Frontiers in Business, Economics and Management
ISSN: 2766-824X | Vol. 20, No. 3, 2025

Development analysis of Chinese Cinema

-- Taking the development of community cinema as an example

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Abstract: China's cinema industry has undergone significant transformations from industrialization reforms to the post-pandemic era, with traditional theaters facing multiple challenges. Community cinemas, as an emerging business model, have demonstrated promising development potential. Through literature analysis and SWOT business model comparisons, this study reveals that community cinemas, characterized by their proximity to residents' daily lives, affordable ticket prices, and diversified services, show remarkable potential in addressing the challenges confronting traditional theaters. They are poised to become a crucial growth driver for the future of the cinema industry.

Keywords: Film industry; Traditional cinema; Community cinema; SWOT analysis.

1. Introduction

(1) The Evolution and Challenges of China's Cinema Industry: From Industrialization Reform to the Post-Pandemic Era

In the early 21st century, television programs served as the cornerstone of home entertainment, with the repeated airing of classic series forming a vital component of social and cultural life. At that time, cinemas remained relatively uncommon, with only about 3,000 theaters nationwide. Ticket prices ranging from 20 to 30 yuan—equivalent to the daily wage of an average employee—kept moviegoers from attending more than once annually. In 2002, China's film industry underwent comprehensive industrial reforms, particularly the implementation of the cinema chain system reform, marking the marketization of the film sector and ushering in a period of prosperous development. National box office revenue surged from approximately 900 million yuan in 2002 to surpass the 2-billion-yuan threshold by 2005. Over the following decade, cinema construction experienced explosive growth, gradually transforming theaters into mainstream entertainment venues for the public.

From personal experience, my familiarity with cinema environments stems from growing up in a family theater business. Our family cinema began operations in 2015, a period marked by significant expansion in China's film industry—both in cinema numbers and projection technology. That year saw domestic films like "Monster Hunt" and "Lost in Hong Kong" gain massive popularity, with Chinese productions accounting for over 60% of box office revenue for the first time. Despite China having more than 6,000 cinemas nationwide that year, many rural areas still had only one cinema or none at all. This meant residents in these towns often had to travel to county-level cities or neighboring towns for entertainment. Notably, many rural towns in China had populations exceeding 100,000, with some large towns surpassing 500,000 residents. As a result, most cinemas across the country were operating at a profit during this period.

In recent years, China's cinema industry has faced sustained operational pressures. This trend stems not only from the COVID-19 pandemic but also from the continuous expansion of cinema numbers and the rapid rise of emerging sectors like short videos and food delivery services. By 2024, the total number of operating cinemas nationwide had reached 13,300, nearly doubling the 2015 figure. New cinemas were primarily located in third-and fourth-tier cities, significantly impacting family theater operations by diverting substantial customer traffic. Additionally, pandemic-era home quarantine measures fostered a new lifestyle mindset: people could enjoy rich entertainment experiences without leaving their homes. The launch of TikTok in 2016 sparked explosive growth in the short video industry, with its market size reaching 5.73 billion yuan in 2017—a year marked as the industry's breakout year—with a 183.9% year-on-year increase. Data shows that by 2018, popular gaming streamers with notable fame could earn annual incomes in the millions. Meituan Waimai officially launched in November 2013. These evolving business models collectively laid the groundwork for subsequent shifts in social leisure habits —— As people could enjoy global scenery and diverse cuisines from home, the necessity of outdoor entertainment was challenged. Against this backdrop, the cinema industry's impact in 2025 appears inevitable.

In the post-epidemic era, domestic cinema management practitioners are actively exploring transformation opportunities and innovative paths to adapt to the new market environment. Against this background, "community cinema" as a new business concept comes into being.

(2) A community refers to a social living community formed by residents with a shared identity and connected through social interactions within a specific geographic area. In urban contexts, it typically denotes residential neighborhoods or administrative districts, primarily serving to meet diverse community needs. A prime example is the Liyuan Community Canteen Project, which officially commenced operations on May 23,2023, serving approximately 4,000 residents and effectively addressing dietary challenges for elderly individuals and vulnerable groups. Such services are usually coordinated by neighborhood committees, property management companies, social organizations, or commercial entities, aiming to systematically enhance residents' quality of life. Governments

at all levels have integrated community services into public service frameworks, ensuring financial support through budget allocations to prioritize infrastructure improvements and public welfare initiatives.

