

# Chapter 3

## Industry Structure

March 2014

**This chapter should be cited as**

ERIA Study on the Development Potential of the Content Industry in East Asia and ASEAN Region (2014), 'Industry Structure' in Koshpasharin, S. and K. Yasue (eds.), *Study on the Development Potential of the Content Industry in East Asia and the ASEAN Region*, ERIA Research Project Report 2012-13, pp.19-31. Jakarta: ERIA.

## **CHAPTER 3**

### **Industry Structure**

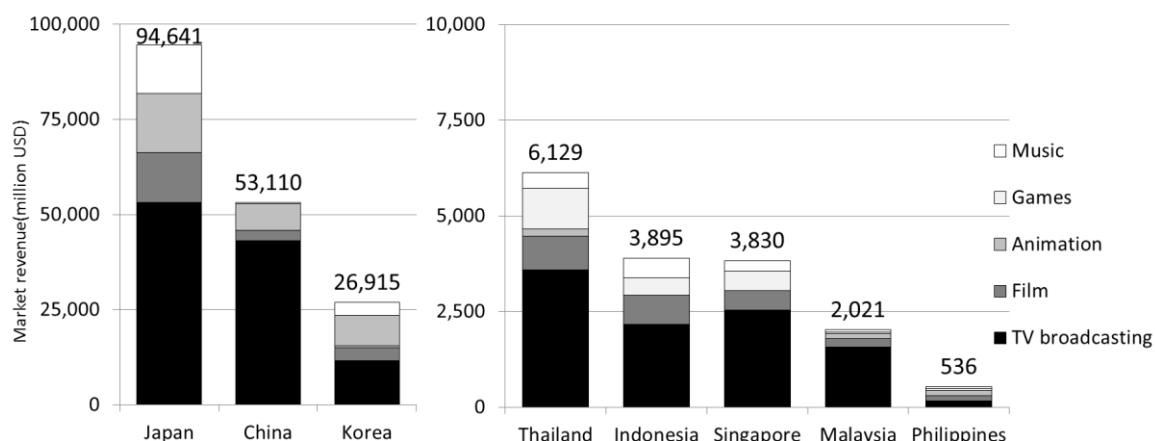
In this chapter, current status of the content industry structure is presented, to overview the market revenue and potential growth for each country.

#### **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

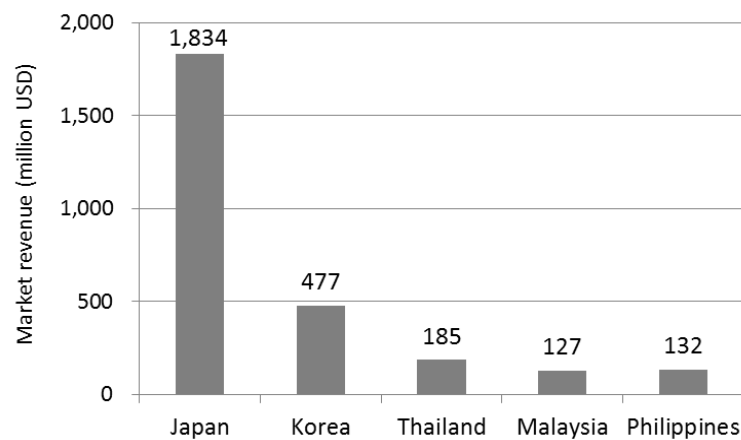
	Japan	China	Korea	Thailand	Indonesia	Singapore	Malaysia	Philippines
TV broadcasting	53,114	43,071	11,509	3,585	2,164	2,543	1,567	161
Film	13,127	2,813	3,538	886	761	499	223	138
Animation	1,834**	n/A	477	185	n/A	n/A***	127	132
Game	15,480	6,878*	7,946	1,067	453	506	49	50
Music	12,920	348*	3,445	407	518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

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.

