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FACTORS BEHIND HOLLYWOOD'S BOX OFFICE SUCCESS IN CHINA DURING THE 2012–2019 PERIOD

Faktor Kesuksesan Box Office Hollywood di Cina Periode 2012–2019

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Abstract

China emerged as one of the world's largest film markets during the 2010s and became an increasingly important destination for Hollywood's international expansion. Despite the country's restrictive film policies, Hollywood achieved remarkable box office success between 2012 and 2019. This study examines the factors behind Hollywood's box office success in China during this period by analyzing both the industry's internal strategies and the external conditions that supported its commercial performance. The study employs qualitative document analysis. Secondary data were collected through books, academic journal articles, government publications, industry reports, statistical data, and relevant news articles. The documents were analyzed using analytical categories derived from neoliberalism, focusing on institutional arrangements, international cooperation, market integration, and Hollywood's market strategies. The findings show that Hollywood's success resulted from the combination of several factors rather than a single explanation. Internally, Hollywood strengthened its position through collaboration with Chinese film companies, Chinafication, market-specific promotional activities, product differentiation, and high film quality. Externally, the implementation of the 2012 Memorandum of Understanding between the United States of America and China: Films for Theatrical Release, the relatively cooperative relationship between the United States and China, and the rapid growth of the Chinese film market created favorable conditions for Hollywood's expansion. From the perspective of neoliberalism, Hollywood's success demonstrates the importance of international cooperation, institutional arrangements, and expanding markets in facilitating international economic activities.

Keywords: Hollywood; China; Box Office; Neoliberalism; Film Industry

Abstrak

China muncul sebagai salah satu pasar film terbesar di dunia pada dekade 2010-an dan menjadi tujuan yang semakin penting bagi ekspansi internasional Hollywood. Meskipun menerapkan kebijakan perfilman yang ketat, Hollywood berhasil meraih kesuksesan box office yang signifikan di China selama periode 2012–2019. Penelitian ini bertujuan untuk menganalisis faktor-faktor yang melatarbelakangi keberhasilan tersebut dengan mengkaji strategi internal Hollywood serta kondisi eksternal yang mendukung kinerja komersialnya. Penelitian ini menggunakan analisis dokumen kualitatif. Data sekunder dikumpulkan melalui buku, artikel jurnal akademik, publikasi pemerintah, laporan industri, data statistik, dan artikel berita yang relevan. Dokumen-dokumen tersebut dianalisis menggunakan kategori analitis yang diturunkan dari perspektif neoliberalisme, dengan berfokus pada pengaturan kelembagaan, kerja sama internasional, integrasi pasar, dan strategi pasar Hollywood. Hasil penelitian menunjukkan bahwa keberhasilan Hollywood tidak ditentukan oleh satu faktor tunggal, melainkan merupakan hasil dari kombinasi berbagai faktor. Dari sisi internal, Hollywood memperkuat posisinya melalui kolaborasi dengan perusahaan film China, penerapan Chinafication, kegiatan promosi yang disesuaikan dengan pasar China, diferensiasi produk, serta kualitas film yang tinggi. Dari sisi eksternal,

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implementasi Memorandum of Understanding between the United States of America and China: Films for Theatrical Release tahun 2012, hubungan yang relatif kooperatif antara Amerika Serikat dan China, serta pesatnya pertumbuhan pasar film China menciptakan kondisi yang mendukung ekspansi Hollywood. Dari perspektif neoliberalisme, keberhasilan Hollywood menunjukkan pentingnya kerja sama internasional, pengaturan kelembagaan, dan perluasan pasar dalam memfasilitasi aktivitas ekonomi internasional.

Kata Kunci: *Hollywood; China; Box Office; Neoliberalisme; Industri Film*

Introduction

The globalization of trade has transformed the film industry into an increasingly international business. Films are no longer produced solely for domestic audiences, but also compete across national borders as major cultural and commercial products. Consequently, international box office performance has become an essential indicator of commercial success, encouraging film studios to expand beyond their traditional markets and pursue new audiences abroad. Among the emerging international markets, China experienced the most remarkable growth during the 2010s, rapidly developing into one of the world's largest film markets and becoming a strategic destination for major Hollywood studios (Navarro, 2021; Ortiz-Ospina & Beltekian, 2018).

