

From "Small Theaters" to "Big Market": The Business Logic and Future Trends of China's Musical Theatre Industry

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Abstract: From the perspective of cultural economics, this paper explores the business logic and future trends of China's musical theatre industry. The study finds that China's musical theatre market has undergone three stages: introduction and enlightenment, imitative localization exploration, and original creation exploration, and has now entered a new stage of industrialized development. The market scale continues to grow, the proportion of local original works increases, and performance forms and consumption scenarios are constantly innovated. However, problems still exist, such as the dual-core concentration in Beijing and Shanghai, the underdevelopment of third- and fourth-tier markets, and the niche orientation caused by over-reliance on fan economy. At present, the market has formed a unique business logic featuring content innovation, industrial collaboration and fan consumption-driven development. The rise of small-theater musicals, the branding of large-scale original productions, and IP adaptation have become mainstream forms, which are deeply integrated with urban cultural consumption, and the industrial chain is evolving toward a full-chain model. In the future, China's musical theatre will take original content as the core driving force, with small theaters serving as an innovation platform, deeply integrated with the IP economy, and its industrial ecology will continue to improve. It is expected to form a development path with both Chinese cultural characteristics and international influence in the global landscape, becoming an important part of China's cultural industry.

Keywords: Chinese Musical Theatre; Business Model; Cultural Industry; Cultural Consumption

1. The Current Development Status of the

Chinese Musical Market

In recent years, the Chinese musical market has shown a continuous growth trend. From early works such as "Jinsha", "Butterfly", and "Nie Xiaoqian", to more recent ones with greater social influence like "The Orphan of Zhao", "The Age of Awakening", and "The Lion's Roar", Chinese original musicals have gradually moved away from simply imitating Western models and begun to explore a creative direction with local cultural characteristics and Chinese narrative styles. Telling Chinese stories through musicals is a key path for Chinese original musicals to establish cultural subjectivity^[1].

Musicals are not only recognized as a stage art form but have also gradually become an important part of the cultural industry system. With the improvement of urban cultural consumption levels and the continuous expansion of the young audience group, the position of musicals in the Chinese performance market is increasingly prominent, and they are showing a development trend from "niche art" to "emerging cultural consumption form".

However, compared with mature musical markets such as the West End in London and Broadway in New York, the Chinese musical industry as a whole is still in a growth stage. Whether in terms of industrial structure, business model, or audience cultivation and market dissemination mechanisms, a stable and mature system has not yet been formed. For a long time, the Chinese musical market has largely relied on the introduction of Western classic works. For instance, Broadway and West End works such as "Cats", "The Phantom of the Opera", and "Mamma Mia!" have high popularity and a stable audience base in the Chinese performance market. These works, with their mature production systems, brand influence, and complete commercial operation models, have a clear advantage in market competition. In the stage when the Chinese musical market is not yet fully developed, the entire performance

ecosystem "is like an urban jungle", and Western original musicals often hold a relatively dominant position and to some extent shape the market landscape^[2].

Digitalization has changed the forms and consumption patterns of cultural products such as books, music, television, and films, leading to changes in the production and operation models of the cultural industry^[3]. From the perspective of regional distribution, the Chinese musical theater market is gradually moving away from the past pattern of being concentrated in Beijing and Shanghai, and is showing a trend of multi-point diffusion. In recent years, the box office of musicals in cities such as Changsha, Xiamen, Jinan, Fuzhou, and Wuxi has grown rapidly, indicating the gradual release of local cultural consumption potential. This change is not only related to the policy support of local governments in promoting the development of the cultural industry, but also closely related to the upgrading of urban cultural consumption.

However, from the overall structure, the Chinese musical theater market still shows obvious centralization characteristics. In 2025, Beijing and Shanghai will still occupy the core position of the national musical theater market, with more than 60% of the audience and nearly half of the performance sessions gathered there, and contributing about 60% of the national musical theater box office revenue. The advent of the era of network communication has provided new possibilities for the online promotion and cross-media dissemination of musicals, thereby promoting the transformation and exploration of musicals in terms of dissemination channels and market operations. In contrast, the musical theater market in third- and fourth-tier cities is still in the cultivation stage and has considerable growth potential in the future.

