What China, Marvel, and Avatar Tell Us About the Future of Blockbuster Franchises

Sep 18, 2022 | Written By Matthew Ball

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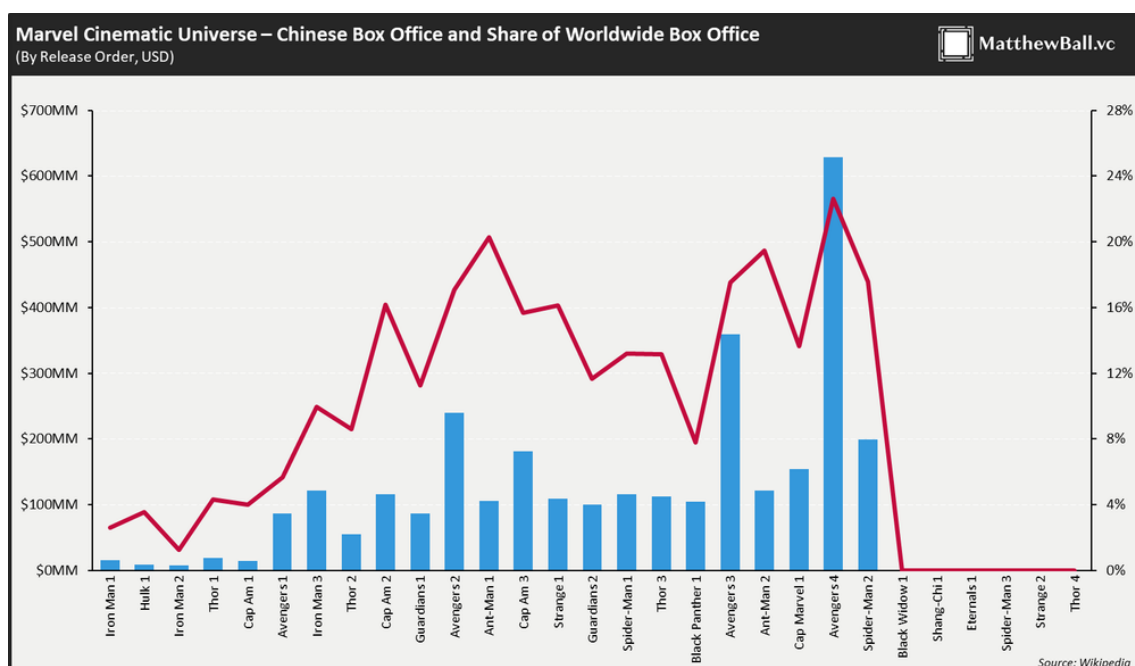

midjourney by @wolfejosh

On June 28, 2019, the Marvel Studios feature Spider-Man: Far From Home was released in China. To the chagrin of spoiler-fearing fans in America, the date of the premiere was a familiar point of frustration. Spider-Man: Far From Home, as with other recent entries in the Marvel Cinematic Universe, would not open in the United States for several more days.

Although the Communist Party of China allows no more than 34 foreign films to be released in the country every year, since the start of the Marvel Cinematic Universe in 2008, the Party had included every

one of the mega-franchise's 23 films. The approved entries even included those with seemingly controversial titles such as Captain America: Civil War and Avengers: Infinity War. In China, the government also selects a foreign film's release date. Most studios hoped to receive a window during, or at least nearby the "worldwide premiere", as this would aid marketing efforts and improve the odds of breaking a key box office threshold (e.g. $100MM, $200MM) or record upon release. But on occasion, a film would be scheduled months after its debut outside of China. Even when a delay was modest, the implications could be great – landing the film on a competitive weekend, for example, or just after the summer had ended, rather than during it. The MCU, however, almost always received its preferred dates.

And Chinese audiences loved these films. Over the first three phases of the MCU, which ended in 2019, Chinese filmgoers contributed more than $3B to the MCU's cumulative haul (or 13%). And thanks to more than 1,000% growth in its domestic box office during this time, China's share of the MCU's global grosses grew as well. For the five-movie run starting with Avengers: Infinity War and ending with Spider-Man: Far From Home, China generated fully 19% of the franchise's global revenue.

As it turned out, though, Spider-Man: Far From Home was the last MCU title to see a release in China.

Marvel Cinematic Universe – Chinese Box Office and Share of Worldwide Box Office (By Release Order, USD) — MatthewBall.vc — Source: Wikipedia

The Marvel Studios lockout now spans six films, including Shang-Chi and the Legend of the Ten Rings, the first MCU film led by an Asian superhero that is mostly set in East Asia and takes up the region's history and culture. Black Panther: Wakanda Forever, coming in November, seems likely to extend the blockade to seven films. (China also rejected Venom: Let There Be Carnage and Morbius, the two Sony films that partly cross over into the MCU.) Even if it ends, the consequences of the ban will be considerable due to Marvel's reliance on the cinematic universe model. Scheduled for 2025, Avengers 5 is not likely to have much meaning to audiences who are entirely unfamiliar with its characters and their history with the film's antagonist, Kang. By contrast, in 2019 Avengers: Endgame became China's 4th-highest-grossing film of all time, amassing over $650MM (23% of the total).

There has been no official explanation for China's sudden rejection of the MCU, nor is one expected, but it's not hard to speculate. Chinese-American trade tensions are obviously high, with the Committee on Foreign Investment in the United States (CFIUS) forcing Chinese companies to divest numerous businesses that operate in the United States, especially those that capture extensive user data. (Grindr is the clearest example; TikTok's legal future remains unclear.) Still, China has been letting certain American blockbuster films into the market, including Fast 9, the tenth entry in the Fast & Furious franchise in 2021 (when Fast 9 was released, two prior entries in the franchise ranked among the 25 highest-grossing films in Chinese history), the third entry in the Jurassic World franchise in 2022 (the first two entries were in the top 25), and the fifth Despicable Me/Minions film, in addition to other releases from Disney (such as Onward, Jungle Cruise, Luca, and Death on the Nile).