Despite the enormous market potential, entering China was far from straightforward. For decades, the Chinese government maintained a highly restrictive film policy that limited foreign participation in its domestic film industry. Imported films were subject to annual quotas, revenue-sharing arrangements that favored domestic stakeholders, strict censorship, government-controlled distribution, and screening restrictions that significantly constrained Hollywood's commercial opportunities. Before 2012, only twenty Hollywood films were permitted to enter the Chinese market annually, while foreign studios received only 13 percent of box office revenue, substantially below the standard revenue-sharing arrangements found in most international markets. Hollywood productions also faced restrictions on marketing activities, screening duration, and content approval before being allowed to enter Chinese cinemas (Express Web Desk, 2019; China Film Insider, 2018; Stratford, 2018).

These restrictive policies eventually became a source of trade dispute between the United States and China. The United States challenged China's film import regulations through the World Trade Organization, arguing that the existing policies discriminated against foreign films. Following the dispute, both countries reached the Memorandum of Understanding between the United States of America and China: Films for Theatrical Release in 2012. The agreement relaxed several key restrictions by increasing the annual import quota from twenty to thirty-four revenue-sharing films while simultaneously raising Hollywood studios' share of box office revenue from 13 percent to 25 percent. These policy changes marked an important turning point in Hollywood's access to the Chinese market (Stratford, 2018; U.S. Department of State, 2012).

Following the implementation of the Memorandum of Understanding, Hollywood experienced an unprecedented period of commercial success in China. Between 2012 and 2019, Hollywood's annual box office revenue increased dramatically, making China one of the industry's most important overseas markets. During this period, Hollywood consistently occupied many of the highest-grossing positions in the Chinese annual box office rankings and captured a substantial share of the domestic film market despite the continued dominance of local productions. The years between 2012 and 2019 therefore represent Hollywood's "golden period" in China, distinguished by sustained commercial growth rather than temporary success (Brzeski, 2015; Brzeski, 2018; Hunt, 2014; Thomala, 2022).

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Hollywood's success in China is particularly significant because it occurred within one of the world's most tightly regulated film markets. Rather than relying solely on the relaxation of Chinese regulations, Hollywood also adopted various commercial strategies to improve its acceptance among Chinese audiences. These included collaboration with Chinese production and distribution companies, the incorporation of Chinese cultural elements into Hollywood films, promotional activities specifically designed for the Chinese market, product differentiation, and continuous efforts to maintain high production quality. Meanwhile, external developments—including the rapid expansion of China's film market and the cooperative political and economic relationship between the United States and China during the period—also created favorable conditions for Hollywood's commercial expansion (Kuo, 2020; Lukinbeal, 2019; Zhang Rui, 2019; Brzeski, 2015; Papish, 2017).

Previous studies have examined Hollywood’s international expansion through both global influence and country-specific market conditions. Ibbi (2014) discusses Hollywood’s influence on the global film industry and highlights the industry’s ability to extend the American film model beyond the United States. This global expansion, however, takes place within different national film markets with their own institutional and commercial characteristics. Gaenssle et al. (2018), for example, show that the success of international movies is influenced by factors such as film quality, distribution, and market-specific conditions. In the Chinese context, Marzol Aranburu (2017) demonstrates that the development of China’s film industry has been closely connected to the country’s gradual economic and political opening, regulatory changes, and transformation of its domestic film market. These studies suggest that Hollywood’s international performance should be understood not only through its global influence but also through the specific conditions of the markets in which its films are distributed.

Research on China further indicates that market conditions and audience responses can shape box-office performance. Davis (2014) examines the relationship between Hollywood, marketization, and the Chinese state, showing that the increasing commercialization of China’s film industry developed alongside continued state involvement and regulation. This created a market in which foreign films could gain greater access while remaining subject to institutional constraints. At the audience level, Chen (2018) finds that word-of-mouth, including its volume and valence, is associated with the trend of box-office performance in China’s movie market, highlighting the importance of audience response beyond the conventional appeal of film stars or directors. Taken together, these studies provide important explanations of Hollywood’s global influence, the development and regulation of the Chinese film market, international film success, and audience responses. However, these dimensions are largely examined separately. They do not fully explain how the political-economic conditions of the Chinese market interacted with Hollywood’s own commercial strategies to contribute to its box-office success during the 2012–2019 period.