2. Business Logic of China's Musical Theatre Market

From the perspective of cultural economics, China's musical theatre market is gradually forming a business logic with its own characteristics. This logic differs from both the mature commercial system represented by Broadway and the cultural supply model of traditional Chinese opera or drama. Instead, supported by market-oriented reform, consumption upgrading and cultural industry policies, it has evolved into a comprehensive performing arts industry driven by content

innovation, industrial coordination and fan consumption.

For a long time, China's musical theatre market mainly relied on the import and localized adaptation of overseas classic productions, such as *The Phantom of the Opera* and *Cats* from Broadway and the West End, which attracted audiences through mature production systems and brand effects. However, with the continuous expansion of the domestic performing arts market, the gradual maturation of audience aesthetics, and cultural industry policies encouraging original content production, China's musical theatre industry has gradually shifted from an "import-oriented market" to an "original-oriented market". Especially in recent years, with rising urban cultural consumption demand and the expansion of performance spaces, the market has shown trends including more original productions, diverse performance forms and an increasingly complete industrial chain.

According to macro data released by the China Performance Industry Association, the overall scale of China's performing arts market exceeded 70 billion yuan in 2023, among which the musical and theatrical market continued to grow. Cities such as Shanghai, Beijing and Guangzhou have become the most active regions for musical consumption. Taking Shanghai as an example, the number of annual musical performances now exceeds 3,000, with several theatres forming stable musical performance clusters. This rapidly growing market environment has laid an important foundation for the formation of a unique business model in China's musical theatre industry.

In terms of specific business forms, first, small-theater musicals have risen rapidly. In recent years, a number of small-theater musicals have gained wide attention in urban cultural consumption. A typical example is the Shanghai long-run musical *Apollonia*. With a small cast and simple stage structure, it has built a stable audience through long-term residency and fan community operation, with cumulative performances exceeding 500 shows, making it a representative work of China's small-theater musical market. Similar works include *Santa Lucia* and *No Longer Human*. Such productions usually have relatively low production costs but generate stable revenue through continuous performances and word-of-mouth communication.

From an economic perspective, small-theater musicals effectively reduce the uncertainty risk in cultural product production, allowing creators to conduct innovative experiments at a lower cost and achieve scale effects through high-frequency performances. Meanwhile, the small-theater space is more suitable for immersive performances and audience interaction, thereby improving the theater experience and enhancing audience loyalty.

Second, large-scale original musicals have embarked on a brand-oriented development path. For instance, *The Orphan of Zhao* has gained high acclaim at home and abroad through international collaboration and high-standard production, and has entered overseas markets. *The Age of Awakening* has achieved strong influence in cultural communication and market promotion by relying on its film and television IP foundation and historical theme advantages. Such large-scale productions usually involve high investment but can attract larger audiences through brand effects and media exposure, achieving both cultural influence and commercial returns.

In addition, an obvious IP adaptation model has emerged in China's musical theatre market. An increasing number of musicals are adapted from established cultural IPs. For example, the musical *Born to Lion*, adapted from the animated film of the same name, has entered the stage market by leveraging the influence of the original film brand. This model is common in the cultural industry, and its core advantage is reducing market uncertainty and improving audience recognition through existing brand foundations. From the perspective of cultural economics, this reflects the typical logic of "IP economy" in the cultural industry, namely the multiple transformation of cultural value through cross-media content development.

Meanwhile, a consumption structure based on fan economy has gradually taken shape. With the development of social media and online entertainment, musical actors and productions have gradually built stable fan groups. For example, some audiences of small-theater musicals watch the same show multiple times, share experiences on social platforms, participate in fan community activities, and even form a "serial-like theater-going" consumption behavior. This fan culture not only expands the dissemination of musicals but also provides a stable consumption base for the performance

market.