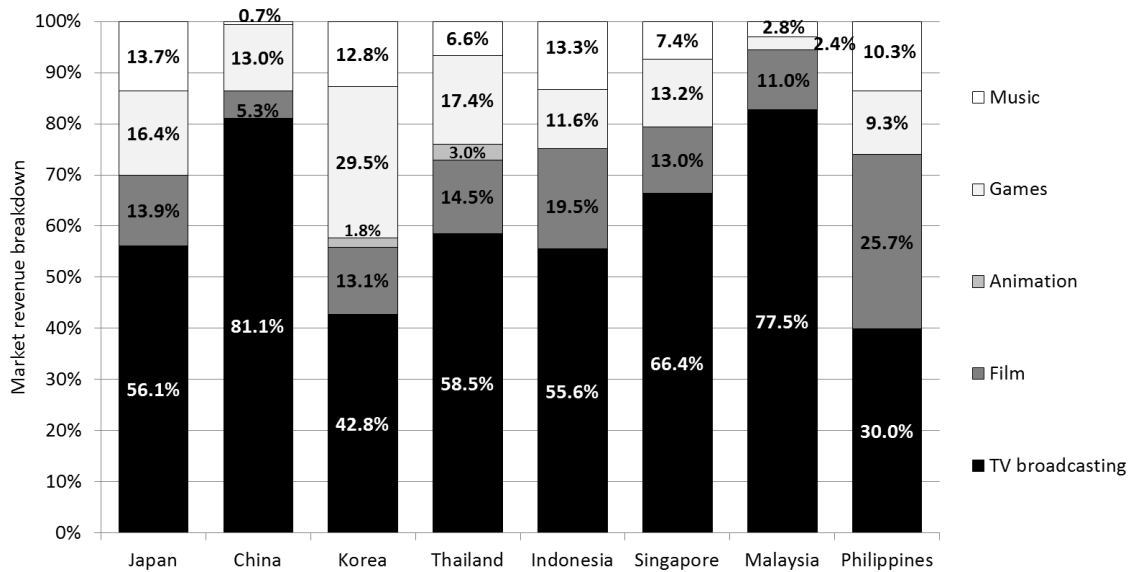
**Figure 17: Market Revenue for Animation (2011)**



*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)**

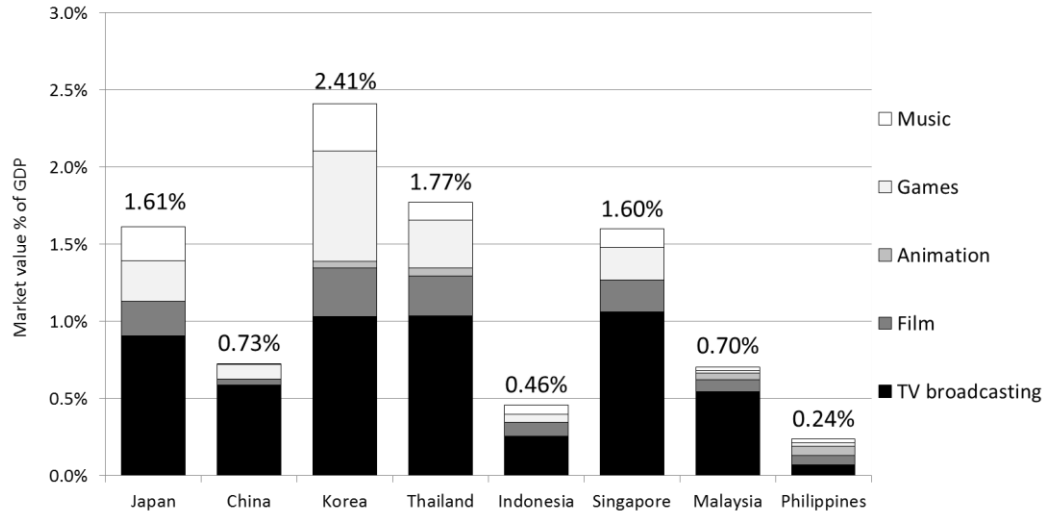


Source: Statistics provided by member countries, PwC (2012).

