

Prosperity in Local Creation and Imbalance in Market Acceptance: An In-Depth Analysis of the Box Office Structure in China's Musical Theater Industry

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Abstract

China's musical theater industry is undergoing profound structural differentiation in box office performance. The 2024 industry report reveals that while domestic original productions account for 87.7% of total performances, they contribute only 49.8% of box office revenue, whereas imported productions with merely 12.3% performance share capture 50.2% of ticket sales. This inverse relationship between output and return reflects a systemic fracture in the industry's value chain. This study proposes a dual-track solution: First, creative innovation - establishing a fusion mechanism between local cultural DNA and industrial standards. A prime example is the musical *Confucius of the South*, which transformed Confucian ethics of deference into modern narrative through innovative integration of Quzhou folk music with rock, achieving a 92% touring occupancy rate. Second, market reconstruction - building cultural-tourism theater networks to reduce regional disparities, as demonstrated by *The Voice of the Silk Road's* scenic residency model that reduced per-seat costs by 54%. Furthermore, the industry must complete its transition from scale expansion to value creation. At the policy level, this requires establishing collaborative creative platforms and technical application standards. The evaluation system should balance box office performance with cultural translation effectiveness. Ultimately, these measures will propel China's musical theater industry toward sustainable value creation beyond mere quantitative growth.

Keywords

Musical theater industry, box office structure, cultural capital, value chain reconstruction, localized innovation, regional coordination.

1. Introduction

The latest 2025 data from the China Performance Industry Association reveals striking dual-track divergence in China's musical theater market: while locally produced original musicals dominate performance volume with an 87.7% share of total shows, they contribute only 49.8% of box office revenue. In contrast, imported productions, accounting for a mere 12.3% of performances, capture 50.2% of total ticket sales. This inverse relationship exposes a core contradiction in China's musical theater industry—a severe disconnect between the quantitative boom in creative output and actual market acceptance at the consumption end.

Notably, under policy incentives for "localized creation," film/TV IP adaptations—such as *The Disappearing Her* and *The Ideal City*—now account for 34.2% of productions. Yet their average box office earnings are less than one-third of those of imported musicals, with some relying on capital infusions to stay afloat. Meanwhile, regional market polarization intensifies: Shanghai monopolizes 56% of the national musical box office, creating a stark "siphon effect," while third- and fourth-tier cities host fewer than 10 musical performances annually, reflecting profound geographic imbalances in industry distribution.

At its core, this structural contradiction signifies a fractured value chain. From creation and production to consumption, China's musical theater industry has yet to establish a closed-loop value-adding system. Drawing on key data from the 2024 *China Musical Theater Market Annual Report*, alongside case studies and comparative analysis, this paper moves beyond simplistic "East-West dichotomies" or "art-commerce binaries" to deconstruct the mechanisms of imbalance from an industrial ecosystem perspective and explore pathways for value reconstruction between local creation and market acceptance.

2. The Illusion and Reality of Prosperous Local Creation: Industrial Logic Behind the Data

2.1. The Industrial Logic of False Prosperity

The surge in domestic musical production exhibits significant structural contradictions. In 2023, 68 new musicals were created, yet fewer than one-third achieved over 100 performances, while more than 60% were forced to close within 20 shows due to cost pressures—revealing a deeper crisis of overcapacity. A representative case is *Blizzard*, which, with an investment of 9 million RMB, staged only five performances, resulting in a per-seat cost of 1,800 RMB. This exposes the industry's reliance on "premiere economy," where producers depend excessively on government subsidies and corporate bulk purchases for initial runs but lack long-term operational capabilities. This model, prioritizing premieres over sustained performances, leads to resource waste and erodes market trust.

Challenges of Cross-Media Adaptation for Film/TV IPs: While film/TV IP adaptations continue to grow in market share, their artistic translation efficacy remains questionable. For instance, suspense genres—reliant on cinematic techniques like montage, time jumps, and psychological cues—struggle to adapt to the linear narrative of theater. Public reports indicate that adaptations like *The Bad Kids* and *The Long Night* faced criticism for their "theatrical incompatibility." Moreover, the supposed fan conversion from screen to stage proves weak: a 2025 survey by the China Performance Industry Association found that only 28.7% of audiences for such adaptations were original film/TV fans, while over 60% remained traditional theatergoers. This mismatch highlights the fundamental divide between screen entertainment (fragmented consumption) and stage art (immersive storytelling).

Imbalanced Creative Ecology Under a Dual-Track System: The current creative landscape is bifurcated between state-owned and private entities. State-owned troupes focus on ideologically driven "main melody" works, often lacking commercial viability due to their ceremonial nature. For example, tribute musicals, funded by cultural grants, typically tour far less than commercial productions. Private studios, meanwhile, are trapped in a "short-cycle development" model, compressing production timelines to 6–9 months (versus Broadway's standard over 24 months, per *China Culture Daily* interviews) under capital-return pressures. This dual squeeze marginalizes experimental works: *Butterfly*, an avant-garde musical acclaimed by critics, struggled with sub-50% occupancy rates in lower-tier cities due to limited marketing budgets. The root conflict lies in divergent evaluation metrics—state systems prioritize ideological messaging and social impact, while private capital chases quick returns—collectively undermining sustainable "artistic-commercial" models.