This study therefore analyzes the factors behind Hollywood's box office success in China during the 2012–2019 period through neoliberalism as its main theoretical lens. Rather than treating international agreements, international cooperation, international trade, and globalization as separate theoretical concepts, this study operationalizes them as analytical dimensions of neoliberalism. Institutional arrangements refer to the rules and agreements that reduce barriers to cross-border economic activities and create greater predictability for market access. International cooperation refers to forms of collaboration between Hollywood studios and Chinese companies, including distribution and co-production. Market integration refers to the expansion of the Chinese film market and the increasing participation of foreign films within it. International trade is examined through changes in market access, import quotas, revenue-sharing arrangements, and cross-border commercial

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activities. These dimensions are used to examine how changes in the external environment interacted with Hollywood's internal market strategies during the 2012–2019 period. By doing so, this research seeks to explain why Hollywood achieved its most significant commercial success in China during this particular period and identifies the principal factors that contributed to that achievement.

Methodology

This study employs qualitative document analysis to examine the factors behind Hollywood's box office success in China during the 2012–2019 period. This approach is appropriate because the study seeks to interpret documentary evidence concerning changes in China's film market, the 2012 Memorandum of Understanding, Hollywood's market strategies, and the development of US–China film relations rather than measure the relationship between variables statistically. Qualitative document analysis also allows the study to examine how different sources describe and provide evidence of the institutional, economic, and industry conditions surrounding Hollywood's commercial performance.

The study relies on secondary documentary data collected through library and online research. The documents include academic books and journal articles, government publications, international and non-governmental organization reports, film-industry reports, statistical data, and relevant news and industry articles. Documents were selected based on their relevance to Hollywood's activities in China, China's film market, the 2012 Memorandum of Understanding, US–China film relations, and Hollywood's market strategies during the 2012–2019 period. Priority was given to sources that provided direct evidence of market access, regulatory changes, industry cooperation, commercial performance, or audience and market developments.

The documents were analyzed according to analytical categories derived from the neoliberal perspective used in this study. The first category concerns institutional arrangements, particularly changes in film quotas, revenue-sharing arrangements, distribution rules, and the 2012 Memorandum of Understanding. The second concerns international cooperation, including cooperation between Hollywood studios and Chinese film companies in distribution and production. The third concerns market integration, including the expansion of China's film market, foreign film participation, and increasing competition. The analysis also examines Hollywood's internal market strategies, particularly collaboration, Chinafication, market-specific promotion, product differentiation, and film quality. These categories were used to organize evidence across the collected documents and identify how external conditions and internal strategies interacted in producing Hollywood's box office success.

The analysis proceeds by comparing evidence from different documentary sources and interpreting recurring patterns across the analytical categories. Quantitative information, such as box office revenue, market share, film releases, and audience ratings, is used as supporting evidence rather than as the basis of statistical analysis. Figures and tables are therefore interpreted descriptively to demonstrate the development of Hollywood's commercial performance and to support the qualitative explanation of the factors behind its success.

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Result and Discussion

Hollywood's Box Office Success in China (2012–2019)

The 2012–2019 period marked Hollywood's most successful years in the Chinese film market. During these eight years, Hollywood achieved remarkable commercial success, reflected in its growing box office revenue, strong position in the annual box office rankings, market share, number of film releases, and audience ratings. Together, these indicators show that Hollywood was able to establish a strong presence in one of the world's largest and most tightly regulated film markets (Brzeski, 2018; Thomala, 2022).

Hollywood's annual box office revenue in China increased significantly throughout the period. After surpassing the one-billion-dollar mark for the first time in 2012, Hollywood's revenue continued to grow almost every year, reaching more than US$4 billion in 2018. Although revenue declined slightly in 2019, it still represented the third-highest annual box office revenue recorded between 2007 and 2019. This consistent growth suggests that Hollywood's success in China was sustained over time rather than driven by a temporary surge in audience interest (Brzeski, 2015; Brzeski, 2018; Hunt, 2014).

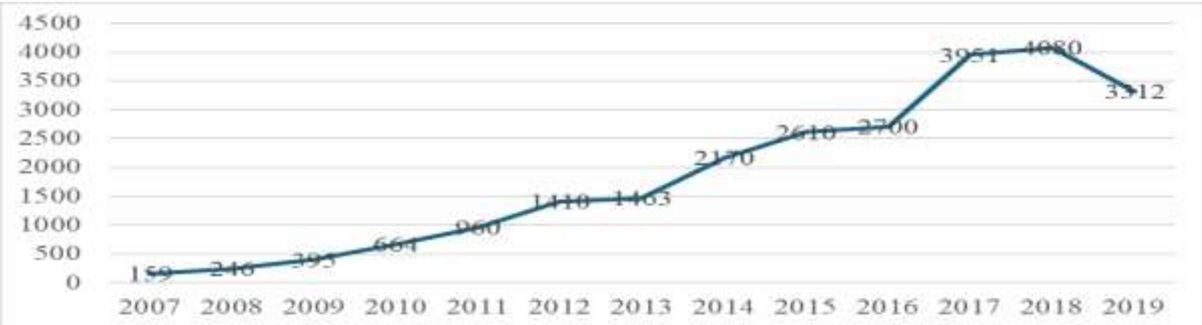

Figure 1: Hollywood Box Office Revenue in China, 2007–2019 (in million USD)
(Source: Adapted from Brzeski (2015), Brzeski (2018), and Hunt (2014))