(3) Community cinemas are small-scale movie theaters primarily serving residential communities, located within or near residential zones. Typically situated in neighborhood centers, commercial hubs, or easily accessible pedestrian areas, they provide convenient viewing options for local residents. These venues focus on fulfilling cultural and entertainment needs, particularly catering to specific demographics like families and seniors through film selections emphasizing popular themes (e.g., classic movies, family-friendly content). Compared to commercial cinema complexes, community cinemas usually have fewer screening rooms (typically 1-3) with seating capacity around 100+. Beyond regular screenings, they often integrate cultural activities such as charity screenings and parent-child viewing events, serving dual purposes of social interaction and cultural dissemination. Ticket prices are generally lower than those at commercial theaters, with some venues offering membership discounts or free screenings during public welfare campaigns.

(4) This study employs a literature review methodology integrated with the SWOT analysis framework to conduct a systematic examination of China's cinema industry. It aims to elucidate the transformative evolution of China's cinema sector from industrialization reforms through the post-pandemic era, identify the multifaceted challenges confronting traditional cinemas, and substantiate the viability of community cinema as an emerging business model.

2. Literature Review

Pan Shuitao (2022) in his study "Exploring New Development Paths for Cinemas in Non-First-Tier Cities in the Post-Pandemic Era" [4] noted that China's box office revenue plummeted by 88% year-on-year during the first quarter of 2020, with cinemas under 500 seats in non-first-tier cities suffering severe losses averaging only 180,000 yuan per screening. The intensified pandemic prevention measures and facility upgrades further increased operational costs. During the outbreak, widespread cinema closures transformed online platforms into primary viewing channels, cultivating a habit of "home-based entertainment" among audiences. In the post-pandemic era, although cinemas have reopened, some viewers remain loyal to digital platforms due to their convenience. For instance, China's online video user base reached 1.07 billion in 2023, marking a 23% increase from 2019. These interconnected factors ultimately demonstrate that the combined effect of "1+1+1" surpasses the sum of its parts, driving traditional cinemas down an irreversible path. Will cinemas disappear entirely in a century? Perhaps they might, but perhaps not. Community cinemas could very well represent the industry's turning point.

Compared with traditional cinemas, community cinemas have the following advantages.

District-level cinemas should adapt to local conditions and cater to the characteristics of their community residents, aligning with their preferences. Han Zhongtian (2022) in "The Transformation of the Film Industry —— The Arrival of the Golden Age for Community Cinemas" [1] provided data-driven support for scheduling through detailed analysis of audience demographics including age, family composition, and occupational backgrounds. For instance, residential communities near schools typically have younger resident demographics. These cinemas should optimize screening times based on residents' daily routines: those serving elderly populations should cancel evening screenings and prioritize daytime sessions featuring popular themes among seniors, while office-dominated communities should focus on nighttime shows with urban lifestyle themes, leveraging online features to enhance user engagement.

Lower basic ticket price. Compared with large commercial cinemas in the city center, community cinemas are usually priced more affordably. The price of a single movie ticket may be 10-30 yuan lower than that of commercial cinemas, especially for ordinary 2D films and non-prime time screenings, where the price advantage is more obvious.