Another potential motive for the blockade is the increasing presence of characters that do not conform to "traditional" cishet gender or sexual archetypes, which Chinese regulators officially banned in 2016. For its part, to some extent as a reaction to previous episodes of the Chinese authorities altering the content of its movies, Disney now refuses to edit its films to downplay or remove specific moments that emphasize these characteristics. Still, in part because of the inherent ambiguity in human relationships, China continues to approve films with characters that fall outside "traditional" norms, including Disney releases. Luca is

often argued to be a story of two young boys in love; according to IndieWire, it was "essentially marketed as 'Call Me by Your Name' for kids". Onward has explicit lesbian references, Jurassic World Dominion has a bisexual supporting character, The Batman hints openly that Catwoman is bisexual (as is the case in the comics), and the film adaptation of Agatha Christie's Death on the Nile features a new plotline in which two female co-stars (a socialite and her nurse) are secret lovers. Moreover, blocked titles such as Shang-Chi and Spider-Man: Far From Home lack any such characters, while 2022's Doctor Strange in the Multiverse of Madness has only a brief moment in which a major character from a parallel dimension makes a reference to her "two moms" (both of whom are dead). Thus, sexual "norms" cannot be the answer to the blockade. And notably, much of the first Doctor Strange, which released in the United States and China on November 4th 2016, took place in an anonymized but obviously Tibetan monastery.

Swelling trade tensions and the rise of "direct-to-consumer" platforms were bound to heighten the scrutiny on the import of mass media cultural products. But it's also notable that the Marvel movies that did gain admittance in China were led by six heroes (The Avengers), five of whom were employed by the American military (with the sole outlier being an extraterrestrial) and all of whom were white. The current, rejected leads are more diverse in vocation, American alignment, and ethnicity (among other attributes). In 2017, Disney began a marketing integration with aerospace and defense giant Northrop Grumman encouraging those who use Google to research American defense contractor Stark Industries to join something like the real thing. None of this ever prevented a Chinese release, nor even China-only edits. In fact, a U.S. backlash led to the cancellation of Marvel's Northrop Grumman marketing activations.

It's more likely, in my view, that China's ban on MCU has been prompted by the MCU's very success. The franchise has become too successful and voluminous. Over its first five years, known as "Phase 1," the Marvel Cinematic Universe released an average of 1.2 films per year, with an average domestic gross of $26MM. During "Phase 3", 2016–2019, the MCU released 2.75 films per year, with an average of $199MM. By contrast, between July 9, 2021, and July 8, 2022, MCU released six features, or one every two months. The Jurassic, Fast, and

Minion franchises are often big hits abroad, but their current rate is roughly one entry every three years. DC sometimes releases two features in a year, but its commercial track record is less consistent.

Yet by the time the blockade was enacted, Marvel's influence over the box office of the Middle Kingdom had begun to wane. And the same is true of Hollywood overall. And I think that's what's meaningful here. We need to look beyond easy answers of trade tensions, output volumes, and sexual "wokeism," and consider why China began to squeeze out foreign product in 2020, rather than (say) 2015, and what that might mean for the future of Hollywood around the world. The implications go far beyond the end of "gravy" revenue that Asia once represented.

Once Upon a Time in China

In 2009, Hollywood films held the #1 and #2 spots at the Chinese box office (2012 and Transformers: Revenge of the Fallen) and five of the top ten spots overall. A decade later, the top two slots were held by domestic productions (Ne Zha and The Wandering Earth, neither of which released in the U.S.), and America managed only two of the top ten titles. And those two films, Avengers: Endgame and The Fast & Furious Presents: Hobbs & Shaw, were both part of that had been popular years before China began investing in locally made blockbusters. No new American franchises could even crack the top fifteen. In fact, the other two titles based on the Avengers franchise, Spider-Man: Far From Home and Captain Marvel, fell short of the top ten and fifteen films of the year, respectively (Frozen II and Aladdin, America's 4th and 8th biggest films of the year, ranked 21st and 39th). This share loss cost Hollywood more than bragging rights given the aforementioned 1,000% growth in the Chinese box office over that period.

Chinese Domestic Box Office
(USD, Unadjusted, Includes All Releases)