Hollywood's success was also evident in its dominance of China's annual box office rankings. Throughout the 2012–2019 period, Hollywood films consistently occupied many of the Top 10 and Top 20 highest-grossing films released in China. This achievement is noteworthy considering that Hollywood competed with hundreds of domestic Chinese productions each year. Rather than appearing only occasionally among the highest-grossing films, Hollywood maintained a consistent presence in the annual rankings, demonstrating its ability to compete successfully in the Chinese market (Brzeski, 2018).

Another important indicator was Hollywood's market share. Although only around 34 to 39 Hollywood films were released annually during this period, they accounted for an average market share of approximately 40 percent. In 2012, Hollywood even captured more than half of China's total box office market, outperforming the domestic film industry in its own market. This finding indicates that Hollywood's commercial success was not limited to a few blockbuster titles but was reflected in its overall contribution to China's box office revenue (Thomala, 2022).

The number of Hollywood films released in China also increased during the period under study. Compared with the years before and after 2012–2019, Hollywood gained greater access to the

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Chinese market and was able to release more films each year. The larger number of theatrical releases provided more opportunities to reach Chinese audiences and contributed to the industry's overall box office performance.

Audience reception further illustrates Hollywood's success in China. Most Hollywood films released during the period received favorable ratings, suggesting that their commercial achievements were accompanied by positive responses from moviegoers. High audience ratings indicate that Hollywood films were not only widely distributed but were also well received by Chinese audiences, helping sustain their box office performance throughout the period (Chen, 2018).

Taken together, these indicators demonstrate that Hollywood's success in China between 2012 and 2019 was broad rather than limited to a single measure of performance. Continuous growth in annual box office revenue, consistent representation in the highest-grossing films, a substantial share of the Chinese film market, an increasing number of theatrical releases, and positive audience ratings all point to a sustained period of commercial success. These findings also suggest that Hollywood's achievements were supported by a combination of favorable external conditions and effective industry strategies, both of which are examined in the following sections.

The Beginning of Hollywood's Success: The 2012 Memorandum of Understanding

Hollywood's commercial success in China did not occur in isolation. Before 2012, the Chinese film market was widely regarded as one of the most restrictive markets for foreign films. Hollywood studios faced strict import quotas, limited revenue-sharing arrangements, extensive censorship, and government control over film distribution. These policies significantly constrained Hollywood's access to Chinese audiences and limited its commercial opportunities despite the country's rapidly growing film market (Express Web Desk, 2019; Headlines from China: A History of China's Summer Blackout, 2018; Stratford, 2018).

The restrictive nature of China's film policy eventually became the subject of a trade dispute between the United States and China. The United States challenged China's film import regulations through the World Trade Organization (WTO), arguing that they discriminated against foreign films and restricted market access. Following the WTO ruling, the two countries reached the Memorandum of Understanding between the United States of America and China: Films for Theatrical Release in 2012 as part of China's effort to address the dispute and relax its film import policy (Stratford, 2018).

The Memorandum of Understanding introduced several important changes that directly affected Hollywood's access to the Chinese market. The agreement increased the annual quota for revenue-sharing foreign films from 20 to 34 titles, providing Hollywood with 14 additional release opportunities each year. It also raised Hollywood studios' share of box office revenue from 13 percent to 25 percent, substantially improving the financial returns from theatrical releases in China (U. S. State Department, 2012; Abrams, 2012).

Beyond these two major provisions, the agreement also introduced clearer rules governing film distribution and cooperation between Hollywood studios and Chinese film companies. It provided greater certainty regarding licensing procedures, distribution arrangements, and commercial cooperation, creating a more predictable environment for foreign studios seeking to enter the Chinese market. Although China maintained its censorship system and other regulatory controls, the Memorandum of Understanding significantly reduced several of the barriers that had previously limited Hollywood's commercial activities (U. S. State Department, 2012).

