

ERIA Research Project Report 2012, No.13

**STUDY ON THE DEVELOPMENT
POTENTIAL OF THE CONTENT
INDUSTRY IN EAST ASIA AND THE
ASEAN REGION**

Edited by

Sirisak Koshpasharin

Kensuke Yasue

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March, 2014

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EXECUTIVE SUMMARY

1. Background of this Study

● Objectives

- ✓ This study aims to analyze the content industry, considering its structure and contribution to the economy, based on industry/market data and national statistics, as well as case studies describing ripple effects, industry-wise and country-wise, such as imports and exports. The study also overviews the policy measures taken in each country to assess the government's current role in promoting industry growth.
- ✓ Secondly, taking into account the opinions of government and industry / businesses, this report assess the strength / weakness / opportunities / threats (i.e. performs a 'SWOT' analysis), for each country, and also for the region as a whole. The purpose of the SWOT analysis is to verify how the content industry in each country could enhance productivity and increase trade in the region, by looking at the challenges facing several stages of the industry's value chain.
- ✓ Finally, these analyses will be the basis of policy recommendations, which are expected to promote the industry in each country and also to promote cooperation among governments and businesses in the content industry, to accelerate development in the value chain and strengthen competitiveness.

● Framework and methodology

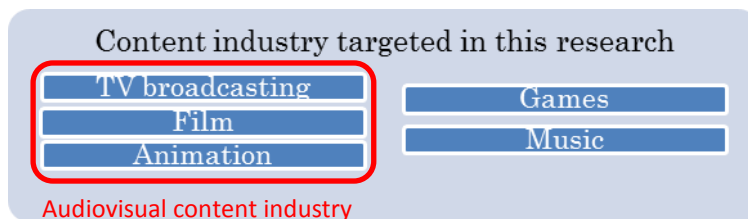
- ✓ First, the research framework for analysis and research items was planned. Secondly, basic data from each country were gathered and reorganized for mutual comparison, to review the overall growth potential for the industry. Thirdly, the situation and issues regarding industry structure and/or relevant policies were verified and organized for qualitative analysis. Also, through cross-industry input-output analysis, an estimation of the economic contribution of the audiovisual content industry was conducted. A SWOT analysis was conducted, taking into account opinions from government and industry / businesses.
- ✓ Finally, taking the analysis results into account, policy

recommendations were developed.

- Covered Countries & Industries

- ✓ In this report, eight countries, China, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, and Thailand are covered.
- ✓ The definition of the content industry in this report is shown in Figure 1. Five subsectors, namely TV broadcasting, film, animation, games and music, are the scope of this research. In a global perspective, especially in developed countries, the five subsectors are driving growth in the content industry. In general, these subsectors are commonly recognized categories in terms of statistics and related industry data, which lowers the barrier of analysis and cross-country comparison.
- ✓ Additionally, deeper analysis is conducted mainly targeting the audiovisual content industry (including TV broadcasting, film and animation), which is considered as the core of the content or creative industry. Note that animation is mostly considered to be a subset of TV broadcasting and/or film. It is, however, one of the growing sectors in Asia. Therefore this sector is independently analyzed with respect to available statistics.

Figure 1: Scope of the Industry

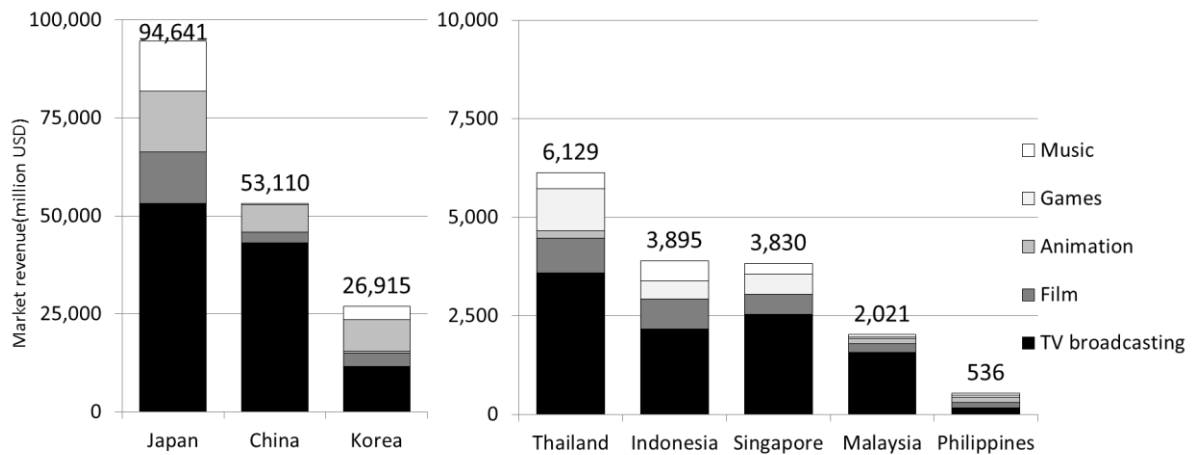


2. Main Findings of the Report

The main findings in each chapter of the report are stated as follows.

- The total market size of the content industry (TV broadcasting, Film, Animation, Games and Music) is 191 billion USD (2011). The audiovisual content industry (TV broadcasting, Film and Animation) is 140 billion USD (2011). (Chapter 2).

Figure 2: Market Revenue in Each Country (2011)

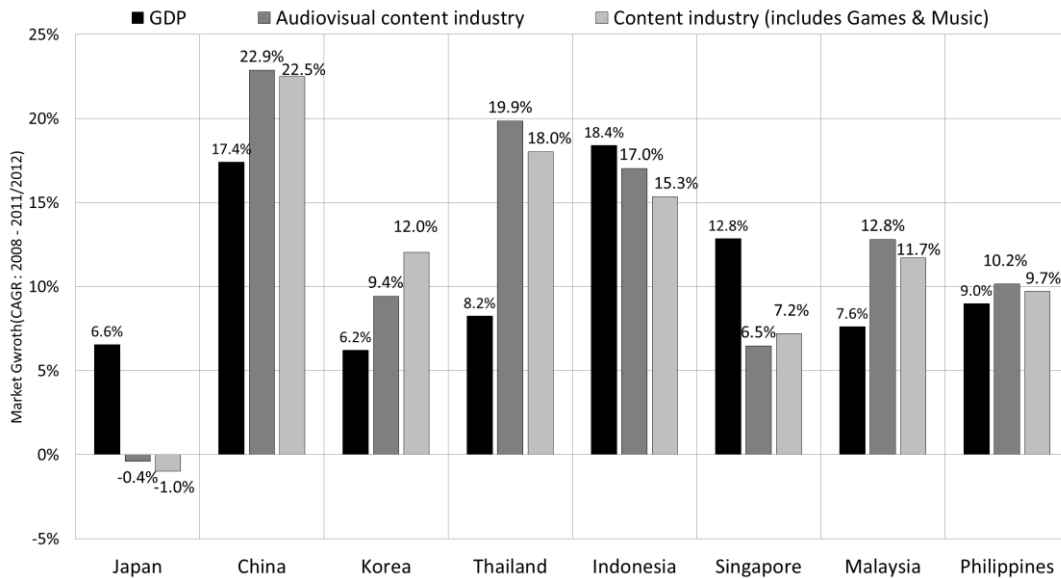


Note : the vertical axis is different for left and right figure.

Source: Statistics provided by member countries, PwC (2012).

- The market growth of the content industry for five countries, namely China, Korea, Thailand, Malaysia, and the Philippines were higher than their GDP growth, indicating the growth potential of the industry. This also leads to the large scale of labor absorption. (Chapter 3).

Figure 3: Market Growth (aggregated) and GDP Growth



Source: Statistics provided by member countries, PwC (2012).

- The current direct economic contribution of the audiovisual content industry, which is the value added by the industry to the whole economy (eight countries in total), is 0.41%. The total economic contribution is 0.96%. (Chapter 4).

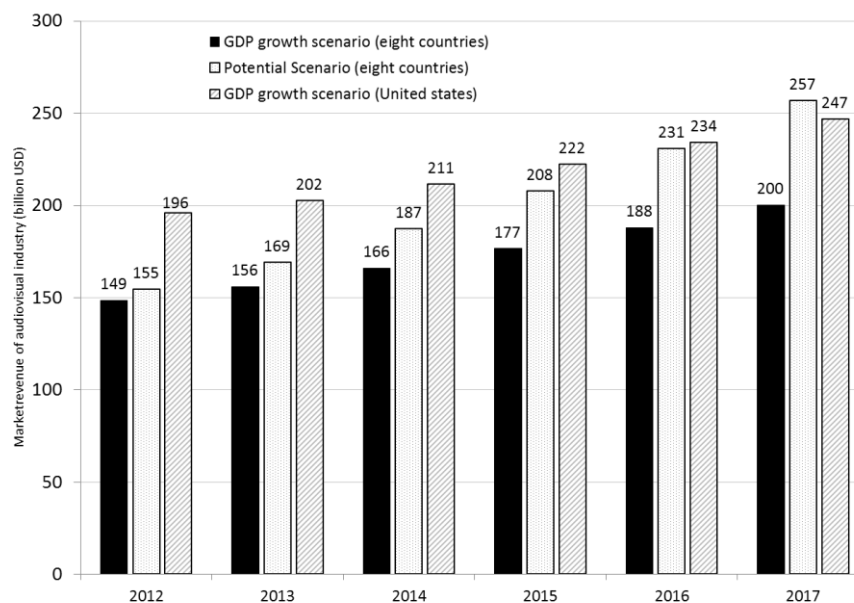
Table 1: Economic Contribution of Audiovisual Content Industry (2011)

Country	Gross Output [Billion USD]		Value added [Billion USD] (% of GDP)	
	Direct economic contribution	Total economic contribution (incl. indirect contribution)	Direct economic contribution	Total economic contribution (incl. indirect contribution)
China	46	131	23 (0.3%)	65 (0.9%)
Indonesia	3	6	2 (0.2%)	3 (0.4%)
Korea	15	37	6 (0.6%)	15 (1.4%)
Japan	66	132	32 (0.6%)	64 (1.1%)
Malaysia	2	4	1 (0.3%)	2 (0.7%)
Singapore	3	5	1 (0.4%)	2 (0.7%)
Philippines	0.3	1	0.2 (0.1%)	0.3 (0.1%)
Thailand	5	10	2 (0.6%)	4 (1.3%)
Total	140	325	67 (0.41%)	156 (0.96%)

Source: Authors.

- Estimate results show that the audiovisual content industry in the eight countries can reach 200 billion USD at a GDP growth scenario. In addition to the GDP growth, it has the potential to reach 257 billion USD at a potential scenario, which estimates each content industry to reach the GDP ratio (share of content industry to national GDP) of current of leading countries of content industry. Furthermore, applying important measures and policies can accelerate the market growth in the region. (Chapter 4).

Figure 4: Audiovisual Content Industry Market Size Forecast



Source: Authors.

- Case studies with examples of cross-border success cases from certain countries are presented to analyze the economic contribution in terms of content exportation and ripple effects. (Chapter 5).
- Each country has already adopted several important initiatives and measures to realize and take full advantage of the economic contribution and growth of the industry. Besides its domestic industry performance, some countries see momentum in the industry through export of contents to overseas markets as well as economic ripple effect to adjacent sectors. (Chapter 6).
- Through the SWOT analysis of the content industry in each country, two important structural features have been observed: (Chapter 7).
 1. Each country has ideas for content, materials for content, human resources, technologies and leading companies as "strengths". On the other hand, these factors are not organized enough to establish a strong industry and governmental support for the development of the industry is inadequate. Although each country has conducted aggressive overseas sales promotions, most of the cases have not yet produced adequate sales performance. These are the almost common "weaknesses" for eight countries.
 2. Growing international demand calls for stricter countermeasures against piracy, and global competition requires more aggressive

governmental involvement. The competition between domestic and foreign companies is becoming keener, along with increasing international demand for content. The problems of piracy and copyright infringement are the most serious problems in the content industries. These problems require proper governmental roles, suitable organizations, enough budgetary provision, etc.

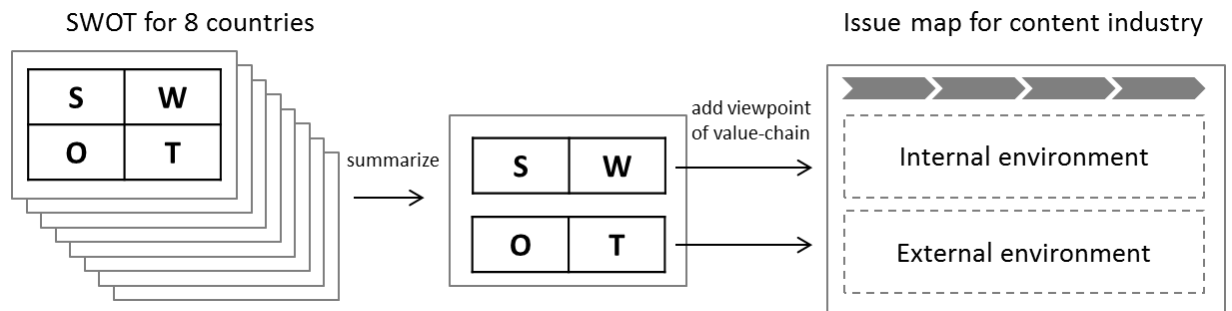
Table 2: SWOT analysis: Summary of Eight Countries

<p>Strengths:</p> <ul style="list-style-type: none"> ● Large-scale domestic content market and/or growing domestic content market ● Enough quantity and quality of content ● Enough domestic resource to supply content (human resources, related industries and state-of-the-art technologies) ● Resources for creating content including cultural and natural environment ● Experience of overseas business and co-production ● <i>Relatively lower production costs</i> 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Small-scale and/or immature and/or low growing domestic content market ● Limited successful cases though aggressive sales promotion abroad ● Lack of labor resource (human resources development program, not yet established carrier path, unpopularity as an occupation etc.) ● Insufficient industrialization (lack of funds, managerial skills etc.) ● Insufficient governmental support for content business ● <i>Low demand for local content and preference for foreign/imported products</i> ● <i>Relatively higher production costs</i>
<p>Opportunities:</p> <ul style="list-style-type: none"> ● Progressing diffusion of Internet, broadband networks, smart-phones etc. ● <i>Large population</i> ● <i>High growth in domestic economy</i> ● <i>High level of GDP and GDP per capita</i> ● <i>Start of terrestrial digital broadcasting</i> ● <i>Overseas connections through languages, ethnic groups, religions and etc.</i> ● Increasing international demand for creative goods and services 	<p>Threats:</p> <ul style="list-style-type: none"> ● Keen competition between domestic industry and overseas ones in the content market ● Importance of countermeasure against piracy ● Governmental roles (promotion and regulatory policy), necessity of optimization and enrichment of financial resources and staffing ● <i>Depopulation and aging</i> ● <i>Matured domestic economy</i> ● <i>Still low GDP per capita</i> ● <i>Language barriers</i>

Note: *Factors that are not necessarily common for all eight countries are expressed in italics

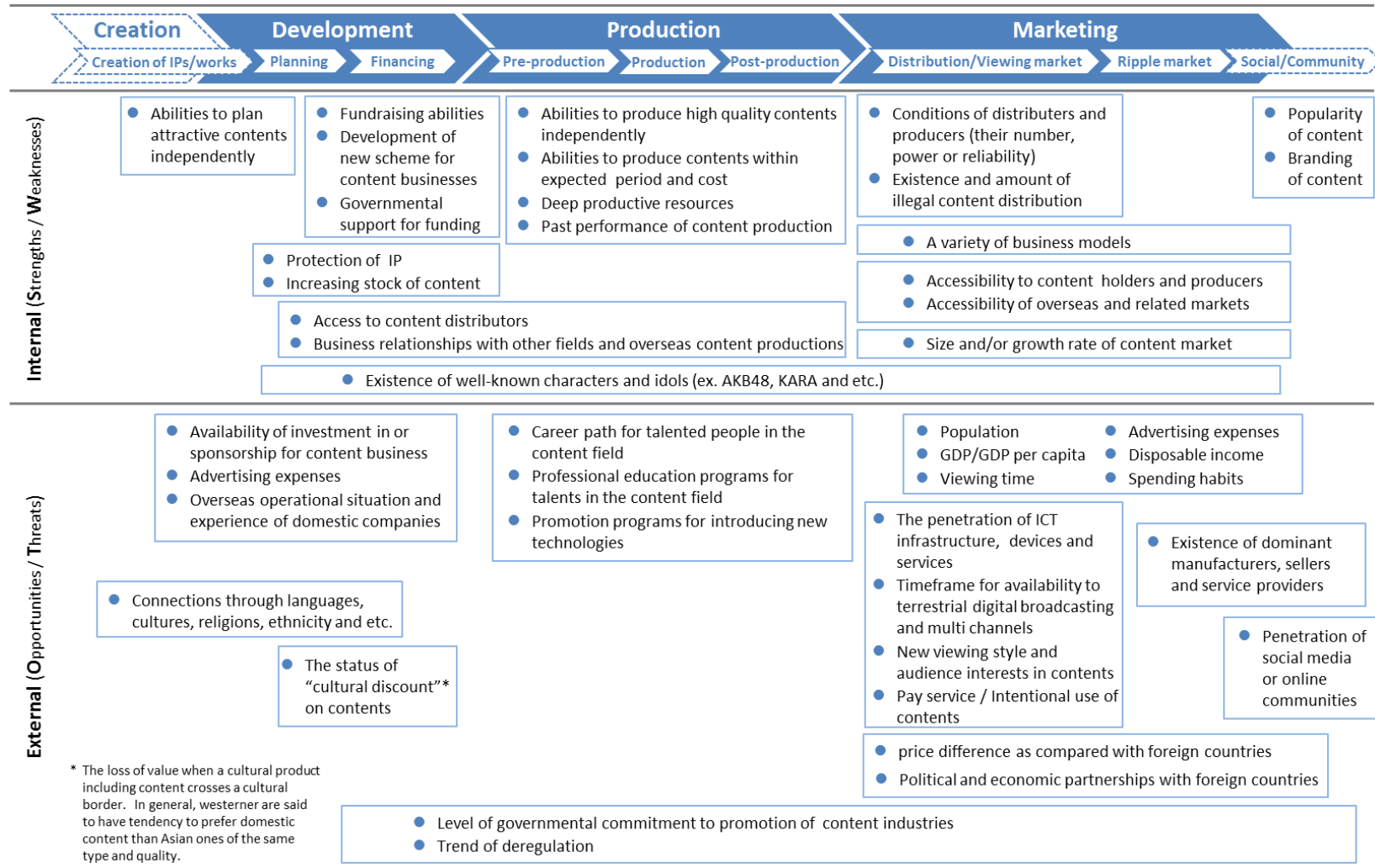
- Factors that drive the industry growth are assessed, based on the SWOT in the previous section. (Chapter 7).
 - Figure 5 shows the process. The factors that drive the growth of the content industries were extracted after summarizing the results of the SWOT analysis in the previous section. These factors were then mapped along with the value chain and a perspective of the grouped factors was developed.

Figure 5: Chart Analysis Process



- The extracted factors are mapped and shown in Figure 6. The horizontal axis on the chart is the value chain. The vertical axis on the chart describes the internal / external perspectives extracted from SWOT.
 - The chart overviews the factors of the internal and external environments of the content industries along the value chain. The chart depicts grouped factors necessary to be considered in the content industries. Each factor mapped on the chart is essential for industry growth.

Figure 6: SWOT vs. Value Chain



3. Policy Recommendations

[Policy objectives]

For the sake of the growth of the content industries in each country in the region the region's policy objectives should be:

- To achieve the potential that the content industries in each country have by utilizing the scale of the content markets and the assets of the content industries in each country
- To promote trade and cooperation among content industries in the region

[Policy recommendation]

1. Promotion of collaboration to establish and enhance content industries in each country

(1) Continuous effort to provide collaboration opportunities (GtoG, GtoP, PtoP)

* G: Governmental sectors P: Private sectors

(2) Standardization of frameworks and tools for quantitative evaluation, such as statistics relating to the content industries

(3) Enhancement of cooperative promotion policy for international co-production (bilateral and multilateral)

(4) Promotion of standardization of regulations and policy measures (for example: rules and customs related to international co-production)

2. Reinforcement of factors in the content industries in each country

2.1 Human resource development

(1) Support for discovery and training of talented people

(2) Support for creation of employment in the media and content industries

(3) Development of training programs (to fill supply and demand gaps between academy and industry)

(4) Deregulation of personnel exchange (the visa problem) and simplifying procedures

2.2 Business promotion

(1) Establishment and improvement of funding schemes (for example: introduction of incentive schemes for domestic and international funding)

(2) Joint provision of resources for content localization¹ (for example: sharing information on companies, price lists and evaluations)

(3) Promotion of international co-production

2.3 Expansion of content trading

(1) Creation of a common intellectual property system

(2) Joint countermeasures against piracy

(3) Deregulation of imports of legal content

2.4 Effective use of new technologies

(1) Provision of opportunities for information sharing and exchange of ideas

¹ Localization is a process of adapting a product or service to a particular language, culture, and desired local "look-and-feel."

among governments and business operators of each county
(2) Promotion of international standardization of new technologies

CHAPTER 1

Background of this Study

1. Objective

It is recognized that the content industry is one of the potential cores of economic growth in Asia and ASEAN countries.¹ This research aims to analyze this industry, considering its structure and contribution to the economy based on industry/market data and national statistics, as well as case studies describing ripple effects, industry-wise and country-wise, such as imports and exports. It is also overviews the policy measures taken in each country to assess the current situation of government's role in promoting industry growth.

Secondly, taking into account the opinions of government and industry/businesses, this report assess the strength/weakness/opportunity/threats (*i.e.* conducts a 'SWOT' analysis), for each country, and also for the region as a whole. The purpose of the SWOT analysis is to verify how the content industry in each country could enhance productivity and increase trade in the region, by looking at the challenges at several stages of the industry's value chain.

Finally, these analyses will be the basis of the policy recommendation, for promoting the industry in each country and also cooperation among governments and

¹ UNCTAD, Creative Economy Report (2008, 2010)

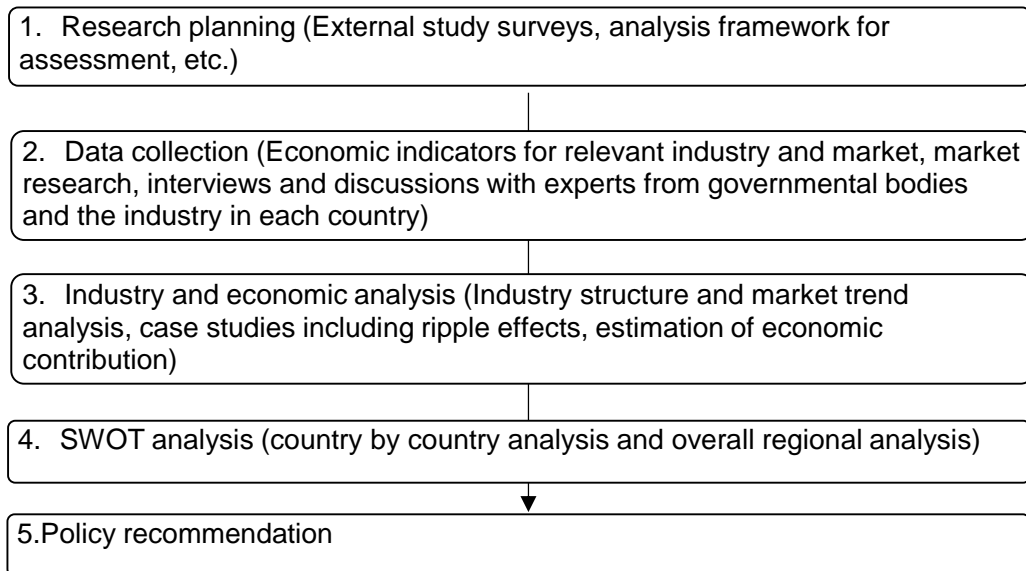
businesses in the content industry, to accelerate development in value chain and strengthening competitiveness.

2. Framework and Methodology

2.1. Study Flow

This report was conducted based on the following steps:

Figure 7: Study Flow



First, a research framework for analysis and research items was planned. Secondly, basic data from each country were gathered and reorganized for mutual comparison, to review the overall growth potential for the industry. Thirdly, the situation and issues regarding industry structure and/or relevant policies were verified and organized for qualitative analysis. Also, through cross-industry input-output analysis, estimation of economic contribution for the audiovisual content industry was conducted. A SWOT (Strength / Weakness / Opportunity / Threats) analysis was conducted taking into account opinions from government and industry /

businesses.

Finally, taking the analysis results into account, policy recommendation were developed.

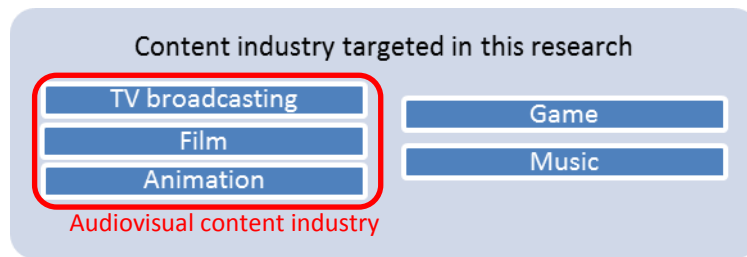
2.2. Covered Countries and Industries

In this report, eight countries, China, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, and Thailand is covered.

The definition of the content industry in this report is shown in Figure 8. Five subsectors, namely TV broadcasting, film, animation, game and music, are the scope of this research. In global perspective, especially in developed countries, the five subsectors is the driving growth in the content industry. To add, in general, these subsectors are commonly recognized category in terms of statistics and related industry data, which lowers the barrier of analysis and cross-country comparison.

On top of that, deeper analysis is conducted mainly targeting the audiovisual content industry (including TV broadcasting, film and animation), which is considered as the core industry in the context of content or creative industry. Note that animation is mostly considered to be a subset of TV broadcasting and/or film, however it is one of the growing sectors in Asia. Therefore the sector is independently analyzed with respect to available statistics.

Figure 8: Scope of the Industry



There are several ways of defining the audiovisual content industry in detail, by looking at individual subsectors within TV broadcasting, film, animation industry.

These are:

- ✓ Types of output
- ✓ Stages in the value chain

Breaking down the industry in this way helps to understand the value added in different stages of the economic activity in the industry.

“Types of output” refers to the output of content in products or services within the industry. In this report, the following outputs are included:

- TV programs (domestic and foreign program distributed domestically)
- Films
- Animation

The above currently represents the key outputs of the industry. However, when economically evaluating the content industry, it is difficult to distinguish the value added within the flow from production to final consumption. Moreover, taking into account the recent trends in market convergence, its range of outputs is increasingly transformative. To give examples relating to the film and television broadcasting industry; convergence among different types of content, merchandizing originating in film/ television programs can be seen as well as, and increasing demand for multi-

screen (TV/ PC/ mobile) provision over broadcast and communication network. The framework and industry categorization used in the national statistics do not exactly reflect these trends. Consequently, analysis of outputs based on the traditional film and TV sector split will not reflect the whole industry. The market trends concerning new subsectors, such as internet distribution, need to be taken into account and be assessed in a wider view, given that the estimates are bound by available statistics.

“Stages in the value chain” can be broken down into the following components:

- ✓ Production
- ✓ Distribution
- ✓ Film Exhibition
- ✓ Television Broadcasting (Terrestrial /satellite / CATV)
- ✓ Home video (retail and rental)
- ✓ Online service (Internet distribution to TV/PC/Mobile)

The definition for each component is explained in Table 3.

Table 3: General Definition of the Value Chain Component

Component	Definition
Production	Production subsector refers to producing the type of output defined in this report (film, television program, and other audiovisual content), which includes development, photography and related technical process. In general, it can be divided into, pre-production, production and post-production.
Distribution	Distribution subsector refers to distributing the produced or completed content.
Film (Exhibition)	Exhibition subsector refers to displaying the distributed films to the public, through location such as cinema and theatres. The revenue is generated from admission fees paid by the audience, or box office revenue.
Television Broadcasting	Broadcasting subsector refers to distributing of content through broadcast television media. Basically, terrestrial, satellite, and CATV are covered as these are the main television media. In general, its revenue includes advertisement, subscription fee, and governmental funds.
Home video	Home video subsector refers to selling or rental of content on physical format such as CDs/DVDs/Blu-ray discs. In this report, the figures used to derive the economic impact, are wholesale-based, which is the sale to retail shops or rental shops.
Online service	Online service subsector refers to distributing of content through internet media, viewed on multiple platforms (e.g. PC, TV, and Mobile). Internet Protocol TV (IPTV) is included here and its market trend is explained within this subsector.

2.3. Assumption and Limits regarding Quantitative Data

Data are collected and provided by the member countries based on this definition to enable mutual comparison and economic effects analysis. To fulfill the purpose of

this research, references may be made to a wider concept of industry, which include the audiovisual content industry and other segments of industry.

Note that each country has its limit in current statistics concerning certain areas; therefore in some cases external databases are referred to. Table 5 shows in detail, that was covered (provided by the member countries) in the analysis.