Source: Wikipedia
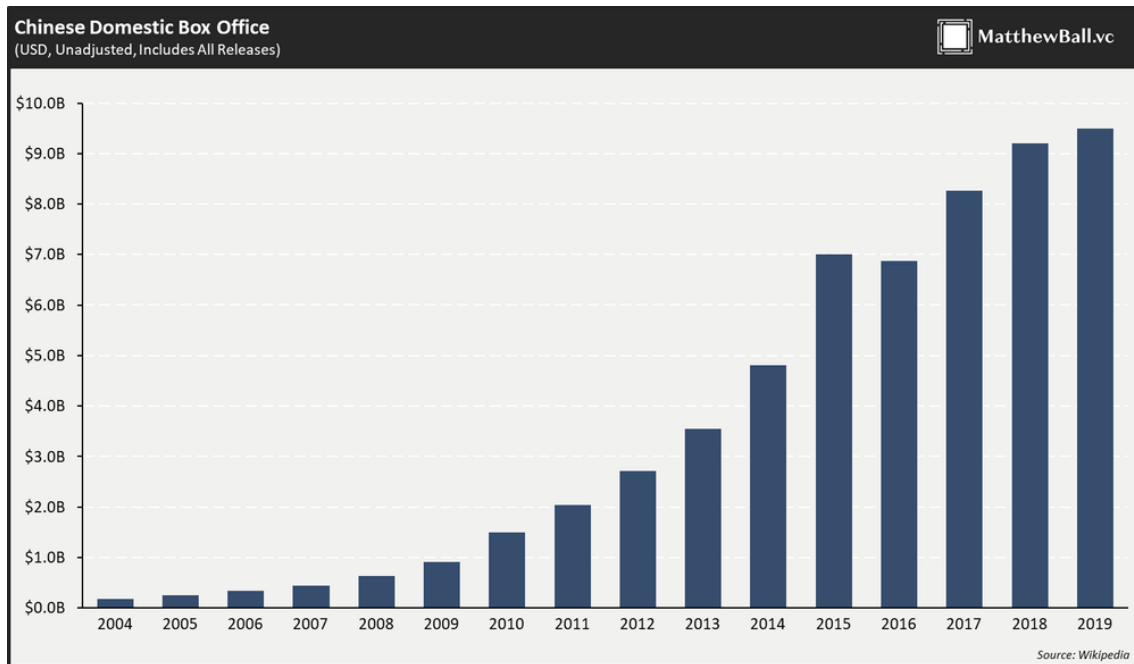
In Q4 2020, the Chinese theatrical market rebounded from COVID-19 (it would take America another year). And in the six-month period from October 1, 2020, through March 31, 2021, two films broke all-time records in the market despite the not-quite-over pandemic. Yet not a single American movie hit the top 10 (Godzilla vs. Kong qualifies in part, as it is based on Japanese IP and led by Japan's Toho). Most of "our" big franchises performed poorly, including DC's Wonder Woman 1984 and Pixar's Soul. Christopher Nolan's Tenet fared comparatively better, at 16th, but Nolan's Inception, released in 2010, and Interstellar, 2014, had ranked 3rd and 4th respectively in their release years. Falling from 3-4 to 12 might not sound catastrophic, but the result was grossing $66MM as opposed to $400-450MM in 2020 (or at least $200MM at the time of Inception and Interstellar).

Selection of Top Films of the Year in China

| 2009 Chinese Box Office: US$900MM		2019 Chinese Box Office: US$9.2B		10/1/2020 – 3/31/2021 China Box Office	
1. 2012	$69MM	1. Ne Zha	$720MM	1. Hi, Mom	$821MM
2. Transformers: Revenge of the Fallen	66MM	2. The Wandering Earth	691MM	2. Detective Chinatown 3	685MM
3. Red Cliff II	38MM	3. Avengers: Endgame	629MM	3. The Eight Hundred	460MM
4. Silver Medallist	16MM	4. My People, My Country	446MM	4. My People, My Homeland	422MM
5. Look for a Star	15MM	5. The Captain	416MM	5. Legend of Deification	240MM
6. McDull, Kung Fu Kindergarten	12MM	6. Crazy Alien	328MM	6. A Little Red Flower	216MM
7. Pleasant Goat and Big Big Wolf	11MM	7. Pegasus	256MM	7. Shock Wave 2	196MM
8. Star Trek	9MM	8. The Bravest	244MM	8. Godzilla vs. Kong (Japanese Co-Pro/IP)	188MM
9. Transporter 3	9MM	9. Better Days	223MM	9. The Sacrifice	161MM
10. Valkyrie	8MM	10. Fast & Furious: Hobbs & Shaw	201MM	10. A Writer's Odyssey	149MM
				...	
Hollywood Production				16. Tenet	67MM
China/Hong Kong Production				19. Soul	58MM
				24. Mulan	41MM
				28. Wonder Woman 1984	25MM

Source: Wikipedia

From 2004 to 2016, the United States consistently held at least two of the top five spots on the list of China's all-time highest-grossing films list, and five of the top ten. By 2019, Hollywood had only one of the top ten films. Today, the United States has fewer films in the top 25 than it used to have in the top 10. Yes, the Marvel ban makes maintaining market share hard, but it's unlikely that any film, not even Spider-Man: No Way Home, would have cracked the all-time top 10 (No Spider-Man film has even cracked the top 25).

Share of 25 All-Time Highest-Grossing Films in China by Market of Origin
(Per Calendar Year End, Unadjusted, 2022 as through 18 September 2022)
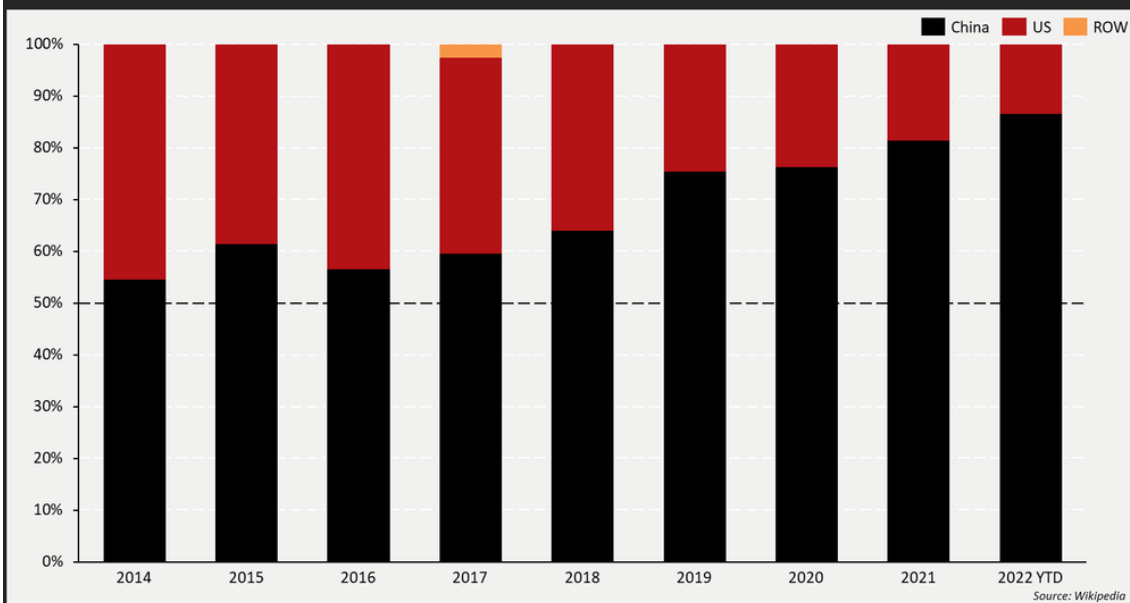
Source: Wikipedia