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From the perspective of neoliberalism, the Memorandum of Understanding illustrates the role of international institutions and international agreements in facilitating international cooperation. Rather than relying solely on political bargaining, the trade dispute was resolved through institutional mechanisms under the WTO, which encouraged both countries to negotiate a mutually acceptable agreement. The Memorandum of Understanding subsequently became the institutional framework that enabled greater cooperation between the American and Chinese film industries and expanded opportunities for cross-border film trade (Baylis, Smith, & Owens, 2020).

The importance of the Memorandum of Understanding became evident in Hollywood's performance after its implementation. Greater market access and improved commercial conditions allowed Hollywood to release more films in China and provided stronger incentives for studios to invest in the Chinese market. However, the agreement alone did not guarantee commercial success. Instead, it created the conditions that allowed Hollywood to implement various market strategies, which ultimately contributed to its sustained box office performance during the 2012–2019 period (U. S. State Department, 2012; Papish, 2017).

Internal Factors: Hollywood's Market Strategies

The Memorandum of Understanding between the United States of America and China: Films for Theatrical Release created greater opportunities for Hollywood to enter the Chinese film market. However, the agreement alone did not guarantee commercial success. Hollywood also needed to adapt to the characteristics of the Chinese market and develop strategies that aligned with local regulations, audience preferences, and industry practices. During the 2012–2019 period, Hollywood implemented several market strategies that contributed to its commercial success. These strategies included collaboration with Chinese film companies, the incorporation of Chinese elements into Hollywood productions, market-specific promotional activities, product differentiation, and maintaining high film quality. Together, these strategies enabled Hollywood to make full use of the opportunities created by the Memorandum of Understanding (U. S. State Department, 2012; Kuo, 2020).

Collaboration

Collaboration with Chinese film companies became Hollywood's first strategy after the implementation of the 2012 Memorandum of Understanding. The agreement provided a clearer framework for cooperation between Hollywood studios and Chinese companies, particularly in film distribution and production. As a result, collaboration between the two industries increased significantly during the 2012–2019 period and became one of the foundations of Hollywood's commercial expansion in China (U. S. State Department, 2012; Kuo, 2020).

In film distribution, every Hollywood film released in China was required to cooperate with local distributors. One of the most important partners was China Film Import and Export Corporation, a state-owned company responsible for importing foreign films into the Chinese market. Working with Chinese distributors was not merely an administrative requirement but also an important step in ensuring that Hollywood films could be released and marketed effectively across China. The Memorandum of Understanding also allowed Hollywood studios to cooperate with other local distribution companies, creating greater flexibility in reaching Chinese audiences (Kuo, 2020; U. S. State Department, 2012).

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Collaboration also expanded into film production through co-production projects between Hollywood studios and Chinese companies. Compared with conventional imported films, co-produced films enjoyed several advantages because they were treated differently under China's film import regulations. They faced fewer restrictions and had greater access to the Chinese market, making co-production an attractive strategy for Hollywood studios seeking to strengthen their presence in China (U. S. State Department, 2012).

Beyond improving market access, collaboration also benefited both sides commercially. Hollywood gained better access to one of the world's fastest-growing film markets, while Chinese companies gained opportunities to work with globally recognized studios, filmmakers, and production technologies. These partnerships encouraged the exchange of resources, knowledge, and investment, creating mutually beneficial outcomes for both industries. The increasing number of collaborative projects during the 2012–2019 period therefore reflected not only commercial interests but also the closer cooperation between the American and Chinese film industries (Kuo, 2020).

From the perspective of neoliberalism, these collaborations illustrate how international cooperation can generate mutual benefits for the actors involved. The Memorandum of Understanding reduced institutional barriers and created greater certainty for cross-border cooperation, allowing Hollywood studios and Chinese companies to pursue shared economic interests. Rather than competing in isolation, both industries increasingly relied on collaboration as a way to expand production, distribution, and market opportunities. This cooperation became one of the key factors supporting Hollywood's commercial success in China during the 2012–2019 period.

Chinafication

In addition to collaboration, Hollywood adapted its films to better suit the Chinese market through a strategy commonly referred to as Chinafication. Rather than producing identical films for audiences around the world, Hollywood increasingly incorporated Chinese elements into its productions to improve their acceptance among Chinese audiences. This strategy reflected Hollywood's recognition that commercial success in China depended not only on market access but also on the ability to accommodate local cultural preferences and government regulations (Lukinbeal, 2019; Zhang Rui, 2019).