Proximity to Cinemas, Cost-Effective Transportation. Community cinemas located near residential areas are easily accessible via walking or short commutes, saving time and transportation costs—particularly convenient for seniors and families with children. This is not a novel business model, as the first such cinema in China was established in Beijing's Andingmen Subdistrict in December 2015. Over the past decade, there have been multiple renovation cases. For instance, Wu Yue, Zhang Rui, Yin Juan, and Zhang Siyuan (2021) documented in their study "Renovation Planning of Zhongxinjie Community Cinema in Dongtou District, Wenzhou City under Urban Renewal Context" [3] that during the Yangtze River Delta integration and urban renewal era, Dongtou's old town faced challenges like outdated facilities and declining population. Located at the core of Dongtou's historic district, Zhongxinjie Street spans 410 meters and serves as both a commercial hub and residential area. However, since the 1990s, its business mix has shrunk, public services and experiential businesses have dwindled, with 43.4% of properties vacant and severe youth migration. Most buildings date back to the 1970s-1990s and feature concrete structures, requiring preservation of historical context while addressing modernization needs. Residents hope renovations will revitalize commerce and tourism, preserve the street's unique character, and create an integrated community complex combining cinemas, shopping, dining, and fresh markets—a "mini-city center" for the old town. Through functional upgrades and business innovation, these cinema renovations aim to revitalize the historic district's economy, preserve cultural heritage, and establish it as a vibrant community hub. The project embodies the concept of urban organic renewal, emphasizing the coherence between physical form and business formats. It serves as a reference for similar island city renewal projects, achieving dual significance in preserving historical memory and enhancing modern living standards. In the post-pandemic era, cinemas in non-first-tier cities need to break through challenges from multiple dimensions including ticket pricing, film selection, services, and community partnerships. By adopting precise positioning and innovative models, they can achieve sustainable development and revitalize market vitality. Summary: Traditional cinemas face disadvantages such as insufficient attention to special audiences, competitive disadvantages from online platforms, and pandemic impacts; while community cinemas demonstrate advantages like localized adaptation, lower ticket prices, reduced transportation costs, along with successful case studies and resident demand.

3. Development Analysis of Traditional Cinema and Community Cinema

3.1. The Traditional Cinema Industry Is Experiencing the Challenge of Slowing Down, Which Is Mainly Due to The Following Three Factors:

First, there exists a significant gap in service offerings catering to specific audience groups such as middle-aged and elderly viewers. Traditional cinemas primarily target young audiences aged 15-35, with business strategies tailored to their characteristics. The spatial distribution of cinemas shows excessive concentration in core commercial districts, where complex traffic patterns and high foot traffic density create substantial travel difficulties and time costs for mobility-challenged seniors. While the current ticket pricing range of 60-70 yuan aligns with working-age youth's purchasing power, it fails to adequately consider the consumption capacity and payment willingness threshold of elderly audiences with average monthly pensions of only 1,000-2,000 yuan. The pricing exceeds the financial tolerance and psychological expectations of some middle-aged and elderly viewers, thereby discouraging their movie-watching decisions. In terms of film selection structure, screening schedules overly favor action, sci-fi, and romance genres preferred by younger audiences, while dramas, historical films, and traditional opera productions that meet senior viewers' aesthetic demands remain insufficiently supplied. Screening times are predominantly concentrated during daytime work hours or late-night periods, conflicting with the daily routines of older audiences. Particularly after evening screenings, there are potential safety risks for vision-impaired and physically challenged middle-aged and elderly viewers returning home.

Secondly, cinemas face structural disadvantages compared to online platforms in market competition. Cinema scheduling mechanisms heavily favor commercial blockbusters and popular genres to maximize box office revenue, resulting in insufficient coverage of niche films, documentaries, and art house productions. In contrast, online platforms leverage big data analytics to precisely identify user preferences and deliver diversified content through targeted recommendations. For instance, Bilibili's dedicated anime and manga content section effectively caters to personalized viewing needs across different demographics. Audiences choosing cinema attendance must bear additional transportation and time costs, while cinemas in non-first-tier cities and suburban areas suffer from inadequate coverage density, forcing some viewers to spend considerable time walking or driving to reach them. Online platforms support instant playback via mobile devices and smart TVs, allowing users to watch movies anytime from home or diverse environments, completely breaking the traditional cinema's "spatial constraints".

Ultimately, the COVID-19 pandemic inflicted lasting damage on the film industry. During lockdowns, cinemas across China were repeatedly forced to suspend operations. Even during limited reopening periods, audiences significantly reduced attendance due to pandemic-related safety concerns, triggering a dramatic slump in box office revenues and pushing most theaters into financial losses. Notably, cinemas continued to bear fixed costs like rent, equipment maintenance, and staff salaries throughout the shutdown period. This chronic imbalance between income and expenses ultimately drove many small and medium-sized theaters to collapse due to cash flow crises. To weather the storm, numerous films adopted online premiere strategies or simultaneous release tactics. These digital adaptations inadvertently cultivated viewers' "stay-at-home viewing" habits, effectively diverting potential audiences from traditional cinema venues.