Table 4: Reference Source of Primary Indicators

Parameter		Reference Source
Economic Indicator	GDP per capita	● World Bank
	Population	● World Bank
	Labor	● National account, various country statistics sources
	Economy breakdown by industry, Input-Output table	● National account of each country
Industry indicator	Market revenue	● Statistics provided from each member country ● PricewaterhouseCoopers “Entertainment and Media Outlook”
	Employment	● Statistics provided from each member country

Table 5: Items that are included in Each Industry

	China	Indonesia	Japan	Korea	Malaysia	Philippines	Singapore	Thailand
TV Broadcasting	*Advertising *Cable TV *Financial fund *Other Operating Income	*Advertising *Radio & Television	*Terrestrial ,CATV, Satellite *Program production	*Terrestrial ,CATV, Satellite *Program Provider *Internet program provider *Program Production	*Creation (creation, development etc.) *Aggregation (aggregation, archival, storage, publishing, advertising etc.) *Distribution (dissemination of content to end user etc.)	<i>Quoted from PwC database</i>	* TV programme production *TV programme distribution *Other motion picture, video and television related activities *Radio programme production and broadcasting *Television broadcasting (including cable, satellite, terrestrial television, internet and mobile)	*Terrestrial ,CATV, Satellite
Film	*Box Office from city cinemas *Overseas sale Advertising from *Film channel	*Film Video & Photography	*Box office * DVD sale & rental *Internet distribution *Film production / distribution	*Film Production /Support/Distribution *DVD/VHS Production/Distribution	*Distribution *Aggregation *Creation	<i>Quoted from PwC database</i>	*Motion picture/video production *Distribution activities * Cinema services *Motion picture projection *Renting of VCDs and DVDs	*Box office *CD/VCD/DVD sale & rental *Production *Post-Production *Other

Animation	n/a	n/a	*Overall revenue (included in TV broadcasting, Film)	*Animation Production *Animation Distribution *Online Animation Distribution	n/a	n/a	Animation production (included in TV broadcasting, Film)	*Box Office *TV series *CD/VCD/DVD sale & rental *Visual Effect/post-production *Mobile Download *Character License
Game	<i>Quoted from PwC database</i>	*Overall revenue	*Package software *PC online game *mobile online game *social game *Arcade game	*Game Production /Distribution (console game software) *Game Distribution (PC Café, Arcade Game)	*Distribution *Aggregation *Creation	<i>Quoted from PwC database</i>	*Wholesale/Retail of computer games *Publishing of computer games *Development of computer games *Game arcade *Online game aggregation *LAN game operations	*Arcade video game *PC game *Online game *Manufacture CD/VCD/DVD *Licensor *Manufacture software & Amusement machine *Sale & Production software & Amusement machine

Music	<i>Quoted from PwC database</i>	*Overall revenue	*CD/DVD sale & rental *Internet distribution (PC) *Mobile distribution *Karaoke	*Music Production *Music & Audio Publishing *Record Reproduction /Distribution *Record Wholesale /Retail *Online Music Distribution	<i>Quoted from PwC database</i>	<i>Quoted from PwC database</i>	*Wholesale/retail sale of music and video recordings *Sound recording production *Music publishing and distribution	* CD/VCD/DVD *Operation Karaoke *Licensor Production *Post production
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CHAPTER 2

Trends in Content Industry

1. The Global Perspective

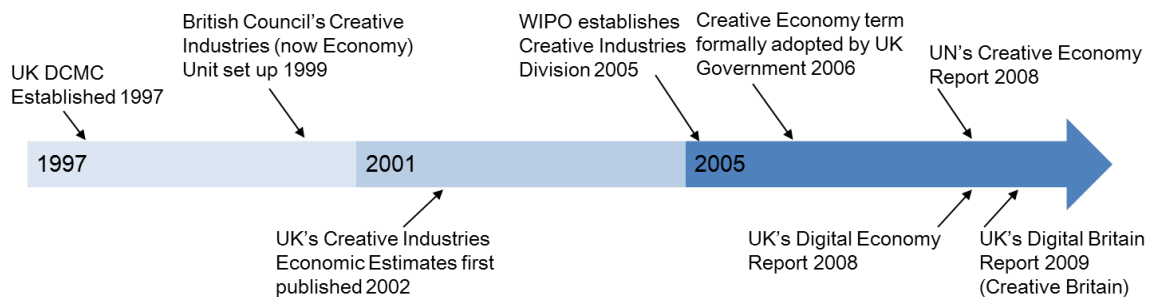
1.1. Background

During the late 1990s, initiatives and programs focusing on the ‘creative’ or ‘content’ industry were launched by several international bodies and governments, such as the UK, and the industry keywords entered economic development terminology.

It has increasingly been recognized that the creative industries cannot be seen in isolation. The industry as a whole holds a number of important, wider dimensions, such as adding value to other industries and being major employers of highly skilled people, thus being part of the ‘knowledge economy’.

More recently, government strategies have increasingly been concerned with strengthening the economic performance of the creative industries. UNCTAD notes in its Creative Economy Report (2008), that the creative industry, or creative economy has become a topical issue of the international economic and development agenda, calling for informed policy responses in both developed and developing countries.

Figure 9: Major Initiatives and Programs for Content and Creative Industry



Source: Authors.

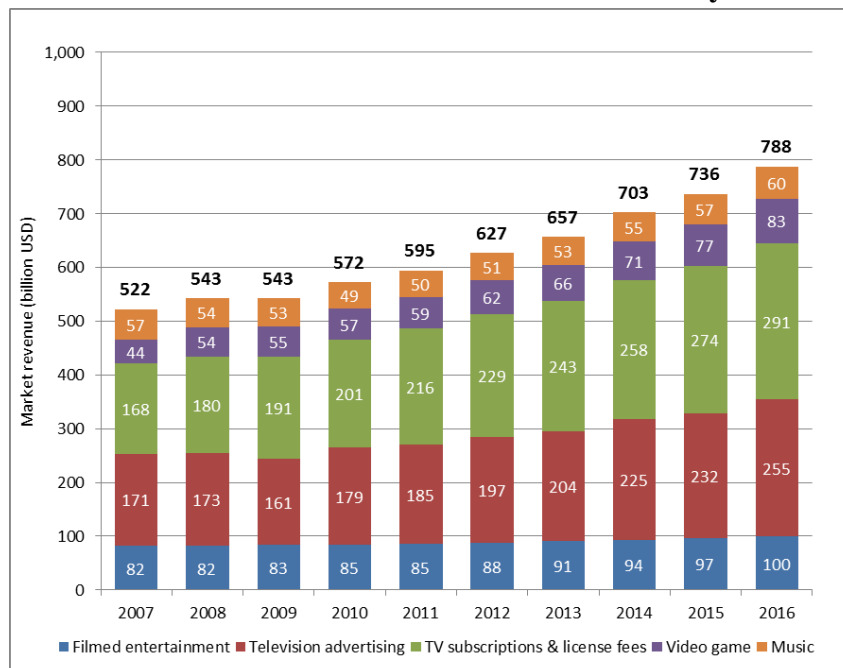
1.2. Market Size Trend of the Global Content Industry

Figure 10 and Figure 11 show the forecast of global content industry market size, and the composition ratio for each market, respectively, according to PricewaterhouseCoopers (PwC) data. The content industry market reached 595 billion USD in 2011 and is forecasted to reach 788 billion USD by 2016, which indicates a gross annual market growth of 5.9% compounded (CAGR). The audiovisual content industry market, which is here defined as filmed entertainment, television advertising, and TV subscriptions & license fees, occupies more than 80% of the overall content industry. It accounted for 486 billion USD in 2011 and will reach 645 billion USD by 2016, which indicates 5.1% yearly growth.

The largest market is television, and the TV subscriptions & license fee market occupies a slightly higher ratio than advertising. Growth in the subscription, or pay TV market will be supported by infrastructure development in terms of content delivery and billing systems, as well as consumers' willingness to pay for audiovisual content.

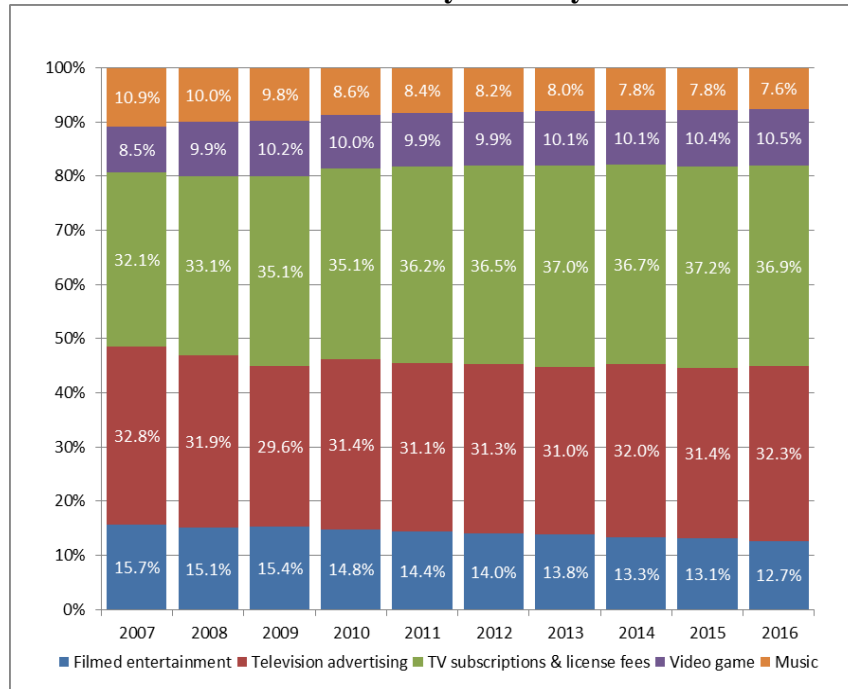
The highest growth will be seen in the video game market, with CAGR of 7.2%, which is expected to maintain above 10% of the content industry until 2016.

Figure 10: Market Revenue Forecast of Global Content Industry



Source: PwC (2012).

Figure 11: Market Revenue Breakdowns by Industry



Source: PwC (2012).

2. Content industry in Asian Perspective

2.1. Market Size Trend of the Asian Content Industry

Figure 12 and Figure 13 show a forecast of the Asia-Pacific² region’s content industry market size, and its composition ratio for each market, respectively, according to PwC data. The content industry in Asia-Pacific region reached 144 billion USD in 2011 and is forecasted to reach 208 billion USD by 2016 a CAGR of 7.5%, which is higher than the global market average, mentioned in the previous section. The audiovisual content market occupies 75% of the overall content industry. It accounted for 109 billion USD in 2011 and expected to reach 156 billion USD by 2016, which indicates 7.4% yearly growth.

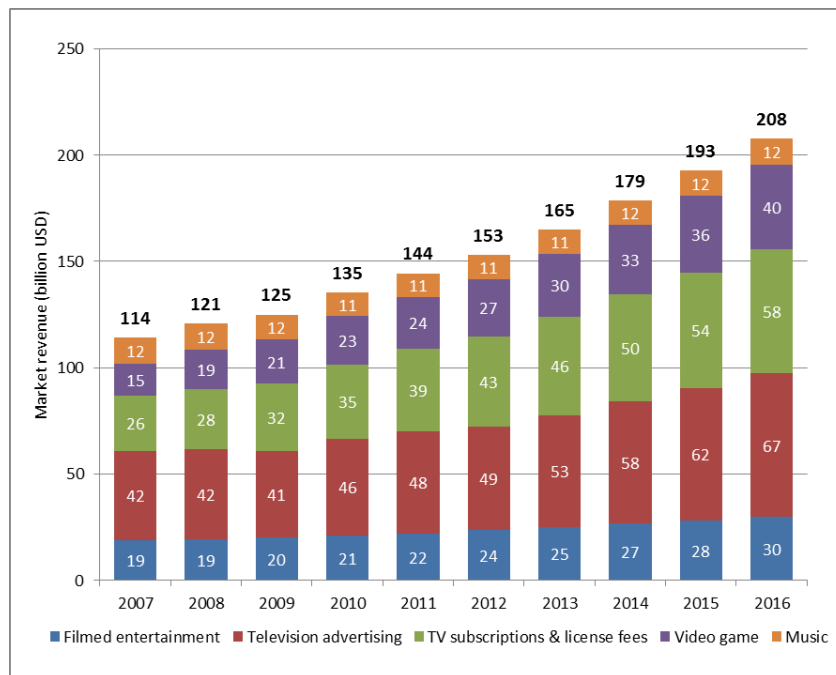
The largest market is the television advertising market which is expected to reach 67 billion USD, or 32.5% of the content industry by 2016. The highest growth will be seen in the video game market, with CAGR of 10.3% which is also higher

² For Asia-Pacific region, PwC covers Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Thailand and Viet Nam.

than the global average. It is expected to reach approximately 20% of the total industry.

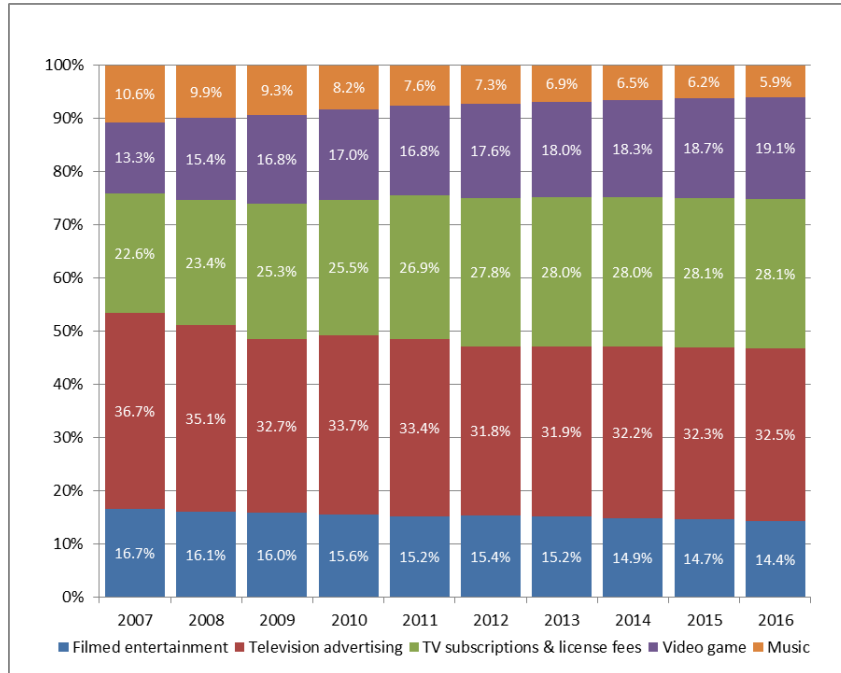
Figure 14 shows the contribution of the Asia-Pacific region market to the global market, for content industry and audiovisual content industry. The content industry and audiovisual content industry in the Asia-Pacific region accounted for 24.3% and 22.5% of the global market in 2011, respectively. This will be increased to 26.4% and 24.1% by 2016, which indicates that the industry in Asia-Pacific region will have more significant influence in global market perspective.

Figure 12: Market Revenue Forecast of Content Industry in Asia-Pacific Region (2011)



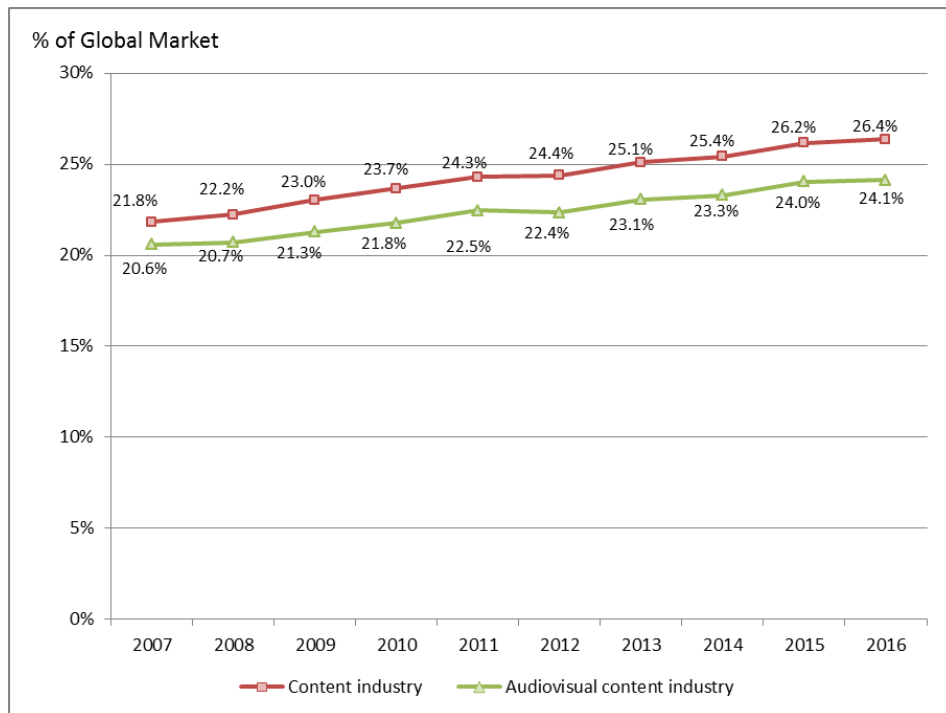
Source: PwC (2012).

Figure 13: Market Revenue Breakdowns by Industry



Source: PwC (2012).

Figure 14: Contribution of Asia-Pacific Market to the Global Market

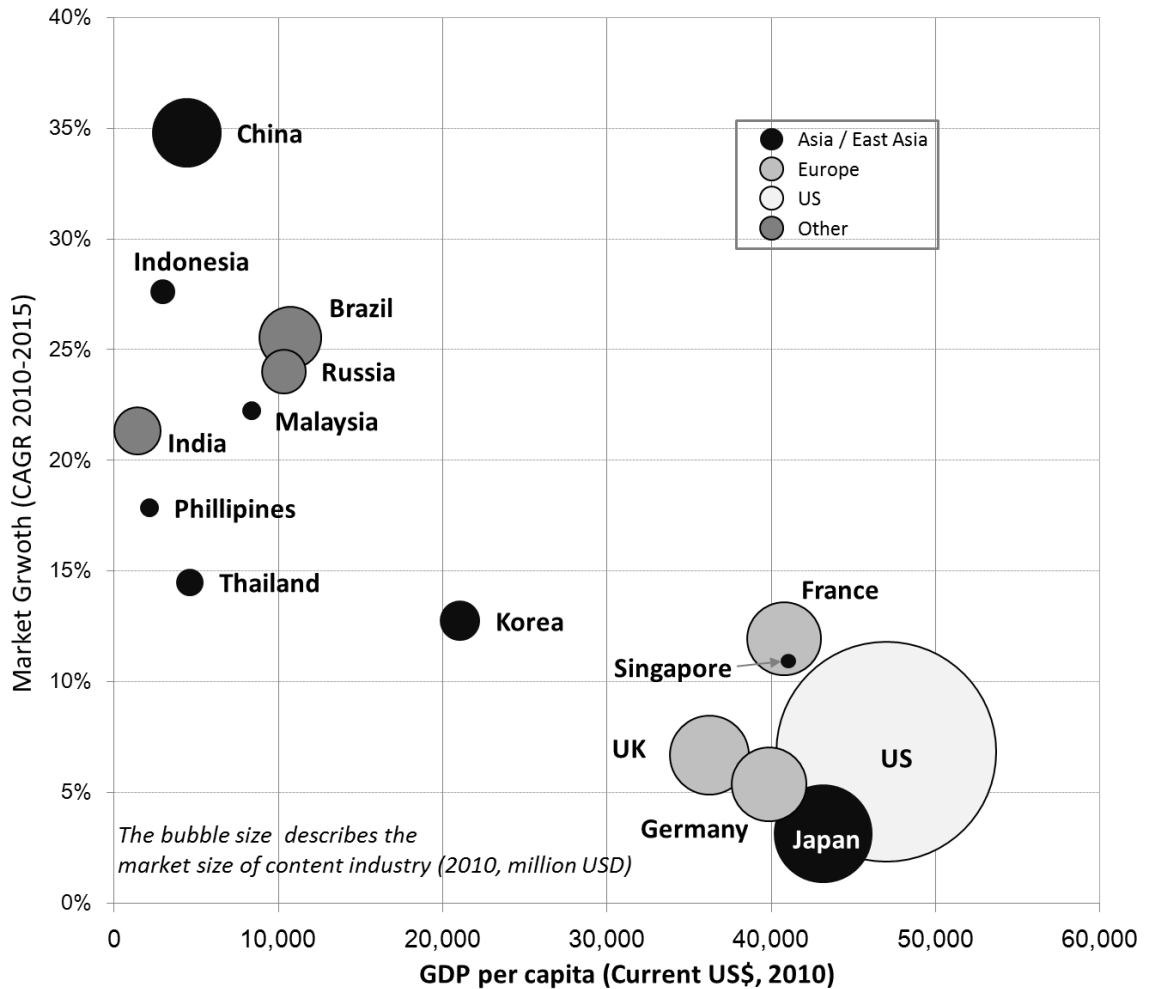


Source: PwC (2012).

2.2. Cross-country Comparison

Figure 15 shows a cross-country analysis of market size the content industry in Asian countries, compared with major countries in other regions. The eight countries focused on this research, are shown in this ‘map’ vertically and horizontally, in terms of size of economy as well as content industry market size and growth. Developed countries such as Japan, as well as US and major countries in Europe, have significant market size, although the market growth is below 15%. On the other hand, although market size is still limited, high market growth can be observed in developing countries.

Figure 15: Country Comparison of Content Industry



Source: PwC (2012); World Bank.

The analysis above indicates the overall market potential as well as the difference among countries from an economic perspective. UNCTAD describes this phenomenon in its Creative Economy report (2010), emphasizing the contribution of creative economy and industry in the Asia-Pacific region, as below.

- *In the Asia-Pacific region, the creative industries have been an important element in the development of mature economies such as Japan and the Republic of Korea, as well as of fast-growing economies such as Singapore and Malaysia.*
- *Many city authorities in China, Japan, the Republic of Korea and Singapore have formulated economic investment policies based on creativity and creative enterprise as a strategy for economic growth and competitive advantage.*
- *In most Asian countries the concept of creative economy associated with cultural industries gradually is being absorbed and reflected in national economic development strategies. Many countries in the region started to analyze the potential of their creative industries for job creation, revenue and trade.*

(quoted from UNCTAD “Creative Economy Report 2010”)

As UNCTAD have stated, it is well acknowledged in the Asian-Pacific region that the creative and content industry has the potential value to create jobs, revenue and trade, and many countries in the region have been implementing policies to enhance its economic contribution.

UNCTAD, in its report, also describes, the Asia-Pacific region dividing into different groups according to how importantly the concept and activities of creative industries figure in the economy. For example, several major Asia-Pacific economies, such as China, India, Indonesia, Malaysia, the Philippines, Korea, Singapore, Thailand and Viet Nam, have much activity related to the creative economy as well as a strategic interest in creative industry development, whilst other Asian countries have less emphasis on creative industry development, or it exists mostly in terms of the more traditional cultural activities of community life.

Efforts in developing stronger government-to-government links across the region, or regional measures to enhance the creative and contents industry are essential for the regional growth, but it is more important to firstly recognize and

respect the differences among the countries in both the economic and cultural perspectives of creative or content industries, in order to fulfill any form of collaboration incentives in the region.

CHAPTER 3

Industry Structure

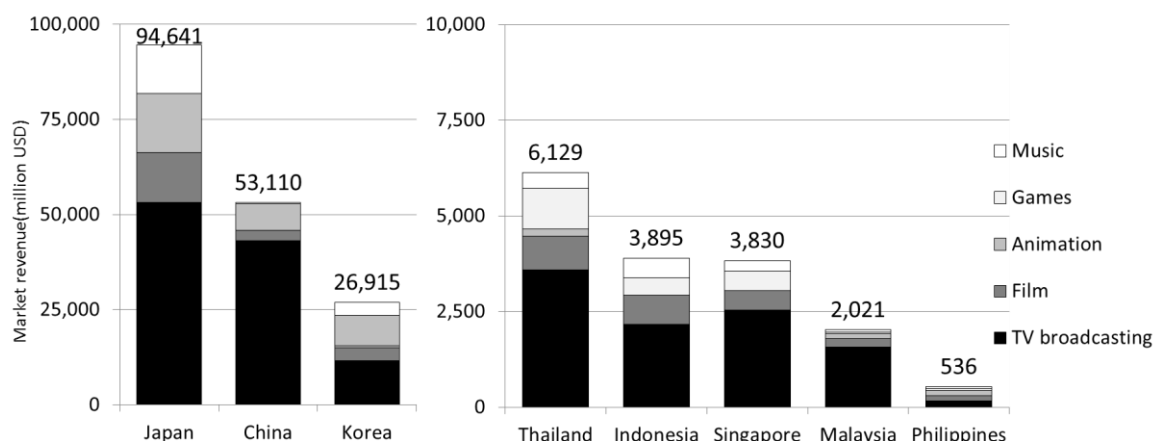
In this chapter, current status of the content industry structure is presented, to overview the market revenue and potential growth for each country.

1. Market Size and Growth

1.1. Market Size of Content Industry

The market revenue of the content industry is shown in Figure 16. Japan has the largest market among eight countries, which accounted for 94.6 billion USD in 2011. It is followed by China and Korea, with market revenue of 53.1 billion USD and 26.9 billion USD, respectively. The market revenue in other ASEAN countries is within the range of 0.5 to 6.1 billion USD.

Figure 16: Market Revenue in Each Country (2011)



Note: the vertical axis is different for left and right figure

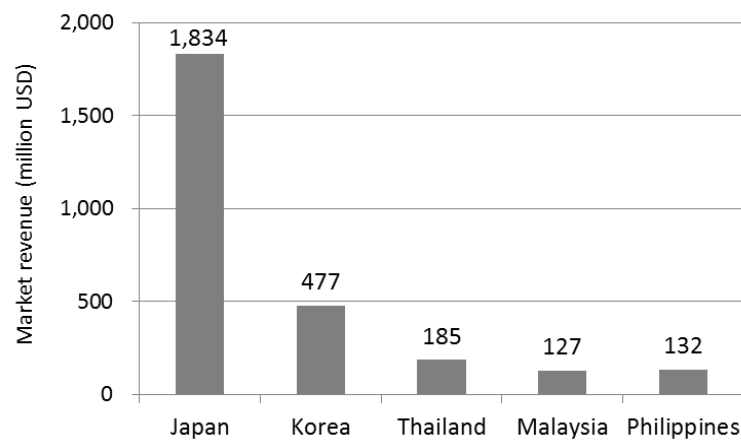
	Japan	China	Korea	Thailand	Indonesia	Singapore	Malaysia	Philippines
TV broadcasting	53,114	43,071	11,509	3,585	2,164	2,543	1,567	161
Film	13,127	2,813	3,538	886	761	499	223	138
Animation	1,834**	n/A	477	185	n/A	n/A***	127	132
Game	15,480	6,878*	7,946	1,067	453	506	49	50
Music	12,920	348*	3,445	407	518	283	56*	55*
Total	94,641	53,110	26,915	6,129	3,895	3,830	2,021	536

Note:* Quoted from PwC data / ** Included in TV broadcasting and Film / *** Included in Film

Source: Statistics provided by member countries, PwC (2012).

Among all the industries, animation is one of the growing industries in Asia and ASEAN countries, and also a content product that has a potential in exportation (discussed in Chapter 5). Figure 17 is a country comparison of the market revenue for animation. Japan has the highest figure of 18.3 billion USD, followed by Korea with 477 million USD.

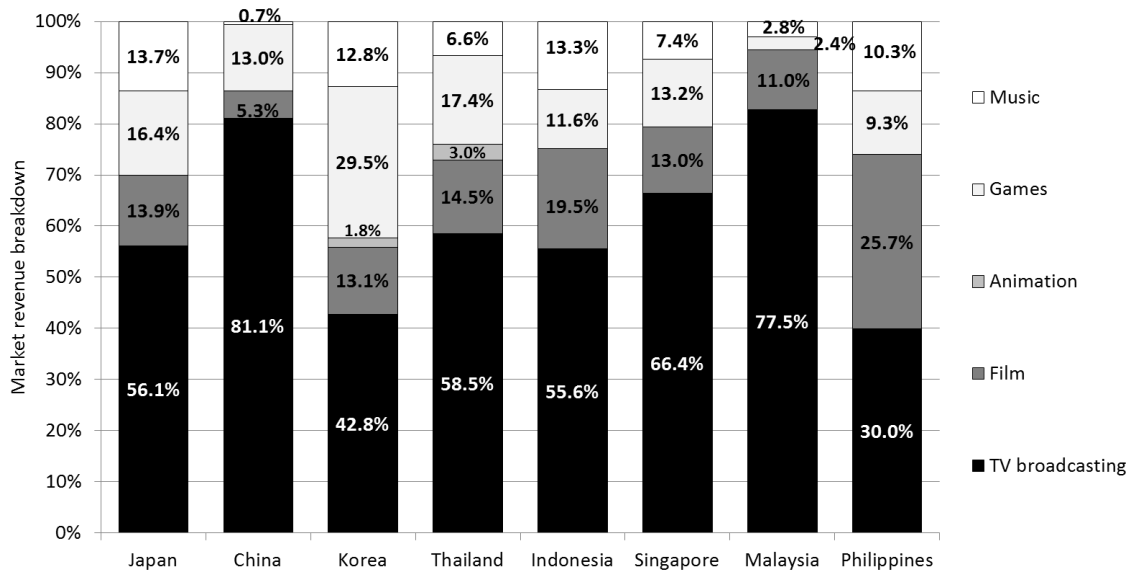
Figure 17: Market Revenue for Animation (2011)



Source: Statistics provided by member countries.