One of the most visible forms of Chinafication was the inclusion of Chinese actors and actresses in Hollywood productions. Their presence increased the appeal of Hollywood films among Chinese audiences while also strengthening the films' commercial value in the local market. Beyond casting, Hollywood also incorporated Chinese settings, language, cultural references, and story elements that were familiar to Chinese viewers. These adjustments allowed Hollywood films to resonate more closely with local audiences without fundamentally changing their overall narratives (Lukinbeal, 2019).

Chinafication was also closely related to China's film censorship system. Since every imported film had to pass government review before being released, Hollywood studios increasingly considered Chinese regulations during the production process. Content that was likely to face censorship was often modified or avoided to improve the likelihood of obtaining approval for theatrical release. Rather than treating censorship solely as an obstacle, Hollywood gradually adapted its production process to accommodate the regulatory environment of the Chinese market (Kuo, 2020).

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These adjustments demonstrate that Hollywood was willing to modify certain aspects of its productions in exchange for greater access to one of the world's largest film markets. Although such adaptations did not guarantee commercial success, they reduced potential barriers to market entry and increased the attractiveness of Hollywood films among Chinese audiences. Chinafication therefore became an important strategy that complemented the opportunities created by the Memorandum of Understanding and strengthened Hollywood's competitive position in China during the 2012–2019 period (Zhang Rui, 2019).

From the perspective of neoliberalism, Chinafication reflects how economic incentives encourage actors to adapt rather than confront institutional constraints. Instead of challenging China's cultural and regulatory environment, Hollywood adjusted its products to meet local expectations and maximize the benefits of international market integration. This strategy illustrates that international economic cooperation does not necessarily require uniformity; rather, it often encourages adaptation to different domestic contexts while pursuing shared commercial interests.

Promotion

Promotion became another important strategy behind Hollywood's success in China during the 2012–2019 period. Entering the Chinese market was not only about securing theatrical releases but also about building public interest before a film reached cinemas. To maximize audience awareness, Hollywood studios carried out promotional activities specifically designed for the Chinese market, recognizing that effective marketing played an important role in influencing box office performance (Papish, 2017).

One of the most common promotional strategies was organizing promotional tours in China involving actors, directors, and producers. Film premieres, press conferences, interviews, and fan meetings were held in major Chinese cities to increase public attention before a film's release. These events generated extensive media coverage and strengthened audience engagement, helping Hollywood films gain greater visibility in an increasingly competitive market (Papish, 2017).

Hollywood also relied heavily on digital platforms and social media to promote its films. Online trailers, promotional videos, posters, and interactive campaigns were distributed through widely used Chinese digital platforms to reach potential audiences more effectively. Compared with conventional advertising alone, digital promotion allowed Hollywood studios to communicate directly with moviegoers and build anticipation before theatrical release (Papish, 2017).

These promotional efforts complemented Hollywood's broader market strategies. Collaboration with Chinese partners facilitated local marketing activities, while Chinafication made promotional materials more relevant to Chinese audiences. Promotion therefore served as the bridge between film production and audience consumption by ensuring that Hollywood films received sufficient public attention before entering cinemas.

From the perspective of neoliberalism, promotion illustrates how firms actively compete within an increasingly integrated international market. Greater market access created new commercial opportunities, but success ultimately depended on how effectively those opportunities were utilized. By investing in market-specific promotional activities, Hollywood studios sought to strengthen their competitiveness and maximize the commercial benefits offered by the expanding Chinese film market.

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Product Differentiation

Another strategy adopted by Hollywood during the 2012–2019 period was product differentiation. Rather than relying on a single type of film, Hollywood offered a wide variety of genres, themes, and production styles to accommodate the diverse preferences of Chinese audiences. This diversity enabled Hollywood to reach different market segments while reducing direct competition among its own productions (Hennig-Thurau et al., 2004; Fu & Govindaraju, 2010).

Hollywood's film releases during this period included action, science fiction, fantasy, animation, superhero, adventure, comedy, and drama films. Each genre appealed to different audience groups, allowing Hollywood to attract viewers with different interests and age backgrounds. The availability of diverse film choices also increased the likelihood that Hollywood productions would remain competitive throughout the year, regardless of changing audience preferences (Fu & Govindaraju, 2010).

In addition to genre diversity, Hollywood differentiated its products through production scale, storytelling, visual effects, and franchise development. Major film franchises with established characters and narratives attracted loyal audiences and reduced the uncertainty commonly associated with new film releases. At the same time, continuous investment in advanced production technology and visual quality strengthened Hollywood's competitive advantage over many competing productions in the Chinese market (Fu & Govindaraju, 2010).