In summary, the traditional cinema industry is facing significant development challenges due to multiple factors including pandemic impacts, shifts in audience behavior patterns, insufficient content supply stability, intensified competition, and macroeconomic fluctuations. Currently, the industry is actively exploring innovative transformation paths, presenting a complex development trend where challenges coexist with opportunities.

3.2. Conceptualization of Community Cinema

As a screening place located around the residential community, the core function of community cinema is to provide film screening service for the residents of the community, which has the characteristics of small size and localization.

Compared with traditional commercial cinemas, community cinemas usually have the following characteristics:

Location: Community cinemas are mostly located in residential areas or community business centers, which are closely connected with residents' daily living space.

Size: Compared with traditional commercial cinemas, community cinemas are smaller in size, usually having 2-6 screening rooms and 200-500 seats.

Service object: The community cinema mainly serves the surrounding community residents, and pays attention to the construction of community culture and the improvement of residents' cultural life.

Operation mode: There are various operation modes for community cinemas, including public welfare, commercial and mixed operation modes.

Ticket pricing: The ticket price of community cinemas is usually lower than that of commercial center cinemas, which is more affordable.

Service Functions: In addition to film screening, the community cinema also serves as a community cultural activity and social space. (Figure 1 shows the community cinema display) [2].

It should be noted that community cinemas share some conceptual overlaps with township and county-level cinemas, yet maintain distinct characteristics. Township cinemas are primarily located in rural areas, while county-level cinemas are situated in county towns. Community cinemas emphasize spatial connections with residential communities and are positioned to serve local residents.

Figure 1. Community cinema display

3.3. The Development of Community Cinemas in China

3.3.1. Early germination stage (early 20th century to before the reform and opening up)

China's cinema exhibition activities originated in the early 20th century, with the establishment of Shanghai's Hongkou Grand Theater in 1908 marking the beginning of China's film projection industry. At that time, cinemas were primarily concentrated in the concession areas of major cities, serving foreign nationals and a small number of Chinese upper-class individuals, with no direct connection to ordinary communities. During the 1930s and 1940s, Shanghai became a film hub, with an increase in cinema numbers and southern expansion, though the concept of community cinemas had not yet emerged. From the founding of New China until the pre-reform era, the film industry operated under a planned economy. Urban cinemas were mostly affiliated with state-owned enterprises, catering mainly to employees of these institutions, without developing service models specifically targeting community residents.

3.3.2. Market-oriented transformation stage (from reform and opening up to the early 21st century)

After China's reform and opening-up, the film industry embarked on a market-oriented transformation. In 1987, cinemas underwent upgrades to become upscale, multi-functional venues equipped with new facilities to enhance viewing experiences. From the 1990s through the early 21st century, commercial cinema operations expanded significantly, primarily concentrated in urban commercial hubs supported by mixed-use complexes. Although community cinemas never gained mainstream popularity, some cities had already begun experimenting with small-scale cinema services catering to local communities. During this period, the film industry faced a downturn as television and video halls attracted audiences away from theaters, prompting cinemas to explore diversified business models.

3.3.3. Rapid development phase (2002-2012)

The 2002 cinema chain system reform marked a turning point in the film industry's development, driving standardization and regulation of theaters. This period saw increased industry concentration and professionalization, with commercial cinemas in first-and second-tier cities expanding rapidly. Accelerated urbanization and rising incomes fueled growing demand for movies. By 2010, investors like Lucie Mann and her husband began transforming cinemas to enhance visitor experiences. In 2012, Shenzhen pioneered the "micro-cinema" business model, offering innovative solutions for community cinema development.

3.3.4. Comprehensive Prosperity Stage (2013-2020)

The period from 2013 to 2020 marked a golden era for the film industry, characterized by market expansion and explosive growth in cinema numbers. By 2016, Shanghai surpassed Beijing in both cinema scale and box office revenue, and by 2020 it ranked first globally in the number of screens. During this phase, community cinemas received policy attention, with China's National Film Bureau encouraging the development of specialty theaters including community cinemas in 2018. The growth accelerated in 2019, exemplified by Changning District's establishment of the "Xinhua Cinema" brand in Shanghai. In 2020, impacted by the pandemic, cinemas explored innovative models, while community cinemas experimented with online-offline integrated services.