This transition reflects two truths. First, in many markets, there is an unmistakable preference for domestic films. India, which has always

had a population large enough to support its own industry, is a great example. Despite myriad attempts by Western studios to enter the Indian market (often via partnership), Hollywood is continually rebuffed by "Bollywood." Only four of the top 50 films in India are in the English language, those being Endgame, Infinity War, Spider-Man: No Way Home, and Jungle Book (which is based on classic colonial-era British literature and set in India). The local film business of France, meanwhile, has thrived thanks to considerable government funding and protectionism. In Japan, 10 of the top 15 films ever are domestic productions. Over the past decade, Nigeria's "Nollywood" has surged, with Omo Ghetto 2, a domestically produced gangster comedy released during the COVID-19 pandemic toppling Endgame by nearly 10%.

Second, America's decades-long leadership in film production is being replicated abroad. Rather than being limited to American studios, foreign moviegoers seeking a blockbuster experience will soon be able to enjoy local productions at comparable production levels. And when they do, they will be rapidly embraced.

In 2014, for example, Transformers: Age of Extinction released to $320MM in China, enough to rank first for the year (the previous two films had done the same). Notably, Paramount had filmed some of this fourth Transformers entry in China and largely reset the franchise's narrative/canon in order to broaden its appeal in the Middle Kingdom. But a year later, China's Edko Films released its own Transformers-esque title, Monster Hunt, to $382MM. The fifth Transformer film, released in 2017, stalled at seventh place. The sixth, in 2019, finished 14th.

The best examples of China's maturing film market, though, are the films that now dominate the country's list of all-time highest-grossing films.

Wolf Warrior 2 is in the style of a Reagan-era action movie, only inverted. Set in Africa and starring a muscled and jaded super-soldier in the Rambo template, the story tells of noble China rescuing Africa from dreaded American imperialism. The film's bad guy is played by New York–born Frank Grillo, most familiar to U.S. audiences as an evil American mercenary in Captain America: Winter Soldier. This villain, "Big Daddy," is the spitting image of the evil colonel in Avatar.

Meanwhile, Wolf Warrior's hero scolds America for its involvement in the slave trade and announces Chinese frailty to be a thing of the past.

The Battle at Lake Changjin, commissioned by the CCP as part of its 100th anniversary celebration and broadly resembling the war epics of Steven Spielberg and Clint Eastwood, is a fictionalized version of the Korean War's Battle of the Chosin Reservoir, in which the Chinese People's Volunteer Army forced the U.S. military into withdrawal.

But this shift is hardly limited to action movies. Ne Zha is a family-oriented film that resembles an animated Disney film, particularly Frozen. Based on 16th-century Chinese folklore, it focuses on Nezha, a deity from Chinese folk mythology, telling a rousing story in the shenmo (gods and demons) genre, and its humor is decidedly non-Western.

Hi, Mom, an adaptation from one of China's most popular sketch comedy programs, tells a deeply local story of a mother-daughter relationship set in both modern and 1980s China. Detective Chinatown 3, which set box-office records in China, deposited its characters in Tokyo after the previous adventures in Bangkok and New York. None of the Detective Chinatown entries saw wide release outside China.

Highest-Grossing Films in China
(As at 18 September 2022

Rank	Title	Domestic Gross (¥ RMB)	Market of Origin	Year
1	The Battle at Lake Changjin	5.87B	China	2021
2	Wolf Warrior 2	5.68B	China	2017
3	Hi, Mom	5.41B	China	2021
4	Ne Zha	5.03B	China	2019
5	The Wandering Earth	4.68B	China	2019
6	Detective Chinatown 3	4.52B	China	2021
7	**Avengers: Endgame**	**4.25B**	**United States**	**2019**
8	The Battle at Lake Changjin II	4.05B	China	2022
9	Operation Red Sea	3.65B	China, Hong Kong	2018
10	Detective Chinatown 2	3.39B	China	2018
11	The Mermaid	3.39B	China, Hong Kong	2016
12	My People, My Country	3.17B	China, Hong Kong	2019
13	Moon Man *(Still in Theaters)*	3.11B	China	2022
14	The Eight Hundred	3.10B	China	2020
15	Dying to Survive	3.09B	China	2018
16	The Captain	2.91B	China	2019
17	My People, My Homeland	2.82B	China	2020
18	**The Fate of the Furious**	**2.67B**	**United States**	**2017**
19	Hello Mr. Billionaire	2.54B	China	2018
20	Monster Hunt	2.44B	China, Hong Kong	2015
21	**Furious 7**	**2.42B**	**United States**	2015
22	**Avengers: Infinity War**	**2.39B**	**United States**	2018
23	Monster Hunt 2	2.23B	China, Hong Kong	2018
24	Crazy Alien	2.21B	China	2019
25	Never Say Die	2.20B	China	2017

Source: Wikipedia

Wandering Earth may be the most interesting example. The film, which serves as a metaphor for climate change, depicts Chinese scientists leading the nations of the world—with the notable absence of the U.S.—in order to save the planet. The film takes the virtues of collectivism as self-evident and is sharply critical of selfishness.

We can also learn from the disappointment of celebrated Asian-American films such as Crazy Rich Asians ($175MM in the U.S., $1.7MM in China) and The Farewell ($18MM and less than $1MM). Both movies were ostensibly about China but placed Americans with Chinese ancestry at the center of the narrative. Even the director of The Farewell, Lulu Wang, who was born in Beijing but raised in Miami, foresaw the muted response in China, having previously told Variety "I

do think this film is a little bit more Chinese than Crazy Rich Asians, but it's still told through the perspective of an American woman."

