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Huge potential as this sector in China continues to mature, with intellectual property at its core

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A zeal for adaptation is sweeping across China's pan-entertainment industry — according to leading executives and sector analysts — and a whole new business of intellectual property (IP) rights related to online literature, movies, TV dramas, gaming, animation and comics is taking off in the country.

The term pan-entertainment industry was coined in China seven years ago and refers to multi-level creative products developed from intellectual property.

The pan-entertainment industry has become a key driving force of China's digital economic growth and is a significant contributor to the country's high-quality economic development.

Last year, China's core IP industry in the pan-entertainment sector attained a market value of around 548.4 billion yuan (\$79 billion), a 32 percent increase on 2016, accounting for one-fifth of the total value of the digital economy, according to a recent report released by the information center at the Ministry of Industry and Information Technology.

The report noted that IP is at the core of the ecosystem of the pan-entertainment business.

Wang Xu, chief analyst at Chinese gaming industry database Gamma Data Corp, said China's "demographic dividend" — the era of uninterrupted supplies of young, cheap Chinese labor — is gradually drawing to a close as the population ages.

As a result, developers need to seek new ways of expansion, and IP-protected products would help reduce costs and attract more users.

"Driven by their love for great copyrighted cultural products, users will want to experience related derivative products in a wide range of forms, including games, movies and TV dramas," Wang added.

Analysts say the booming trend toward spinoffs — from hot IP rights related to online literature, movies, TV dramas, video games, comics and animation — is hardly surprising when you consider emerging mobile technologies, powerful processors and high-definition screens, which make online reading and video viewing more enjoyable and convenient.

Statistics from the China Internet Network Information Center, or CNNIC, underscore the blossom-



A colorful stand for China Literature attracts visitors at the 2018 China International Cartoon & Game Expo in Shanghai on July 6. PROVIDED TO CHINA DAILY

## IP drives pan-entertainment

ing internet trend. CNNIC figures revealed that of the 802 million Chinese netizens, 98.3 percent are mobile phone users, a demographic which offers a dynamic and huge launchpad for the evolving pan-entertainment industry.

Specifically, as the purchasing power of the tech-savvy younger generation grows, more young consumers are willing to pay for content, providing new momentum for the business.

Lu Xiaoyin, chief operating officer of the games segment of Perfect World Co Ltd, said the younger generation, particularly those born between 1995 and 2000, are not like their older counterparts, and demand a different kind of entertainment content.

"Unlike their parents' generation, they usually pay close attention to the application of the latest technology. And they also have strong personalities and different hobbies."

The rising purchasing power of the younger generation, Lu added, offers digital companies new opportunities to grow, especially by catering to their diverse and personalized needs.

Naturally, this has attracted the attention of a growing number of local companies and they are introducing various spinoffs related to hot IPs to target the younger generation, and many have already reaped the benefits.

Among a wide range of derivative works, online literature is contributing greatly to digital business. Stories published online have triggered a

wave of adaptations in the form of TV dramas, movies, animation and gaming titles.

Smash hit dramas like *Legend of Fuyao* and *Ten Miles of Peach Blossoms* have been adapted from popular online stories, attracting even more attention to the booming new business.

A recent report highlighted that online literature played a key role in supporting growth in the pan-entertainment sector.

Released by the organizing committee of the China Beijing International Cultural & Creative Industry Expo, and Chinese think tank Liaowang Institute, the report revealed that of 274 hot IP-related works emerging from July last year to June this year, original works of literature accounted for more than 30 percent. There were 76 original online literature works, accounting for more than 80 percent of the total literature sector.

Wu Wenhui, co-CEO of leading Chinese e-book publisher China Literature, said as the cultural value of the online literature was extracted, a cultural IP system would be built.

"Online literature not only tells fascinating stories, but also offers rich cultural values and a positive spirit, laying a solid foundation for building IP-related cultural values," Wu added.

Founded in 2015, China Literature claims to host 7.3 million writers, 10.7 million literary works and more than 200 million monthly active users across its platforms and channels, as at the end of June this year.

The company has launched a

multi-language site to translate some popular Chinese online stories for overseas readers, aiming to expand its budding empire globally.

Analysts say that as the online entertainment ecosystem continues to mature, there is huge potential in cyberspace. The site has launched more than 200 translated novels, attracting more than 13 million views online.

During the first half of this year, China Literature sold the rights to more than 60 authorized online novels to its partners. The company said that most stories are destined to be made into TV dramas, online games and other forms of entertainment.

Now the company is seeing a new trend toward anime, comics and the gaming industry, or ACG, and it has invested or become a shareholder in related companies to grasp the new opportunity, adapting several online novels into animation works.

Shenzhen-based consultancy firm CI Consulting said there were more than 300 million ACG fans by the end of 2016 and their passion would create a market worth 600 billion yuan in China by 2020.

Perfect World has also noticed the new trend, and is now targeting the digital-savvy younger generation with products protected by IP rights.

Last year, Perfect World unveiled a new mobile game called *Mengjianji*, targeting female and ACG users, which quickly rose to be among the top four most downloaded apps on Apple iPhones.

Tong Qing, senior vice-president at Perfect World, said the gaming

segment has played a significant role in the overall market.

"There is a growing trend of spinoffs from hot IP rights related to games and other forms of entertainment. And Perfect World Co Ltd will develop more derivative works in the form of TV dramas, movies, animation and novels in the future," Tong added.

Executives say that as the online entertainment ecosystem continues to mature, there is huge potential in cyberspace.

In recent months, online drama *The Story of Yanxi Palace*, coproduced by Chinese video-streaming platform iQiyi and Huanyu Film, became a hit and gained a huge following among Chinese netizens. Featuring concubines from the Qing Dynasty (1644-1911), the drama received more than 15 billion total online hits, according to iQiyi.

What's more, the blockbuster has attracted an increasing number of visitors to the Forbidden City, which appeared in the TV series. People's strong interest in the drama also led to growing orders of reproductions of the traditional Chinese-style accessories used by the drama's heroine.

Wang Xiangjun, chief marketing officer at iQiyi, said that only by being totally focused on young users and tuning in to their forward-thinking minds can companies produce these kinds of hits.

"We need to have a better understanding of the younger generation's real needs, and then we will be able to offer IP-related works in the forms they really love," Wang added.