Figure 18 shows the revenue breakdown by industry. The figures indicate that the composition ratio is different from country to country. However, for all the countries covered, the audiovisual content industry (TV broadcasting, Film, and Animation) has the majority share within each country ranging from 40% to 95%. The audiovisual content market, especially TV broadcasting, has the potential to enlarge the overall content industry. The highest ratio for TV broadcasting is seen in China (81.1%), followed by Malaysia (77.5%). Korea has the lowest share for TV broadcasting (42.8%), where game and music industry together almost has the same ratio as the TV broadcasting industry.

Figure 18: Revenue Breakdowns by Industry (2011)

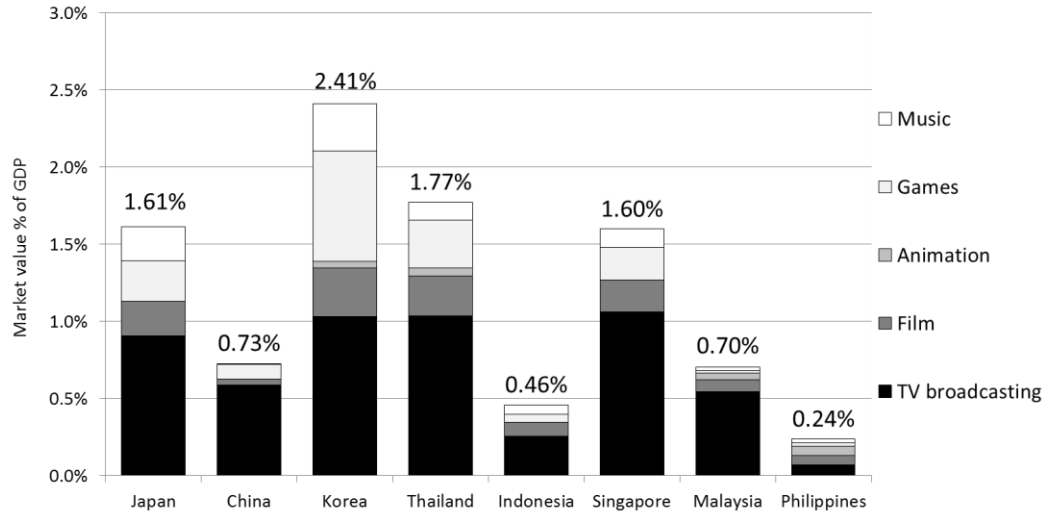


Source: Statistics provided by member countries, PwC (2012).

Figure 19 shows the market revenue as a percentage of GDP, or GDP ratio, for 2011. This indicator can be considered as a comparable benchmark as it neutralizes each country's economy size. Korea has the highest figure where content industry accounted for 2.41% of GDP. Thailand has the 2nd highest figure with 1.8%, which is higher compared to that of Japan, the largest industry by size.

Also, Japan, Korea, Thailand, Singapore has a similar GDP ratio for TV broadcasting, indicating a common level of contribution to the economy. On top of that, Korean game and music industry has a higher contribution compared to other countries, favoring an assumption that ripple effect can be expected within the industry.

Figure 19: Market Revenue as a Percentage of GDP



Market revenue as % of GDP

	Japan	China	Korea	Thailand	Indonesia	Singapore	Malaysia	Philippines
TV broadcasting	0.91%	0.59%	1.03%	1.04%	0.26%	1.06%	0.54%	0.07%
Film	0.22%	0.04%	0.32%	0.26%	0.09%	0.21%	0.08%	0.06%
Animation	0.03%*	n/a	0.04%	0.05%	n/a	n/a	n/a	n/a
Game	0.26%	0.09%	0.71%	0.31%	0.05%	0.21%	0.02%	0.02%
Music	0.22%	0.00%	0.31%	0.12%	0.06%	0.12%	0.02%	0.02%
Total	1.61%	0.73%	2.41%	1.77%	0.46%	1.60%	0.70%	0.24%

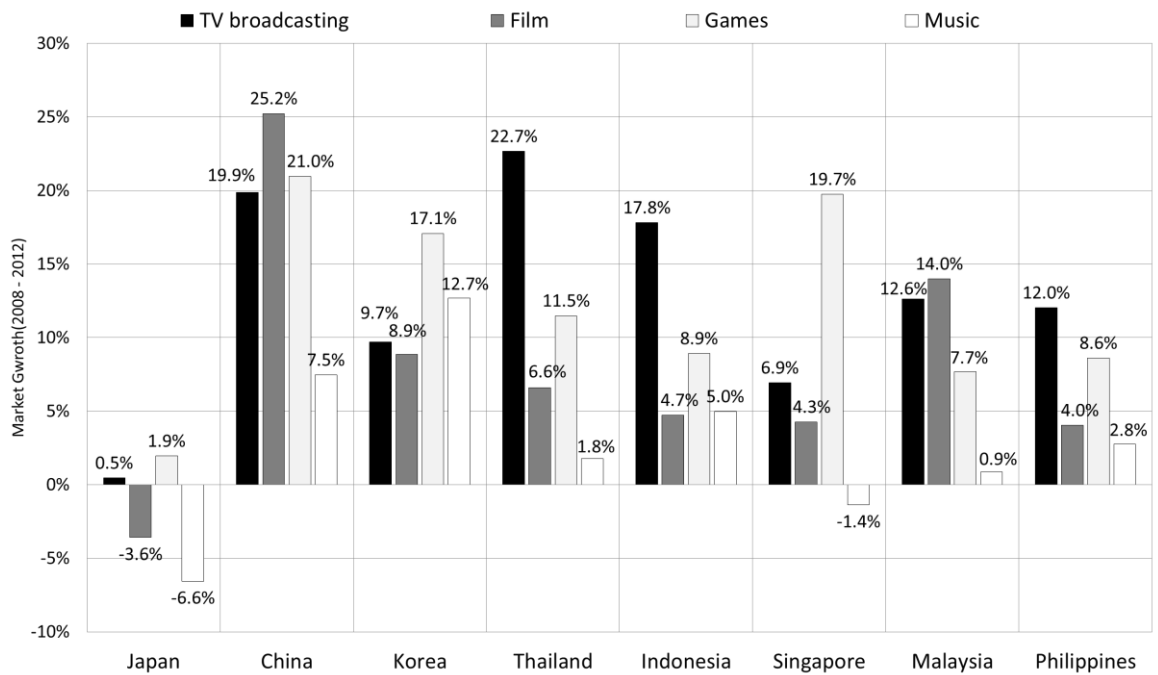
Source: Statistics provided by member countries, PwC (2012).

1.2. Market Growth

Figure 20 shows the growth for each industry. There is tremendous growth in most of the countries, except for Japan, where the industry faces a downward trend.

In China and Malaysia, film industry has the highest market revenue growth, Korea and Singapore sees the highest in the game industry. For Thailand, Indonesia, and Philippines, TV broadcasting has been driving the whole industry so far.

Figure 20: Market Growth for Each Industry/Market

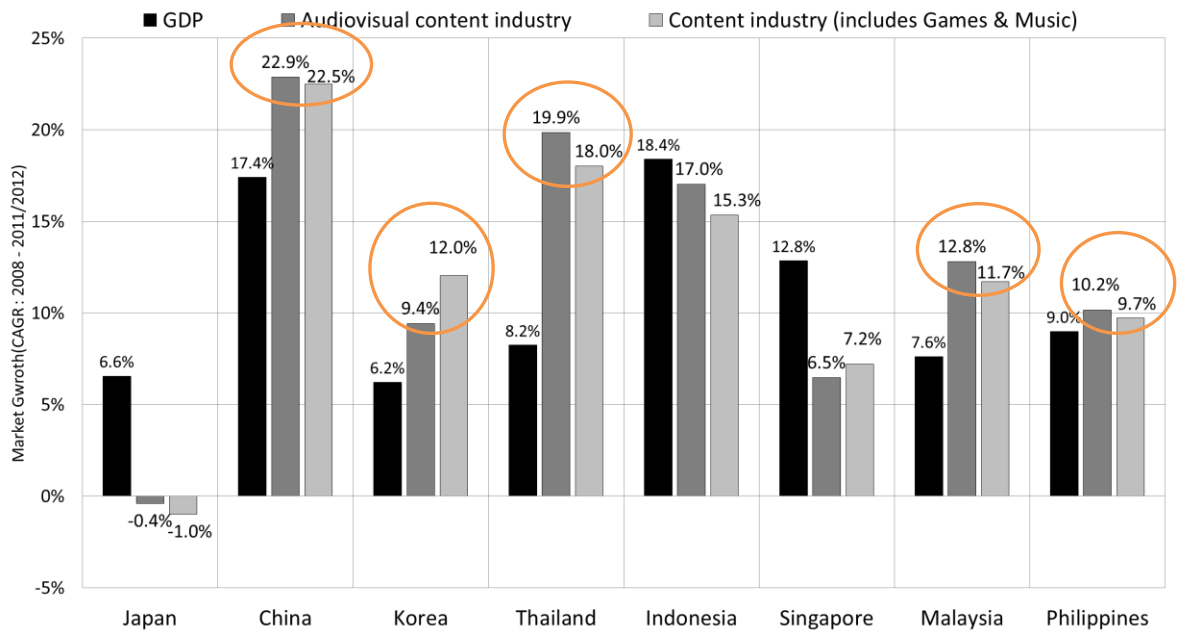


Note: * that animation segment is not included in this figure due to lack of time series data.

Source: Statistics provided by member countries, PwC.

As shown in Figure 21, the audiovisual content industry, or content industry as a whole, has a very high growth especially in developing countries, which indicates higher growth compared to GDP growth.

Figure 21: Market Growth (aggregated) and GDP Growth



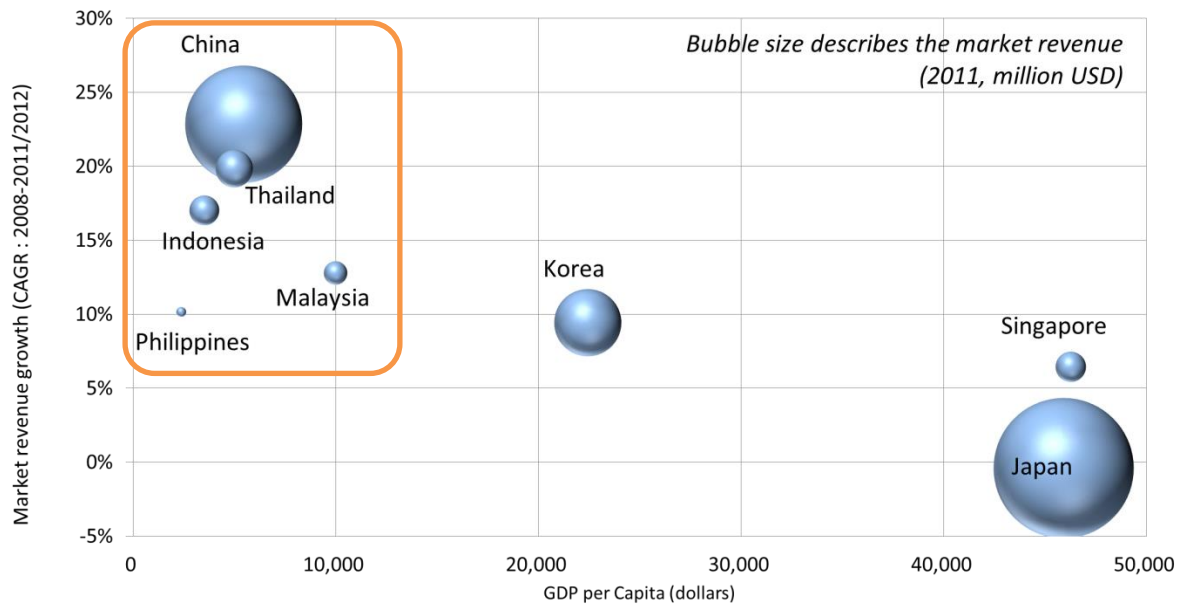
Source: Statistics provided by member countries, PwC.

1.3. Positioning of Audiovisual Content Industry in Each Country

Figure 22 and Figure 23 map the GDP per capita vs. the market revenue growth and GDP per capita vs. market revenue as a percentage of GDP, respectively, for audiovisual content industry in each country. The figures indicate that China and developing ASEAN country group, namely Thailand, Indonesia, Malaysia and Philippines, have high growth, compared to Japan, Singapore, and Korea.

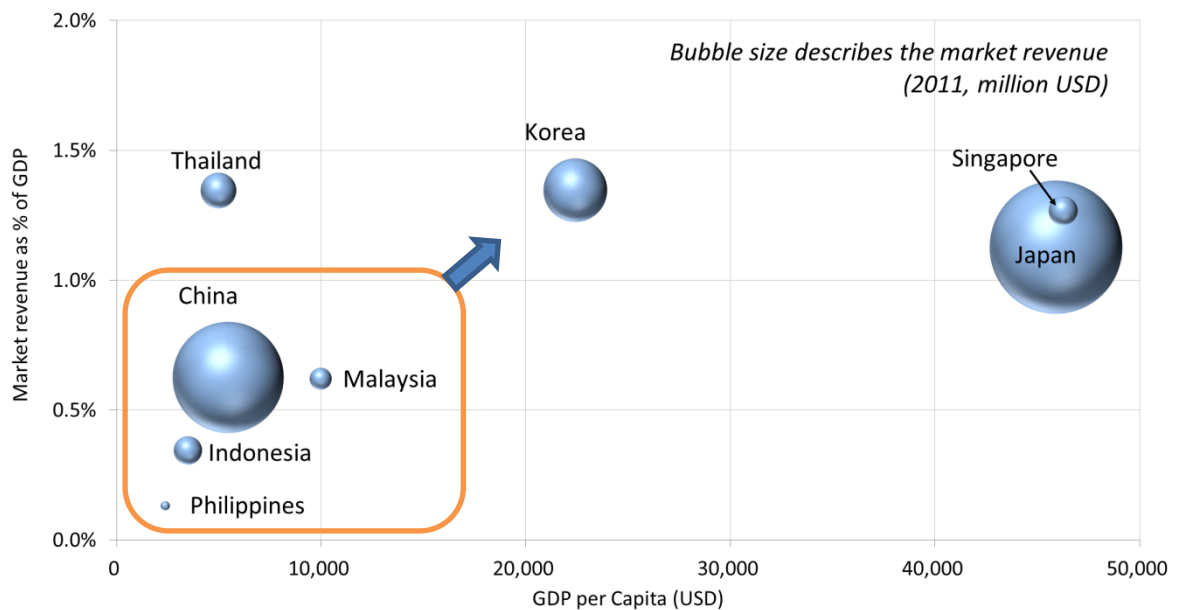
Moreover, the relationship between the GDP per capita and the economic contribution of audiovisual content industry indicate that, there is still potential for the industry to evolve in order to increase its contribution, when comparing the countries in the similar economic development stage.

Figure 22: GDP per Capita vs. Market Growth of Audiovisual Content Industry in Each Country



Source: Statistics provided by member countries, PwC, World Bank.

Figure 23: GDP per Capita vs. Market Revenue as % of GDP of Audiovisual Content Industry in Each Country



Source: Statistics provided by member countries, PwC, World Bank.

1.3.1. Market Structure and Players

The market revenue breakdown as well as number of players (companies) in TV broadcasting animation and film industry is summarized in Table 6. Note that the data is shown for countries with available statistics.

Table 6: Overview of the Market Structure and Players

Item	China	Indonesia	Japan	Korea	Malaysia	Philippines	Singapore	Thailand
TV Broadcasting								
Revenue Breakdown	*Advertising:41% *Cable TV:20% *Financial:14% *Other:27%	n/a	*Terrestrial/CATV/ *Satellite:84% *Production & Distribution:16%	*Terrestrial/CATV/Satellite:51% *Program provider:37% *Others:12%	*Creation:8% *Aggregation:18% *Distribution:74%	n/a	n/a	Broadcasting: *Terrestrial:59% *CableTV:15% *SatelliteTV:26%
Number of companies	*Broadcast station: 2,579 *Program production&sales:6,175	*Advertising:2,489 *Radio&TV:12,418 (including 11 Pay operators)	*Terrestrial:229 *Cable:556 *Satellite:108 *IPTV:5 *Production:121 *Post Production:800	*Terrestrial:72 *CATV:191 *Satellite:2 *Program Provider:178 *Internet Program Provider:3 *Program Production:628	*Terrestrial:3 *Satellite:1	*Broadcast stations (VHF/UHF):18	*Broadcasting: 109	n/a
Film								
Revenue Breakdown	*Box office:74% *Overseas sale:12% *Advertising from film channel:15%	n/a	n/a	*Box office:45% *Production & Distribution & other:48% *DVD/VHS Production /Distribution:7%	*Creation:11% *Aggregation:1% *Distribution:88%	n/a	n/a	*Box office:14% *VCD/DVD sales&rental:26% *Production:12% *Post- production:15% *Others:33%
Number of companies	*National Movie production company:38 *City Movie chains:39 *Cinemas of city movie chains:2,803	*Film, Video & *Photography:28,992	n/a	*Film Production /Support /Distribution :1,094 *DVD/VHS Production /Distribution :2,330	n/a	*Mainstream companies:20 *Independent companies:6	n/a	*Production ¹ :109 *Theatre:23 *Manufacturer and Distributor VCD,DVD:21,379
Animation								
Revenue Breakdown	n/a	n/a	n/a	*Production:68% *Distribution:31% *Online Distribution:1%	n/a	n/a	n/a	*Box Office:4% *TV Series:40% *Character license:29% *VCD/DVD sales&Rental:13% *Mobile download:6% *Visual Effect-post production:8%
Number of companies	n/a	n/a	n/a	*Production:290 *Distribution:35 *Online Distribution:16	Total:82	Total:60	n/a	Total :34 + Entrepreneurs:47

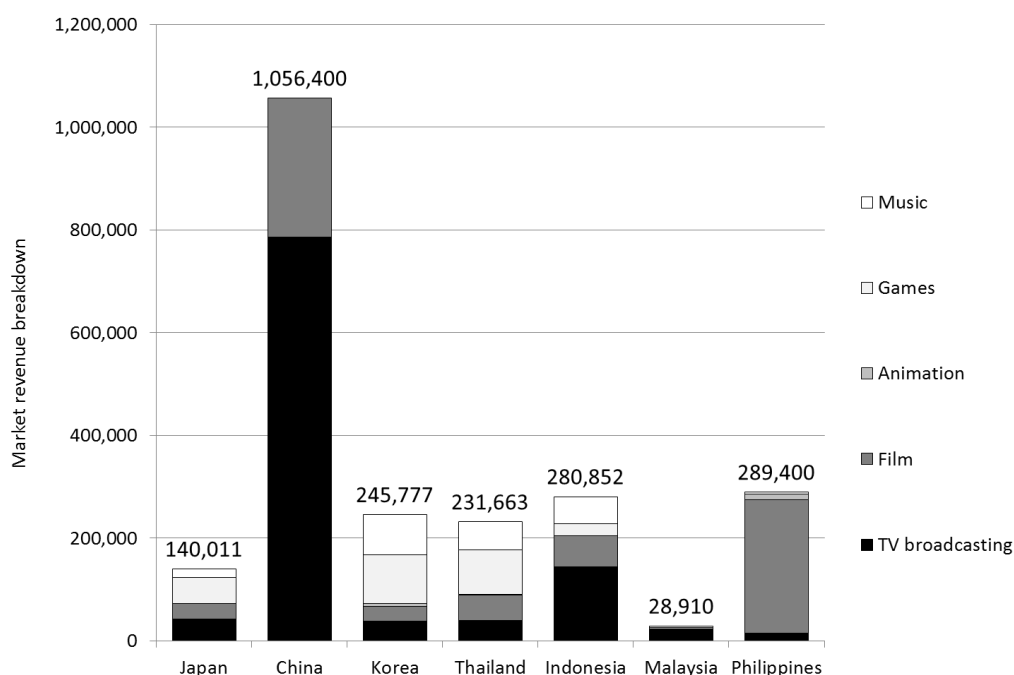
Note: * Includes Production House, Licensor, Production Support, Rental Production Equipment, Studio, Post Production, Visual Effect, Film Lab, Sound Lab

Source: data provided by member countries (latest data available).

2. Labor Force (Employment)

The figures describing the labor force are presented below. For example, the Chinese content industry is responsible for over 1 million employees just for TV broadcasting and Film industry. Philippines and Indonesia has the second largest figure with 28 thousand.

Figure 24: Labor Force (Number of Employees)



in person (2011)

	Japan	China	Korea	Thailand	Indonesia	Malaysia	Philippines	Singapore
TV broadcasting	43,093	786,400	38,366	39,300	144,538	23,044	15,500	n/a
Film	29,902	270,000	29,569	50,130	60,006	n/a	260,000	n/a
Animation	n/a	n/a	4,646	1,525	n/a	2,874	10,900	n/a
Game	50,605	n/a	95,015	85,686	23,181	777	3,000	n/a
Music	16,411	n/a	78,181	55,022	53,127	2,215	n/a	n/a
Total	140,011	1,056,400	245,777	231,663	280,852	28,910	289,400	n/a

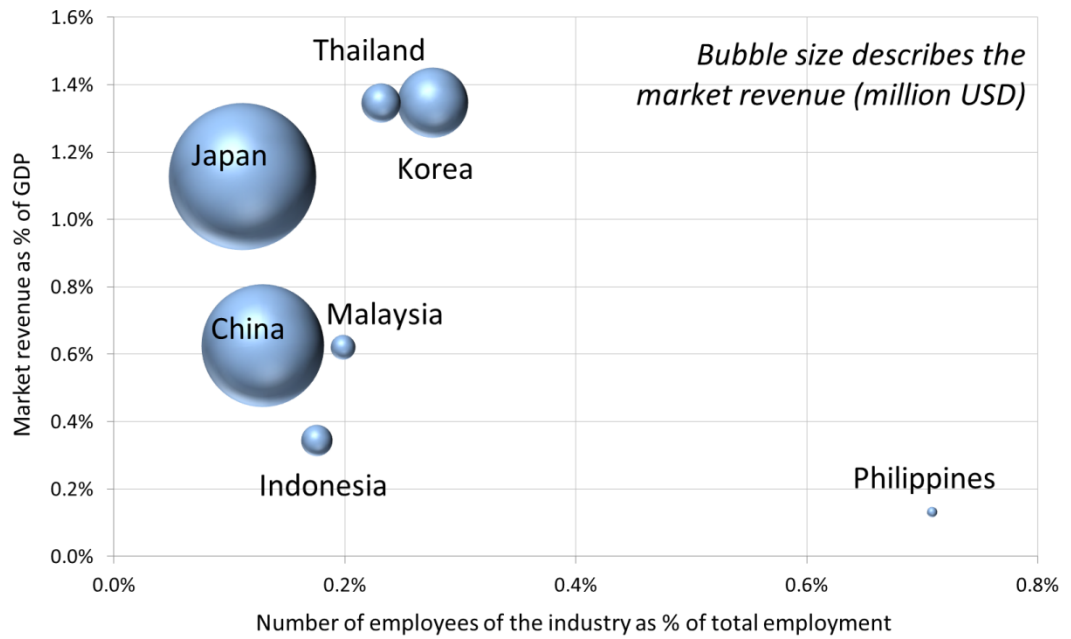
Source: Statistics provided by member countries.

By combining the labor force data with the market revenue data (see previous section), Figure 25 describes the relationship between the number of employees as a percentage of the total employment (Employment ratio), and the market revenue as a

percentage of GDP (GDP ratio), in each country. Due to the availability of data, Figure 25 covers only TV broadcasting and film industry; however it is the core of the content industry in terms of market size, therefore it highlights most of the characteristics of the content industry as a whole. The higher the GDP ratio (vertical axis), and the lower the employment ratio (horizontal axis), indicates that the industry is more productive. For example, Japan has a productive industry, where it has a relatively high GDP ratio, with the lowest employment ratio among the all countries. In other words, much of the labor force is utilized to generate adding value to the economy. However, looking at the opposite way, the figure can be interpreted as the employment absorption of the content industry, where the difference in employment ratio indicates how much the industry can employ with the same level of market size in its economy. In particular, Philippines has low GDP ratio with high employment ratio compared to other countries, indicating that the industry employs more labor force in relation to the GDP ratio. It can be said that, due to its labor-intensive nature, the content industry can create large scale of employment; therefore by creating a sustainable eco-system within the industry and expanding its market revenue will contribute to the economy in the long term.

Also, it is worth noting that, Thailand and Korea are relatively close to each other, hence it can be assumed that the role and structure of the content industry, within their own economy in terms of revenue and employment, is similar.

Figure 25: Employment Ratio vs. GDP Ratio of Market Revenue



Source: Statistics provided by member countries, PwC, World Bank, National Account in each country.

CHAPTER 4

Economic Contribution Analysis

In this chapter, economic contribution analysis is conducted for the audiovisual content industry for the eight countries. Section 1 explains the fundamentals of the economic contribution of the content industry. Section 2 and 3 explains the methodology, and estimated results, respectively. Secondly, forecast of audiovisual content industry market revenue is presented in 4.

1. The Fundamentals of Economic Contribution of the Content Industry

From an economic perspective, the content industry, or in a broader definition the creative industry, has been recognized as a fast growing industry contributing to economic growth, employment and trade, etc. The typical way to estimate an industry's contribution to the national economy is to measure its value added. Basically, the sum of the value added of all industries in a country equals its GDP, therefore estimating the value added of an industry indicates the pure portion of, or the contribution of, the industry within the whole economy.

Depending on the definitions used, several countries and regions have attempted to estimate the economic contribution of the content and creative industry. For example, according to UNCTAD (2010), in Europe, it was estimated that the creative industry generated a turnover of 654 billion Euros in 2003, contributing to their

economies from 0.8% to 3.4% of GDP in each European country. Also, in the United States, the creative industries accounted for 6.4% of economy, generating foreign sales and exports in the order of \$125.6 billion in 2007. Table 7 shows recent economic contribution studies on the film and television industry, basically conducted based on Input-Output table analysis (see next section). For example, the film and television industry in New Zealand (2010) had a relatively high economic contribution of 1.4% of GDP. For employment, India has a high multiplier of 3.22 [(direct employment + indirect employment) / (direct employment)].

Table 7: Economic Contribution Studies for Film and Television Industry

Country	Gross Output			Value added (% of GDP)			Employment		
	A.Direct	B.Total	B/A	A.Direct	B.Total	B/A	A.Direct	B.Total	B/A
UK (2006) <i>*covers film only</i>	£ m3,290	N/A	N/A	£ m1,510 <i>(0.4%)</i>	£ m4,343 <i>(1.3%)</i>	2.88	33,500	94,700	2.83
India (2008)	\$m12,263	\$m20,384	1.66	\$m2,329 <i>(0.20%)</i>	\$m6,228 <i>(0.53%)</i>	2.67	567,000	1,826,000	3.22
Hong Kong (2008)	HK\$m12,974	HK\$m33,689	2.60	HK\$m3,543	HK\$m6,171	1.74	15,560	32,725	2.10
New Zealand (2010)	NZ\$m3,233	N/A	N/A	NZ\$m1,282 <i>(0.7%)</i>	NZ\$m2,781 <i>(1.4%)</i>	2.17	10,284	21,315	2.07
Japan (2011)	\$m68,000	\$m145,900	2.15	\$m31,200 <i>(0.53%)</i>	\$m72,200 <i>(1.23%)</i>	2.31	88,569	264,707	2.99
Thailand (2011)	THB 109.9 Billion	THB 247.6 Billion	2.25	THB 68.3 Billion	THB 151.8 Billion	2.22	86,600	254,300	2.94

Note: * ‘B.Total’ includes both direct and indirect contribution (refer to next section for definition)

Source: Economic impact analysis reports commissioned by Film industry bodies.

However, as discussed in Chapter 1, there is no single definition of content or creative industry, and, moreover, the value added by individual content industries is not generally available from government statistics. The lack of standard classifications and official data from government sources make it difficult to assess and estimate the industry’s economic contribution.

Considering these circumstances and the availability of data sources, this report aims to estimate the economic contribution of the audiovisual content industry for each of the eight Asia/ASEAN countries, through a simplified model, and to aggregate the figures to capture the impact as a region.

2. Methodology

This report estimates the economic contribution of the audiovisual content industry (TV broadcasting, film, and animation) for 2011, assessing the indices shown in Table 8, for the eight countries. In particular, it is a macro-economic approach, to estimate the portion of the value added by the content industry in the total economic activity.

Table 8: Indices of Economic Contribution Analysis

Index	Definition
Gross output	Total amount of production concerning value of goods and services based on labor and capital within the industry. It basically represents the total amount of revenue of all participants in the industry. Gross output includes the intermediate inputs, which is the value of all goods and services used as inputs to generate that output.
Value added	Value that was added by activities within the industry, which excludes the value of intermediate input from the Gross output. It consists of production surplus, labor income and net indirect tax. Value added is describes the gross domestic product (GDP) contribution of an industry. It is the most commonly used measure of the value generated by an industry or by the economy as a whole, and can be used to compare with national GDP statistics. A simple equation to express this is: <i>Value-Added = Gross Output - the cost of Intermediate Inputs</i>

The overall economic contribution consists of direct and indirect economic contribution as defined in Table 9.