2.2. Analysis of the Roots of Structural Imbalance

The industry's predicament stems from a vicious cycle of foundational deficiencies.

The First point is the industrialization gap in production. Local musicals average a compressed development cycle of under six months—a quarter of Broadway's 24–36-month standard—forcing disjointed workflows. For example, composers often join post-script finalization, while orchestration and recording become last-minute fixes. This fragmentation directly undermines

musical storytelling: in *The Disappearing Her*, the mismatched score during a critical murder scene disrupted the protagonist's psychological tension, weakening audience immersion. In contrast, *The Orphan of Zhao's* 28-month development—with music director Leon Ko participating from script drafting—showcased industrial rigor. The lullaby *Sleeping Dragon on the Roof* achieved triple narrative unity: a bright C-major melody (symbolizing the orphan's innocence), descending chromatic strings (hinting at familial massacre), and accelerating percussion (simulating the villain's pursuit). This meticulous process enabled its successful UK tour.

The deeper crisis lies in the comprehensive lag in supporting industrial chains. The compliance rate of the fly system in professional theaters in China's second and third-tier cities is low, and the reverberation effects of their sound fields also fail to meet uniform standards, hindering tours for visually demanding productions like *Butterfly*. This makes it difficult for visually-driven stage productions like *Butterfly* to tour across cities. Additionally, the revenue share from musical merchandise development remains low, forcing producers to rely excessively on box office returns and leaving them vulnerable to financial risks. The combination of inadequate infrastructure and industrial shortcomings forms a dual constraint that hinders the value growth of domestic musicals.

3. The Power Mechanism of Market Acceptance Imbalance: The Box Office Logic Dominated by Imported Productions

3.1. Cultural Capital Monopoly and the Lack of Pricing Power

The box office dominance of imported productions is built upon the monopolistic advantage of international IP symbolic capital. The Chinese version of *The Phantom of the Opera* achieved a staggering box office of 80 million RMB, underpinned by its globally standardized industrial output—the "technical package" provided by the UK's Really Useful Group. This package ensures quality control across all aspects, from rigging load indicators to acoustic reverberation parameters, guaranteeing consistency in production quality worldwide. The standardization capability of imported productions earns them audience trust in quality and cross-cultural acceptance, enabling premium pricing—audiences are willing to pay more for "Broadway-certified" experiences. In contrast, domestic original productions, lacking comparable technical standards and established IP recognition, are forced into price competition: their average ticket price of under 500 RMB is only 70% of that of imported productions. [1] Worse still, this low-price strategy triggers a vicious cycle—constrained budgets lead to reduced investment in stage design, music, and other critical elements, reinforcing the public perception of "inferior quality" in domestic productions.

3.2. Imbalanced Power Distribution in the Industrial Chain

The bifurcation in the musical theater market stems from skewed resource allocation in performance channels and audience perceptions, both reinforcing the dominance of imported productions.

Hierarchical Monopoly in Performance Channels: Poly Theater's venues exhibit a clear bias toward scheduling imported productions, driven by risk-averse economics—imported productions, backed by mature IPs and industrialized production, generally deliver higher occupancy rates and revenue stability than domestic ones (e.g. *Under the Neon Light in Harbin* achieved a 96% occupancy rate in Shanghai). This resource allocation exacerbates regional disparities: second- and third-tier cities, constrained by subpar venue infrastructure (e.g., inadequate rigging capacity and acoustic tolerance), struggle to host large-scale productions like *The Count of Monte Cristo*, relegating them to technically simplified shows. Meanwhile, Shanghai, leveraging its hardware scale and resource concentration (hosting 32.7% of national

musical performances in 2024), has become the core production and premiere hub for domestic originals, further entrenching the "core-periphery" market structure.

Audience Trust Crisis: Frequent theatergoers (attending ≥ 5 shows annually) exhibit a clear preference for imported productions, driven by quality expectations. A survey at Beijing's Tianqiao Performing Arts Center revealed that many consumers harbor concerns about the "narrative coherence" of domestic productions. This cognitive bias manifests in consumption behavior: ticketing platform data shows that listings tagged "Chinese original" attract fewer clicks, while those labeled "Broadway-licensed" or "original import" garner significantly higher engagement (e.g., clicks, "want-to-see," and pre-sales). This trust deficit fuels a vicious cycle: theaters reduce schedules for domestic productions due to low occupancy, limiting audience exposure and perpetuating weak awareness, which further dampens consumption willingness.

3.3. Regional Clustering Effects and Market Fragmentation

Shanghai, occupying just 0.3% of the nation's land area, accounts for 21.4% of total theater box office revenue (2025 first-half data), with musicals contributing 56%—a striking cultural consumption hub. This agglomeration stems from dual advantages: hardware resource scale. Shanghai boasts 26 professional theaters and 80 new performance spaces, hosting 8,420 musical performances in 2024 (32.7% of the national total), the highest density nationwide. Second point is the concentration of talent and production resources: 70% of China's musical production teams are based in Shanghai, hollowing out regional creative capacities—e.g., Hunan Grand Theatre's original output plummeted by 58% from 2023 to 2024 [3].