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%
<b>Total</b>	<b>1.61%</b>	<b>0.73%</b>	<b>2.41%</b>	<b>1.77%</b>	<b>0.46%</b>	<b>1.60%</b>	<b>0.70%</b>	<b>0.24%</b>

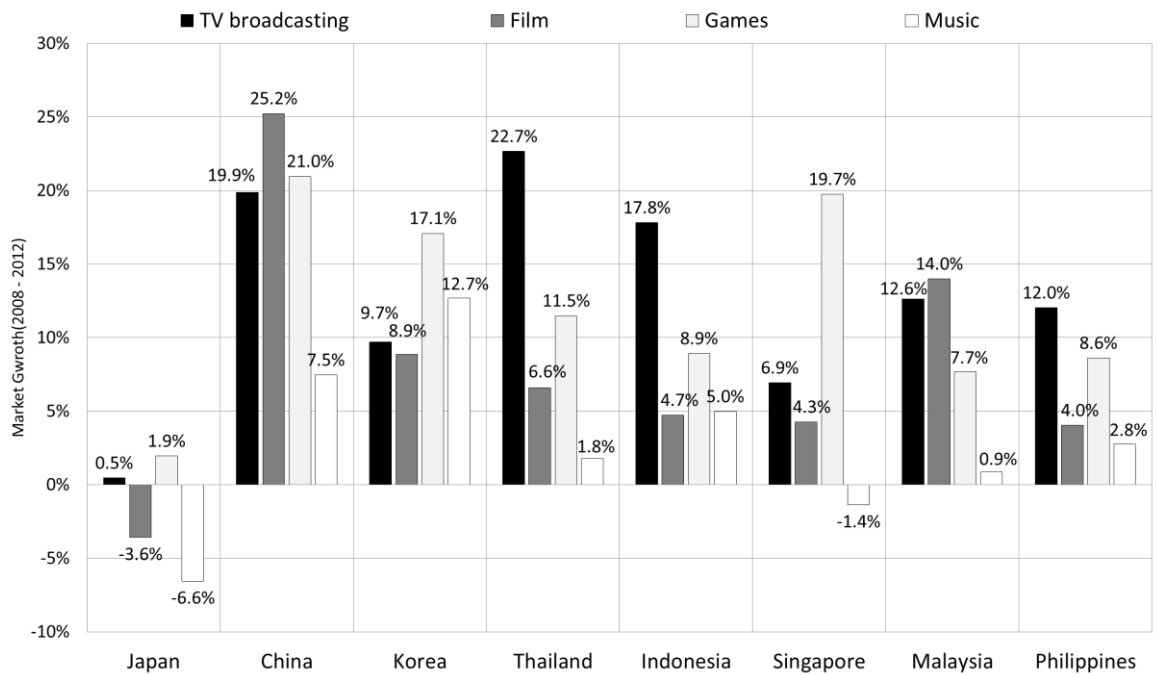
Source: Statistics provided by member countries, PwC (2012).