3.3.5. High-quality Development Stage (2021-present)

Since 2021, the film industry has entered a phase of high-quality development, with community cinemas becoming an integral part of China's cultural development strategy. In 2022, policy support was extended to boost community cinema growth. The construction of community cinemas accelerated from that year onward, with multiple regions launching "Community Cinema" initiatives in 2023. By 2024, cinema development had shifted focus to grassroots communities. Entering a new stage of high-quality development in 2025, Tianjin proposed specific targets for cinema expansion. Meanwhile, cities like Shanghai, Beijing, and Qingdao are innovating development models for community cinemas.

3.4. Business Strategy and Audience Group Analysis of Community Cinemas

Gender Distribution Analysis of Community Cinemas by Type: Government-operated community cinemas maintain balanced gender ratios, with slightly more elderly women attending. For instance, Shanghai's Xinhua Cinema sees elderly women gathering to watch family dramas and classic films together. Commercially operated cinema chains primarily cater to young couples and families, maintaining balanced gender representation. Tianjin Community Convenience 3D Cinema, for example, features dedicated romantic and family-friendly screening rooms. Collaboratively managed cinemas demonstrate the most balanced gender distribution through diverse activities that attract both genders. Qingdao CGV Cinema, for example, hosts themed events. Online-integrated cinema formats mainly serve young families, with a higher proportion of female attendees. The Shuguang Subdistrict platform, attracting predominantly young households, shows a notable female user predominance.

From the perspective of consumption habits, community cinema audiences exhibit the following characteristics: price sensitivity, preferring budget-friendly venues like SFC Shanghai Film City in Xinchang Town which attracts residents with low prices; diversified spending patterns, purchasing food and value-added services alongside tickets, as evidenced by the Tianjin project's substantial merchandise sales revenue; high attendance frequency, particularly among seniors and teenagers, exemplified by "Xinhua Cinema" 's Public Screening Day 'attracting elderly viewers; strong brand loyalty, recognizing cinemas with excellent service and diverse film selections, as highlighted by "Xinhua Cinema" receiving praise for its high film selection satisfaction; social attributes, enjoying family-friendly viewing experiences like Sanlitun Subdistrict's activities that enhance parent-child bonding. Overall, community cinema audiences demonstrate balanced gender ratios, diverse consumption habits, price sensitivity, frequent attendance, strong brand loyalty, and social engagement. Tailored services and marketing strategies should be developed based on these audience characteristics.

Movie-watching frequency and consumption ability of community residents

The frequency of watching movies and the consumption ability of community residents have an important impact on the development of community cinemas.

Movie Viewing Frequency: While the overall frequency remains relatively low, it has shown improvement with the development of community cinemas and enhanced services. For instance, the Tianjin project has increased residents' movie-watching frequency. Among different age groups, teenagers and young adults exhibit higher viewing frequency, while middle-aged and elderly audiences show lower engagement. The "Xinhua Cinema" initiative notably attracts youth through animated film screenings during summer seasons [5].

Analysis of Community Cinema Formats: Government-led community cinemas primarily organize regular events, such as the "Xinhua Cinema" public screening days targeting senior audiences. Commercially operated cinemas maintain flexible scheduling for daily operations, exemplified by Tianjin's cinema that screens multiple sessions per day. Collaborative models combine scheduled activities with routine operations, like Qingdao CGV Cinema which combines event promotions with regular screenings. Online-integrated platforms enhance accessibility and engagement through digital channels, as seen in the Shuguang Subdistrict platform.

Consumption capacity: It varies by region and income level, but shows an overall upward trend. Residents have low acceptance of ticket prices and tend to choose low-cost venues such as Xinchang Town Cinema. Consumption is concentrated on movie tickets, but the proportion of commodity sales and value-added services is increasing, such as the considerable revenue from supporting commodities in Tianjin projects.

