribution model for films is a

risky strategy. If the film is not accurately distributed to major theaters, moviegoers may miss out on the film's finer details, leading to poor word-of-mouth. This makes it even more challenging to expand the film's reach and increase the audience size in large theaters. Moreover, low-budget films may not be able to achieve nationwide promotion and might only be targeted at one or two theaters. Given the already tight box office market, achieving both good word-of-mouth and profitability with a single theater is a risky move. Some small theaters might also face the risk of bankruptcy, as producers might choose theaters with better market performance and not distribute films to smaller theaters, leading to a monopoly by large theaters and an unequal distribution of market share. Therefore, multi-line distribution can result in poor box office performance, mixed reviews, and uneven market impact for some minor films.

4. The development strategy and path of Chinese film distribution are studied

4.1 Strengthening Cinema Management Training

In today's film market, the implementation of segmented distribution is not solely based on directors' understanding of their target audience but requires the collaborative efforts of all stakeholders. The cinema sector plays a crucial role, and the concepts of segmented distribution, domain, audience segmentation, or line segmentation must be widely embraced. On one hand, the current film market has reached a balance between the volume of diverse films and supply and demand, making it less significant to expand to full-line distribution. Segmented distribution is more efficient, yet many film producers have not reached a consensus on this approach, making it difficult to maintain cooperation[4]. Therefore, it is essential to cultivate awareness among film producers about segmented distribution. It is evident that, despite the current trend of expanding films to full-line distribution, there is no significant difference in practice compared to segmented distribution. On the other hand, adhering to segmented distribution helps cultivate audience viewing habits and highlights the unique advantages of film sources provided by affiliated cinemas, thereby enhancing their loyalty. Only when front-line cinema staff fully recognize the benefits of segmented distribution for the long-term development of the film market can they provide some preferential treatment in scheduling. Currently, the professional competence of cinema managers across China varies greatly, with many lacking a deep understanding of films, let alone niche art films. Therefore, it is necessary to strengthen the training of front-line staff in cinemas and increase their knowledge of film theory and film market through various online and offline methods. Knowledge can reduce the communication cost and fundamentally improve the willingness of cinemas to screen films released separately.

4.2 Bridging Audiences and Cinemas

The segmented distribution model cannot precisely meet the viewing needs of every movie enthusiast. Therefore, film producers must more accurately target the audience in theaters, understanding the consumer groups and their consumption levels across different theaters. In the era of highly developed internet, new technologies have made segmented distribution more convenient. For instance, by engaging in information sharing and interactive communities, one can understand the preferences for theatrical releases and gather information from various theaters to analyze their unique styles[5]. Alternatively, 'appointment screenings' can be organized at theaters. For example, Taopiaopiao, an online ticketing platform, not only links all theater ticketing systems but also gathers art film enthusiasts through interactive communities, making precise recruitment feasible. Specifically, the precise recruitment feature allows users to request a screening of a specific film at a specific time at a particular theater on the platform. When the number of people who want to watch together exceeds the theater's minimum attendance requirement, they can proceed to watch the film. On one hand, this gives viewers the chance to see the films they want; on the other hand, it ensures a certain level of occupancy for the theater. Especially after a film has been regularly released for a month, the precise recruitment model reduces the pressure on theaters to schedule films, ensuring revenue while being more willing to serve movie enthusiasts through long-term screenings. This not only makes the theater profitable but also enhances the bond between movie enthusiasts and the theater.

5. Suggestions and Prospects for the Development of the Distribution Line Industry

To promote the development and optimization of the film's segmented distribution strategy, it is necessary to conduct a comprehensive analysis and consideration from the perspectives of both the audience and the cinema chains. Paying attention to the preferences and demands of the audience is the key. Through data analysis, the preferences and pursuits of different audience groups can be understood. Film producers should formulate precise distribution plans based on this information, choosing appropriate distribution channels and promotion strategies to meet the diverse needs of audiences. At the same time, improving the quality of films and the viewing experience is also crucial, including enhancing production standards, story content, and technical effects to attract more viewers. For film producers, interaction and communication with audiences are of vital importance. They should fully utilize the Internet and social media platforms to interact with audiences, understand their opinions and suggestions, and thereby better understand audience needs and make improvements. Additionally, establishing a reasonable revenue-sharing model and cooperating with cinema chains to formulate fair revenue-sharing agreements can help share the profits of films, motivate producers to create high-quality films, and attract more quality films to cinemas. From the perspective of cinema chains, estab-

lishing a reasonable revenue-sharing system is important. Adjusting the revenue-sharing ratio based on film types and audience feedback can motivate producers to create high-quality films and attract more quality films to cinemas. At the same time, maintaining good communication and cooperation with producers and audiences, understanding their needs and opinions, and adjusting cinema screening plans and scheduling strategies based on market feedback can provide a better viewing environment and service, including comfortable seats, high-quality sound effects, and attentive service, to enhance the viewing experience and thereby increase audience satisfaction and word-of-mouth promotion. The development and optimization of the film distribution strategy require a comprehensive consideration of the perspectives of both audiences and cinema chains. By focusing on audience needs[6], optimizing distribution plans and revenue-sharing models, improving film quality and the viewing experience, and strengthening interaction and cooperation with audiences and cinema chains, a win-win situation can be achieved, promoting the development of the entire film industry. Film distribution has always played a very important role in the film industry and is an indispensable link. It does not directly create value itself, but it plays a role in adding value to films. With the increasing influence of Internet thinking and technology on the film distribution industry, the function of film distribution has become increasingly prominent. The implementation of line-based distribution is a new opportunity for the Chinese film industry. Through effective market regulation, it promotes the rational allocation of resources, creating more business opportunities for producers, distributors, and exhibitors, while also enriching audience choices and promoting two-way interaction between film content and audiences. With the continuous development of line-based distribution, the Chinese film industry will witness a more diversified and prosperous development.

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