## 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**

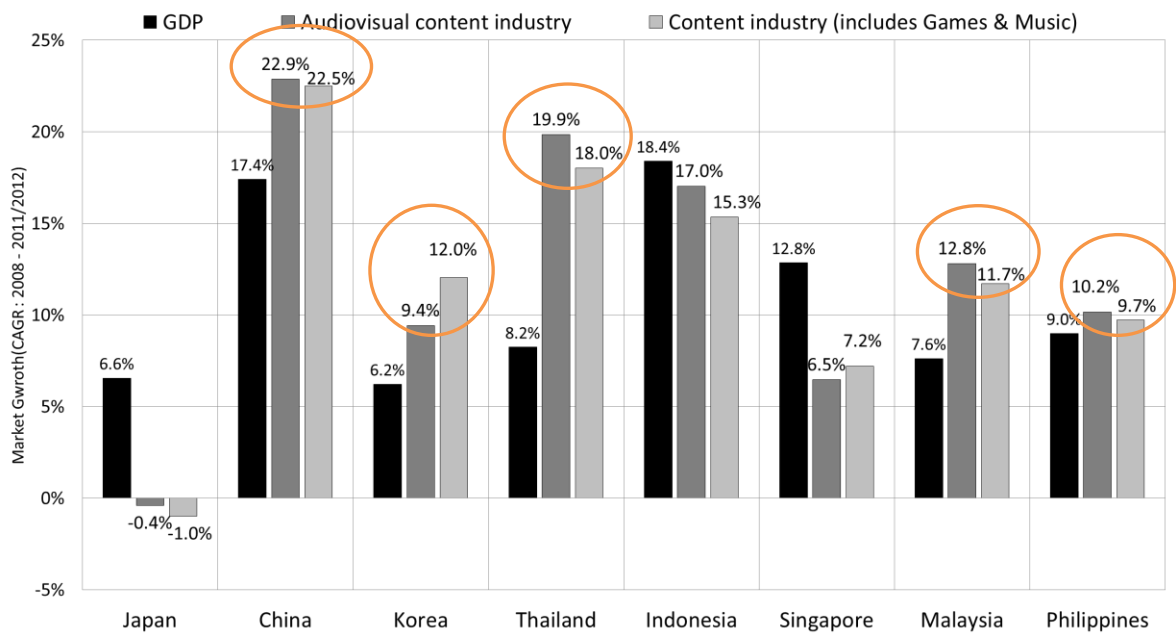


*Note:* \* that animation segment is not included in this figure due to lack of time series data.

*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.

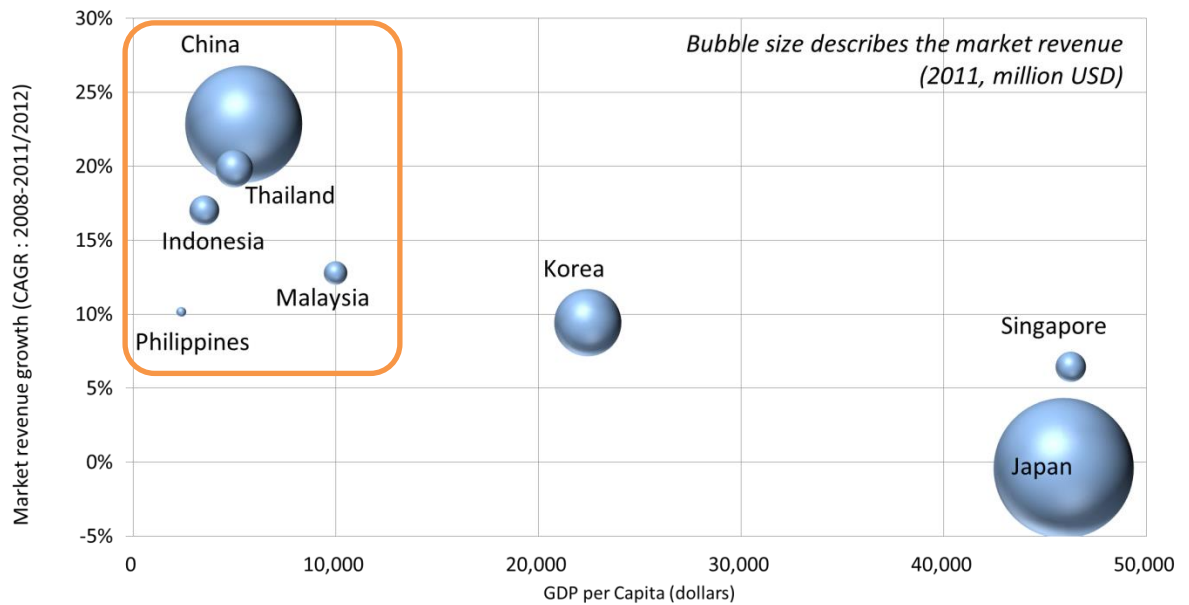
### 1.3. Positioning of Audiovisual Content Industry in Each Country

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.