Table 9: Estimates of Economic Contribution

Index	Definition
Direct Contribution	Gross Output and Value Added that arises based on capital and labor attributed to a specific industry. It represents the direct economic activities in the industry, which includes, for example, production and distribution of film and television broadcasting content as well as film exhibition.
Indirect Contribution	Gross output and Value added that arise as a consequence of changes in the level and value for suppliers of goods and services to that industry. It represents economic activities that are brought to other industries which provide goods and services to film and television broadcasting industry. For example, it includes revenue in industries which provide materials to location for film production.

The traditional approach to estimating the indices above is to refer to Input-Output transaction tables, or I-O tables. An I-O table describes the interrelationships among industries in an economy with respect to the production and uses of their products and products imported from abroad. It indicates how the output of one industry is used as an input to other individual industries and displays these inter-industry linkages in the form of a matrix. It therefore shows how each industry depends on all others in the economy both as customer for their outputs and as supplier of their inputs.

The direct contribution of the gross output is basically the sum of market revenue analyzed in Chapter 3. This is then multiplied by the value added / gross output ratio, which can be estimated from the I-O table, to derive the value add portion of the gross output. The indirect contribution is estimated by multiplying certain multipliers to the direct contribution. The multipliers are obtained from the inverse matrix coefficient table contained in the I-O table. The inverse matrix is a table

which describes the value of economic activity required to meet the demand, when additional demand in a certain industry is assumed. The sum of the inverse matrix coefficients (“Multiplier”) describes the scale of impact on own industry as well as on other industries and is represented in figure of 1 or more. For example, when a multiplier is “1.5”, “1” equals to the value attributed to its own industry and “0.5” to other industries. In particular, high multipliers may be due to the requirements of the industries for extensive outsourcing and to significant inter-industry dependence. However, the industry category generally does not directly correspond to the content industry, therefore through our analysis, the industry or sector that best describes the audiovisual content industry from each countries I-O table is chosen.

Table 10 shows the parameters used in estimating the economic contribution for each country. The parameters are basically quoted directly from the I-O tables, although some figures are estimated from coefficients contained in the I-O tables. Note that assumptions such as international trades among countries are not considered.

Table 10: Parameters Used in the Estimation

Country	Value added/ Gross output ratio	Multiplier	Source	Industry referred	category
China	49.5%	2.53	17 sectors national table (2007)	Transport, Information, Computer & Software	Storage, Post, Transmission, Services &
Indonesia	52.4%	2.09	37 sector compiled by OECD-STAN(2005)	Other community and personal services	social services
Japan	48.8%	1.95	108 sector national table (2005)	Broadcasting	
Korea	42.1%	2.37	168 sector national table (2010)	Broadcasting	
Malaysia	52.8%	1.97*	Economic Census (2011)	Programming and broadcasting	
Philippines	56.5%	1.84	240 sector national table	Radio and television activities	
Singapore	34.5%	1.52	136 sector national table (2007)	Media Entertainment	
Thailand	42.8%	1.99	180 sector national table (2005)	Radio, Television and Related Services	

Note: * Due to lack of specific data, multipliers are derived from averaging multipliers in other countries with close GDP per capita.

3. Results

Table 11 shows the estimated results of the economic contribution of the audiovisual content industry for 2011. In total, including direct and indirect contribution, gross output accounted for 326 billion USD, value added accounted for 155 billion USD, which indicates that the audiovisual content industry contributed to 0.96% or roughly 1% of GDP (total of GDP in eight countries).

Table 11: Economic Contribution of Audiovisual Content Industry (2011)

Country	Gross Output [Billion USD]		Value added [Billion USD] (% of GDP)	
	Direct economic contribution	Total economic contribution (incl. indirect contribution)	Direct economic contribution	Total economic contribution (incl. indirect contribution)
China	46	131	23(0.3%)	65(0.9%)
Indonesia	3	6	2 (0.2%)	3 (0.4%)
Korea	15	37	6 (0.6%)	15 (1.4%)
Japan	66	132	32 (0.6%)	64 (1.1%)
Malaysia	2	4	1 (0.3%)	2 (0.7%)
Singapore	3	5	1 (0.4%)	2 (0.7%)
Philippines	0.3	1	0.2 (0.1%)	0.3 (0.1%)
Thailand	5	10	2 (0.6%)	4 (1.3%)
Total	140	325	67 (0.41%)	156 (0.96%)

Source: Authors.

4. Forecast of Audiovisual Content Industry

Although it is useful to estimate the current industry's contribution derived in the previous section, considering the high potential of the audiovisual content industry, this report conducts a 5 year forecast of the industry for the eight countries, based on certain scenarios.

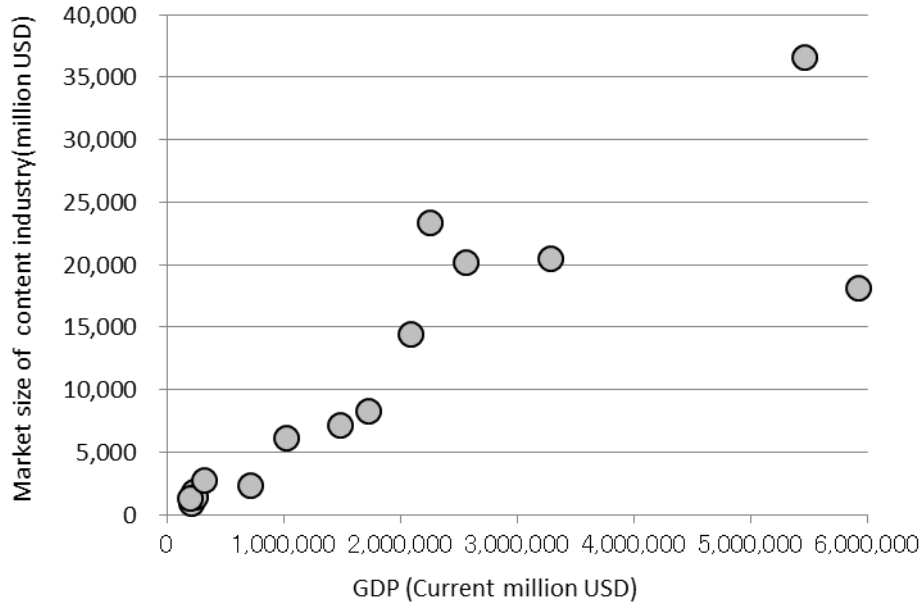
4.1. Scenarios

In this report, two scenarios, GDP growth scenario, and potential scenario is considered. The details are described in Table 12, and the image is shown in Figure 27.

Table 12: Scenarios for Forecast

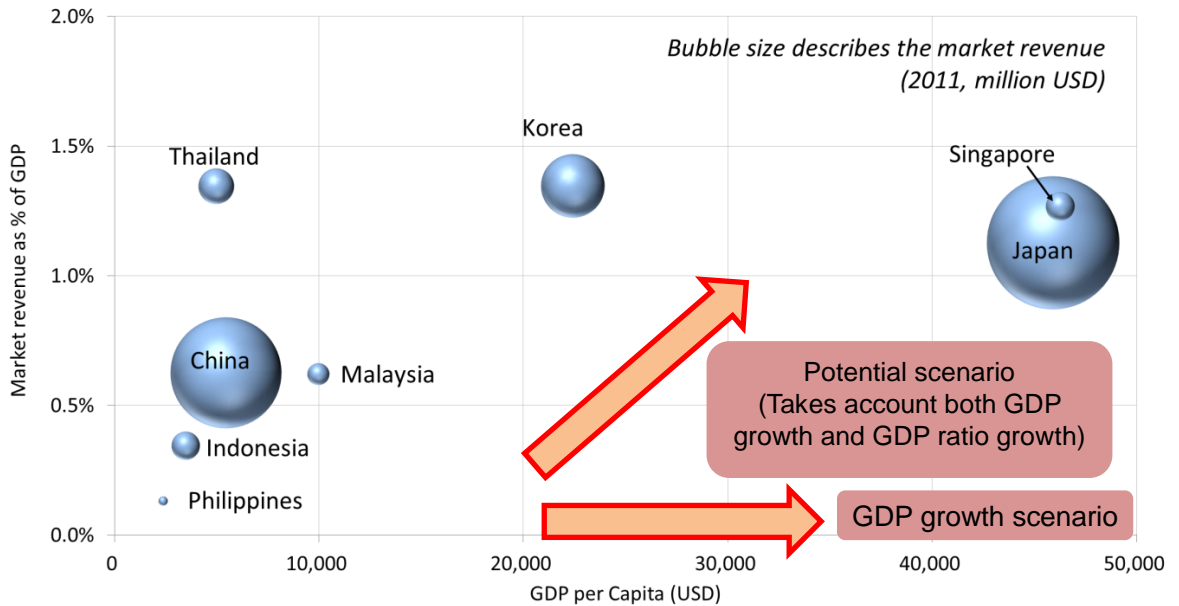
Scenario	Parameter	Basis
1. GDP growth scenario (base case)	Economic growth	<p>For most countries, the audiovisual content industry is highly occupied by the broadcast industry, which is mostly driven by advertisement revenue. Advertisement revenue, in general, has positive correlation with the GDP trend.</p> <p>Therefore, this scenario is on the basis that the industry will grow proportionate to the economic growth, which can be considered as the base case taking into account the current growth of the industry in most countries. The 5 year GDP forecast is quoted from International Monetary Fund.</p>
2. Potential scenario	The ratio of audiovisual content industry to the GDP	<p>As analyzed in Chapter 3 (section 3.1) current ratio of the audiovisual content industry market revenue to the economy (GDP ratio) is different among countries. Korea and Thailand was identified to have the highest of 1.35%. Therefore, this scenario is on the basis that industries in all the countries will evolve and expand benchmarking the leader countries, within the mid-term. In particular, considering the trend in past 5 years, annual incremental GDP ratio is set as follows:</p> <p>China / Indonesia / Malaysia / Korea / Singapore / Philippines: + 0.05%</p> <p>Thailand : +0.1%</p> <p>Japan : maintain current GDP ratio (no increment)</p>

Figure 26: Correlation between GDP and Market Size of Content Industry³



Source: PwC (2012); World Bank.

Figure 27: Scenario Image



Source: PwC (2012); World Bank.

³ The figures include, Japan, China, Brazil, Russia, India, UK, France, Germany, Korea, Hong Kong, Singapore, Indonesia, Malaysia, the Philippines and Thailand.

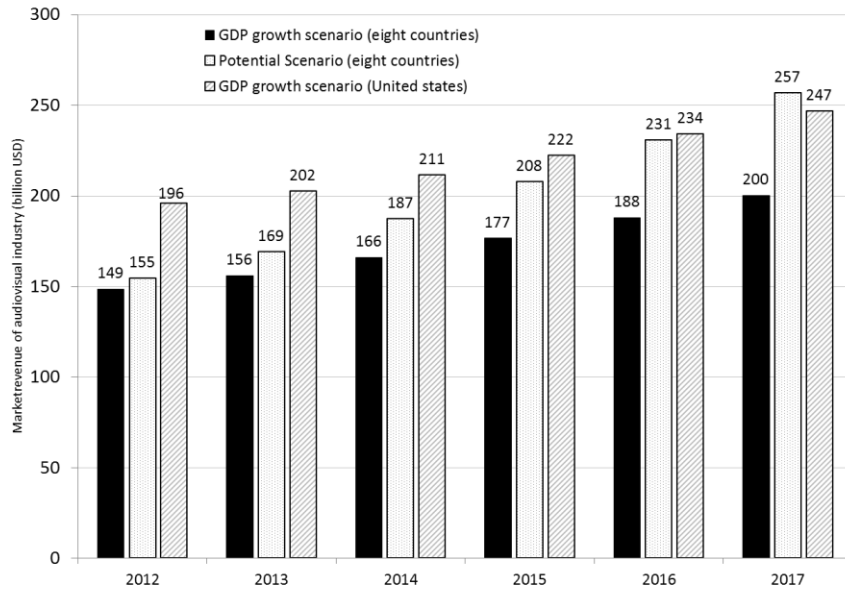
4.2. Estimated Forecast

Figure 28 shows the market revenue forecast of the audiovisual content industry. Under the GDP growth scenario, it is expected to reach 200 billion USD for eight countries in total by 2017. Under the potential scenario, which take into account both GDP growth and the increase in GDP ratio (share of content industry to national GDP), it is forecasted to reach 257 billion USD by 2017, which exceeds the United States' market revenue (GDP growth scenario basis).

Figure 29 and Figure 30 show the market revenue break-down by country for GDP growth scenario and potential scenario, respectively. The majority share of revenue is attributed to China and Japan, however in the long term other countries will add significance to the region's industry.

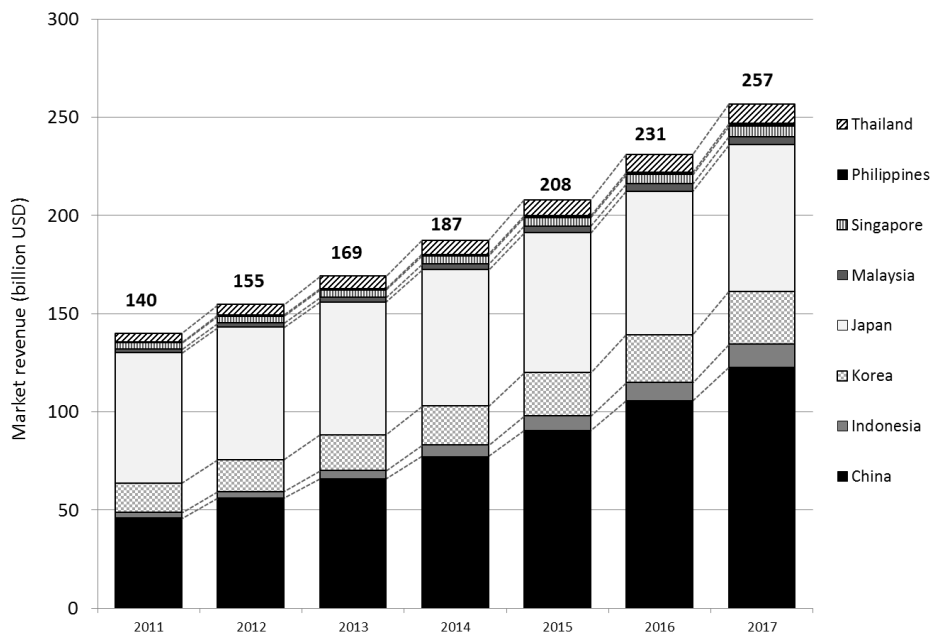
It is important to note that by introducing and/or enhancing appropriate policy measures, and inviting more commercial investment into the industry, greater reality would be added to the potential scenario. Moreover, lowering the boundaries and barriers among the countries in terms of content distribution and supply capacity, would enable each country to reach its potential in a consolidated market and industry within the Asia region.

Figure 28: Audiovisual Content Industry Market Size Forecast



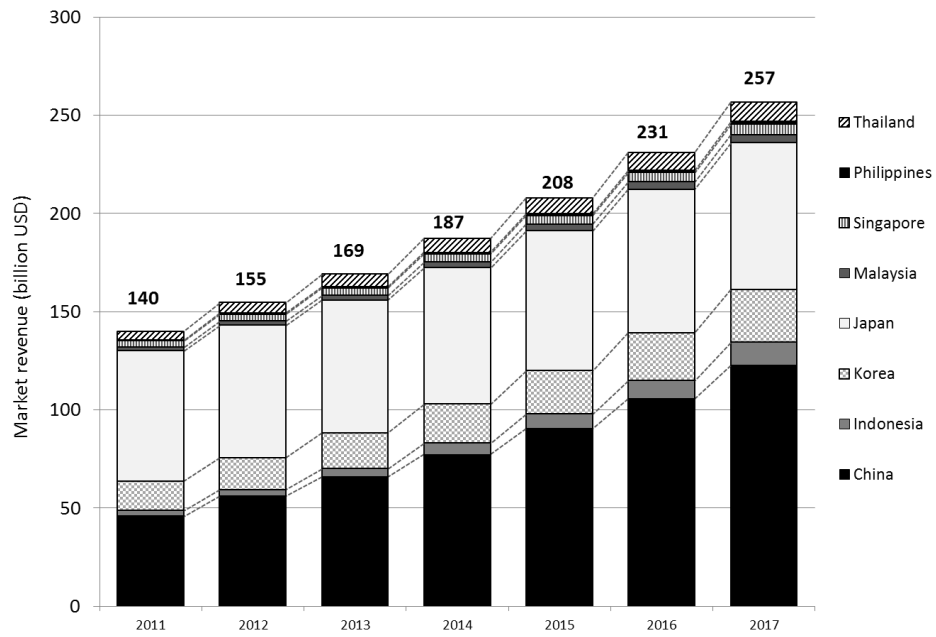
Source: Authors.

Figure 29: Market Revenue Forecast by Country (GDP Growth Scenario)



Source: Authors.

Figure 30: Market Revenue Forecast by Country (Potential Scenario)



Source: Authors.

CHAPTER 5

Case Studies

In this chapter, case studies are presented to analyze the economic contribution in terms of content exportation and ripple effects. Examples of cross-border success cases from certain countries are presented on the basis of the availability of statistics and related information.

1. Exportation of Contents

Exporting content and creative products/services can contribute to the economy in terms of domestic industry development and its sustainability. Export of contents is defined as selling products in each sector, such as TV broadcast programs, films, animation, games and music overseas. This includes revenues when TV programs are traded, or games and CDs/DVDs are shipped to other countries. There are various ways of exporting contents. However, this report does not focus on its definition in details, but rather overviews the current export trend of content products originating in the Asian region.

According to UNCTAD report (2010), during 2002-2008, trade in goods and services from the creative industries grew on CAGR of 14%. World exports of audiovisual content services, which amounted to 13.7 billion USD in 2002, reached 26.4 billion USD in 2008, much through trade in the form of rights transactions as the means for buying and selling creative content. In one of the highest exporting

countries, United Kingdom, in 2007, the creative industries accounted for 6.2 percent of the economy, measured as value added, accounting of 4.5 percent of total British exports.

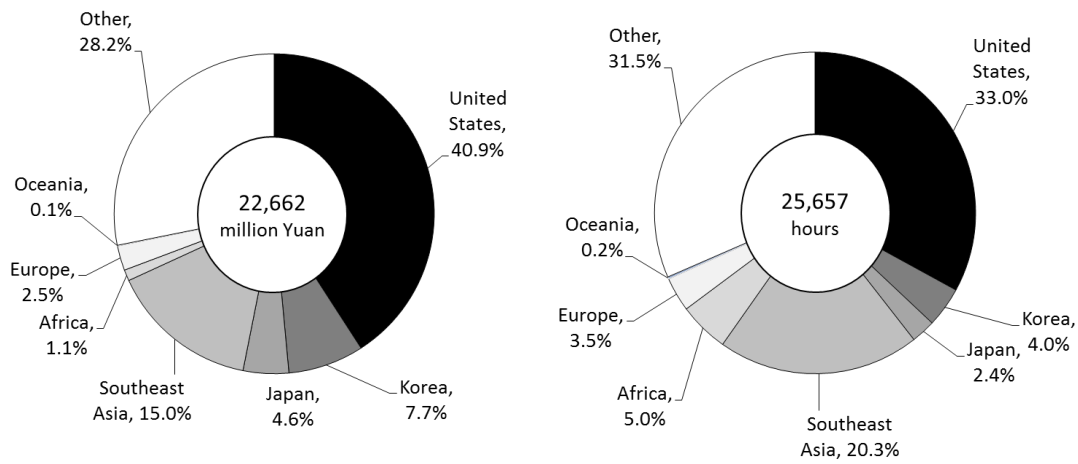
However, according to UNCTAD (2010), the exports of creative industry are dominated by developed countries. For audiovisual content the ratio is 89.5%, which is the highest among the creative product/service categories defined by the UNCTAD. In developing a pan-Asian content industry perspective, import/export of content is one of the key accelerating factors for the region. In this section, case studies of the export of contents originating in major exporting Asian countries are presented.

1.1. Content Export from China

With support from the Chinese government, such as promoting private companies to participate in overseas exhibitions, Chinese industry has had a variety of networks for exports established for around 20 years, for exporting TV programs such as news, drama, variety, documentaries and others, as well as films, covering over 100 countries or areas in five continents. Private companies like Beijing Star, Jiangtoon Animation, Shan Mao Cartoon, Beauty Media, Zhejiang Huace Media, and Huayi Brothers Media Group offer export services.

Figure 31 shows the statistics of export of TV programs originating in China for the year 2011. The left figure shows the breakdown of destination countries and regions for exported hours, which in total, add up to 25,567 hours annually. The right figure shows the breakdown of export revenues, which is 22.7 billion RMB in total. The most important export destination, in terms of hours as well as revenue, is the United States, followed by Korea and Japan.

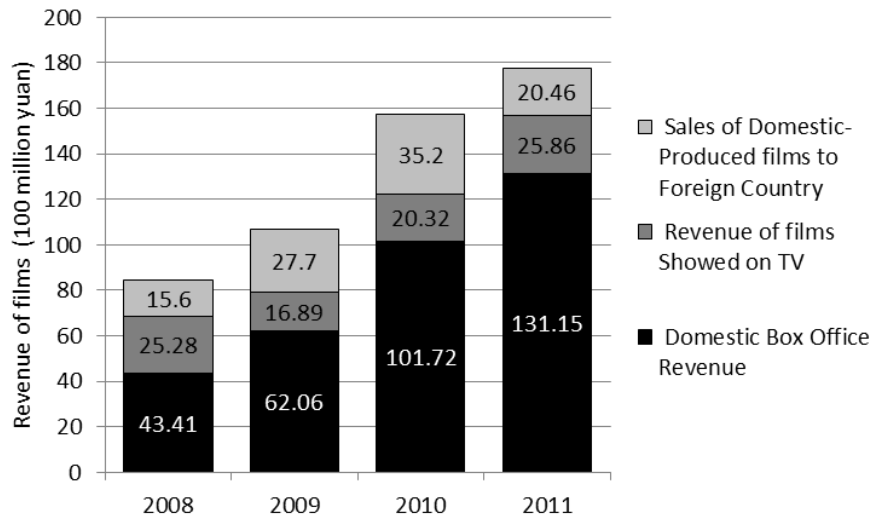
Figure 31: Breakdown of Exported TV Programs (Exported Hours / Revenue)



Source: Department of Planning and Finance of State Administration of Radio, Film, and Television (2012).

Figure 32 shows the revenue of the film industry in China. Domestic box office revenue, which is the major revenue component of the industry, has seen tremendous growth over the past years, and currently ranks third in the world, after the United States and Japan. Sales of domestically produced films to foreign countries also contribute to the overall revenue, comprising of over 10% of total industry revenue. For the year 2011, 55 films were exported to 22 countries or areas, with a box office of 2.046 billion RMB. Also, the copyright of a domestically-produced animation “Legend of a Rabbit” (2011) was sold to 65 countries or areas.

Figure 32: Breakdown of Exported TV Programs (Exported Hours / Revenue)



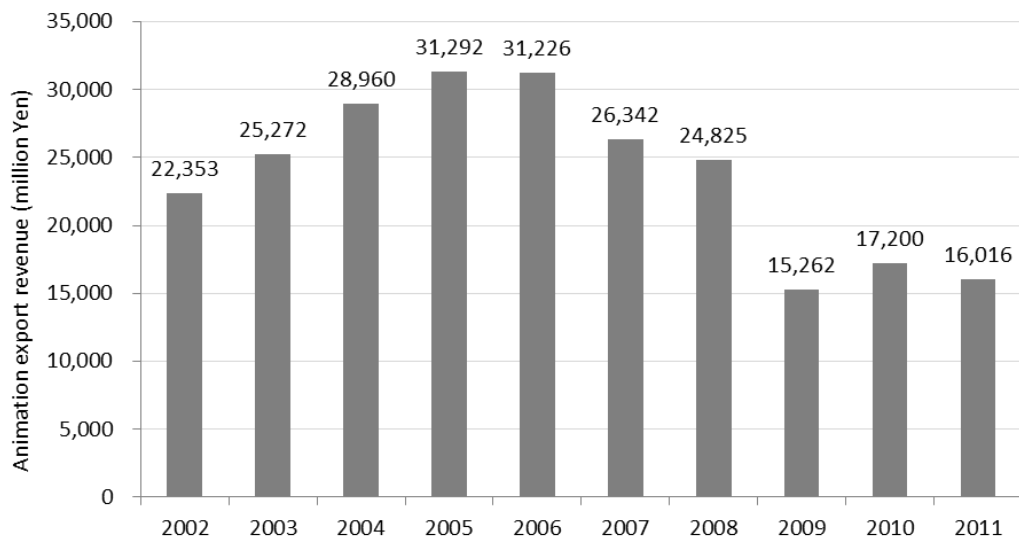
Source: Department of Planning and Finance of State Administration of Radio, Film, and Television (2012).

1.2. Content Export from Japan

It is considered that Japanese creative content has been one of the export products that has penetrated the global market for decades. Animation has been an especially successful product seen in many countries. Figure 33 shows the trend in export revenue for Japanese animation. During the last decade, the highest figure was seen in 2005 with 31.3 billion JPY, when successful cases such as Pokemon had been driving the animation market, both domestic and international. The export market has been declining, however, especially after the global economic turndown, and current revenue is about half of the peak figure.

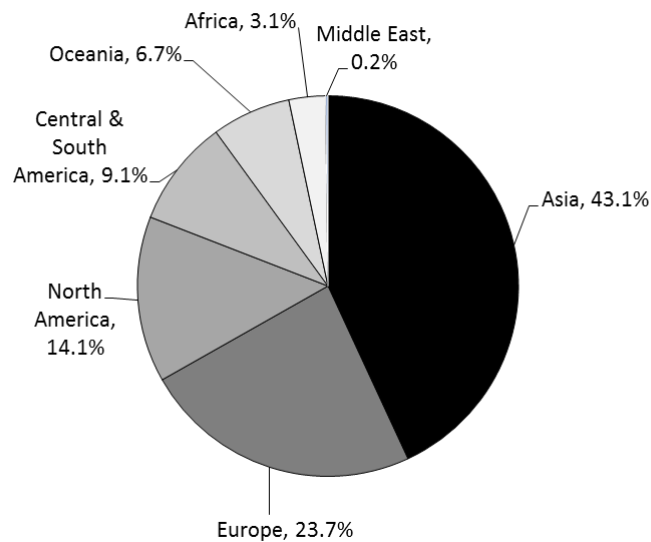
Figure 34 shows the revenue breakdown of export destination for 2011. Asia is the highest with 43.1% of the export revenue, followed by Europe (23.7%), and North America (14.1%). The composition is different, for example between Korea and Japan, where the main export market for Korean animation is the America region, and for the Japanese animation it is the Asian region.

Figure 33: Animation Export Revenue



Source: The Association of Japanese Animations.

Figure 34: Revenue Breakdown of Export Destination for Animation



Source: The Association of Japanese Animations (2011).

1.3. Content Export from Korea

It is known that the trans-cultural spread of Korea's popular culture, the so-called

Hallyu or the “Korean wave (K-wave)”, began gathering momentum in the mid-1990s. Since then, Korean content has been appreciated for its simultaneous universality and Korean culture. In return, the expansion of these markets invigorated Korea’s cultural industries to thrive and to systematize a foundation for further development. The Hallyu has flowed into other industry sectors such as food, fashion and computer gaming, drawing an increased base of tourists to Korea, and this is also one of the aspects of the economic ripple effect that is discussed in the next section. While the Hallyu phenomenon is broader than films and TV, these media play a very important role within Hallyu due to the emotional contribution such media can have. According to Oxford Economics, the total film and television exports from Korea were 0.4% of total service exports in 2011, and approximately equivalent to exports by the insurance and computer and information service sectors.

KOCCA (the Korea Creative Content Agency) describes the steps Korean audiovisual content had taken in terms of exports as shown in Table 13. It is shown that the sectors of content exportation as well as its destination has widened as time passes.