Regional Consumption Capacity Variations: First-tier cities demonstrate stronger purchasing power with a strong demand for premium experiences, exemplified by Xinhua Cinema's premium film screenings. Second-tier cities maintain moderate spending levels while prioritizing value and service quality, as seen in Qingdao CGV Cinema's diverse selection offerings. Third-and fourth-tier cities, despite having relatively lower consumption capacity, exhibit robust demand, as evidenced by Wanda Cinema in Fuyang, Anhui's notable box office success during the Spring Festival period.

In general, the frequency of movie-going among community residents is increasing, their overall consumption power is improving, and there is a greater demand for low-priced quality cinemas. Community cinemas need to provide diversified services and price choices according to residents' conditions [6].

3.5. Satisfaction and Loyalty Analysis of Community Cinemas

Satisfaction and loyalty of community cinemas are important indicators to evaluate service quality and competitiveness.

Satisfaction: Generally high, the audience has a high evaluation of film selection, service quality and viewing environment. For example, "Xinhua Cinema" has been praised by residents for its high satisfaction with film selection.

Analysis of Community Cinema Types: Government-led community cinemas demonstrate higher satisfaction due to their free or affordable services and film selections aligned with local needs, as evidenced by the "Xinhua Cinema" survey. For commercially operated cinema chains, satisfaction correlates with service quality and pricing strategies – Tianjin's project, for instance, shows high expected satisfaction owing to its superior services. Cooperative-operated cinema chains achieve balanced satisfaction through a harmonious integration of film selection, service standards, and pricing mechanisms, exemplified by Qingdao CGV Cinema's partnership with Yilian [7].

Factors affecting loyalty: The key is to select films that meet residents' preferences, such as the selection of films in "Xinhua Cinema"; high-quality service is very important, such as volunteer services in "Xinhua Cinema"; encouraging community participation can enhance the sense of belonging and cohesion.

Overall, community cinema audiences have high satisfaction and loyalty, thanks to accurate film selection, quality service, community participation and innovative activities. These efforts need to be continued to improve competitiveness and sustainable development capacity.

4. SWOT Analysis of Community Cinema and Traditional Cinema

4.1. SWOT Analysis of Community Cinema

Table 1. SWOT analysis of community cinemas

①More community needs are met: located near residential areas, small service radius, solving traffic problems. Small scale (2-6 halls, 200-500 seats), suitable for the flow of people, flexible operation. ②Multiple operation modes: covering public welfare, commercial and mixed modes, which can be adjusted according to the characteristics of the community. For example, government-led low price and free access is highly satisfactory, while commercial operation attracts family customers through parent-child halls. ③High cost performance: The ticket price is lower than that of commercial center cinemas, which is in line with residents' price sensitivity. The case shows that low price attracts residents and increases the number of movie screenings. ④High community stickiness and social attributes: It has both the functions of cultural activities and social space, and enhances the sense of belonging through public screenings and	S strength	W weakness	①Scale limit: Small-scale facilities are limited, it is difficult to compete with high-end equipment such as IMAX, and it is difficult to meet the high-quality viewing needs of residents. ②Content supply is insufficient: the update speed is slow, the coverage of niche new films is low, and the diversity is weaker than traditional cinemas. ③Regional development is uneven: the allocation of resources between first-tier and third-tier and fourth-tier cities is uneven. The demand of third-tier and fourth-tier cities is large, but they lack capital, technical personnel and service quality. ④The profit model is single: excessive reliance on box office, low proportion of value-added services for commodity sales, and weak risk resistance ability of most community cinemas.
①Online entertainment diversion: streaming media platforms divert customers from cinemas, and the habit of watching movies at home forms a long-term competition. ②Commercial cinema sinking pressure: traditional cinema expansion to seize the market, community cinema facing homogeneity pressure. ③Cost pressure is rising: the rent and other expenses are rising, the low price strategy limits the pricing, and the capital chain risk of small and medium-sized cinemas is high, especially in third-and fourth-tier cities. ④The needs of the audience are diverse: the needs of different groups are very different, the difficulty of balancing content increases, and a single model can not meet all the needs.	T threat	O opportunity	①Policy support for development: The National Film Bureau promotes the construction of characteristic and community cinemas, which will be accelerated in 2022 and achieve high-quality development by 2025. ②The demand for sinking market is booming: the consumption power of third-tier and fourth-tier cities is improving, but high-quality cinemas are scarce. Anhui's example shows its potential, and urbanization brings new customer groups. ③Online and offline integration trend: learn from online booking and content push, combine offline activities, enhance participation, cultivate user habits. ④Social needs of aging society: Community cinemas show historical films and opera films combining with elderly care services.