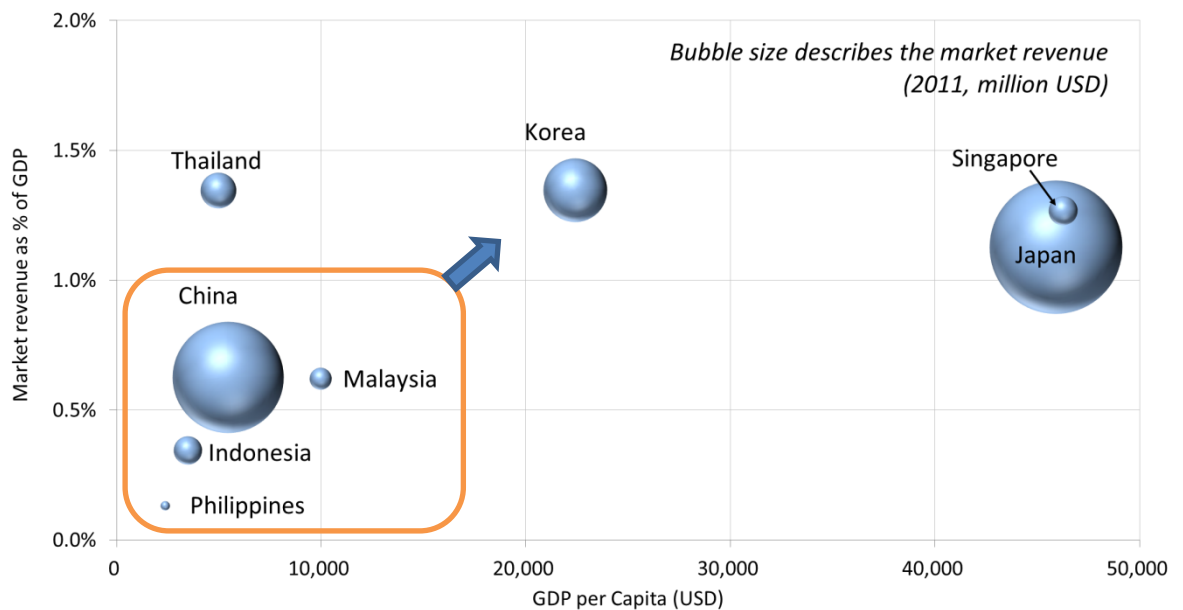


**Figure 22: GDP per Capita vs. Market Growth of Audiovisual Content Industry in Each Country**



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 <sup>1</sup> :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