Table 13: Global Expansion of Korean Audiovisual Content

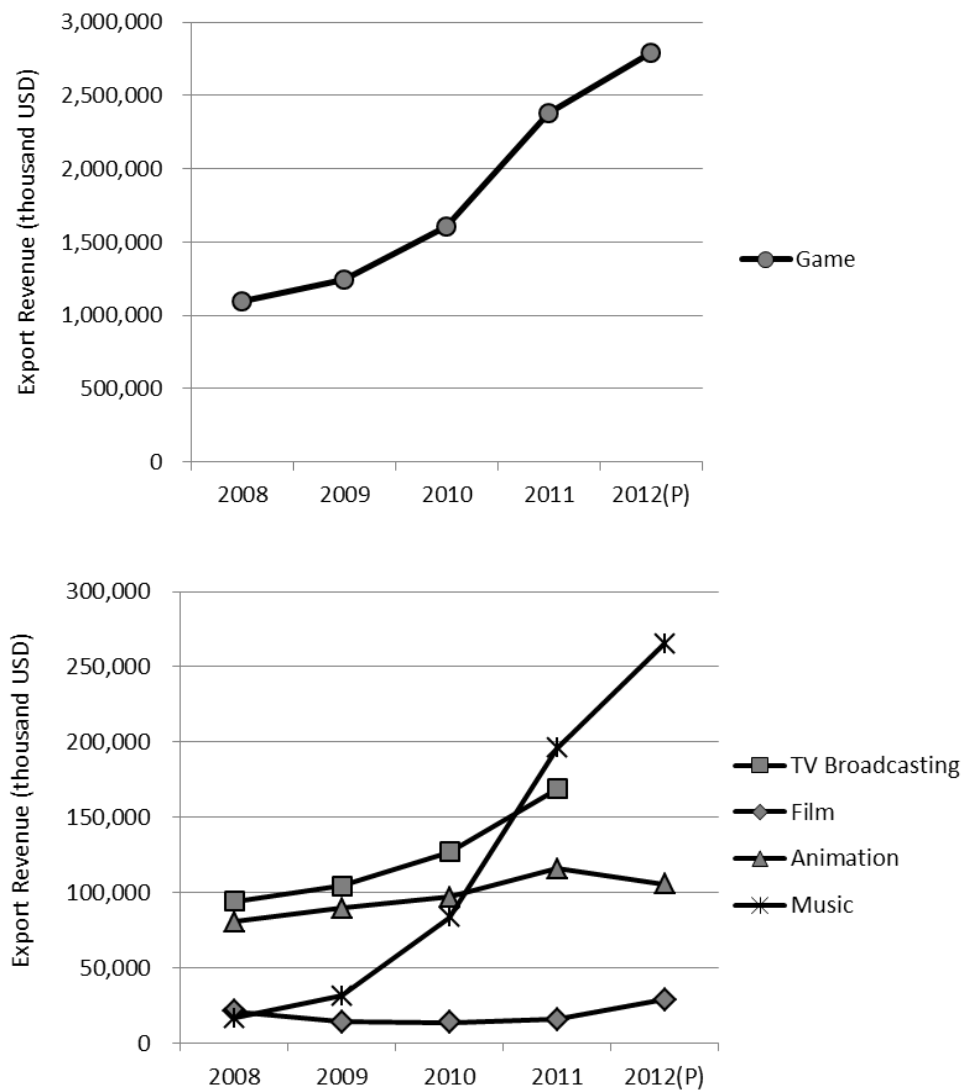
Step	1 st “Be introduced”	2 nd “Be intensified”	3 rd “Be diversified”
Period	1997-Early 2000s	Early 2000s-Mid 2000s	Late 2000s
Major Sectors	Broadcasting, Pop-Music	Broadcasting, Film, Pop-Music, Game	Broadcasting, Film, Music, Game, Comics, Character, Korean Food, Korean Language
Regions	China Mainland, Taiwan, Vietnam	China Mainland, Japan, Taiwan, Southeast Asia	China Mainland, Japan, Taiwan, Asia, America, Europe

Source: Hwang, Joon Suk (2012a).

Figure 35 charts the export statistics of the Korean content industry for the past 5 years. It clearly shows the stage development mentioned above. The highest

contributing sector in terms of revenue is the games market. Its yearly average growth from 2008 to 2012 was 26.3%. In terms of growth, the music sector has seen a tremendous growth since 2008, at which time it was the smallest among other products in terms of export revenue. It has since been doubling its revenue every year. As of 2011, music was the second largest contributor in Korean content export. Export of TV programs is also increasing; therefore it can be said, whether directly or indirectly, that certain synergy has been created among these sectors.

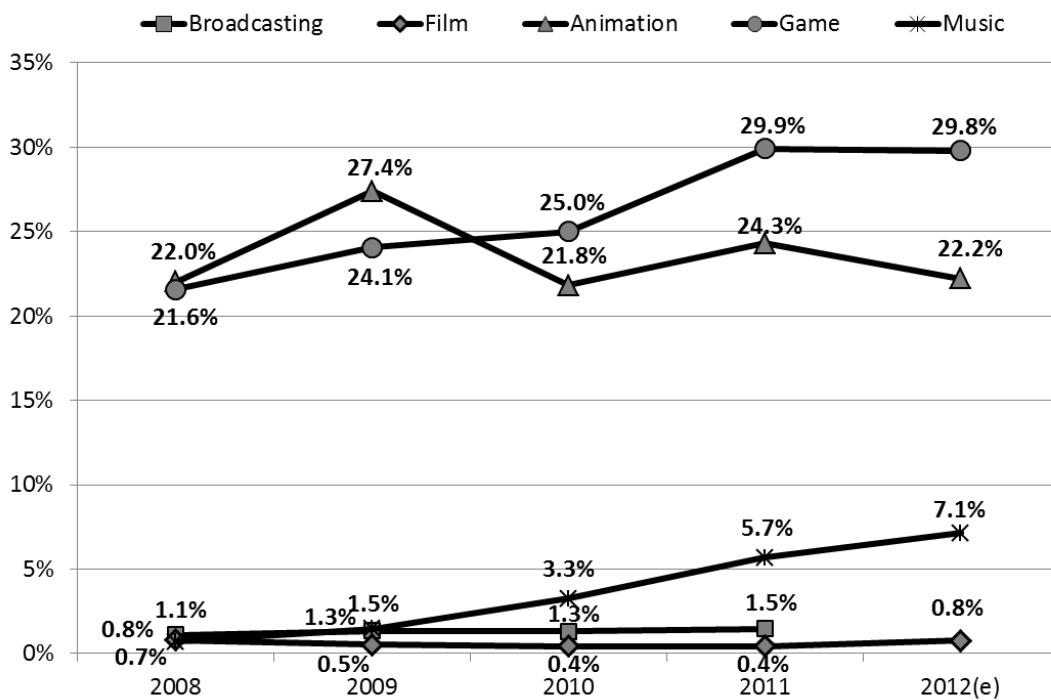
Figure 35: Export Statistics of Content Industry in Korea



Source: KOCCA (2013).

Figure 36 shows the ratio of export revenue to total industry revenue (domestic market + exports) for each industry. The export products can be divided into two groups, (1) Games / Animation and (2) Broadcasting / Film / Music. Export of the former group has more significance than the latter, contributing a quarter of the whole industry revenue. For the latter group, broadcasting, as the domestic market is relatively large export revenue still accounts for 1.5% (2011), and music is gradually seeing importance in exports.

Figure 36: Ratio of Export Value to Total Industry Value



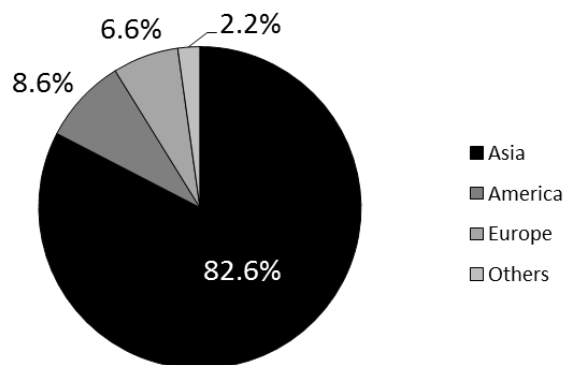
Source: KOCCA (2013).

Figure 37 and Figure 38 show the revenue breakdown of export destination for 2011 in total (including broadcasting, film, animation, games, and music) and for each sector, respectively. Figure 39 shows the revenue growth for 2008 to 2011. It

can be observed that broadcasting, games and music are mostly exported to countries in the Asian region. It is worth noting that currently Japan is the main market, generating 82.6% of its export revenue. The significant growth in the music industry is observed in several regions, as it expands its export market globally.

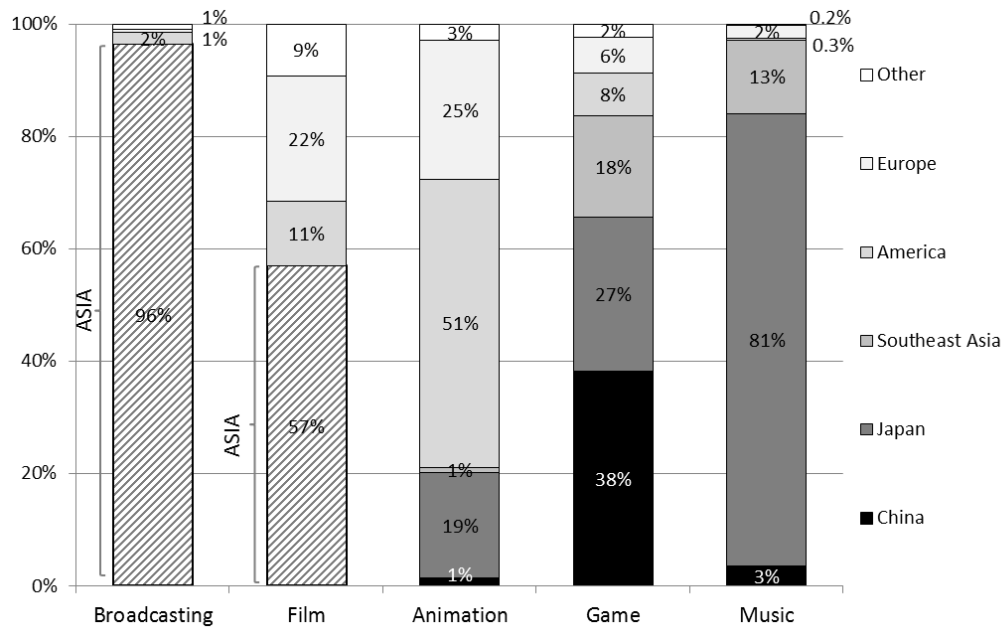
Film and animation has a certain share of revenue in non-Asian regions, such as for animation, 76% of export revenue is derived from America and Europe together. Although the revenue size tends still to be small, the Korean export strategy indicates that certain content can travel to non-Asian regions, and also that Asian countries can enjoy and contribute to the benefit of globally growing awareness of Asian content.

Figure 37 Regional breakdown of export in total (2011, revenue base)



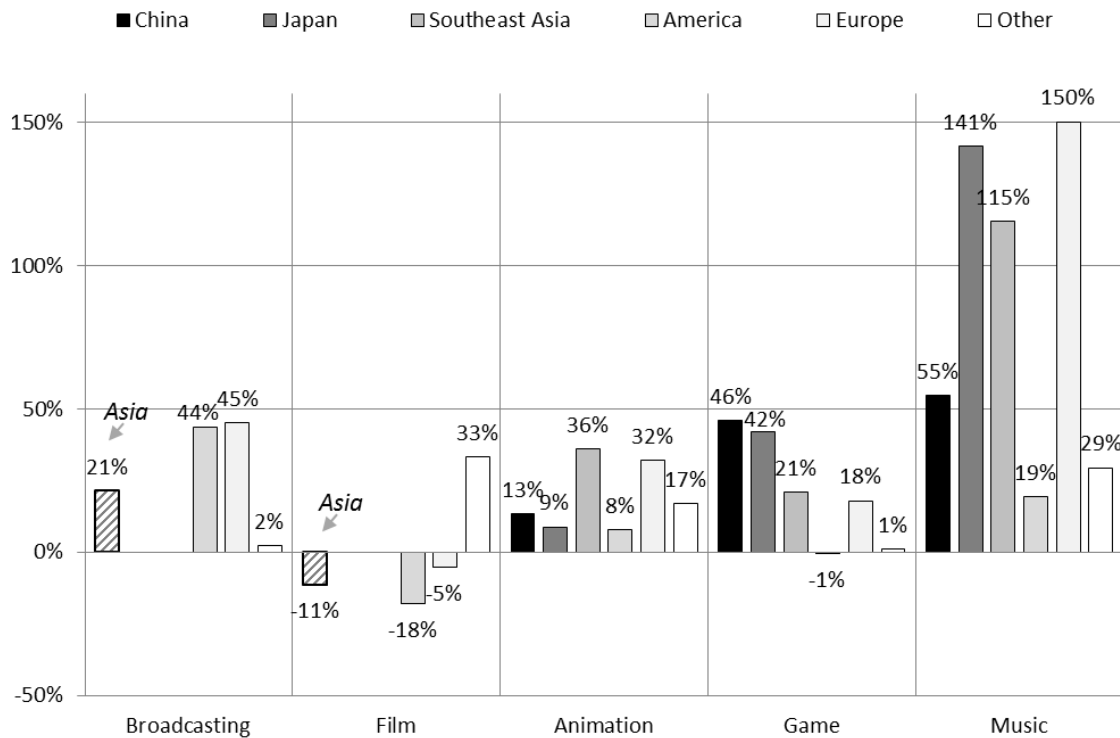
Source: KOCCA (2013).

Figure 38: Regional Breakdown of Export for each sector (2011, Revenue Base)



Source: KOCCA (2013).

Figure 39: Regional Export Growth (CAGR: 2011/2008, Revenue Base)



Source: KOCCA (2013).

1.4. Content Export from Singapore

Company case study : mm2 entertainment

mm2 entertainment, a production house operating in Singapore, as well as in Malaysia, has been producing and distributing variety and ‘infotainment’ programs customized for television stations and advertisers. In Singapore, mm2 entertainment mainly produces films, and in Malaysia, mainly TV programs. It also provides content distribution services for online and new media. It is a fully integrated company in terms of financing, production, and distribution.

mm2 entertainment made a success with its well-known box-office hit movie “Ah Boys to Men”, which earned 6.2 million SGD in total revenue in the 1st film, and 7 million SGD on the second, which traveled abroad to Malaysia. Its strategy is

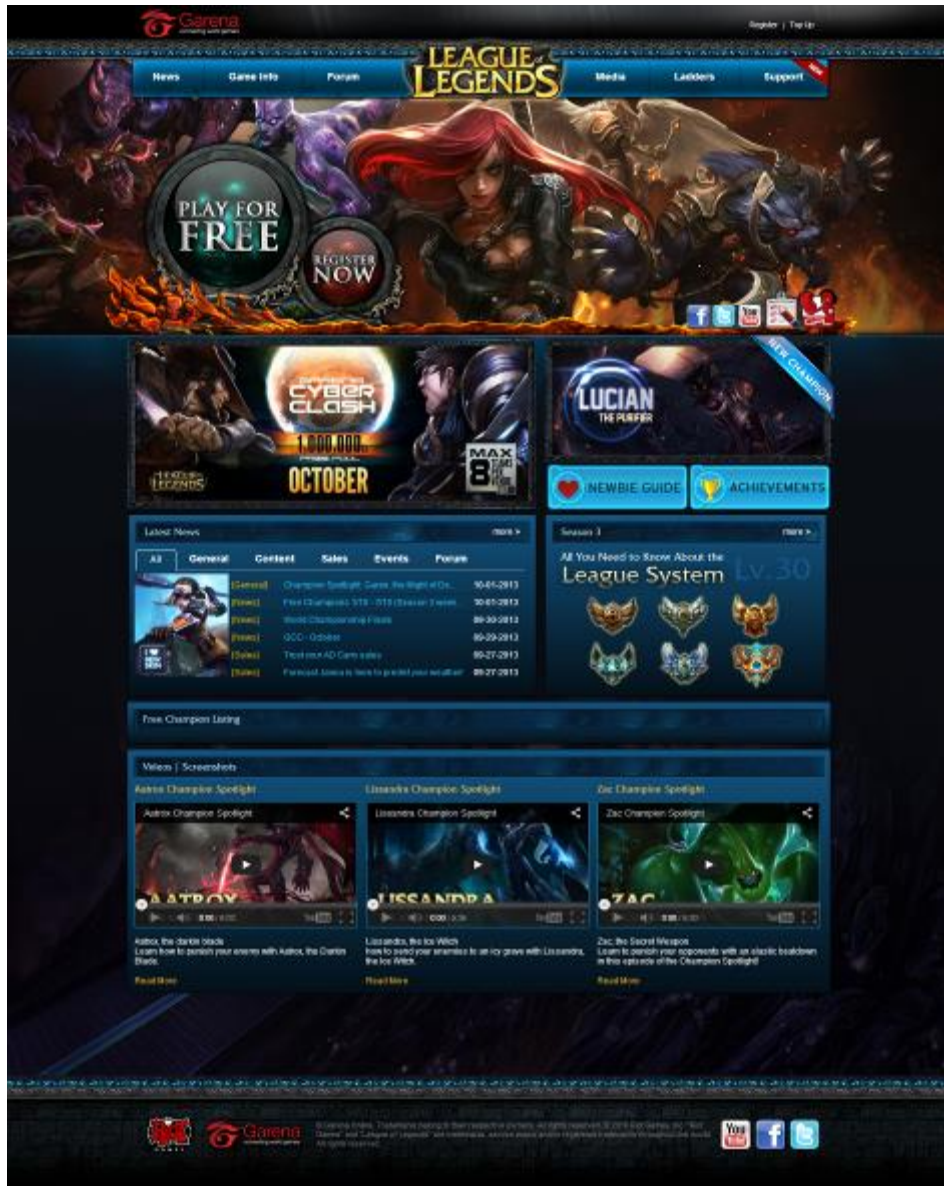
to look at Singapore and Malaysia as a single market, because the two countries share a similar culture and the audiences tend to accept the same content. mm2 entertainment produces and distributes in both markets, while supplying products to other countries such as Hong Kong. Its view of the market trend is that it has been seeing in both Singapore and Malaysia a tendency for people to go and see the movies, and pay for the content. Therefore piracy is not such a big issue for the company as it was few years ago.

mm2 entertainment had stated that the cost of production in Singapore on the contrary of the low budget, therefore it seeks to invite strategic partners in terms of investment, distribution, marketing and promotion. A Malaysian production company- Grand Brilliance - also invested in Ah Boys To Men.

Company case study: Garena

Garena, which was founded in 2007, helps to publish games and reach out to players in different markets. While Garena is not in the business of games development, it provides a hosting service of sorts for the online community and value-added services such as the selling of “virtual add-ons” which include weapons and other assets that enable players to level up. Stanford-educated Forrest Li, who is the CEO and founder of Garena, established the company in 2007 and within a year expanded Garena’s presence to Taiwan, Vietnam, the Philippines and the Commonwealth of Independent States (“CIS”). Most recently, Garena extended its reach to Thailand and Indonesia.

Figure 40: Image of Garena platform



Source: Garena (2013).

Benefiting from wide experience, the founders studied the rapid evolution of online games and were inspired to take the online gaming experience to a higher level. Garena launched its latest flagship online game platform, Garena+, in 2010. This is a social platform designated for online gamers to meet, chat and play games with each other. On Garena+, gamers are able to effortlessly discover and play

games while connecting with other gamers. Garena+ provides gamers with the ability to track gameplay, view the achievement of their buddies through a centralized buddy list, connect with clans and groups of similar interests on games, and voice chat with many gamers simultaneously through public or private channels. Since its launch, the monthly active users on Garena+ had surpassed the 1 million mark.

In addition to providing an e-sports playground for popular classics such as DotA and Age of Empire, Garena also introduced the latest premium online games on Garena+, including the award-winning League of Legends and other premium game titles, such as the first-person shooting game Black Shot and real-time strategy game Heroes of Newerth.

Today, Garena publishes and operates online games primarily in Southeast Asia and Taiwan, and has achieved more than 2,000% revenue growth over the period from 2009 to 2011. Ranked 15th in the Deloitte Technology Fast 500 (Asia-Pacific) 2012 for being one of the fastest-growing technology firms in the Asia Pacific region (and 1st in Southeast Asia). Garena made history by being the first Singapore interactive digital media company to enter Deloitte's Top 20 ranking for Asia.

Today, it has over 60 million registered users playing on its gaming platform and is able to support up to 675,000 concurrent users. The company has grown from 10 employees just 5 years ago to over 400 employees, with half of the technical staff in Singapore, and the rest scattered over 9 cities in Southeast Asia. Garena makes money from selling subscriptions, value-added services and virtual currency, and its revenue has grown 3 to 4 times since it was incorporated. One of Garena's main game offers, League of Legends, is distributed in Southeast Asia and Taiwan. In early 2013, Garena has reached a million players for League of Legends in Taiwan.

While there are many angles to Garena's success, the key success factors would include the items below.

- I. A radical change in business model. Previously the gaming industry was dominated by the "console-and-box" model whereby consumers would have to spend \$50 or more for a disc copy of a game. Garena has joined the industry in moving to the "free-to-download model" and built its revenues through the sale of virtual goods.
- II. A focus on its role within the value chain. While developers focused on the development of the gaming content, Garena seeks to bring about a better users 'experience' in all other regards such as software upgrades, transaction of virtual goods, etc...
- III. Investment in the social networks of gamers. Garena believes that the social interaction amongst its gamers adds value and 'stickiness' to its platforms. Hence it constantly upgrades its social interactivity elements such as a proprietary instant messaging service and other community or societal building tools.

Garena is a fundee of the Interactive Digital Media Programme Office (www.idm.sg).

2. Ripple Effects of Content Goods & Products

2.1. Categorizing the Ripple Effects

One aspect of the economic ripple effects generated by the content industry is the value added in different products, such as product planning and production within non-content industries. One typical example would be character merchandizing from a popular animated cartoon.

Audiovisual content, or screen-based content (including TV) is clearly a medium that has a huge impact on consumption. The economic impact of audiovisual content

can be consequently be much bigger than the estimated values given in previous pages.

Table 14: Categorization and Example of Ripple Effects

Category	Description
Character, Design	Product planning / marketing for apparel, toys, or general merchandizing through reconfiguration of content format and copyright management of programs and films
Fashion	Product planning / marketing for clothing and accessories after reconfiguration of content format and copyright management of programs and films. Cosmetics - celebrity marketing through contents (especially in TV drama) is one example.
Product	Promoting products through a non-traditional advertising technique (Product Placement Effect)
Culture	Product planning / marketing in related service market by expressing lifestyles of the film characters [Examples: “dance boom”, “soccer boom”]
Food	Attracting food –experience
Tourism	Consumption made by filming crew/ staff and tourists visiting film locations (lodging, meals, souvenir purchase and so on)
Transportation	Consumption made by filming crew/staff and tourists visiting filming locations on transportation
Other fields	Increase in recognition (rise in popularity) of the filming location, etc.

2.2. “Pleasant Goat and Big Big Wolf” (China)

One success story of content export from China, is the “Happy Lamb and Grey Wolf” or “Pleasant Goat and Big Big Wolf”, a Chinese animated television series created by Huang Weiming, Lin Yuting and Luo Yinggeng, and produced by Creative Power Entertaining. The show was aired in 52 countries in Asia and the Middle East region including, India and Singapore. In January 2009, the first Happy Lamb and Grey Wolf film - The Super Snail Adventure - was launched in China. It has broken the domestic box office record for a Chinese animated film, earning 30 million RMB during its opening weekend, and foreign versions also added to the success story.

The popular “Pleasant Goat and Big Big Wolf” has run to more than 800

episodes and spawned more than 1,000 products including food, clothing and stationery. The first movie broke domestic box office records for a Chinese animated film, earning 30 million RMB during its opening weekend.

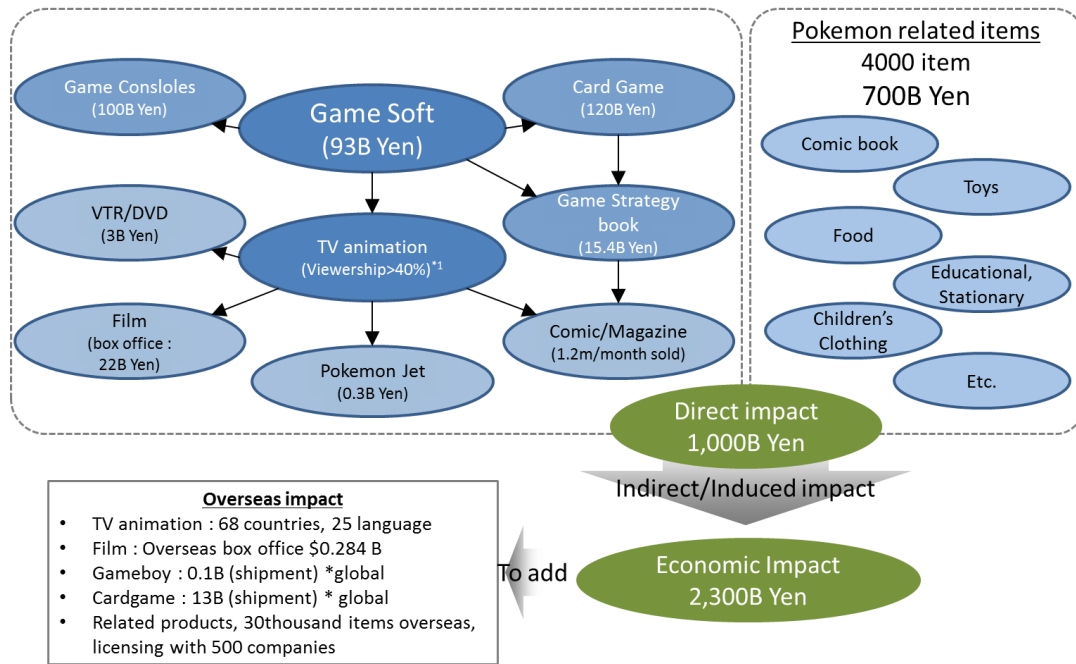
2.3. “Pokemon” (Japan)

Pocket Monster, or Pokemon, is one of the successful content businesses. It was originally produced in 1996 as video game software. It developed into a wide variety of business sectors, each raising a certain level of revenue. Pokemon then gave rise to a wide variety of derivative commodities and contents, including a card game, an animated cartoon, comics and many more. As shown in Figure 41, its economic effects accounted to 2,300 billion JPY, 20 times the revenue from the original content.

One main feature of the Pokemon business strategy was that it intended to create a synergy of multiple uses of the original content in order to boost Pokemon’s recognition and popularity in total. Simultaneously with the release of the game, the companies holding the rights made Pokemon appear in a comic book format as a regular series in order to increase the sales of both the comic as well as the game. One commodity after another from TV animated series, films, videos, and DVDs to watches, character goods and more, all created some form of synergetic effect, and taking it overseas built on its domestic success.

This best practice motivated the Japanese government to promote the Japanese content industry due to its huge success and the variety of its ripple effect.

Figure 41: Ripple Effect in Pokemon Business (2003)



Source: Ministry of Economy, Trade and Industry.

2.4. “Daejanggeum (A Jewel in the Palace)” (Korea)

‘Daejanggeum’ or ‘A Jewel in the Palace’ a 2003 Korean drama series directed by Lee Byung Hoon, brought enormous profit to Munhwa Broadcasting Corporation (MBC) by becoming a leader of the Korean wave in the period drama section. It set a milestone for Korean period drama by exporting to 87 countries, not only in Asia but even in Europe, Africa and the Middle East.

Popularity is related to profit. In certain countries, the viewing rate of ‘A Jewel in the Palace,’ reached over 80%. The number of inbound tourists to Korea has also increased. An economic research center in Korea analyzed that the economic effect related to ‘A Jewel in the Palace’ would reach 1 trillion KRW. MBC made a profit of 12 billion KRW only from the broadcasting rights of ‘A Jewel in the Palace.’ The profit to the value added industries cannot be ignored. ‘A Jewel in the Palace’ has been used in many industries including tourism, medical, beauty, wedding and food.

Hunan Broadcasting System, China made a high advertisement profit from ‘A Jewel in the Palace’ and intends to buy the broadcasting rights of the next season. Production of another season is, however, doubtful. The script writer, actress and other staff have no intention of producing a further season. Some do not want ‘A Jewel in the Palace’ to be too commercial. Apart from the commercial aspect, ‘A Jewel in the Palace’ is regarded as a masterpiece, helping to share Korean traditional culture with people from other countries and different cultural backgrounds. Some key figures are shown in Table 15.

Table 15: Ripple Effect from the Korean period TV drama, “A Jewel in the Palace”

Item	Figure
Production inducement coefficient	at least 63 billion KRW
No. of exported countries	87 countries in Asia, Europe, Africa
Economic effect	1 trillion KRW
Profits from exporting broadcasting rights	12 billion KRW
Ripple effect industries	Tourism, medical industry, beauty, wedding, food

Figure 42: Image of “Daejanggeum (A Jewel in the Palace)”



Source: Image provided by MBC (Munhwa Broadcasting Corporation).

2.5. “Gangnam Style” by PSY (Korea)

In 2012, Korean musician PSY became a world star. His music video ‘Gangnam Style’ had unexpected popularity worldwide. Revenues were amazing. One of the Korean media reported that PSY’s sales revenue was more than 33 billion KRW and the net profit, 15 billion KRW. If the amount of intangible value were included, the amount would be much higher.

When ‘Gangnam Style’ ranked second in the Billboard Chart Hot 100, a professor from Sungshin Women’s University in Korea analyzed the economic value of ‘Gangnam Style’ as being more than 1 trillion KRW. Besides being on the 2nd Place on the Billboard Chart for 7 weeks, ‘Gangnam Style’ was also ranked Number One in the Official UK single top 100 chart, and in music charts in many other countries. Pop columnist DJ KIM said on a radio show that PSY had done the work of hundreds of diplomats by himself. In the global financial newspaper, the Financial Times, an article entitled, ‘Gangnam Style Boosts South Korea Brand’ was published.