Product differentiation also allowed Hollywood to respond more effectively to market competition. Since Chinese audiences did not have identical preferences, offering a broad range of films increased Hollywood's ability to satisfy different consumer demands. Rather than depending on a limited number of blockbuster titles, Hollywood maintained a diverse portfolio of films that collectively contributed to its overall box office performance in China.

From the perspective of neoliberalism, product differentiation reflects the importance of competition and consumer choice within an open market. As market access expanded after the Memorandum of Understanding, Hollywood did not rely solely on institutional changes but also strengthened its competitiveness by offering products that addressed different consumer preferences. This strategy demonstrates how firms respond to market opportunities through innovation and differentiation while pursuing greater commercial success in the international marketplace.

Film Quality

The final internal factor behind Hollywood's success in China during the 2012–2019 period was film quality. While collaboration, Chinafication, promotion, and product differentiation helped Hollywood enter and compete in the Chinese market, long-term commercial success ultimately depended on whether audiences responded positively to the films themselves. High-quality films encouraged repeat viewership and strengthened Hollywood's ability to sustain its box office performance throughout the period (Chen, 2018).

Film quality can be reflected in several indicators, including audience ratings, critics' reviews, and audience responses after watching a film. Among these indicators, audience responses played the most important role because they directly influenced public perception of a film after its release. Positive audience evaluations encouraged more people to watch the film, while negative responses often discouraged potential viewers regardless of the scale of promotional activities (Chen, 2018).

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A key mechanism through which film quality influenced box office performance was word of mouth (WOM). Viewers who were satisfied with a film tended to recommend it to family members, friends, and other potential audiences. Positive WOM generated wider public interest and encouraged additional cinema attendance, contributing to higher box office revenue. In contrast, films that received negative audience responses often experienced weaker commercial performance because unfavorable recommendations reduced audience interest (Chen, 2018).

The importance of film quality became increasingly evident as the Chinese film market expanded. With a growing number of domestic and foreign films competing for audiences, viewers had more choices than ever before. Under these conditions, sustained commercial success depended not only on attracting audiences to cinemas but also on maintaining positive public evaluations after release. High-quality productions therefore provided Hollywood with a competitive advantage that complemented its other market strategies.

From the perspective of neoliberalism, film quality illustrates the role of competition within an increasingly open market. Greater market access created opportunities for Hollywood, but audience preferences ultimately determined commercial outcomes. By consistently producing films that were well received by audiences, Hollywood strengthened its competitive position and maximized the opportunities available in the Chinese market. Film quality therefore became an important factor that supported Hollywood's sustained box office success during the 2012–2019 period.

External Factors

Although Hollywood's market strategies played an important role in its commercial success, they were implemented within a broader external environment that also supported Hollywood's expansion in China. During the 2012–2019 period, two external conditions were particularly influential. The first was the relatively cooperative relationship between the United States and China, which created favorable conditions for bilateral cooperation in the film industry. The second was the rapid growth of the Chinese film market, which provided Hollywood with an increasingly attractive destination for international expansion. Together, these external factors strengthened the impact of Hollywood's internal strategies and contributed to its sustained box office success during the period under study.

US–China Relations

The relationship between the United States and China became an important external factor behind Hollywood's success in the Chinese film market during the 2012–2019 period. Although differences remained in several political and economic issues, both countries maintained relatively cooperative relations that encouraged bilateral trade and investment. This cooperative environment also extended to the film industry, creating opportunities for greater interaction between Hollywood studios and Chinese film companies (Baylis et al., 2020).

The 2012 Memorandum of Understanding between the United States of America and China: Films for Theatrical Release reflected this broader pattern of bilateral cooperation. While the agreement was reached following a trade dispute through the World Trade Organization, its implementation depended on the willingness of both governments to continue cooperating in the film

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sector. The agreement therefore represented not only the settlement of a trade dispute but also a shared commitment to expand economic cooperation through the film industry (U. S. State Department, 2012; Stratford, 2018).

The cooperative relationship between the two countries also encouraged closer interaction between Hollywood studios and Chinese film companies. Distribution partnerships, co-production projects, and other forms of industrial cooperation became more common after the implementation of the Memorandum of Understanding. These collaborations allowed Hollywood to strengthen its presence in China while enabling Chinese companies to benefit from Hollywood's production experience, technology, and international market reach. As a result, the bilateral relationship created a more supportive environment for cross-border cooperation in the film industry (Kuo, 2020).