4.2. SWOT Analysis of Traditional Cinemas

Table 2. SWOT analysis of traditional cinemas

①Advantages of movie watching experience: professional equipment and immersive experience, suitable for the needs of commercial blockbusters. ②Brand resources: well-known brands accumulate loyal audiences, give priority to the first round of screening rights, and attract young audiences. ③Commercial operation system: mature operation system, efficient organization of screening and commercial activities.	S strength	W weakness	①Geographic layout is concentrated in the central business district, inconvenient transportation, missed the middle-aged and elderly market and sinking market. ②The ticket price is high (60-70 yuan), which is beyond the customer's tolerance range. ③Focusing on the young group, and there are few films for the middle-aged and old, and the screening is not reasonable. ④High fixed cost (rent, equipment maintenance), weak ability to resist risk.
①Online platforms divert customers: attract customers due to diversified content, multiple devices and low cost. ②Impact of emergencies: The epidemic has caused business closures and box office declines, and the recovery period is long. ③Consumption willingness is affected by the macro economy: audiences develop the habit of watching movies at home and rely less on cinemas. ④Homogeneous competition in the industry: The competition among cinemas in the central business district is fierce, and the macro economy affects the willingness to consume.	T threat	O opportunity	①Policy dividends: The cultural industry can be supported by policies, subsidies and tax incentives. ②The sinking market demand: the release of the demand for watching movies can be distributed to community cinemas. ③Content diversification: the audience needs are diversified, and there is market space for minority films and classic films. ④Technology upgrading and cross-border integration: Technology upgrading (4K/8K, VR/AR) and cross-border cooperation to enhance experience and revenue.

5. Summary

This study conducts a systematic analysis of China's cinema industry, with particular focus on community cinemas. By examining challenges faced by traditional theaters—including content mismatch, competitive disadvantages against online platforms, and pandemic impacts—this research defines community cinemas through their core characteristics: compact scale, localized operations, and community-oriented services. It traces their developmental journey from nascent stages to high-quality growth phases, explores operational strategies and audience demographics (gender distribution, consumption patterns, viewing frequency, and purchasing power), and analyzes satisfaction and loyalty metrics (where high satisfaction stems from curated film selections, premium services, and community engagement). The findings collectively map out the unique position and development potential of community cinemas within China's cinematic ecosystem.

The study employs SWOT analyses of community cinemas versus traditional cinemas (see Tables 1 and 2) to reveal their respective competitive advantages, weaknesses, and external opportunities/threats. The analysis demonstrates that community cinemas leverage geographical accessibility, strong community engagement, operational flexibility, and policy support to fulfill residents' diverse cultural needs and address gaps in grassroots cultural services. However, limitations such as limited scale, relatively weak content supply capabilities, and challenges to sustainable business models remain significant. Concurrently, national initiatives promoting public cultural services at the grassroots level, evolving consumer demands for spiritual enrichment, and technological advancements enabling online-offline integration present vast development opportunities for community cinemas. Conversely, persistent impacts from streaming platforms, shifting audience preferences, and macroeconomic fluctuations pose potential threats to their growth.

Overall, community cinemas represent a future direction for traditional cinema transformation, demonstrating unique advantages in the post-pandemic era. Despite challenges like content scarcity and spatial limitations, their precise positioning, community integration, and service innovation make them well-positioned to replace conventional theaters as representatives of modern cinema. This development aligns with China's strategic goals of equalizing and facilitating public cultural services, while showcasing remarkable resilience and adaptability in the pandemic landscape. Moving forward, community cinemas should leverage their strengths, address shortcomings, embrace technological advancements, enhance community engagement, explore sustainable business models, and drive high-quality growth. These efforts will contribute to the prosperity of China's film industry and the nation's cultural advancement.

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