In acknowledgement of his contribution, PSY won a special award from the 2012 Korea Popular Culture Artist Awards, the Okgwan Order of Culture Merit from the Korean Ministry of Culture, Sports and Tourism.

While it is difficult to calculate the intangible value of PSY, it is possible to estimate the amount based on the inter-industry relation table published by the Bank of Korea. Using 1.908 of the production inducement coefficient in the 2010 inter-industry relation table and 33 billion KRW of sales revenue, the effect on production inducement is 62 billion 964 million KRW (33 Billion x 1.908). Furthermore, the effect on value-added inducement can be calculated as 27 billion 654 million KRW (33billion x 0.838). As the number employee increased by 21 per 1 billion KRW

investment in relevant industry, the effect on labor inducement is assumed to be 693 people.

PSY's economic effect can also be seen in terms of advertisements and stock analysis. After the hit of 'Gangnam style,' PSY appeared on 10 advertisements including LG U Plus (Internet Service Provider), NongShim Black Cup Noodle and etc. According to the research company, AC Nielsen, the sales of instant Black Cup Noodles by NongShim recorded 2 billion KRW in October, 2012 after PSY appeared in its advertisement. This was a 30% increase on the 1.5 billion KRW sales in the previous month. Their sales ranking in the cup noodle market moved up to 6th from 8th. Also, the communication company LG U Plus used PSY as its advertisement model and the advertisement was nominated as the most memorable advertisement by consumers.

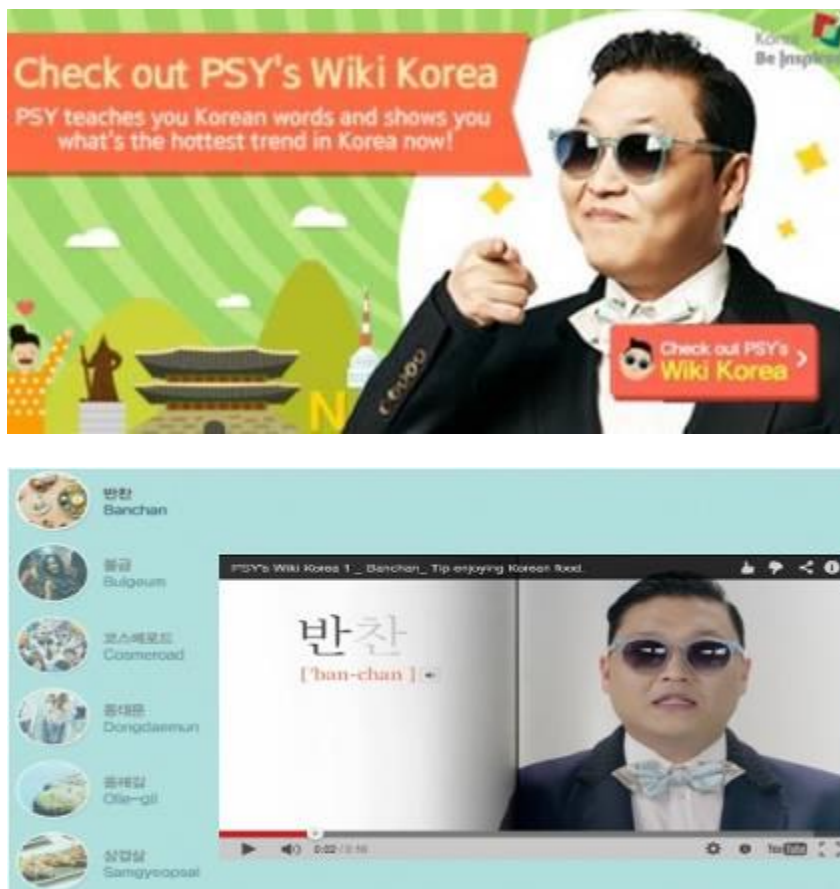
The Korea Tourism Organization has been using PSY to promote their tourism campaigns, such as Bulgeum (enjoying Friday night), the Olle Tour and Myeongdong Cosme Road. They are also using PSY in their foreign TV advisements, in hopes of grabbing viewers' attention. The Korea Tourism Organization has also developed an online campaign called 'PSY's WiKi Korea Dictionary'. This campaign quizzes foreigners on popular Korean products, Korean culture and Korean landmarks. These 27 questions educate the user by display animations, video clips and various audio cues.

These major figures are shown in Table 16.

Table 16: Major Figures from the Effect of PSY’s “Gangnam Style”

Item	Figure
Effect on production inducement	at least 63 billion KRW
Sales	33 billion KRW
Net profit	15 billion KRW
Billboard Chart	#2
Official UK single top 100 chart	#1
Economic Value	Over 1 trillion KRW
Effect on production inducement	62,964 million KRW
Effect on value-added inducement	27,654 million KRW
Effect on labor inducement	693 people
Advertisement revenue	about 5 billion KRW
Increase on sales of the PSY’s advertised product	Cup Noodle: increased by 30 % from 1.5 billion KRW to 2 billion KRW
Stock increase (YG Entertainment)	47,600 KRW (July 2012) ⇒ 100,000 KRW (October 2012)

Figure 43: Image of PSY’s “Gangnam Style”





Source: Image provided by Korea Tourism Organization

2.6. “Upin & Ipin” (Malaysia)

The success of an animated film ‘Geng: Pengembaraan Bermula’ by a Malaysian local production house, Les’Copaque Sdn Bhd, and its side project Upin & Ipin, which is now the most popular TV animation series in Malaysia and also in Indonesia, are a new phenomenon in the local film industry. Les’ Copaque is an animation pioneer in Malaysia and a film production company that was established in 2005 to bring Malaysian stories to the world. It is a Multimedia Super Corridor (MSC) status company, and has been producing high quality 3D animation for television serials as well as advertising and public service messages. Figure 44 shows the image of the animated film.

Figure 44: Geng: Pengembaraan Bermula / Upin & Ipin



Source: Image provided by Les' Copaque (2013).

Recognizing the difficulty of penetrating the international market (US and European in particular), they have initially focused on the local market, producing animation including moral themes designed to educate children. The series has been on air successively, on Media Prima's Channel 9, Indonesian public broadcaster TVIR, and is now available on ASTRO's Disney Channel, as well as its dedicated channel on YouTube.

As a fully vertically-integrated production house, the key success factors of Les' Copaque, are that 1) they have built a strong intellectual property (IP) of their own, 2) a strategic business model starting from DVD sales, merchandising (selling products at PETRONAS gas stations, restaurants, and online), advertisements from sponsors (product placement) etc., and 3) a reliable partner in the overseas market (in this case, DNA in Indonesia). Initially, they have relied on government funds, as is

common for most players in the industry, but now approximately 50% of their revenue comes from production, and the rest comes from merchandising and other businesses, which is similar to the Disney model. The company has been in negotiations to set up an Upin & Ipin Theme Park in Sepang, in the State of Selangor, Malaysia. It is expected to open in 3 years' time, featuring park rides and other attractions centered on the Upin and Ipin brand. Les' Copaque is open to exploring business opportunities with international partners who are interested in new avenues for the established brand and market presence of over 300 million consumers.

2.7. “Lost in Thailand” (China and Thailand)

“Lost in Thailand” is a 2012 Chinese comedy film directed by and starring Xu Zheng, Wang Baoqiang, and Huang Bo. The film has grossed more than 200 million USD at the Chinese box-office to date. The film premiered on December 12, 2012. On January 1, 2013, the film crossed over the 1 billion RMB mark, the first in Chinese film history. It beat James Cameron's 3D re-issue of “Titanic” which grossed 975 million RMB and the previous Chinese record holder “Painted Skin: The Resurrection” which grossed 727 million RMB.

In addition to its success in China, the comedy film has produced ripple effects in Thailand, where the story was set. The box office hit is said to have had similar effects to Korean pop culture, which has influenced Thai society. For example, due to its success, it is said that a great number of tourists from China are being attracted to visit Thailand. According to the Tourism Authority of Thailand (TAT), 300,000 Chinese tourists visited Thailand in February 2013, up from 200,000 in February 2012, a 50 percent increase. Media also reported that 384 charter flights were planned to carry Chinese tourists to major tourist destinations across Thailand, such

as Chiang Mai, Phuket and Samui, during February 2013. It is said that in Chiang Mai alone there were 26 charter flights scheduled during the Chinese New Year. Also, according to the Kasikorn Research Centre, Thailand will be a major destination for Chinese tourists during the Lunar New Year period, thanks to the hit film. The research forecasted the number of Chinese tourists to grow by 37.9 percent to at least 800,000 in the first quarter, compared to the previous year. It was expected that the tourists would spend 29.6 billion THB in total, a 44.4 percent increase year on year.

This case study describes an important example of a ripple effect originating in one country (China) benefitting another country (Thailand), widening its effect to related industries such as tourism.

CHAPTER 6

Policies and Initiatives in Audiovisual Content Industry

In this chapter, policies and initiatives, mainly in promoting audiovisual content industry are introduced for each country.

1. China

With the rapid development of the Chinese economy, the Chinese government is paying more attention to the improvement of the spiritual and cultural life of its citizens, and is taking some effective measures to promote Chinese culture. The Chinese government defines the culture industry in China as the for-profit industries that produce cultural goods and cultural services, and activities directed at the provision of cultural and entertainment goods and services, as well as an aggregate that is related to all these activities. The industries covered by this definition include live arts performing, films, audio and visual production, entertainment, tourism, arts training and artistic products (The Tenth Five-year Plan, 2002). Based on this definition, China has further classified its culture industry into three groups: the core, the peripheral and culture-related.

The Chinese government actively promotes the cultural industry and has set a target of growth from the current 3.5% of GDP to 5% of GDP in 2015. This goal is seen as enhancing the cultural industry, especially the audiovisual content industry.

Table 17: Initiative and Measures in China

Category	Description	
Policy promoting content production	Legal investment in the content industry	● Encourages and supports the participation of non-public capital in the production and distribution of film and TV dramas.
	promoting the growth of TV dramas	● Reformulates the management policy, promotes the production of TV dramas regarding the social reality, emphasizes the importance of authors' rights, empowers provincial radio, film and TV bureaus to oversee domestically produced TV dramas with participation of actors from Hong Kong and Macao.
	promoting animation	● Encourages the participation of private capital in the animation industry, emphasizing the equality between private and public investors. ● Assures the orderly production of various genres of animations, reducing the unnecessary repetition of the same genre.
	promoting the production of documentaries	● Efforts to prosper the creation of documentaries, to set up a sound market system and encourage the exports of domestic documentaries. ● In 2011, SARFT set up a recommendation mechanism, recommending good domestic documentaries to radio and TV broadcasters.
	promoting the prosperity of film	● "Guidelines Concerning the Prosperity and Development of Film Industry", State Council (2010). ● "Guidelines Promoting the Balanced Development of the Production, Distribution and Screening of Films", suggests that the first round of profit distribution should not exceed 50%, a model which favors producers.

Category	Description
Favorable taxation and funding	<ul style="list-style-type: none"> ● In 2011, the first investment fund at the national level has been launched. Fund size; 20 billion RMB, Fields of interests; radio, film and TV, press and publications, culture and arts. ● In 2011, Ministry of Finance, Central Administration of Customs, State Administration of Taxation commonly issued a temporary regulation regarding “No Taxation on Animation Enterprises Importing Products for the Purpose of Production”, stating a four year period of favorable policy. ● In 2011, SARFT set up special fund for the development of domestic documentaries, awarding talents, producers and broadcasters who have made contributions in the field. ● In 2012, China set up the first documentary film fund for the purpose of producing some high quality documentary films per year. The scale of the fund is 1 billion RMB, with 200 million as the first round of stipend. ● In recent years, the special film fund helps with the construction of cinemas and their digitalization. In 2011, 610 million RMB special funds were received with an increase of 147 million RMB, and in 2011, 546 million RMB were arranged for the construction of new cinemas, renovation of some old ones and subsidies for installing digital equipment.
Promotion of exporting contents	<ul style="list-style-type: none"> ● The Chinese government promotes private companies to participate in overseas exhibitions. ● So far the government has supported overseas exhibitions in France, Singapore, Japan, Korea, USA, Hungary and South Africa. The costs for holding the booths were shared by private companies that participated in the exhibitions.

2. Indonesia

The government of Indonesia recognizes the creative industries' economic potential for job creation, poverty eradication, increasing national income, and nurturing nationalism. In 2009, the "Instruction of the President of the Republic of Indonesia No.6 of 2009 regarding Development of Creative Economy", as a sign of government commitment, stated explicitly an action program by 27 ministries/institutions and local governments. In this commitment, the government detailed the policy for creative economic development for the years 2009-2015. The development of economic activities is based on the creativity, skills, and individual talents of creative and inventive individuals who are economically valuable and influential on Indonesia's public welfare. The government has also launched the "Vision and Mission of the Creative Economy" for 2025.

The reorganized and newly established ministry, having changed its name from the "Ministry of Tourism" to the "Ministry of Tourism and Creative Economy", focuses on creating new competitiveness for Indonesia in the creative economic sector.

Table 18: Framework of Vision and Mission of Creative Economy for 2025

Item	Description
Vision	● The Indonesian nation with good quality of life and creativity in the world
Mission	● Empower Indonesia's human resources to: 1. Increase the contribution of creative industries to the GDP of Indonesia 2. Increase the national exports of products/services based on the creativity of the nation that carries the spirit of contemporary local content 3. Increase the employment as a result of the opening of new jobs in the creative industries

	<ol style="list-style-type: none"> 4. Increase a number of highly competitive firms engaged in the creative industries 5. Prioritize the utilization of sustainable resources for the earth and coming generations 6. Create creative innovations, including those based on wisdom and cultural heritage archipelago, that have economic value 7. Develop creative potentials in the areas and regions of Indonesia 8. Develop creative branding on the products/services as national branding of Indonesia
Goals	<ol style="list-style-type: none"> 1. Nurturing creative human beings with a creative mind-set 2. Developing industries that are leading in domestic market and abroad, nurturing the local entrepreneurs 3. Developing technology that supports the creativity of Indonesian people 4. Utilizing domestic raw materials effectively for the creative industry 5. Encouraging Indonesian people to appreciate and consume local products 6. Winning high trust from financing institutions for the creative industries in the economic sector as an attractive industry

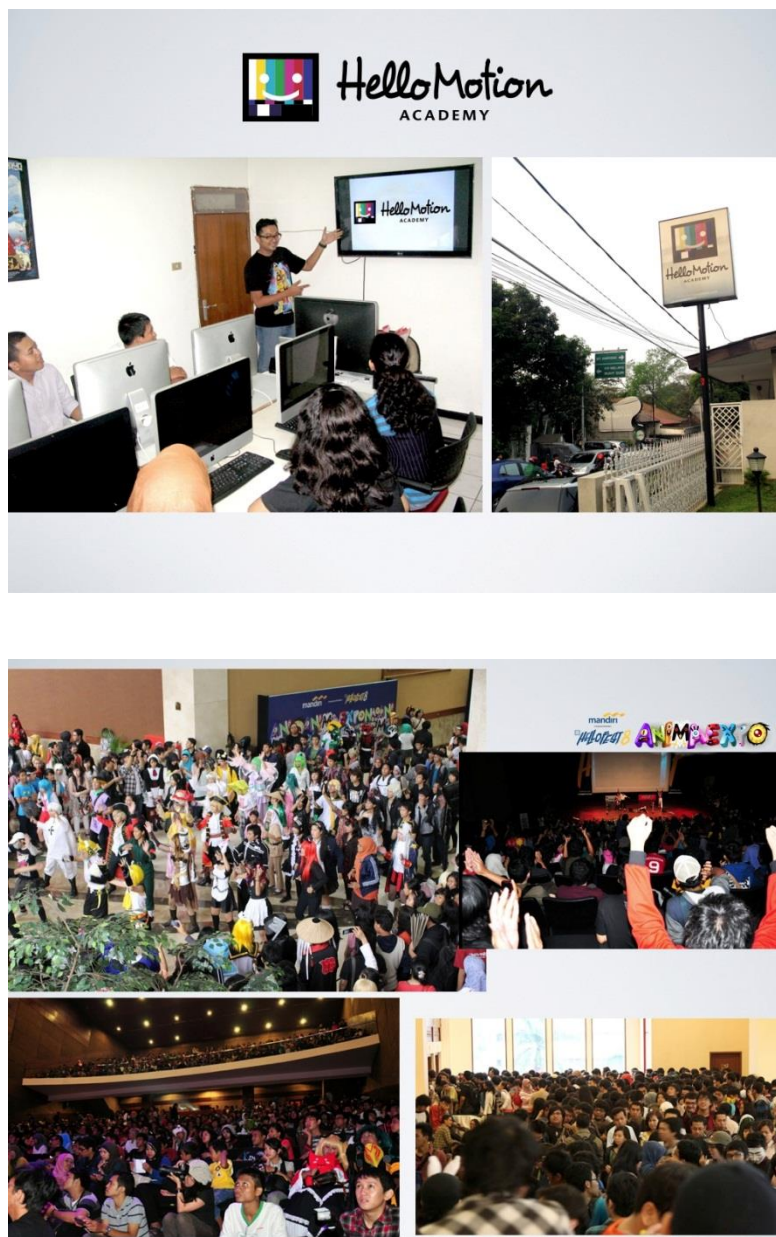
One of the government's initiatives aiming to grow creative talents is the establishment of a school of design and animation called "HelloMotion Academy" (www.hellomotion.com/). Based on their experience in the animation and creative industry in Indonesia, an efficient curriculum has been developed and short courses set up, taking only months to complete and at an affordable price. Since the HelloMotion Academy started in 2004, it has had more than 2,500 alumni. Many of them are now working in the animation industry.

In 2004, HelloMotion launched "HelloFest" (HelloMotion Festival) – it started out as a graduation day for the academy's first batch of graduates, but it's now a huge yearly festival of pop culture. With a concept of creating a hub linking creators and early-adopters of the creative products in one event, the festival engaged at least 20,000 people in a one day event. Through this interaction, HelloFest has created a channel to deliver ideas to the public, and is becoming a facilitator for various agents

in the creative industry to gather and expose themselves.

In the coming years, HelloFest is planning to spread the creative movement to other cities through road-shows, seminars, workshops and master-classes. HelloFest is also building a partnership with the governments of the UK and Japan to open up a network for local talents, conduct promotion and engage with the industry.

Figure 45: Hello Fest



Source: Image provided by Ministry of Tourism and Creative Economy.

3. Japan

Considering the global perspective and the current serious conditions of the Japanese economy, several initiatives have been taken toward achieving economic growth. The creative content industry is targeted as one of the strategic pillars in the current growth strategy. The “Cool Japan Strategy” is aimed at transforming the appeal of Japanese culture and lifestyle (food, fashion, lifestyle, and various content media such as animation, dramas, games, films and music; and tourism) into added value (= create a mechanism to convert culture into industry). It is hoped to create new growth industries, thereby creating employment and opportunities for small and medium enterprises (SMEs) and youth. The Ministry of Economy, Trade and Industry (METI) and the Agency for Cultural Affairs (which conducts policies such as the protection of cultural properties and promoting arts and culture) are currently mainly promoting the content industry including movies, music, game software, and animation—as a promising industry for economic growth.

The market size of the content industry in Japan including movies, animation, TV programs, games and books is around 150 billion USD, which is second only to the USA. The growth rate compared with previous years keeps contracting, however, due to the falling birthrate and the aging of Japan’s society as well as the general business depression.

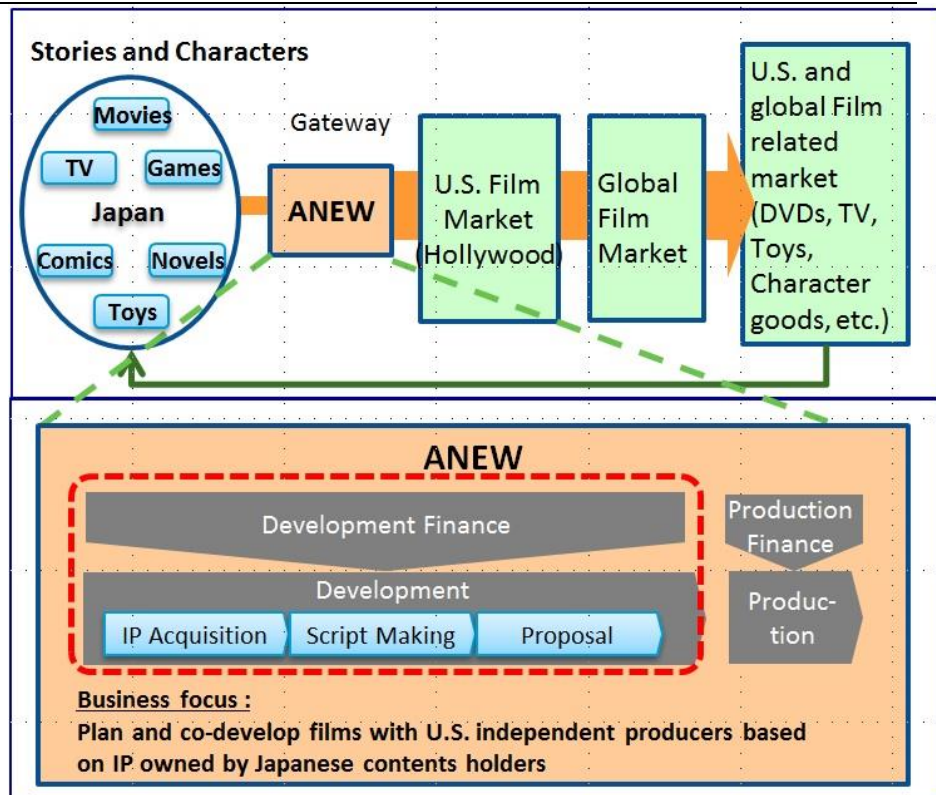
Japanese content is highly regarded in some foreign countries as “Cool Japan”. However exports to foreign countries accounted for by the content industry make up only around 5% of Japan’s total exports, and the Japanese content industry is losing opportunities to take advantage of markets and demand in Asian countries.

A key factor for sustained growth is to work on profit increase by international

business, building partnerships in foreign countries and taking advantage of Japanese content's value.

Table 19: Initiative and Measures in Japan

Regulation	Description
Support for localization and promotion	<ul style="list-style-type: none"> ● The Subsidy for the Localization & Promotion of Japanese Visual Media (J-LOP) aims to promote awareness and appreciation of Japanese visual media and enhance its commercial value in overseas markets. METI and Ministry of Internal Affairs and Communications of Japan have jointly started the subsidy for localization and overseas promotional activities for projects relating to Japanese culture, including films, TV programs, animation, music, digital comics and games. ● The subsidy budget for localization is 95 million USD and for promotion is 60 million USD. Up to 50% of the approved expenses are subsidized.
Support for international coproduction	<ul style="list-style-type: none"> ● Ministry of Internal Affairs and Communications of Japan has started the subsidy for international coproduction that Japanese broadcasters and productions produce audiovisual contents with overseas broadcasters. ● The subsidy budget for coproduction is 15 million USD.
Japan Brand Fund	<ul style="list-style-type: none"> ● The Japanese government will set up Japan Brand Fund (TBD) by Public- Private joint Initiative (under discussion at cabinet level) in 2013. ● The Fund provides risk money to business which tries to meet potential demand for “Cool Japan” products and services in overseas markets.
Establishment of new company for overseas development of content	<ul style="list-style-type: none"> ● The Innovation Network Corporation of Japan has launched “All Nippon Entertainment Works Inc. (ANEW)” to support planning and development for global market. ● ANEW functions not only as a sales representative for a wide variety of Japanese contents / IPs, targeting the U.S. / global market, but also provides full scale operational / financial support for film development process in the U.S. ● Leading Japanese IP holders provide multi-dimensional support, including proprietary access to competitive IPs to ANEW as “Collaboration Partners”.



Source: METI

Driving international co-production	<ul style="list-style-type: none"> ● In 2011, the Agency for Cultural Affairs created a subsidy for movie production based on international co-productions (METI supports authorization of international co-productions). ● Candidate works are required to contribute (1) to develop overseas markets for Japanese producers and production companies and (2) to advance globalization and qualitative progress through cultural and people-to-people exchange.
Organize CoFesta (international exhibition)	<ul style="list-style-type: none"> ● CoFesta (Japan International Contents Festival) is the largest comprehensive contents festival in Japan. Eighteen events connected with the content industry including games, animation, comics (manga), characters, broadcast, music and films, and content-related industrial events like fashion and design are held in cooperation with each other. ● The content industry works together to promote its contents overseas with powerful public relations.
Anti-piracy measures	<ul style="list-style-type: none"> ● Content Overseas Distribution Association (CODA) takes anti-piracy measures in cooperation with rights holders and copyright related organizations in foreign countries and requests to remove illegal contents. ● As anti-piracy measures on the Internet, a proving test was enforced to remove illegal video contents from video hosting internet services in some countries. Almost 100 % on requests from CODA were successfully removed. Regarding pirated DVDs, CODA supports execution of rights in collaboration with local regulatory bodies in foreign countries. CODA successfully

	seized 6.5 million DVDs. (Total number from January 2005 to March 2012).
Fostering human resources for producers	● Sending young producers to top film schools in the U.S., who will assume the role of overseas development and management of the total value chain of the content industry in the future.
Establishment of Gloczus Inc.	● The new company Gloczus provides services including clearing, translation and promotion to small businesses for supporting overseas development of their high-quality contents.

4. Korea

A long history of cultural policy in Korea, emphasized differently by varied government administrations such as the Korea Creative Content Agency (KOCCA) and the Korean Film Council (KOFIC), has provided a sturdy backbone to the rise of the Korean Wave and a new age of transnational cultural flows. Fostering the growth of the creative content industries in Korea, under the Ministry of Culture, Sports and Tourism, KOCCA actively promotes Korean companies involved in animation, broadcasting, character licensing, games, music, and mobile and digital technologies by serving as a global bridge between Korean creative content providers and international partners. The agency is committed to developing and promoting the Korean creative content industry, building infrastructure for developing creativity and technology, developing global partnerships to enhance and support marketing efforts, and encouraging industry investment to strengthen Korea as a global content provider.

Table 20: Initiative and Measures in Korea

Category	Item	Description
Policy promoting content production	Supporting audiovisual content format production	The government supports audiovisual content format production. It is in line with the support for broadcasting content formatting.
	Building a foundation for the audiovisual content creation	
	Korea Broadcast grand prix awards	
Infrastructure Support	Operating Production center in Broadcaster's Center.	Infrastructure for content production support by KOCCA is located in Broadcaster's center in Mok-dong, Seoul.
	Digital Magic Space(DMS) Production Center	Constructed in 2006, a production center, DMS is located in Sangam-dong, Seoul. The building has total 12 floors and from 6th floor to 12th floor, broadcasting related companies are moved in.
	Establishment of digital broadcasting content support Center	Facility that can be used for a low price, is certainly needed to strengthen the competitiveness of independent broadcasting studio and Post-production
Policies promoting oversea distribution	Participation support in international broadcasting trade exhibition	At international broadcasting trade exhibitions, a joint Korea booth operates for the export of broadcasting program. Governmental support is required for providing an opportunity to export for producers
	International broadcasting trade exhibition	From 2001, BCWW (Broadcast Worldwide) has been held to revitalize the broadcasting industry and promote the export.
	Supporting of reproduction of broadcast content for export	As a part of encouraging the export of broadcast content, the reproduction of broadcast content is supported. Initiated in 1999, it supports translation, editing, M/E segregation, subtitle, dubbing to export the broadcast content oversea.
	Supporting of oversea distribution	The government promotes the distribution of reproduced programs in emerging regions with priority. Further exchange for program distribution, local language dubbing, subtitle and reproduction are supported in regions where needed.
	Supporting of international broadcasting culture exchange	International broadcasting culture exchange has operated since 2007 for audiovisual co-production and consecutive broadcasting by each country.

Professional training (broadcasting industry)	Cyber Broadcast Academy	The academy provides the broadcasting related education service online, to expand the base of broadcast manpower by narrowing education gap, extending the foundation for education, and providing opportunity to study for workers.
	Broadcasting production course at Korea Content Academy	A program for future broadcast content production technology and the capacity for creation with a purpose of training professional manpower for industry.
	Drama Producer School	For people who have capability in creation, to strengthen the drama content capacity and revitalize the industry.
	Broadcasting technology expert training In	In the field of convergence media, broadcasting technology expert training program is divided into a broadcasting production course, and a global business course for the upbringing of high skilled creative leader who is professionally customized for the industry.
	3D professional manpower training	3D content professional manpower training aims at leading 3D production technology.

Table 21: Government Support in International Broadcasting Trade Exhibitions (2011)

Trade Exhibition	Details of Supports	Total No. of companies	No. of Support company	Export (thousand)
FILMART (3.21-24)	booth and equipment rental	596	17	\$ 4,385
MIPTV (4.4-7)	booth and equipment rental, decoration	4.168	24	\$ 17,324
STVF (6.6-9)	booth and equipment rental, decoration, Korea Day Event	670	13	\$ 9,331
DISCOP (6.21-23)	booth and equipment rental	1.224	7	\$ 285
TTF (9.21-23)	booth and equipment rental, decoration	-	10	\$ 3,192
MIPCOM (10.1-7)	booth and equipment rental, decoration	4.120	22	\$ 14,777
TIFFCOM (10.24-26)	booth and equipment rental, decoration, Networking Party	226	16	\$ 23,578
ATF (12.7-9)	booth and equipment rental, decoration	951	20	\$ 4,225
	8 Trade Exhibitions		129	\$ 77,127

Source: Hwang, Joon Suk (2012b).