The decline of Disney, Hollywood's leading studio, in China is already reflected in much of the history listed above. But it's important to stress that in the mid-2010s, it truly appeared that the House of Mouse had cracked the Chinese market. It's striking, from the vantage point of 2022, that Bob Iger made Disney's Chinese foray the centerpiece of his 2019 memoir The Ride of a Lifetime. Consider that as part of the launch of Star Wars: The Force Awakens, Disney was allowed to adorn the Great Wall of China with the franchise's familiar Storm Troopers. (Imagine the difficulty involved for an American corporation to stage a promotional event in communist China using dictatorial imagery on the country's most famous cultural site!) Over the next few years, Disney racked up several more hits in the country. But then suddenly, there was a dramatic and near-total shift away from the studio.

Disney's 2016 animated film Zootopia ranked 2nd in China with $246MM, while Coco ranked 10th with $189MM – huge results for a pair of films respectively set in American-style cities, police departments, and DMVs, as well as Santa Cecilia, Mexico and Día de Muertos. But two years later, Incredibles 2, set in an American metropolis, could only muster 42nd with $52MM, 2019's Toy Story 4 finished 64th with $29MM, and even in the release-light 2020 calendar year, Soul, which focused on a Black jazz musician, failed to crack the top 20, netting $58MM. Disney made extensive (and, in the U.S., roundly criticized) accommodations to the CCP in order to secure a Chinese release for Mulan, which was based on the Chinese legend of Hua Mulan. But Mulan landed with a thud in China, barely grossing $41MM (71% of Soul). Notably, Alan Horn, the chairman of Disney Motion Pictures, had told The Hollywood Reporter a year before Mulan was released that "If Mulan doesn't work in China, we have a problem." Of course, it turned out that Mulan imploded worldwide, and it was often mocked for its clumsy and incorrect cultural anchors, but poor cultural tailoring is far from the only reason the film fell short.

The Pandoran Gauntlet

China is an exaggerated example of the global shift away from Western tentpoles. For years, China has been the second-largest film market globally (it's likely to be the number 1 once the pandemic finally settles). This has enabled the country to produce and support more films than any other market. In addition, the CCP controls the fate of foreign films—including release date, the number of weeks its in theater, and which films it competes with—and often uses this influence to boost the prospects of domestic productions. The government has also had a long-running strategy to specifically build up domestic capability. In the early 2000s, China began relaxing its import restrictions on Hollywood films. By the late 2000s, the CCP began to "encourage" Hollywood to promote Chinese actors and products. This is why the 2012 James Bond title Skyfall includes a prominent set piece in Macau, while Iron Man 3 features famous Chinese actors who perform surgery on lead Tony Stark (the roles of the surgeons are expanded in the Chinese release), and who then reappear in Avengers: Age of Ultron without any explanation. It's also the same reason that why Captain America uses a Chinese-made Vivo smartphone in his films, even though the device isn't even available in his home country. Around the same time, China began to push for co-financing of Western projects while the country's media-tech giants began making a number of investments into Hollywood (e.g., Wanda with AMC and Legendary, Alibaba into Steven Spielberg's Amblin, Tencent with Skydance, China Media Capital into Ron Howard and Brian Grazer's Imagine, as well as CAA, etc.). But by 2018, China and its companies had refocused their investments on its domestic industry. In 2021, Wanda exited the last of its stake in AMC, with Legendary sold a year later.

Though China is obviously a unique marketplace, it's easy to read too much into governmental decisions and investments which accelerated, but did not create the outcomes listed above (though there are reports that, on occasion filmgoers were advise to buy a ticket for domestic film A but then walk into the specific theater showing foreign film B). Historically, Hollywood has been the only market capable of making high-quality productions and especially high-quality blockbusters. No

one else had the industry, the talent, the capital, and the business model. But that is rapidly changing.

An entire generation has taught itself how to shoot, edit, graphically augment, and develop an audience for their content via TikTok, YouTube, and Snapchat. The cost of both training and production continues to drop, while the tools continue to improve. The rise of game engines in film production will further lower the cost and complexity of filmmaking, while unlocking new opportunities for filmmakers. LED volumes remain scarce and costly, but they are far cheaper than traveling to a foreign locale and securing permits (The Mandalorian has roughly half of the budget of a typical Star Wars film with a running time three times as long). And in an LED volume, the director has perfect control over their set and shot. A sunrise can be both perfect and last for as long as filming - and can seamlessly be retrieved a day, a month, or a year later, while the sand dunes of Tunisia or the mythical forests of Zhangjiajie can be licensed for a few hundred dollars (finally, we can stop using the Vasquez Rocks for every foreign planet!). Rather than pay dozens of extras in the backgrounds, systems to simulate dense city streets will supply these roles, with software able to instantly add, subtract, move, and alter these characters (and years after production, too).