In particular, the unexpected popularity of the variety show *Super Vocal* in 2018 brought musical actors to the public eye, pushing musical culture from a relatively niche art form to a broader cultural consumption market. Some actors such as Ayanga and Zheng Qiyuan have large fan bases on social media, and their stage performances often significantly boost box-office performance. Meanwhile, established musical actors such as Ye Qisheng, Liu Lingfei, Xu Yao and Jiang Qianru have also gradually built stable audiences during the development of original musicals. From the perspective of market structure, the interactive relationship composed of actors, production companies, theaters, audience communities and ticketing platforms is forming the basic ecology of China's musical theatre industry.

From a more macro industrial perspective, the business logic of China's musical theatre market is also closely related to urban cultural consumption structure. Generally speaking, the development of the musical industry is significantly correlated with economic development. When the per capita GDP of a country or region reaches 10,000 US dollars, the cultural industry often enters an important stage of development^[4]. Similar phenomena occurred in the United States in the 1970s, Japan in the 1980s and South Korea in the 1990s. China's per capita GDP exceeded 10,000 US dollars for the first time in 2019, providing an economic foundation for the rapid growth of the musical theatre market.

With rising household income and increasing demand for cultural consumption, more urban residents regard watching stage performances as a lifestyle. In recent years, in cities such as Beijing, Shanghai and Guangzhou, musical performances have gradually become an important part of nighttime cultural consumption. For example, more than 20 musicals are staged every night in Shanghai, covering Chinese-style, urban, rock and suspense themes, forming a diversified content supply system. Such diversified supply not only meets the needs of different audience groups but also promotes the continuous expansion of the musical market.

At the industrial chain level, China's musical theatre industry is gradually developing toward a full-industry-chain model. The musical industry chain can generally be divided into upstream creation and incubation, midstream production

and performance, and downstream marketing and derivative development^[5]. For example, the “Original Chinese Musical Incubation Program” launched by Shanghai Culture Square cultivates original musicals through workshop mechanisms. Some works require years of creation and revision to mature. For instance, the Beijing-style musical *The Wall Project* experienced “two years of incubation and three years of polishing”, while the Cantonese musical *The Great Lawyer* took eight years from script reading to official premiere. This “slow-cooking” creative mechanism reflects the special law of the musical industry: high-quality stage works usually require long-term tryouts and revisions to reach maturity.

Downstream, ticketing platforms, social media and cultural derivative development have gradually become important revenue sources. Some popular musicals not only release original soundtrack albums and commemorative merchandise but also promote through short-video platforms to further expand their influence.

Overall, China’s musical theatre market is forming a comprehensive business logic driven by content innovation, supported by urban cultural consumption, amplified by fan economy and coordinated by the industrial chain. Although still in a growth stage compared with mature markets such as Broadway, it has considerable development potential. In the future, with the increase of original content, more diverse performance models and a further improved industrial ecology, China’s musical theatre market is expected to form a development path with Chinese characteristics in the global musical industry landscape.

3. Future Trends of China’s Musical Theatre Market

First, original content is gradually becoming a key driving force for market development. In recent years, Chinese original musicals have also been exploring in-depth integration with Chinese culture. Red-themed, realistic, and traditional cultural topics are becoming important themes for Chinese original musicals. Works such as “*Jiang Jin Jiu*” and “*Zhao Shi Gu Er*” based on traditional culture, or “*The Age of Awakening*”, are marking the process of localization of Chinese musicals and promoting the integration of musicals with Chinese culture. This process is also one of the contemporary transformation of

Chinese traditional culture, the contemporary expression of Chinese features, and international expression. Of course, the localization of creation, especially in the field of original works, is a continuous and comprehensive process that requires collaboration and common development in terms of themes, scripts, music, artistic techniques, aesthetics, and performance.