5. Malaysia

The Malaysian government, through its Economic Transformation Program (ETP), which was introduced in 2011 to drive the nation towards becoming a high income economy, is creating a comprehensive infrastructure that will be conducive to the development of high value content so as to meet the unprecedented global and domestic demand for content. The objective is to put Malaysia's innovation, creativity and entrepreneurship at the forefront of the global multimedia content supply chain, and to make this industry an engine of growth. As such, 'Communications, Content and Infrastructure (CCI)' has been recognized as one of 12 New Key Economic Areas (NKEAs). 'MY Creative Content'(MY stands for Malaysia), an Entry Point Project of the Communications Content & Infrastructure NKEA, aims to nurture domestic content creation and services as well as the content distribution/broadcasting sectors with the ultimate aim of transforming Malaysia into a regional hub for digital content.

The Malaysian government is aggressively enhancing its plans and strategies to be able to target and capture a significant share of the anticipated expansion value of the Asia-Pacific market. Under the 'MY Creative Content' program, Malaysia is targeting a Gross National Income (GNI) for the industry of 1 billion USD by 2020, creation of 10,300 jobs, and secure the export of 45% of its GNI targets. The National Film Development Corporation of Malaysia (FINAS), in collaboration with the Multimedia Development Corporation (MDeC), is set to place full commitment and dedicated efforts in promoting Malaysia's creative content and application businesses.

In 2012, FINAS introduced the "Film In Malaysia" Production Incentive, in

which both local as well as foreign film productions, including feature films, animation, documentaries, TV productions and commercials, will be eligible for a 30% cash rebate on audited in-country spend, as long as they qualify the minimum spend criteria of 2.5 million MYR applicable to Malaysian film productions and 5 million MYR in-country spend applicable to foreign productions. This differs from neighbor countries such as Singapore, where the rebate is approximately 50% but has stricter conditions for application. It is expected that the Malaysian content industry will benefit from this incentive scheme, from knowledge transfer and other externalities associated with foreign production activities in the country.

Also, under MY Creative Content, the Creative Content Industry Guild (CCIG) and the Creative Content Association of Malaysia (CCAM) have been established. The former has been mandated to be a professional accreditation and verification mechanism for creative content industry personnel in Malaysia, whereas the latter is an industry-led organization created to coordinate and drive efforts to commercialize Malaysia’s content internationally.

Table 22: Policy Framework in Malaysia’s Content Industry

Category	Description
Policies/ Regulatory Frameworks	<ul style="list-style-type: none"> ● Communications and Multimedia Act 1998 ● National Creative Industry Policy 2011 ● New Funding Framework (Government focuses on high risk investment – development, private sector funds production and commercialization) ● Co-production treaties. ● Equitable Content Acquisition and Commissioning Model (Proposed)
Talent	<ul style="list-style-type: none"> ● Life-long learning as the basis for industry talent development. ● Awareness targeting on parents and young children. Media driven approach. ● Creative Content Industry Guild (industry led talent

	coordination).
Incentives	<ul style="list-style-type: none"> ● “Film in Malaysia”: 30% production incentives for foreign and local projects that meet the basic criteria (managed by FINAS) ● MSC Malaysia Status (managed by Multimedia Development Corporation Sdn.Bhd (MDeC)) ● Iskandar Development Region Incentive (managed by the Iskandar Regional Development Authority – IRDA) ● Investment tax credits for institutional and private investors on content projects that meet a basic criteria. (Proposed)
Markets	<ul style="list-style-type: none"> ● Government industry development agencies (marketing function included) <ul style="list-style-type: none"> ➤ Multimedia Development Corporation (MDeC) ➤ National Film Development Corporation (FINAS) ● Creative Content Association of Malaysia (Industry led Marketing Association)

6. Philippines

As discussed in the previous chapters, the content industry in the Philippines is emerging, and is one of the most influential and important industries that are instrumental in fostering progress and development in the country. There is, however, no one government body that takes care of the Philippines’ creative / content industry. The Creative Economics Council of the Philippines (CECP) was established to aid necessary collaboration among related industry bodies. CECP mainly defines the creative industry as: Publishing & Printed Media, Design, Creative Service, New Media, Audiovisual (film, TV). Besides these sectors, the Visual Arts and Performing Arts sectors have some form of support from the government. CECP mostly collaborates with DTI (the Department of Trade and Industry), DOST (the Department of Science & Technology), and ICTO (the ICT Office).

However, CECP manages business cost at the project level, as the body does not

have financial backup. Therefore CECP currently supports entrepreneurship by assisting talented people, with experience in animation and the games industry to start up their own businesses in the local market. CECP recognizes the importance of gaining and exchanging knowledge, and collaborating among different content industries.

The government is currently exploring support initiatives for content import /export. The Creative Industry Act which is managed by the Design Council of the Philippines will soon be passed. This act aims to promote the creative industry and includes foreign investment promotion schemes.

At present, creative industry, especially the media industry, is not fully opened due to restrictions on foreign investment. NEDA (the National Economic and Development Authority) has commented that policy making, including de-regulation, is necessary, as investment is essential for this industry to develop. Although the animation and games industries are growing, driven by outsourcing demand, the challenge is to stimulate the further growth of the domestic market.

7. Singapore

Singapore has targeted a strategic goal of achieving \$8.0 billion SGD in value-added, \$25.7 billion SGD in revenue, and 68,000 jobs in total, under their Singapore Media Fusion Plan (June 2009).

The Ministry of Communication and Information (MCI), reorganized in November 2012, is currently encouraging development in 7 media clusters (Broadcast, Animation, Film, Music, Interactive Media, Games and Publishing)

through MDA (the Media Development Authority). The audiovisual content sector is one of their priorities in the industry.

One of MCI's major policies relating to the audiovisual sector is its PSB (Public Service Broadcast) framework. Due to the paradigm shift toward media consumption over new media, MCI accepted a recommendation put forward by the PSB Review Panel, and re-launched the PSB Contestable Funds Scheme (formerly known as the Public Service Content Scheme). MCI also appointed a Convergence Review Panel to review market convergence between media and ICT. Their next step is a Joint Master Plan (JMP) to design certain frameworks in areas such as licensing, standard content codes, regulations, capacity building, etc.

Table 23: PSB Contestable Funds Scheme

Category	Description
Objectives	<ul style="list-style-type: none"> ● Extend the reach of PSB content to multiple media platforms ● Raise the quality of PSB content via contestability ● Encourage innovation in PSB content creation
Type of funding	<ul style="list-style-type: none"> ● Grant scheme (previously a co-investment model)
Type of platform funded	<ul style="list-style-type: none"> ● Extend the reach of PSB programmes onto multiple broadcast platforms, FTA (free-to-air) TV, Pay TV, Radio and Online platforms (previously only FTV TV platform) ● Content producers will have more opportunities to create innovative PSB programmes for different commissioning broadcasters that can be offered on multiple platforms (e.g. TV drama with spin-offs episodes on internet or radio).
Fund	<ul style="list-style-type: none"> ● The government plans to fund up to 630 million SGD to 2016. ● All PCFS (PSB Contestable Funds Scheme)-funded programmes will be made available eventually to the public on a free-to-access platform.

In terms of promoting content media, in 2011 MDA simplified the previous 46 schemes into 5 main grant schemes and holistic approach to support projects, individuals and companies from all media sectors, namely Animation, Broadcast,

Film, Games, Interactive Media, Music and Publishing. The target is 5 areas, Development, Production, Marketing, Talent and Enterprise.

Table 24: MDA’s Grant scheme

Area	Description
Development Assistance (D-ASSIST)	To help individuals and companies create new IP, to a sufficiently developed stage so as to be ‘pitchable’ for production
Production Assistance (P-ASSIST)	To catalyse engagement and upgrading of local industry talent in output of products that can be marketed both locally and internationally
Marketing Assistance (M-ASSIST)	To help industry promote and monetise its capabilities, capacity and output
Talent Assistance (T-ASSIST)	To enable structured as well as on-the-job upskilling for industry personnel
Enterprise Assistance (E-ASSIST)	To groom high-potential local media enterprises to progress to specified higher tiers of revenue and profitability

MDA also focuses on infrastructure development, such as integrating a media hub district, the Mediapolis @ One-north. Media concepts, prototypes, content, services and applications will be developed, test-bedded, produced, financed and distributed on the 19-ha media precinct, which is intended to be both vibrant and sustainable.

One of the pioneers at the Mediapolis is Infinite Studios, a fully integrated media entertainment and creative service company. Its two state-of-the-art sound-stages will be housed with advanced post-production, visual effects and animation facilities.

8. Thailand

The Thai government has announced a policy to develop Thailand into a more value-added economy and increase the share of the creative economy value from 1.2 percent to 2.0 percent of the country's gross domestic product (GDP) by the end of 2012, under a new "Creative Thailand" policy. The objective is to strengthen the country as a whole; fortunately Thai society has good basic skills and other social capital and cultural background that can be used as a base for digital content raw materials.

In 2010, the government allocated a fund of 200 million THB to develop Thailand as a production base for digital content, a part of a 17.6 billion THB budget allocated to boost the country's creative industries. In addition, Thailand's ICT Master Plan, 2009-2013, seeks to promote the digital content industry, aiming for the industry to have a total value of 165 billion THB by 2013.

One other industry Thailand has been interested in developing is the film industry, as well as all upstream industries for businesses such as animated games, computer graphics, advertisements, software, websites, and others. In addition, the Software Industry Promotion Agency (SIPA), the Ministry of Culture and the National Federation of the Thai Films Associations launched a project called "Film Expo Asia 2010," a competition for short films. It was the first of its kind in Asia, and the event aimed to promote Thailand as a land of rich culture and heritage, in which every concerned party could realize that the country is one of the best destinations for filmmaking and traveling. It was a creative effort to propel Thailand to the forefront of the Asian film industry and to capture a larger market share of the world's digital content industry.

On September 2012, the Ministry of Culture and the National Federation of Thai Films Associations announcement on the annual statistic report of the Film, Animation, Games and Karaoke industries values, showed the total of the industry for year 2011, which turned out higher than 77 billion THB.

Compared to other Asian countries, Thailand's TV & film industry is mainly led by the private sector. The government oversees the development, basic infrastructures and policy framework; however supporting funds are rather limited. However, the government is currently exploring newer incentive schemes and new participation for creative media, to accelerate economic development and strengthen its international competitiveness. By encouraging content distribution at the regional level, they hope to lead development in the industry, and help create ripple effects such as tourism.

The National Film and Video Commission established by Film and Video Act B.E. 2551 has approved a strategy plan to promote the industry of film and video (2012-2016) as follow:

- 1) Develop ability to produce the industry of film and video.
- 2) Adjust the structure of industrial management of the industry of film and video.
- 3) Promote and develop the personnel in the industry of film and video.
- 4) Develop film and video market of Thailand aggressively domestically and abroad.
- 5) Promote Thailand to be copyright-infringement free zone in video and film works.
- 6) Build appropriate value in consuming film and video.
- 7) Promote the business of shooting done by foreign countries in Thailand.
- 8) Promote cooperation in investment in the industry of film and video with foreign countries.

A mechanism in driving strategies focuses on the roles of private sector to work with the government by creating a subcommittee to pursue a series of working plan. Key agencies and supporting agencies the drives the national mechanisms are shown below.

Table 25: List of Agencies

Sector	Organization
Key Agencies	
Government	<ul style="list-style-type: none"> - The National Commission for the Film and Video - The Ministry of Culture - The Ministry of Tourism and Sports - The Ministry of Information Communication and Technology - The Ministry of Commerce
Private	<ul style="list-style-type: none"> - The National Federation of Thai Films Associations. - Thailand Animation Graphics and Computer and Animation Association (TAGCA) - Thai Electronic Amusement Business Association (TEABA) - Game and Entertainment Digital Media Association
Supporting agencies	
Government	<ul style="list-style-type: none"> - Office of Prime Minister - The Ministry of Finance - The Ministry of Foreign Affairs - The Ministry of Interior - The Ministry of Education - The Ministry of Natural Resources and Environment - The Ministry of Labor - The Ministry of Social Development and Human Security - The Ministry of Industry - The Department of Customs - The Department of Special Investigation - Office of Attorney-General - The Royal Thai Police - The Consumer Protection Commission Office - The Investment Promotion Commission Office - Software Industry Promotion Agency (SIPA) - Software Park Thailand - National Electronics and Computer Technology Center (NECTEC)
Private	<ul style="list-style-type: none"> - The Association and Entrepreneurs concerned with the industry of film and video

CHAPTER 7

SWOT Analysis

1. Analysis Framework

The status of content industries (mainly audiovisual content) in each member country was analyzed, based on interviews conducted in member countries in addition to market data, regulations and promotion policies, sample cases of ripple effects on export and other industries presented in previous chapters. The analysis results were presented below as the form of SWOT analysis.

Through the SWOT analysis, strengths and weaknesses of content industry (internal environmental analysis) and opportunities and threats for content industry (external environmental analysis) were extracted. The viewpoints after the extraction were presented below. Parameters related to the below viewpoints would turn to be Strength/Weakness or Opportunities/Threats on the SWOT analysis.

Table 26: Parameters considered for SWOT Analysis

Viewpoints	Examples
Internal environmental analysis	Ability to create content
	<ul style="list-style-type: none">● Ability to create attractive ideas● Ability to establish business for specific content● Skill to create high quality content● Ability to create content within a certain level of budget● Production with the latest technologies● Productive resources (enrichment of productions and human resources)● Production business performance in the past● Business relationships with other fields and overseas content productions● Access to content distributors● Intellectual property protection

		<ul style="list-style-type: none"> ● Increasing stock of content ● Existence of popular characters and pop-idols
	Ability to sell content	<ul style="list-style-type: none"> ● The number, power or reliability of domestic business operators that distribute and produce content ● The status of illegal content distribution ● The number of networks and platforms that distribute content ● Diversity in business models (ex; advertising, subscription, freemium⁴, export, media-mix, ripple effect) ● Accessibility to overseas and related markets
	Market conditions	<ul style="list-style-type: none"> ● Existence of large or high added value markets ● Ideal competitive environment ● Quality and volume of content users or viewers
External environmental analysis	Potential domestic market size	<ul style="list-style-type: none"> ● Population and the number of households ● Macro level economic indicators (ex. GDP) ● Advertising expenditures and disposable income ● Price difference among foreign countries
	Relationships with investors and sponsors	<ul style="list-style-type: none"> ● Availability for investment in or sponsorship to content business
	Relationships with foreign countries	<ul style="list-style-type: none"> ● Connections through languages, cultures, religions, ethnics and etc. ● Political and economic partnership (ex. Free Trade Agreements)
	Infrastructure and environmental change	<ul style="list-style-type: none"> ● Penetration of TV, PC, smartphone, tablet and etc. ● Penetration of Internet ● Penetration of fixed broadband ● Provision of services based on network (ex. IPTV, OTT⁵, social media, etc.) ● Conditions of migrating from analog to terrestrial digital broadcasting and plans for multi channels
	Potential resource for content industries	<ul style="list-style-type: none"> ● Educational programs related to content in institutions for higher education ● Systems for human resources development ● Carrier path for talents in the content field ● Promotion programs for introducing new technologies
	Relationships with other industries	<ul style="list-style-type: none"> ● Existence of dominant manufacturers, sellers and service providers
	Governmental promotion policies	<ul style="list-style-type: none"> ● A variety of policies to promote content industries ● Trend of deregulation

⁴ Freemium, in general, is a pricing strategy by which a product or service (typically a digital offering such as software, media, games or web services) is provided free of charge, but the premium is charged for advanced features, functionality, or virtual goods.

⁵ Over-the-Top or OTT content refers to delivery of product (such as video and audio) over the Internet without a multiple system operator being involved in the control or distribution of the content.

2. Results

The results of SWOT analysis in each member country were presented below. As mentioned above, the results were based on various indices, market data, regulations, interviews with specialists in each member country.

2.1. China

The size and growth of the domestic market is a huge advantage. Along with the growth of the domestic market, domestic content supply capability (production capability) is also increasing. Aggressive promotion in the global market has been conducted. Furthermore, the country has the advantage of low production costs. However, it does not yet have enough sales performance abroad.

In addition to the potential size of the domestic market, it is likely that more Chinese companies will advance into the global market, and business expansion overseas is expected.

Though market expansion is progressing, countermeasure against piracy are a critical issue in the domestic market. Additionally the economies of scale are not always working because the domestic market is divided by a variety of languages and ethnic groups. Regulations related to importing programs have the possibility of being a factor suppressing the growth of the domestic market.

Table 27: SWOT Analysis: China

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Large scale domestic content market ● Lower production costs and content prices (ex. compared with the Japanese) ● Increasing supply capability of content due to increasing demand in the large scale domestic market ● Aggressive promotion in international trade exhibitions/markets 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Limited experience for sales promotion abroad
<p>Opportunities:</p> <ul style="list-style-type: none"> ● Domestic population, GDP scale and economic growth rate ● Moderate penetration of Internet and fixed broadband ● Presence of Chinese companies starting operations overseas (as an advertisement sponsor abroad) ● Diffusion of services like Baidu, Sina Weibo and etc. 	<p>Threats:</p> <ul style="list-style-type: none"> ● Ethnic and language barriers (especially performers in dramas and movies) ● regulations related to importing programs ● Piracy problems
External	

2.2. Indonesia

Richness of local cultures with attractive designs, overseas connections (experience of co-production etc.) and low production costs are recognized as an advantage.

On the other hand, lack of working capital and managerial skills, difficulty in achieving profitability for small productions, inefficiency of governmental financial support etc. are disadvantages suppressing a sustainable content industry. Regional gaps between major cities, including Jakarta and other province capitals and rural areas are also recognized as an issue.

In the external environment, the size of the domestic population and potential market, the growth of subcontracting markets and relatively high diffusion of social

network media are good factors for the content industry

Lack of established career paths, however, inadequate support for talent training and education, deficient governmental support for content distribution and fundraising, ineffective countermeasures against piracy etc. in the content industry are considered as drawbacks for the industry.

Table 28: SWOT Analysis: Indonesia

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Flexibility to respond to market trend ● Attractive design ● Low production costs ● Some cases of international co-production by major studios ● Rich of local values and local cultures 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Lack of working capital ● Lack of managerial skills ● Difficulty to diversify profitability for small productions ● Low and inequality of financial access provided by the government to develop creative industry ● Mostly centered in Jakarta and other province capitals
<p>Opportunities:</p> <ul style="list-style-type: none"> ● Strong domestic market potential ● Increasing of subcontracting markets ● Large domestic population ● Diffusion of social network media like Facebook and etc. 	<p>Threats:</p> <ul style="list-style-type: none"> ● Unproven career paths for ambitious people ● No support from training and education sector ● No governmental support in distribution and finance ● Still low penetration of Internet ● Piracy/ infringement of IP
External	

2.3. Japan

Along with a relatively large domestic market, high planning and production capabilities, an established production environment including related industries and technologies, holding plenty of attractive content, the popularity of Japanese content in the global market are considered as advantages.

On the other hand, the mature market with low growth, relatively high production costs, differences in needs and business customs between the domestic and overseas markets, unsuccessful efforts for generating profit from interest in Japanese content abroad, insufficient promotion policies or support systems to sell content abroad etc. are disadvantages.

In the external environment, high GDP and GDP per capita, the high diffusion of network infrastructure including the Internet, diffusion of services such as Nicovideo and LINE, many Japanese companies operating overseas, strengthened support by public-private partnerships to promote Japanese content etc. are good factors for the content industry.

Depopulation and aging, however, maturation and low growth in the domestic economy, the unpopularity of broadcast media in the young generation, language barriers, insufficient governmental support, and the necessity of countermeasures against piracy are considered as problems.

Table 29: SWOT Analysis: Japan

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Program planning and producing ability ● Popularity of animation, comic, game and character goods ● Extending range like idle and geek culture ● Developed broadcasting domestic market ● Many broadcasting stations and production companies ● Development ability for program formats (Takeshi's Castle, SASUKE, Iron Chef, Thirty-one-legged race by thirty people, Brain Wall and so on) ● Experience of international joint production 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Maturation and undergrowth in domestic content market (especially broadcasting market) ● Relatively high production costs and prices and low competitiveness and profitability abroad ● Not enough promotion policies or support system and experience or know-how to sell products abroad ● Mismatch between the domestic target for animation programs and the overseas broadcasting slots (young adult in home and children abroad) ● Difference of cultures and business customs (speed in program direction, the number of title in a series program etc.) ● Interests in Japanese content abroad did not lead to profitability
<p>Opportunities:</p> <ul style="list-style-type: none"> ● Still high level in GDP and GDP per capita ● High penetration of Internet, fixed broadband and mobile network ● Diffusion of services such as Nicovideo, LINE and etc. ● More & more Japanese companies are starting operations overseas (with advertisement sponsor abroad) ● High rating of Japanese content and cultures abroad (ex. Cool Japan) ● Strengthening support by the Japanese government for overseas promotion (Cool Japan /Creative Industries Policy) 	<p>Threats:</p> <ul style="list-style-type: none"> ● Depopulation and aging ● Maturation and undergrowth in domestic economy ● Unpopularity of TV in young generation (diversification in media usage and progress of online media) ● Ethnic and language barriers (especially performers in dramas and movies) ● Still necessary to strengthen support by the Japanese government for overseas promotion ● Presence of pirated copies is one of the big barriers against overseas development
External	

2.4. Korea

The well-established system to support content exports, profitable results from trading content in overseas markets, the popularity of Korean content domestically and internationally, ripple effects on other business fields, relatively low production costs and selling prices are advantages.

On the other hand, the small domestic market, the lack of storytelling ability, immature market held back by piracy and the low awareness of the need for payment for content are problems.

In the external environment, the high diffusion of network infrastructure including the Internet, the presence of Korean companies in the global market and high expectations on Korean content by media related companies abroad are good factors for the content industry.

Depopulation and aging, however, language barriers, long-term economic depression and shrinking domestic consumption are considered as problems.

Table 30: SWOT Analysis: Korea

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Program planning and producing ability ● Popularity of “Korean made” content (drama and music) ● Preference of domestic content ● Ripple effect on tourism and industrial products ● Overseas promotion based on cooperation between the Korean government and private companies ● High presence in overseas markets (established Korean content in overseas countries) ● Lower production costs and content prices (especially as compared with the Japanese one) 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Limited size of domestic market and importance of exportation in content industries ● Lack of storytelling ability ● Immature market caused by piracy and devaluation of content purchase price
<p>Opportunities:</p> <ul style="list-style-type: none"> ● High penetration of Internet, fixed broadband, mobile network and smartphone ● Presence of Korean companies starting operations overseas and good condition and their good condition in business (as an advertisement sponsor abroad) ● Expectation on Korean content by media related companies abroad (acquisition of content with potential high program rating) 	<p>Threats:</p> <ul style="list-style-type: none"> ● Depopulation and aging ● Ethnic and language barriers (especially performers in dramas and movies) ● Long-term economic depression and consumption shrinking
External	

2.5. Malaysia

Strong governmental support for the content industry, the availability of raw talent in content fields, growing presence in overseas markets for animation and live action, active overseas promotion by business entrepreneurs are advantages.

On the other hand, the small domestic market, human resource scarcity for production, the necessity of expanding investment, slow growth in subscription services as compared with the diffusion of satellite broadcasting, still limited successful cases of sales promotion abroad are problems.

In the external environment, relatively high GDP per capita, the fairly strong diffusion of the Internet, the launch of terrestrial digital broadcasting in the near future and strong relationship with Islamic nations which provide wide opportunity for market expansion, are good factors for the content industry.

The small size of the domestic population, however, high dependence on exports, the brain drain from the domestic market, and a “comfort zone mentality” are considered as problems

Table 31: SWOT Analysis: Malaysia

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Strong government support in developing the creative content sector (national policy, developmental programs, grants, incentives) ● Availability of raw talent that can be trained ● Growing presence in the international market as a regional player for animation and live action production ● Active overseas promotion of industry players who are capable of servicing the needs of the global market 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Limited domestic market size ● Limited size of human resource for production (labor shortage and etc.) ● Necessity of expanding investment in productions due to relatively high production costs and insufficient budget in some cases ● Diffusion of satellite broadcasting and relatively slow growth of other subscription services (ex. IPTV and etc.) ● Aggressive sales promotion abroad and still limited successful cases (the most popular and valuable programs produced domestically in most countries)
<p>Opportunities:</p> <ul style="list-style-type: none"> ● Relatively high level in GDP per capita ● Good penetration of Internet ● Start of terrestrial digital broadcasting at the end of 2013 and the completion of shifting predicted by 2015 ● Strong connections with Islamic nations, which provide wide opportunity for market expansion 	<p>Threats:</p> <ul style="list-style-type: none"> ● Limited size of domestic population ● Importance of export and import in the content industry as same as other industries ● Brain drain into other countries ● Comfort zone mentality
External	

2.6. Philippines

Declining telecommunications costs, skilled and educated labor, English proficiency, professional niches, strong industry association, international reputation for talent and creativity are all considered as advantages for the Philippines' creative content industries.

On the other hand, lack of funding for overseas promotion, difficulty establishing export-based enterprises (Small and medium-sized enterprises: SMEs), weak local market collaboration, inadequate marketing and distribution networks, high production/input costs are problems.

In the external environment, rising per capita income, advances in modern technology, increasing international demand for creative goods and services are positives for the content industry.

Strong cost-based competition from other countries in the form of both products and services, however, low awareness of the domestic market, domestic consumers' preference for foreign/imported products, keeping skilled labor competitive on the global level in future, and the need for countermeasures against piracy and copyright infringement are problems

Table 32: SWOT Analysis: Philippines

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Declining telecommunications costs ● Skilled, educated labor ● English proficiency, high level among neighboring countries ● Cultural affinity with USA ● Professional niches – medical-related fields, accounting, art ● Strong industry association ● International reputation for talent and creativity – i.e. Lea Salonga, Kenneth Cobonpue, Dante Brillantes, etc. 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Lack of funding for overseas promotion and marketing ● Export-based enterprises (SMEs) not enabled ● Weak local market collaboration ● Inadequate marketing and distribution network ● High production/input costs (raw materials, software licenses and new equipment)
<p>Opportunities:</p> <ul style="list-style-type: none"> ● Increasing international demand for creative goods and services ● Rising per capita income ● Advances in modern technology 	<p>Threats:</p> <ul style="list-style-type: none"> ● Greater competition from other countries ● Future supply of skilled labor – recognized need to keep workers competitive on the global level ● Low market awareness ● Preference for foreign/imported products ● Piracy ● Copyright infringement
External	

2.7. Singapore

Connections through languages (English, Chinese and Malay), established infrastructure for media business including the network capability and payment infrastructure, hosting international media/content companies and production studios with high end technologies, established economic environment with openness, being a financial hub, having a legal framework to protect IPR are all advantages.

The small domestic market, however, highly fragmented by language, media related industries not seen as a popular career choice, small size production companies are considered as problems.

In the external environment, high GDP per capita, the diffusion of mobile internet networks, the launch of terrestrial digital broadcasting in the near future, and the appetite for global and regional content in a cosmopolitan city. are positive factors for the content industry.

Keen competition from foreign content is a problem, as are the small talent base and the ageing population.

Table 33: SWOT Analysis: Singapore

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Connections with English, Chinese and Malay speaking world ● Reasonable bandwidth and payment infrastructure – especially for new media businesses ● Host to international broadcasters, international games and animation companies. ● Open economy, strong governance for business, financial hub in Asia and legal framework to protect IPR ● Host to high end VFX studios that use state-of-the-art technologies 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Limited size of domestic market ● Highly fragmented market due to language segmentations ● Media not seen as a career choice ● Small size of production companies
<p>Opportunities:</p> <ul style="list-style-type: none"> ● High level in GDP per capita ● High smartphone users and mobile internet subscription rate ● Cosmopolitan who have appetite for global and regional content ● Start of terrestrial digital broadcasting at the end of 2013 and the completion by 2020 	<p>Threats:</p> <ul style="list-style-type: none"> ● Keen competition for consumer attention from foreign content ● Small talent base ● Ageing population
External	

2.8. Thailand

A fast growing domestic market, the high quality of the content industry including related industries and human resources, a variety of film locations and facilities services, progressive overseas development by domestic business entrepreneurs, some cases of ripple effect on tourism and other fields are advantages.

The relatively limited governmental resources available to assist private companies, however, weak human resources development programs within the industry, many different regulatory government departments related to the content industries, absence of established conditions of agreement for international cooperation are problems.

In the external environment, with an affluent population, high economic growth in a variety of fields is expected. Growing spending power along with a growing middle class, the launch of terrestrial digital broadcasting, economic integration in ASEAN scheduled in 2016 are positive factors for the content industry.

Low average GDP per capita, however, undeveloped broadband networks, unstable power supply, the shortage of funding and staff in governmental support for the content industry, insufficient measures in terms of tax incentives and other privileges offered to business entrepreneurs, lack of legal enforcement to suppress copyright violation and the existence of censorship in films are problems.