These technologies are not yet fully mature, of course, but the progression is clear. In 2009, the original sci-fi epic District 9, made by first-time South African director Neill Blomkamp, was shot on location in Johannesburg for $30MM and garnered an Academy Award Nomination for Best Picture. Or consider the 2019 film Koma from Russia. It's not very good, but its visuals often exceed those of the Warner Bros. Christopher Nolan film Inception, and it has far more SFX shots, too. Such a film was impossible even ten years ago.
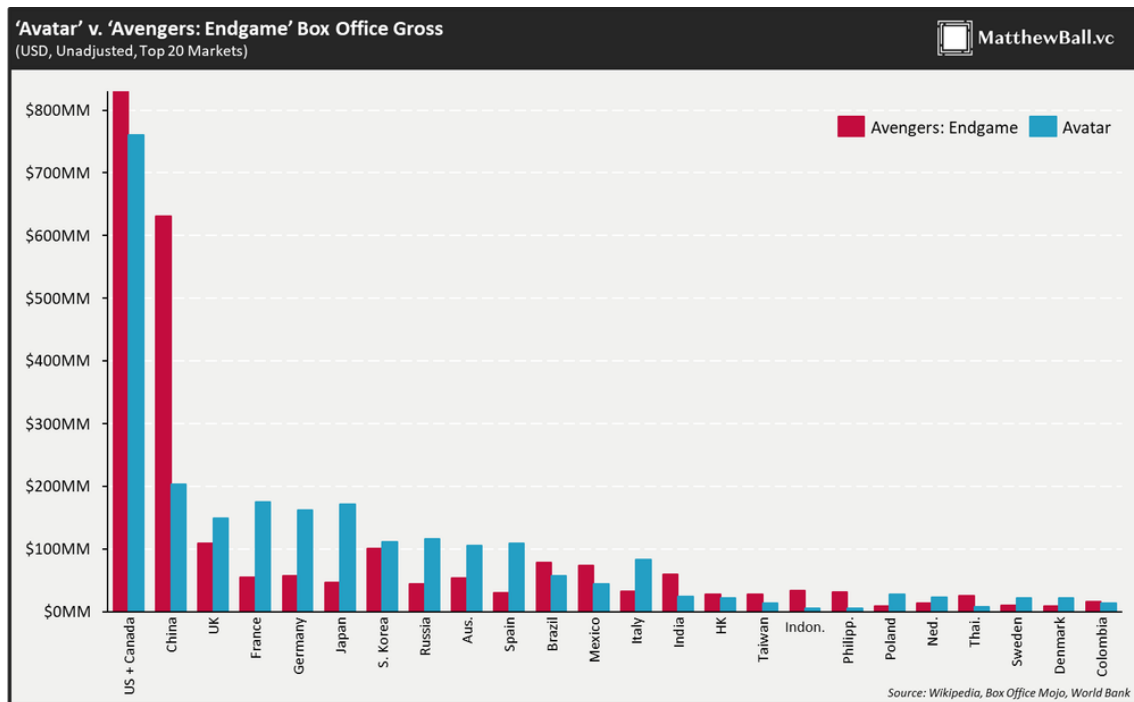
https://www.youtube.com/watch?v=QG7cWYyNN8I

No matter how important the principles of effective storytelling, nor extensible the monomyth tale, most of us want stories that are told by those who know us best and that most closely reflect our values. This isn't necessarily a result of nationalism, but instead the benefits of proximity. Pixar films, though superb and narratively pure, are still rooted in the Western existence (see Soul, as mentioned previously, or Turning Red, which though a tale of Asian immigrants, is rooted in the Canadian/American experience) and, to a lesser extent, pop culture (Cars). Ne Zha won praises for its Pixar-like qualities, which is great, but it also told a Chinese story, not just a Chinese-language one. One need not have a sociology degree to recognize that five of the six original Avengers participating in the American military-industrial complex might be limiting.
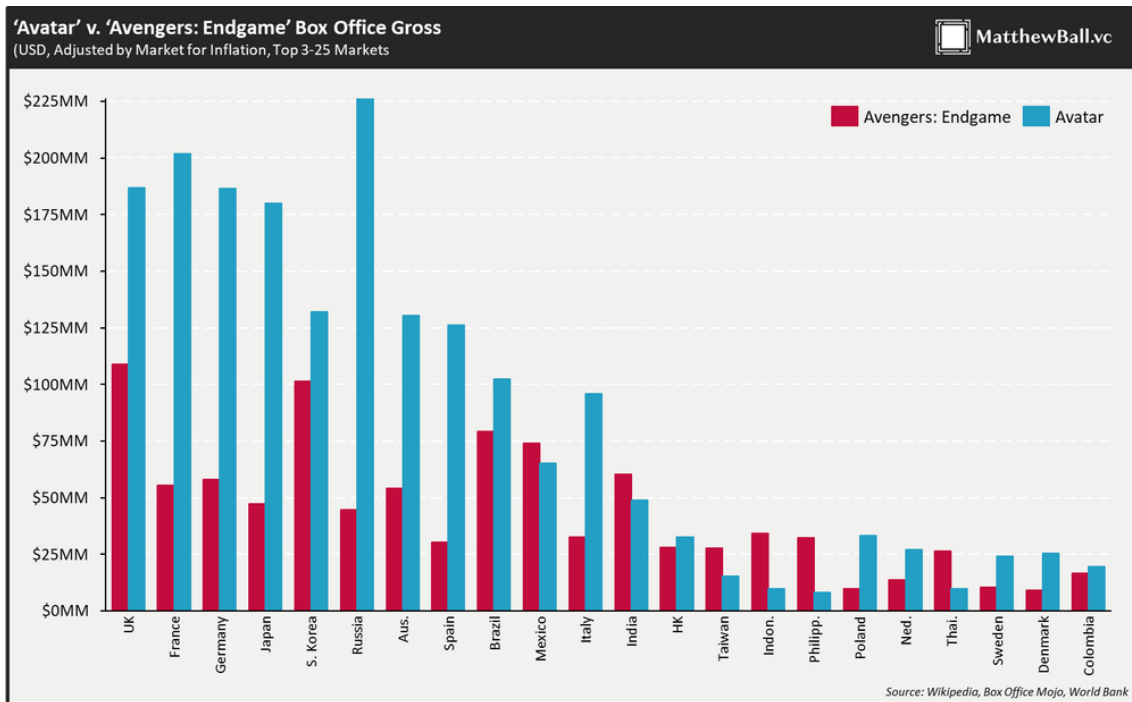
In fact, I'd argue that a good example of this can be found in a question that many in Hollywood have struggled with for more than a decade. Why was Avatar so successful—especially outside North America? As we all know, the success of this movie is hard to overstate.