Cross-regional audience further exacerbates market imbalances. For Shanghai-resident productions like *Six*, 30.8% of attendees travel from other cities, driving average spending per visit beyond 2,000 RMB (versus 980 RMB for local audiences). This cost structure creates a natural filter—frequent theatergoers (≥ 5 shows/year) are more likely to travel, while infrequent attendees (1–2 shows/year) are less so, stifling new audience conversion. Concurrently, third- and fourth-tier cities, hampered by inadequate venues and weak policy support, host fewer than 10 musical performances annually, severely hindering regional synergy.

4. Pathways to Breakthrough: Reconstructing the Value Loop Between Creation and Market

4.1. Creation Side: Dialectical Unity of Industrial Standards and Local Aesthetics

To address the imbalance, a dual-engine approach must be established: **Implementing a Thematic Screening Matrix:** A production mechanism centered on "cultural gene compatibility and quality control checkpoints" should be adopted. Take the musical *Confucius of the South* as an example: it focuses on the historical event of "Kong Zhu yielding his noble title," transforming the Confucian virtue of "deference" into a modern professional ethical dilemma through multiple script revisions. In terms of music design, it blends Quzhou temple fair melodies with rock, achieving a 92% touring occupancy rate. [2]. The key lies in the modern reinterpretation of traditional cultural ethos, rather than superficial exoticism.

Next is re-engineering the production process. An integrated "composer-arranger-orchestra" workflow should be implemented. The "Creative Lab" model at Shanghai Culture Square serves as a benchmark—assigning a resident music director to oversee the entire process from script readings to orchestral recordings for productions like *Life and Death Lottery*. This ensures that musical motifs, such as those in *Undercurrent*, evolve in sync with character development.

4.2. Consumption Side: Regional Synergy and Audience Loyalty Cultivation

To mitigate spatial polarization, a multi-pronged strategy is essential: building cultural-tourism theater networks: Establish lightweight theaters (under 500 seats) in second-tier cities, adopting a "resident + scenic touring" model. For instance, after its residency at Xi'an's Great Tang All-Day Mall, *The Voice of the Silk Road* was adapted into a streamlined version for touring Luoyang and Kaifeng scenic spots, reducing per-seat costs by 54% and tripling audience reach.

5. Conclusion: Paradigm Shift from Scale Expansion to Value Creation

The structural imbalance in China's musical theater box office fundamentally stems from a fractured industrial value chain and the absence of cultural pricing power for domestic productions. When locally created musicals, accounting for 87.7% of total performances, generate merely 49.8% of box office revenue while imported productions with only 12.3% performance share capture 50.2%, the data unequivocally demonstrates that the extensive development model focused solely on quantity and scale must come to an end. The root of the current industrial predicament lies in three fundamental misalignments: the lack of industrial standards in creation leading to artistic quality dilution, the monopoly of cultural capital in the market squeezing pricing power, and imbalanced regional resource allocation disrupting ecological circulation.

5.1. Core Logic of Industrial Transformation

The breakthrough hinges on reconstructing a value loop integrating "local cultural DNA, industrial standards, and market recognition":

Creation Dimension: Breaking the "Rapid Production" Habit. The success of *Confucius of the South*, achieving a 92% touring occupancy rate, proves that during its 28-month intensive development cycle, the Confucian virtue of "deference" was reinterpreted through modern professional ethical dilemmas, while Quzhou temple fair melodies were innovatively blended with rock music. This exemplifies the symbiosis between traditional cultural genes and industrialized processes.[4]. It necessitates establishing a synchronized development mechanism for "composition, script, and performance," internalizing Broadway's 24-36 month standard as the benchmark for local creation.

Market Dimension: Resolving Spatial Polarization. After its residency at Xi'an's Great Tang All-Day Mall, *The Voice of the Silk Road* adopted a scenic touring model, reducing per-seat costs by 54% and tripling audience reach. This validates the role of cultural-tourism theater networks in alleviating regional disparities.

5.2. The Ultimate Contest for Cultural Pricing Power

When *The Orphan of Zhao* achieved a 92% occupancy rate during its UK tour while its domestic box office revenue was less than 46% of *Cats'* Chinese version, it revealed the deeper mission of industrial transformation—to dismantle the cultural hegemony that equates "Western standards with artistic quality." [5]. The practice of Dongguan East points the way forward: the government provided historical archives on reform and opening-up without interfering in creative decisions, private capital implemented cost-saving scenic residency performances, and 15% of low-price tickets per show were reserved to track changes in migrant workers' employment aspirations post-viewing. This model achieved dual empowerment of social and economic benefits.

Such deep integration of "Chinese narratives and artistic expression" constitutes the core driver for domestic musicals to transition from scale expansion to value creation. Only by cultivating a unique aesthetic language on the foundation of industrial maturity can China's musical theater establish an irreplaceable cultural coordinate on the global theatrical map.

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