Table 34: SWOT Analysis: Thailand

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Fast growing domestic market. ● High quality of digital content production, service equipment, post production and manpower. ● Variety of film locations & good facilities services. ● Cost of living consider not high. ● Digital content program produced by major independent production known oversea and has started co-producing with their counterparts in China and other countries in the region. ● Some major cases of ripple effect on tourism. 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Relatively limited resources to assist private companies from the government including financing & academic support. ● Weak human resources development program within the industry. ● Regulations are mostly issued with an aim to control the industry and thus divide the power to control to too many difference government departments. ● No international film cooperation agreement been negotiated yet.
<p>Opportunities:</p> <ul style="list-style-type: none"> ● Large domestic population and high potential growth in a variety of fields. ● Growing spending power along with growing economy and growing middle class. ● Terrestrial digital broadcasting started at the end of 2012 and expects the completion of shifting predicted by 2015. ● 10 ASEAN nations will become a single production base in 2016. 	<p>Threats:</p> <ul style="list-style-type: none"> ● Low GDP per capita. ● Still in an early stage of 3G Broadband with average 7-10 Mbps internet speed. ● Unstable of electricity current in some upcountry area. ● Ministry of Culture is still short of funding and staffs. ● Still lack of legal enforcement to suppress copyright violation. ● Measures in tax incentive and other privileged offers such as Tax Credits and Cash Rebates for business entrepreneurs in the country and abroad are not enough to counter the global competition. ● Classification or censorship of films remains in place in Thailand, and is still using the rating and censorship system; this has marketing impact.

2.9. Summary of SWOT Analyses for 8 Eight Countries

The SWOT analysis results for the 8 countries targeted in our research were integrated. Due to the different social and economic conditions in each country, the following integrated analysis result is not always applicable to all 8 countries. However, the factors that may represent common features of the content industries in eight countries were extracted from the SWOT analysis results for each country.

In terms of strengths (S), the size and growth of domestic market, the attraction and accumulation of content, affluent consumers, talented creative people and resources for creating content, including the cultural and natural environments are common factors. Though not common to all, several countries considered the lower production costs as a strength.

In terms of weaknesses (W), the small size and low growth of domestic markets, insufficient industrialization, including lack of labor/human resources, lack of managerial skills, limited financing methods and difficulty in achieving profitability for small productions are considered as weaknesses. And a highly fragmented market by languages and ethnic groups is stated as a weakness by some countries. Furthermore, lack of the governmental support necessary to solve the above weaknesses is also mentioned.

Each county has ideas for content, materials for content, human resources, technologies and leading companies as "strengths". On the other hand, these factors are not organized enough to establish a strong industry and governmental support for this industrialization is insufficient. Although each country has conducted aggressive overseas sales promotions, most of the cases have not yet produced satisfactory sales performance. These are almost common "weaknesses" for all eight countries.

In terms of opportunities (O), the expectation of market growth based on the diffusion and improvement of communications infrastructure, increasing international demand for content, and creative goods and services are commonly mentioned. And in addition, more than a few countries consider the expectation of fundamental growth, such as in the size of their population and GDP, and overseas connections through languages and ethnic groups as opportunities.

In terms of threats (T), keen competition with foreign companies along with growing international demand for content, problems of piracy and copyright infringement, the necessity for proper governmental roles, suitable organizations, and lack of budgetary provision are indicated as threats.

This means that increasing international demand calls for stricter countermeasures against piracy, and keen global competition requires more aggressive governmental involvement.

* All factors in the SWOT table are not always applicable for all 8 countries (the factors that are applicable for most of countries were extracted).

Table 35: SWOT Analysis: Summary of Eight Countries

Internal	
<p>Strengths:</p> <ul style="list-style-type: none"> ● Large scale domestic content market and/or growing domestic content market ● Enough quantity and quality of content ● Enough domestic resource to supply content (human resources, related industries and state-of-the-art technologies) ● Resources of creating contents including cultural and natural environment ● Experience of overseas business and coproduction ● <i>Relatively lower production costs</i> 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Small scale and/or immature and/or low growing domestic content market ● Limited successful cases though aggressive sales promotion abroad ● Lack of labor resource (human resources development program, not yet established carrier path, unpopularity as an occupation and etc.) ● Insufficient industrialization (lack of funds, managerial skills and etc.) ● Insufficient governmental support for content business ● <i>Low demand for local content and preference for foreign/imported products</i> ● <i>Relatively higher production costs</i>
<p>Opportunities:</p> <ul style="list-style-type: none"> ● Progressing diffusion of Internet, broadband network, smartphone and etc. ● <i>Large population</i> ● <i>High growth in domestic economy</i> ● <i>High level of GDP and GDP per capita</i> ● <i>Start of terrestrial digital broadcasting</i> ● <i>Overseas connections through languages, ethnic groups, religions and etc.</i> ● Increasing international demand for creative goods and services 	<p>Threats:</p> <ul style="list-style-type: none"> ● Keen competition between domestic industry and overseas ones in the content market ● Importance of countermeasure against piracy ● Governmental roles (promotion and regulatory policy), necessity of optimization and enrichment of financial resources and staffing ● <i>Depopulation and aging</i> ● <i>Matured domestic economy</i> ● <i>Still low GDP per capita</i> ● <i>Language barriers</i>
External	

Note: Factors written in *italics* show the features of content industries in the Asian region that are applicable for some countries but not for others.

3. Extraction and Mapping of Factors that Lead the Growth of Content Industries

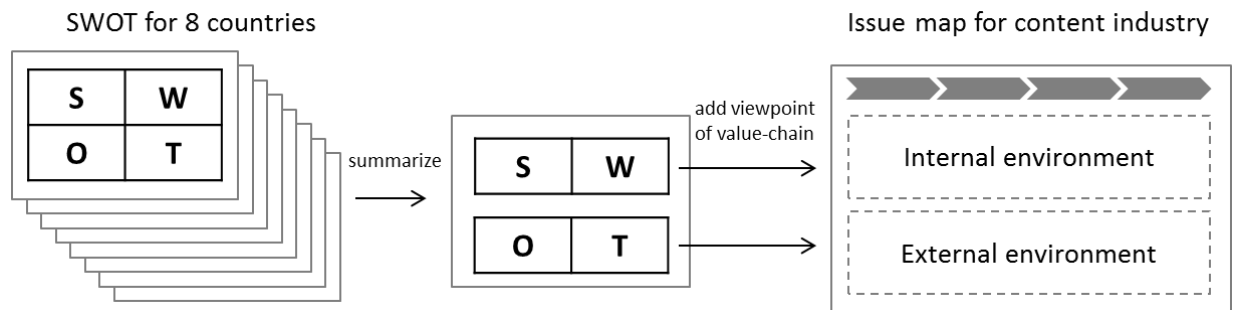
In this section, factors that drive the industry's growth are assessed, based on the SWOT in the previous section.

Figure 46 shows the process. The factors that drive the growth of the content industries were extracted after summarizing the result of the SWOT analysis in the previous section. Then the factors were mapped along with the value chain and a perspective of grouped factors was taken.

In particular, strengths and weaknesses are categorized as factors of the internal environment and opportunities and threats are categorized as factors of the external environment. The factors from the SWOT were outlined, along with two different environmental factors.

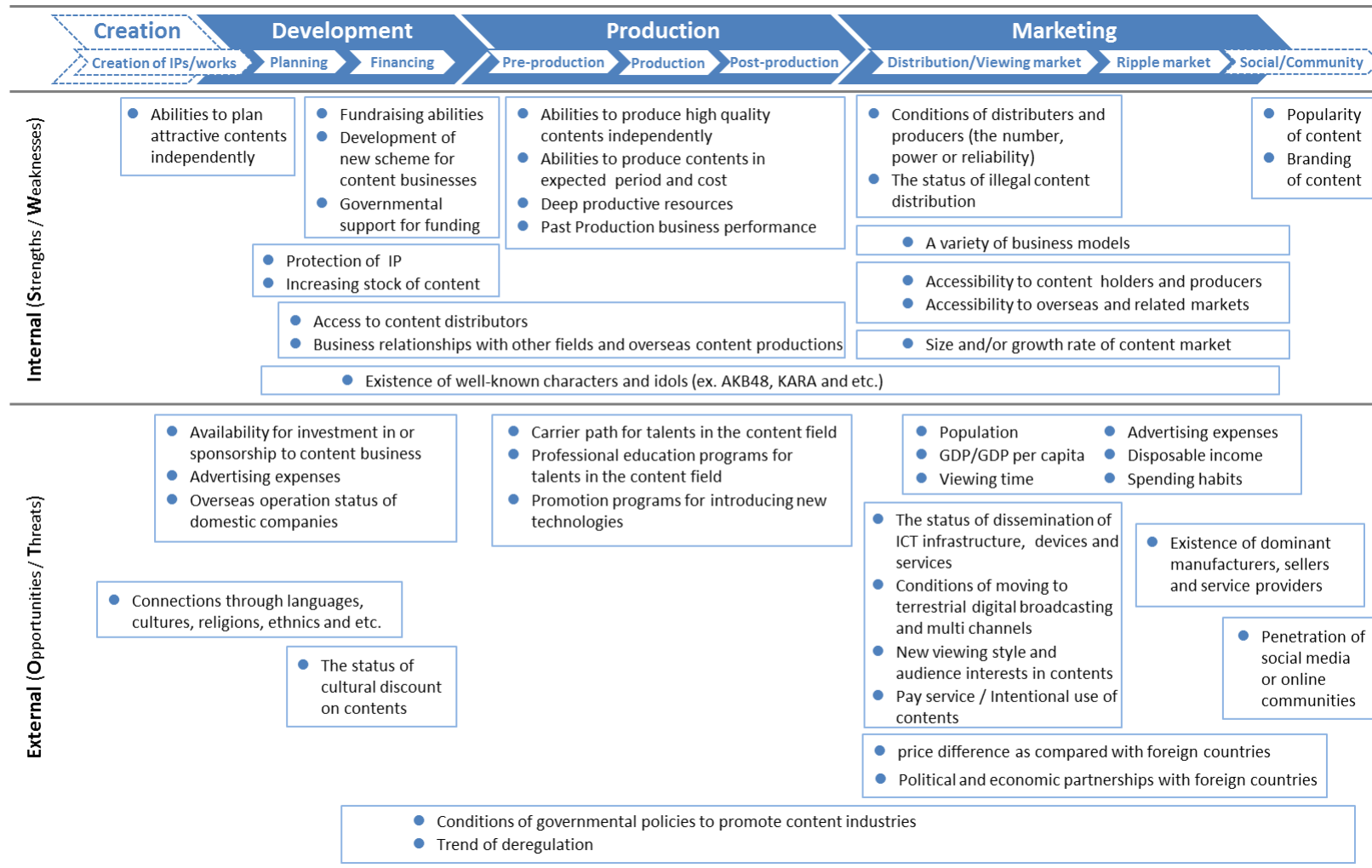
If a factor of the internal environment factor inclines toward a positive trend, it should be considered as a strength. If it inclines to the negative, it is taken as a weakness. If a factor of the external environment inclines to the positive, it is an Opportunity. If it inclines towards a negative trend, it is a threat.

Figure 46: Chart Analysis Process



The extracted factors are mapped and shown in Figure 47. The horizontal axis on the chart is value chain. The vertical axis on the chart describes the internal / external perspectives extracted from SWOT.

Figure 47: SWOT vs. Value Chain



The chart overviews the factors of internal and external environment in content industries along with the value chain. The chart depicts grouped factors necessary to be considered in content industries. Each factor mapped on the chart is essential for industry growth.

CHAPTER 8

Policy Recommendation

1. Discussion Process of Policy Recommendations

Based on the research described above, and the analysis results, the working group members discussed policy recommendations and the following opinions were proposed.

- The aim of a policy recommendation should be agreed and then detailed items would be considered.
- Detailed items mentioned below are essential: a common framework for content satellite account⁶, measures to lower the barriers for content market convergence, human resource development, funding schemes, antipiracy measures, easing import regulation.
- Even though a small market in a single country, establishing a bigger content market in the region and expanding businesses' scale can be expected through cooperation among member countries. Measures to create a bigger market are critical.
- of the first step towards realizing the above ideas would be active discussion and exchange of information among governments of member countries, followed by the promotion of concrete projects such as co-production.

⁶ OECD defines satellite accounts as follows. Satellite accounts provide a framework linked to the central accounts and which enables attention to be focussed on a certain field or aspect of economic and social life in the context of national accounts; common examples are satellite accounts for the environment, or tourism, or unpaid household work.
<http://stats.oecd.org/glossary/detail.asp?ID=2385>

Based on these opinions, in addition to the results of the research and analysis described in chapters 3 to 7, important items were identified and proposed as policy recommendations for this project. The details of the policy recommendations are introduced in the next section.

2. Policy Recommendations

[Policy objectives]

First, each country has its own content market contributing to its domestic economy. Through achievement of the potential for the content market in each country, more contribution to the domestic economy would be expected. (See Chapters 3 and 4.)

Secondly, in addition to domestic effort in each country, promoting content exchange and co-production inside the region would be expected to lead to more effective economic contribution. (See Chapter 5 and 7.)

The policy objectives were determined as described later based on these points of view.

[Policy recommendation]

1. Promotion of collaboration to establish and enhance content industries in each country

In the discussion of policy recommendations by working group, most members stated the necessity of increasing opportunities for sharing information and exchanging ideas. As a first step towards accomplishing two policy objectives, it is considered definitely important to extend these kinds of opportunities.

2. Reinforcement of factors in content industries in each country

Based on the discussion in the working group meeting, individual items of policy recommendation were proposed from the following four points of view: human resource development, business promotion, expansion of content trading, and effective use of new technologies.

2.1. Human resource development

The importance of human resource development was often suggested in interviews in each member country (See Chapter 7). It is essential not only to secure high level creators and professionals for the production process but to develop standard training programs. This is also important to support job creation, considering that human resources have in the past been developed through on-the-job training in many cases. Furthermore, easing business visa regulations and simplifying the procedures for travel abroad are also considered as critical for increasing the opportunities of co-production and employment in other countries.

2.2. Business promotion

The importance of increasing funding, and sharing business resources for localization of content to promote content business in each member country, were suggested by the working group. Even though industrial resources regarding planning, producing and distributing contents have been established to some extent in each country, fundraising and resources for distributing contents in other countries are still lacking. And through co-production more enhancement of planning and producing and consequent mutual growth are expected.

It is expected that strengthening these functions would bring further growth to the content market in each country. (See Chapter 7.)

2.3. Expansion of content trading

As stated in the policy objective, promoting content trade is also critical for the growth of the content industry in each country. (See Chapters 5 and 7.)

For the purpose of encouraging content trade, and dealing with copyright infringement, strong initiatives to disrupt the distribution of pirated content and

promote the trading of legal materials are urgently needed. Cooperation among member countries on anti-piracy measures, and the easing of regulations restricting legal content imports are desirable. (See Chapter 7.)

2.4. Effective use of new technology

Some members of the working group believed that while the content industry creates new markets through the development and use of new technologies, some existing content markets may decline.

While introducing new technologies is important for the growth of the content industry, further information-sharing and the exchange of ideas among governments and business operators in each country is considered as critical for the industry's growth. Promoting international standardization of the new technologies is also considered important for the growth of the content industry in the region.

Policy recommendation

[Policy objectives]

For the sake of the growth of the content industries in each country in the region the region's policy objectives should be:

- To achieve the potential that the content industries in each country have by utilizing the scale of the content markets and the assets of the content industries in each country
- To promote trade and cooperation among content industries in the region

[Policy recommendation]

1. Promotion of collaboration to establish and enhance content industries in each country
 - (1) Continuous effort to provide collaboration opportunities (GtoG, GtoP, PtoP)
* G: Governmental sectors P: Private sectors
 - (2) Standardization of frameworks and tools for quantitative evaluation, such as statistics relating to the content industries
 - (3) Enhancement of cooperative promotion policy for international co-production (bilateral and multilateral)
 - (4) Promotion of standardization of regulations and policy measures (for example: rules and customs related to international co-production)
2. Reinforcement of factors in the content industries in each country
 - 2.1 Human resource development
 - (1) Support for discovery and training of talented people
 - (2) Support for creation of employment in the media and content industries
 - (3) Development of training programs (to fill supply and demand gaps between academia and industry)
 - (4) Deregulation of personnel exchange (the visa problem) and simplifying procedures
 - 2.2 Business promotion
 - (1) Establishment and improvement of funding schemes (for example: introduction of incentive schemes for domestic and international funding)
 - (2) Joint provision of resources for content localization⁷ (for example: sharing information on companies, price lists and evaluations)
 - (3) Promotion of international co-production

⁷ Localization is a process of adapting a product or service to a particular language, culture, and desired local "look-and-feel."

2.3 Expansion of content trading

- (1) Creation of a common intellectual property system
- (2) Joint countermeasures against piracy
- (3) Deregulation of imports of legal content

2.4 Effective use of new technologies

- (1) Provision of opportunities for information sharing and exchange of ideas among governments and business operators of each country
- (2) Promotion of international standardization of new technologies

APPENDIX

1. Research Framework

1.1. List of interviewees and basic questionnaire

Table 36 and Table 37 show the list of interviewees and questionnaire, respectively.

Table 36: List of interviewees

Country	Category	Interview
China	Government	The State Administration of Radio Film and Television (SARFT)
	Broadcast	China Central Television (CCTV)
	Internet	IQIYI.COM
Indonesia	Government	Kementerian Komunikasi dan Informatika (KOMINFO) *Ministry of Communication and Information Technology
	Broadcast	Telvisi Republik Indonesia (TVRI)
	Broadcast	Surya Citra Televisi (SCTV)
	Production	DNA
	Production	Avirga (Castle production)
Korea	Government	Korea Creative Content Agency (KOCCA)
Malaysia	Industry	Creative Content Association of Malaysia (CCAM)
	Production	Blue In Green Media
	Broadcast	Media Prima
	Production	Vision New Media
	Production	Les' Copaque Production
Philippines	Government	The National Economic and Development Authority (NEDA)
	Industry	Creative Economies Council of the Philippines (CECP)
	Broadcast	Light TV
	Internet	Razor Bite Solution
Singapore	Government	Ministry of Communications and Information (MCI)
	Broadcast	MediaCorp
	Production	Infinite Studios
	Production	Mm2 Entertainment
Thailand	Government	Ministry of Culture
	Government	Office of the National Broadcasting and Telecommunications Commission (NBTC)
	Industry	The National Federation of Thai Film Associations
	Industry	The Federation of Radio and Television Professionals Association
	Industry	Thai Animation & Computer Graphics Association (TACGA)
	Industry	Software Industry Promotion Agency (SIPA)
	Broadcast	Asia Broadcasting Television
	Broadcast	True Vision
Japan	Government	Ministry of Economy, Trade and Industry (METI)
	Industry	Major industry bodies
	Broadcast	Major broadcasters
	Production	Major production houses

Table 37: Questionnaire

Issues	Questionnaire
1. Status of the TV broadcasting and audiovisual content distribution industries	
Size of the broadcast and audiovisual content distribution markets	<ul style="list-style-type: none"> ● What are the changes in market figures in terms of distribution segment (Terrestrial, satellite, IPTV, etc)? ● What are the recent trends?
Broadcast-related laws and regulations, promotional measures, practices and habits, etc., by country	<ul style="list-style-type: none"> ● What are the general conditions in regulation? ● What are the major promotion policies and measures? ● Are there major policies & measures for content distribution over the internet? ● What are the outcomes (results / effects) or challenges regarding the above regulation and promotion policies?
Business operators and business models related to the broadcast and distribution industry in each country	<ul style="list-style-type: none"> ● Who are the major players in each segment of the value chain (ex. Production, Aggregation, Distribution), in terms of sales, subscribers, etc.? ● Are there any trends regarding development of new business models for new media? ● Are there standardized content format for broadcasting and for other content distribution?
Viewership by country of broadcast and distributed programs	<ul style="list-style-type: none"> ● What are the demands for programs? ● What are the preferences for foreign contents?
2. Production, acquisition, and exportation/importation of audiovisual contents	
Market structure and major players	<ul style="list-style-type: none"> ● How many, and who are the major players in the production (Pre-Production, Production, Post-Production) sector? ● What are the business/profit models of the major players?
Production of audiovisual contents	<ul style="list-style-type: none"> ● What are the practical processes of program (content) production? ● Figures regarding the cost of standard programs for each process of production.
Broadcasting of audiovisual contents	<ul style="list-style-type: none"> ● What are the practical programming and audience target? ● What are the practical processes for broadcasting a program?
Exportation/importation of audiovisual contents	<ul style="list-style-type: none"> ● Figures regarding import / export of audiovisual contents (TV programs in particular) ● Who are the major players engaged in exportation/importation of broadcast programs (buyers and suppliers) and other related business operators (Distributors, Interim management agencies, etc.)? ● What are the required processes, its costs, and roles of each player (ex. localization)? ● Are there any conditions (Form of licensing, difference in program genres and popularity) ● Are there any trends in demand? What are your current demands/needs? ● Are there best practices that you can share with us?

2. Reference Information

2.1. Classification Models of Content Industry

There is no single definition of creative industries that is universally accepted. Some examples of classification models that define content industry are shown below. These well-known models were taken up particularly in East Asia. Many Asian countries have developed analyses of their creative industries, based to a greater or lesser extent on these models.

Table 38: Example Models of Defining the Content & Creative Industry

Model	Scope & definition
UNCTAD model	Audiovisuals, New media, Creative services, Design, Publishing and printed media, Visual arts, Cultural sites. Traditional cultural expressions ,Performing arts (UNCTAD, 2008)
UK (DCMS ⁸) Model	Definition : “Those requiring creativity, skill, and talent, with potential for wealth and job creation through the exploitation of their intellectual property” Advertising, Architecture, Art and antiques, Crafts, Design, Designer fashion, Film and video, Interactive leisure software, Music, The performing arts, Publishing, Software & computer services, Television and radio (DCMS, 2001) *These categories are known as ‘DCMS 13’
WIPO Copyright Model ⁹	Core copyright Industries (Advertising, Collecting societies, Film and video, Music, Performing arts, Publishing, Software, TV and radio, Visual and graphic art), Interdependent copyright industries (Blank recording material, Consumer electronics, Musical instruments, Paper, Photocopiers, Photographic, Equipment), Partial copyright industries (Architecture, Clothing, Footwear, Design, Fashion, Household goods, Toys) (WIPO, 2003)

There has been growing demand for statistics related to information economy, in particular information & communication technology (ICT) sector and content & media sector. While activities related to the information economy have been described by, or been part of, ISIC (International Standard Industry Classification)

⁸ Department for Culture, Media & Sport

⁹ World Intellectual Property Organization

classes in a number of ISIC divisions (UN, 2008), the definition and classification has been subject to discussion. As an example, The Organisation for Economic Co-operation and Development (OECD) has taken a leading role in standardizing the definition of the ICT and content & media sectors. ISIC defines as follows:

“The production (goods and services) of a candidate industry must primarily be intended to inform, educate and/or entertain humans through mass communication media. These industries are engaged in the production, publishing and/or the distribution of content (information, cultural and entertainment products), where content corresponds to an organized message intended for human beings.”

Table 39 shows the list of ISIC (Rev.4) industries that comply with this definition.

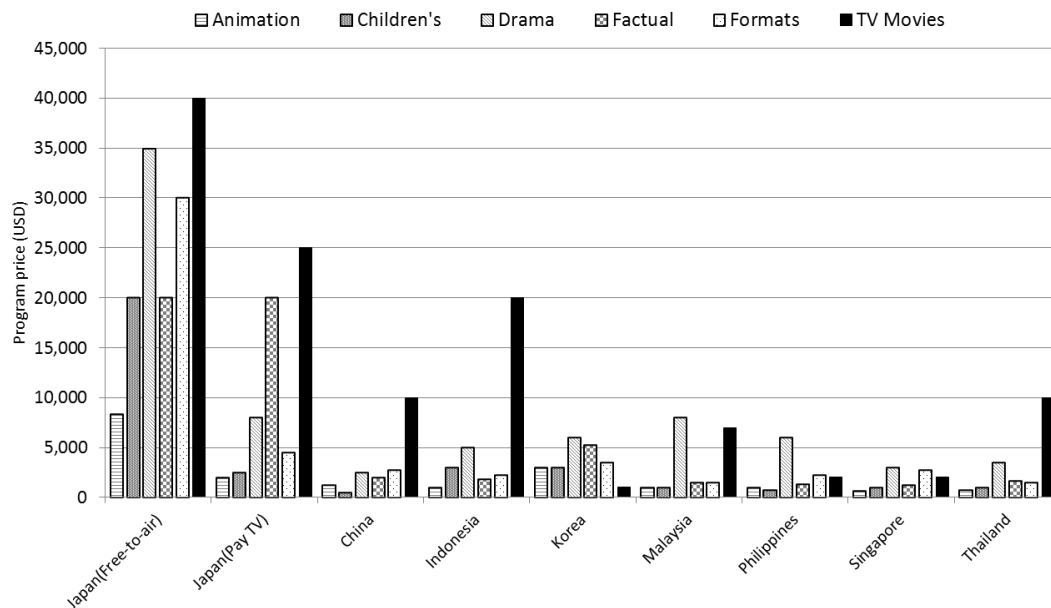
Table 39: Industry Classification for Content and Media Sector (ISIC)

Code	Classification
581	Publishing of books and other publishing activities
5811	Book publishing
5812	Publishing of directories and mailing lists
5813	Publishing of newspapers, journals and periodicals
5819	Other publishing activities
591	Motion picture, video and television programme activities
5911	Motion picture, video and television programme production activities
5912	Motion picture, video and television programme post-production activities
5913	Motion picture, video and television programme distribution activities
5914	Motion picture projection activities
592	Sound recording and music publishing activities
60	Programming and broadcasting activities
6010	Radio broadcasting
6020	Television programming and broadcasting activities
639	Other information service activities

2.2. Pricing of TV Programs

Figure 50 shows the price of typical TV program for different genres. Overall, Japanese TV program prices are the highest in any genres. For animation and dramas, the difference is 14 (Japan) to 1 (Singapore/China), and for children’s / TV Movies, it is 40 (Japan) to 1(China/Korea).

Figure 48: TV Program Price Comparison (2011)



Source: Television Business International Yearbook 2012.

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4. Currency Rate

The table below shows the currency rate used in this report, in particular market data described in Chapter 3.

Table 40: Currency Rate used in This Report

Country	Currency rate used
	[Local/USD] for 2011
China	6.31
Indonesia	8,595
Japan	79.81
Korea	1,108
Malaysia	3.06
Philippines	43
Singapore	1.26
Thailand	30.5

The table below gives an approximate USD size of local currency data referred in Chapter 5 and Chapter 6.

Table 41: USD Conversion of Local Currency

Chapter & Section	Local currency	USD
Chapter 5, Section 1.1	22.7 billion RMB	3.6 billion USD
Chapter 5, Section 1.1	2.046 billion RMB	0.324 billion USD
Chapter 5, Section 1.2	31.3 billion JPY	0.4 billion USD
Chapter 5, Section 1.4	6.2 million SGD	5 million USD
Chapter 5, Section 1.4	7 million SGD	8 million USD
Chapter 5, Section 2.2	30 million RMB	4.8 million USD
Chapter 5, Section 2.3	2,300 billion JPY	29 billion USD
Chapter 5, Section 2.4	1 trillion KRW	0.9 billion USD
Chapter 5, Section 2.4	12 billion KRW	10 billion USD
Chapter 5, Section 2.4	63 billion KRW	57 billion USD
Chapter 5, Section 2.5	33 billion KRW	30 million USD
Chapter 5, Section 2.5	15 billion KRW	14 million USD
Chapter 5, Section 2.5	62 billion 964 million KRW	57 million USD
Chapter 5, Section 2.5	27 billion 654 million KRW	25 million USD
Chapter 5, Section 2.5	1 billion KRW	0.9 million USD
Chapter 5, Section 2.5	5 billion KRW	4.5 million USD
Chapter 5, Section 2.5	1.5 billion KRW	1.3 million USD
Chapter 5, Section 2.5	2 billion KRW	1.8 million USD
Chapter 5, Section 2.5	47,600 KRW	43 USD
Chapter 5, Section 2.5	100,000 KRW	90 USD
Chapter 5, Section 2.7	1 billion RMB	0.16 billion USD
Chapter 5, Section 2.7	975 million RMB	154 million USD
Chapter 5, Section 2.7	727 million RMB	115 million USD
Chapter 5, Section 2.7	29.6 billion THB	0.97 billion USD
Chapter 6, Section 1	20 billion RMB	3.2 billion USD
Chapter 6, Section 1	610 million RMB	97 million USD
Chapter 6, Section 1	147 million RMB	23 million USD
Chapter 6, Section 1	546 million RMB	87 million USD
Chapter 6, Section 5	2.5 million MYR	0.8 million USD
Chapter 6, Section 5	5 million MYR	1.6 million USD
Chapter 6, Section 7	8.0 billion SGD	10 billion USD
Chapter 6, Section 7	25.7 billion SGD	32 billion USD
Chapter 6, Section 7	630 million SGD	793 million USD
Chapter 6, Section 8	200 million THB	6 million USD
Chapter 6, Section 8	17.6 billion THB	0.6 billion USD
Chapter 6, Section 8	165 billion THB	5 billion USD
Chapter 6, Section 8	77 billion THB	3 billion USD