Avatar's global box office record ($2.74B) was eventually surpassed by Avengers: Endgame ($2.8B) in 2019, but Avatar was an original story, while Endgame was the culmination of more than 20 films and ten years of goodwill and marketing investment. (Interestingly enough, the marketing budget of Endgame exceeded the entire production cost of Avatar.) Furthermore, the global box office of today is 25% larger than
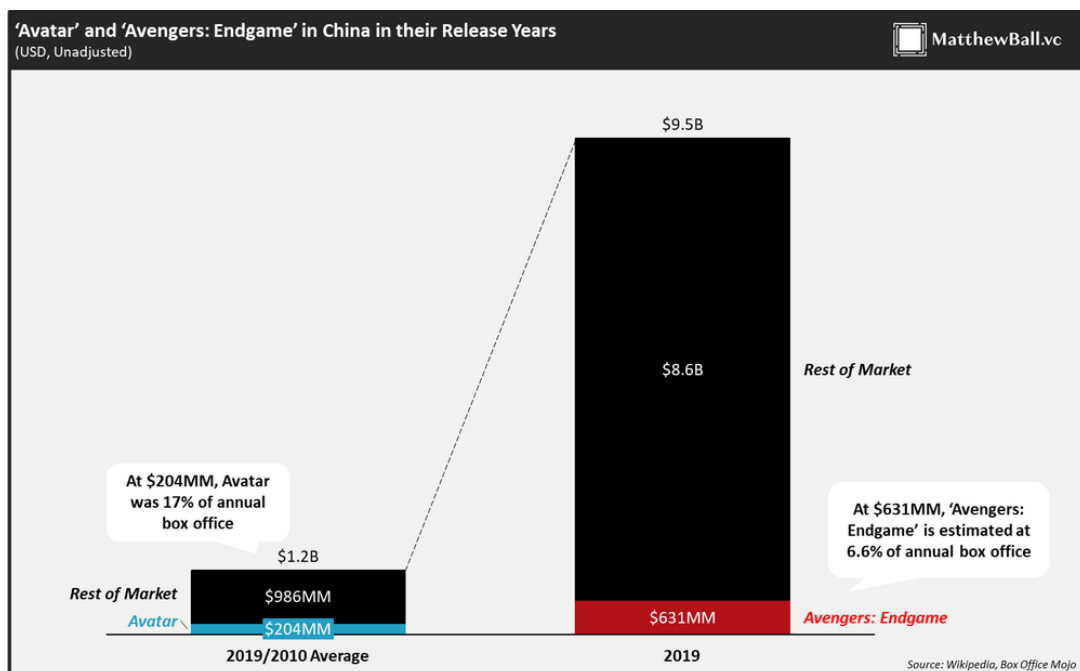
it was when Avatar was released due to growth in global ticket prices, growth in the global population (16%), and growth of the global middle-class population from 800MM to 1.34B (68%). Despite these caveats, Avatar still blew away The Avengers in most foreign markets. In the United Kingdom, Avatar outsold Endgame by 37%; in South Korea, 10%. The equivalent number for France was an astonishing 216%, Germany 180%, Japan 265%, Australia 95%, Poland 190%, and so on.

'Avatar' v. 'Avengers: Endgame' Box Office Gross (USD, Unadjusted, Top 20 Markets) — MatthewBall.vc. Legend: Avengers: Endgame, Avatar. Source: Wikipedia, Box Office Mojo, World Bank

If we adjust each market by inflation, the gap grows even larger (UK 38% to 71%, Germany 180% to 221%, Russia 160% to 405%), while many of the markets where Avatar seemingly underperformed turn to outperformance (Hong Kong –18% to +16%, Colombia –18% to +19%, Brazil –26% to +29%). Endgame even cedes its crown in the United States, with Avatar going from –8% to +8%. For those who find general inflation adjustment too a blunt instrument, we can instead use ticket prices to adjust releases in 2019 versus 2009, with Avatar selling 101.4MM tickets in the United States to Endgame's 90.6MM, widening the 8% gap to 12%.

'Avatar' v. 'Avengers: Endgame' Box Office Gross
(USD, Adjusted by Market for Inflation, Top 3-25 Markets)

MatthewBall.vc

Legend: Avengers: Endgame, Avatar

Source: Wikipedia, Box Office Mojo, World Bank

In the markets where Endgame did outgross Avatar, such as China ($631MM vs. $204MM), further context is critical. At the time of Avatar's release in China, the country's box office was roughly $1.2B per year. A decade later, when Endgame saw release, this figure was $9.5B – 7.9 times larger. Put another way, Avatar netted more than one in six movie tickets sold in China in 2009, while Endgame was less than one in fifteen. When adjusting for market growth, Endgame retains the box office crown in India, but its lead shrinks from 60% to 14%.

'Avatar' and 'Avengers: Endgame' in China in their Release Years
(USD, Unadjusted)

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$9.5B

$8.6B   *Rest of Market*

At $204MM, Avatar was 17% of annual box office

At $631MM, 'Avengers: Endgame' is estimated at 6.6% of annual box office

$1.2B

Rest of Market $986MM

Avatar $204MM

$631MM   *Avengers: Endgame*

2019/2010 Average   2019

Source: Wikipedia, Box Office Mojo

Avatar's unprecedented achievements require us to examine not just its technological innovations, but also its narrative. The film's "protagonist humans" are classic Western archetypes such as the taciturn soldier and the driven scientist. The villains are archetypes as well, but they are also particularly close to foreign caricatures of evil Americans: the tough-as-nails, violence-prone colonel and pillage-the-earth corporate executive. Furthermore, Avatar's overarching message is one of collectivism, spiritualism, and alignment with nature. At the end of the movie, each of the Western heroes literally shed their individual identities (and white bodies) to become part of the cooperative aboriginal mind and save the day.