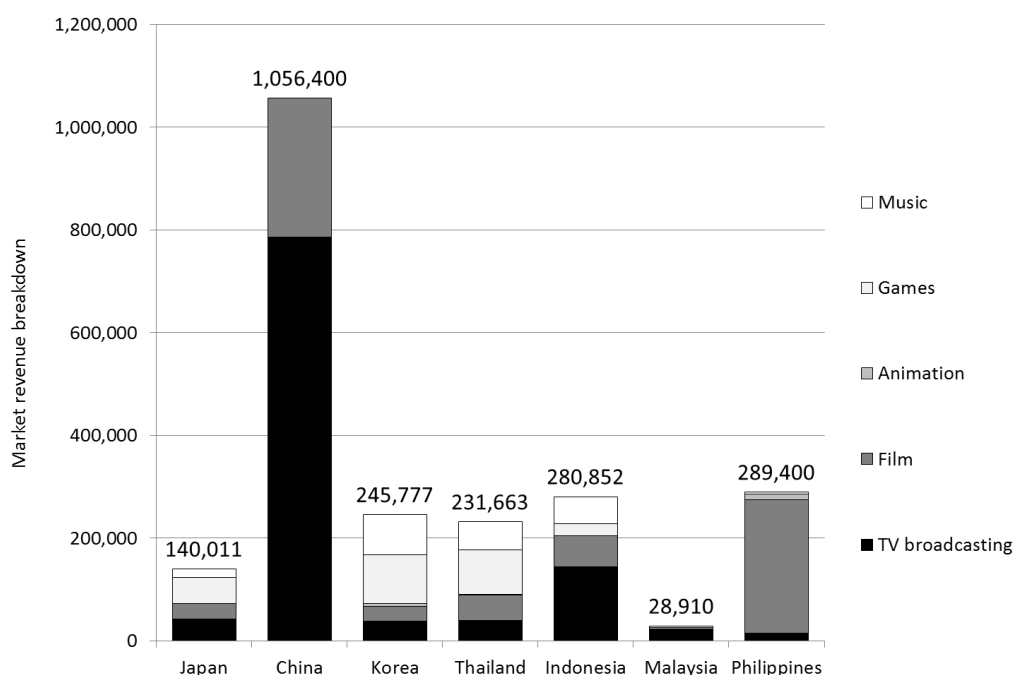
*Note:* \* Includes Production House, Licensor, Production Support, Rental Production Equipment, Studio, Post Production, Visual Effect, Film Lab, Sound Lab

*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
<b>Total</b>	<b>140,011</b>	<b>1,056,400</b>	<b>245,777</b>	<b>231,663</b>	<b>280,852</b>	<b>28,910</b>	<b>289,400</b>	<b>n/a</b>

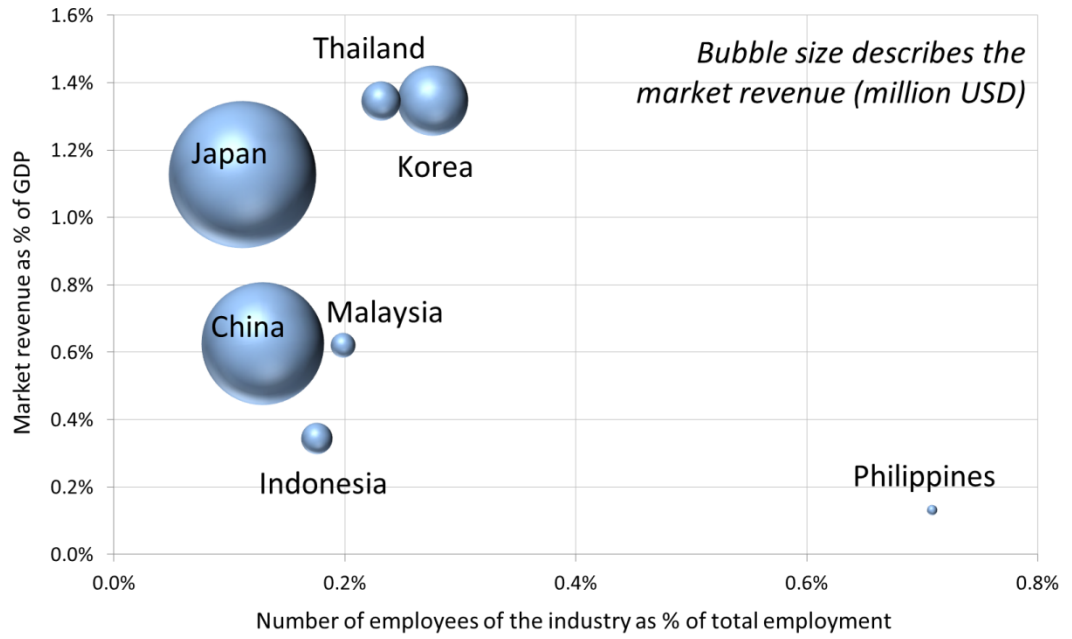
*Source:* Statistics provided by member countries.

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.