Second, small-scale fringe musicals are set to expand their market footprint, and will emerge as the core incubation hub for creative and industrial innovation in China’s musical theatre sector. The rise of this format has already injected tangible, market-proven vitality into the industry over recent years. Typically staged in intimate venues with a maximum capacity of 300 seats, these productions are designed to break free from the constraints of over-commercialization and rigid institutionalized creation, unlocking far more room for artistic experimentation. Most are low-budget, creator-led works, defined by long-term residency runs, immersive site-specific design, and diverse, niche themes that large-scale commercial productions rarely touch. This model has already demonstrated remarkable resilience in tier-one cities, particularly Shanghai, where multiple long-running titles have built stable, loyal audience bases and sustainable commercial returns through high-frequency performances and word-of-mouth growth, rather than one-off star-driven marketing.

Third, the IP economy will become deeply intertwined with every link of the musical industry’s value chain, forming a mutually beneficial, two-way empowerment cycle. As cross-media integration in China’s cultural industry accelerates, musicals have evolved from a simple afterthought of IP adaptation into a core pillar of transmedia IP development. Hit IP adaptations from film, television, animation and gaming have struck a chord with audiences, by reimagining familiar stories through the unique strengths of live musical theatre. Unlike passive screen-based media, musicals bring IP narratives to life through live vocal performance, dynamic stage design, immersive lighting and shadow art, and real-time actor-audience interaction – adding a new, tangible dimension to the original IP’s emotional core. This is not a simple copy-paste of existing plots and character designs: the most successful adaptations, such as *I Am What I Am* and *The Age of Awakening*, dig deeper into the

inner world of core characters, add fresh narrative layers that fit the rhythm of live theatre, and strike a balance between honoring the original IP and delivering a distinct, one-of-a-kind theatre experience. In doing so, they not only expand the IP's lifecycle and commercial value, but also lower the market entry risk for new musical productions, a critical advantage for the industry's ongoing growth.

Fourth, the improvement of industrial ecology will promote the formation of a more mature industrial system. The development of musicals depends not only on excellent works but also on a complete industrial ecology. From a macro perspective, China's musical theatre market is gradually forming an industrial structure composed of theater spaces, production institutions, actor training systems and audience communities.

First, the construction of urban cultural infrastructure has provided more performance platforms for musicals. In recent years, cities such as Beijing, Shanghai and Guangzhou have continuously built professional theaters and cultural spaces, providing a more stable performance environment. Second, capital has gradually entered the performing arts industry, with cultural enterprises and investment institutions participating in musical production and theater operation, providing sufficient financial support. In addition, the gradual maturity of the actor training system has guaranteed talent supply. A group of musical actors have grown through professional education and stage practice, forming a stable performance force in original musicals.

Meanwhile, changes in the audience structure are driving the development of industrial ecology. More and more post-90s and post-00s audiences have become the main consumers of musicals. They not only purchase tickets but also share experiences on social media, forming a word-of-mouth communication network. From the perspective of industrial economics, when theaters, production companies, training institutions and audience groups gradually gather in urban spaces, the musical industry may form a cultural industry cluster effect similar to Broadway or London's West End.

Fifth, Chinese musicals are expected to form a new development path in the global cultural industry landscape. Based on changes in content innovation, industrial ecology and consumption structure, it can be predicted that China's

musical theatre market will enter a new stage of development. On the one hand, with the increase of original works and the improvement of production standards, Chinese musicals are expected to gradually form culturally influential international brands^[6]. Some outstanding works may not only succeed in the domestic market but also enter overseas performance markets, becoming an important carrier for Chinese culture to "go global".

On the other hand, Chinese musicals will explore more diversified business models, such as the combination of long-term residency and national tours, interaction between online communication and offline performances, and the development of cultural derivatives. From the perspective of cultural industry development, the growth of Chinese musicals is both a process of artistic innovation and a process of continuous improvement of market mechanisms. By continuously promoting original content production, cultivating stable audiences and building a complete industrial chain, Chinese musicals are moving from the "cultural import stage" to the "original exploration stage". Driven by both market logic and cultural expression, Chinese musicals are expected to become an important domestic cultural consumption industry and gradually form a development model with Chinese characteristics and international influence.

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