Nevertheless, the contribution of US–China relations should not be understood as the sole explanation for Hollywood's success. Rather, stable bilateral relations created favorable conditions that allowed the Memorandum of Understanding to be implemented effectively and enabled Hollywood to pursue its market strategies with greater confidence. Without this cooperative environment, the opportunities created by the agreement would have been more difficult to translate into sustained commercial success.

From the perspective of neoliberalism, the relationship between the United States and China illustrates the importance of international cooperation in facilitating economic interaction. Rather than preventing cooperation, differences between the two countries were managed through institutional mechanisms and bilateral agreements that created mutual economic benefits. The film industry therefore became one example of how international cooperation can encourage cross-border trade, investment, and commercial exchange despite broader political differences.

Growth of the Chinese Film Market

The rapid growth of the Chinese film market was another important external factor behind Hollywood's box office success during the 2012–2019 period. Throughout these years, China experienced significant expansion in its film industry, reflected in the increasing number of cinemas, movie screens, audiences, and total box office revenue. This growth transformed China into one of the world's largest film markets and created substantial commercial opportunities for both domestic and foreign film producers (Brzeski, 2015; Thomala, 2022).

The expansion of cinema infrastructure played a major role in supporting this growth. The number of movie theaters and cinema screens increased considerably across China, allowing films to reach audiences in more cities and regions than ever before. Improved accessibility encouraged greater cinema attendance and contributed to the continuous increase in national box office revenue. For Hollywood, this expanding exhibition network provided wider opportunities to distribute films and reach larger audiences (Brzeski, 2015).

At the same time, the Chinese audience for theatrical films continued to grow. Rising income levels, urbanization, and increasing consumer spending on entertainment contributed to stronger demand for cinema experiences. As more people regularly attended movie theaters, the market became increasingly attractive for Hollywood studios seeking to expand their international box office revenue. The growing demand for films therefore created favorable market conditions that complemented Hollywood's own commercial strategies (Thomala, 2022).

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The expansion of the Chinese film market also intensified competition between domestic and foreign films. Despite this increasingly competitive environment, Hollywood consistently maintained a strong commercial position throughout the 2012–2019 period. As demonstrated in the previous sections, Hollywood continued to secure substantial market share, dominate annual box office rankings, and receive positive audience responses. These achievements indicate that Hollywood successfully capitalized on the rapid growth of the Chinese film market while competing with an increasingly competitive domestic industry.

From the perspective of neoliberalism, the growth of the Chinese film market illustrates how expanding markets create new opportunities for international economic exchange. As China's film industry developed, the market became increasingly integrated with the global film industry and attracted greater participation from foreign producers. Hollywood's success during the 2012–2019 period therefore cannot be separated from the broader expansion of the Chinese film market, which provided the commercial environment necessary for Hollywood's strategies to generate sustained box office success.

Conclusion

This study examined the factors behind Hollywood's box office success in China during the 2012–2019 period by analyzing both the industry's internal strategies and the external conditions that shaped its commercial performance. The findings show that Hollywood's success during this period was not the result of a single factor, but rather the combination of institutional changes, effective market strategies, and favorable external conditions.

The 2012 Memorandum of Understanding between the United States of America and China: Films for Theatrical Release marked an important turning point by reducing barriers that had previously limited Hollywood's access to the Chinese market. The agreement expanded opportunities for Hollywood to distribute more films in China and created a more favorable environment for cooperation between the American and Chinese film industries. However, greater market access alone did not automatically guarantee commercial success.

Hollywood's ability to capitalize on these opportunities depended on the strategies implemented during the 2012–2019 period. Collaboration with Chinese film companies, the incorporation of Chinese elements into film productions, market-specific promotional activities, product differentiation, and maintaining high film quality all contributed to Hollywood's strong commercial performance. At the same time, external factors, particularly the cooperative relationship between the United States and China and the rapid expansion of the Chinese film market, created conditions that further supported Hollywood's growth.

From the perspective of neoliberalism, Hollywood's success illustrates the importance of international cooperation, international agreements, and expanding markets in facilitating cross-border economic activities. The interaction between institutional arrangements, market conditions, and business strategies enabled Hollywood to establish a strong position in one of the world's largest film markets during the 2012–2019 period. The findings therefore demonstrate that Hollywood's success in China was achieved through the combination of internal and external factors rather than through a single explanation.

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