Avatar is still very Western in concept. The male hero is not simply a member of the alien society. He is their foreign savior. It is not unreasonable to see in it the influence of Lawrence of Arabia or Dances with Wolves. Still, its unmatched success may stem from something unusual: a set of values and messages with different, and perhaps greater, appeal than those of all other Hollywood blockbusters. And it stands in strong contrast to the dozens of failed attempts from a dozen studios to adapt classic out-of-copyright Western tales over the past two decades (that is, a Tarzan, two Robin Hoods, two King Arthurs, three Draculas, two Little Red Riding Hoods, three Snow Whites, a half dozen Greco-/Egyptian epics, two Jungle Books, two Hercules, a Dr. Jekyll and Mr. Hyde, etc.)

WEIRD Expectations

Western IP is written for and resonates best with Western audiences. Creators, after all, typically "tell what they know," and audiences have a strong bias in favor of stories that resemble their worldviews and experiences. This doesn't mean that Western tales can't or don't appeal outside the United States; they obviously can and do.

But while the principles of effective storytelling are relatively standard, the world isn't homogeneous when it comes to cultural products and values. Social scientists are increasingly confident that Westerners— and especially Americans—systematically overestimate how much

their values/sensibilities/thinking are shared by the rest of the world. In fact, they have a term for it: WEIRD (Western, Educated, Industrialized, Rich, Democratic). We tend to think everyone thinks like we do, but only a small portion of the globe is WEIRD.

And these audiences, like us, want their own content. Consider, for example, the biggest films of the year in the United States over the past 25 years. Each one is a blockbuster franchise based on Star Wars, DC, Marvel, Toy Story, Harry Potter, etc. (the last 10 years are particularly instructive). What are the three sole outliers – films based not on epic science fiction or fantasy? Saving Private Ryan in 1998, American Sniper in 2014, and Top Gun: Maverick in 2022. American war films, in other words.

Highest Grossing Film of the Year, United States   MatthewBall.vc

Year	Films Released	Highest Gross
2022	302 (YTD)	**Top Gun: Maverick (YTD)**
2021	406	Spider-Man: No Way Home
2020	334	Bad Boys for Life
2019	792	Avengers: Endgame
2018	872	Black Panther
2017	742	Star Wars: Episode VIII - The Last Jedi
2016	737	Rogue One: A Star Wars Story
2015	707	Star Wars: Episode VII - The Force Awakens
2014	708	**American Sniper**
2013	686	The Hunger Games: Catching Fire
2012	669	The Avengers
2011	601	Harry Potter and the Deathly Hallows: Part 2
2010	538	Toy Story 3
2009	520	Avatar
2008	607	The Dark Knight
2007	631	Spider-Man 3
2006	608	Pirates of the Caribbean: Dead Man's Chest
2005	547	Star Wars: Episode III - Revenge of the Sith
2004	551	Shrek 2
2003	507	The Lord of the Rings: The Return of the King
2002	480	Spider-Man
2001	354	Harry Potter and the Sorcerer's Stone
2000	371	How the Grinch Stole Christmas
1999	384	Star Wars: Episode I - The Phantom Menace
1998	336	**Saving Private Ryan**

Source: Wikipedia

The consequence of the growing foreign self-preferences for content has been papered over, at least thus far, by the ever-increasing globality of Hollywood's businesses. For example, previously U.S.-only or U.S.-centric Hollywood studios now operate their streaming services around the world, and they generate most of their revenue outside the U.S. too. In many cases, substantial portions of their budgets are allocated to producing content specific to foreign markets. And some of these titles, such as Parasite and Squid Game, go on to pop in the United States. To say that these two South Korean dramas were major commercial hits in the United States understates the premise: the former was the first non-English film to win the Academy Award for Best Picture, the latter the first to be nominated for Outstanding Series at the Emmys and win Outstanding Lead Actor.

All of the above means that "global" media companies do have a bigger addressable market than ever before, as do their specific titles. However, we have yet to see a widespread shift in franchise strategy.

So-called "local originals" are being made by American streaming services – often setting local budgetary records – because they're understood as essential to building a leading position in the local marketplace. Yet the costs of these series and films nevertheless pale to the blockbusters made in the West and of the West. And streamers still assume that it's these latter titles which local audiences are primarily subscribing to watch. True, these blockbusters are increasingly cast and plotted to reflect a global audience. This, though, is still far from recognizing the next Marvel will be from India or Indonesia or Africa or Brazil (etc.), or at least that the next "Marvel" for these countries will be born of these countries.

The democratization of content creation will not stop. And it won't be limited to film, either. Or I should say, it isn't limited. In music, a media category which has low technological requirements and strong cultural ones, we have always seen enormous differences in chart topping artists and albums by region, culture, and language. Another great example here is the gaming industry, which has lower barriers to entry than live action video, and is faster changing, less mature overall.

While Fortnite and Call of Duty remains the most popular "Battle Royale" games in the world, Southeast Asia and South America pick

Free Fire, while South Korea and India choose PUBG, and China uses its own reskinned version of that same title. For more than a decade, the most popular titles in China, Japan, South Korea have been titles produced there, some of which have generated more lifetime revenue than America's most storied franchises, yet are barely known to American audiences or investors (e.g. Nexon's Maple Story, Square Enix's Monster Hunter). League of Legends, formerly the most popular "AAA" game in the world and still one of the biggest in China, does come from an American studio, Riot Games, but in many ways, the two reiterate the story told throughout this essay. Lol launched in 2009, with Riot bought by China's Tencent in 2011. No foreign studio has replicated this success since. Instead, companies such as miHoYo, founded in 2012, have produced their own hits, such as Genshin Impact. Genshin is a remarkable achievement, generating more than $4B over its first 18 months of release, with critics likening the title to Nintendo's The Legend of Zelda, but is styled around Asian mythos and geography. Protectionism has, of course, also helped China build up its gaming industry, but its commercial and creative achievements, as well as the preferences of its audiences for these titles, are all indisputable. South Korea and Japan have always known this. The rest of the world will soon.

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