Chapter 2

Trends in Content Industry

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CHAPTER 2

Trends in Content Industry

1. The Global Perspective

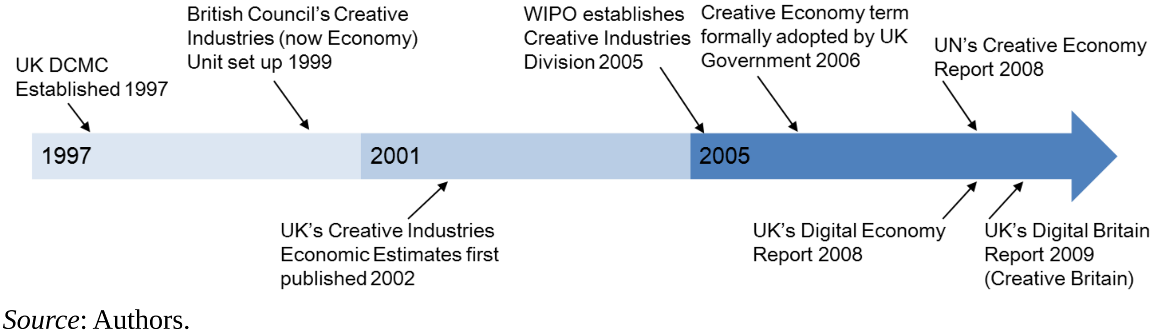
1.1. Background

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.

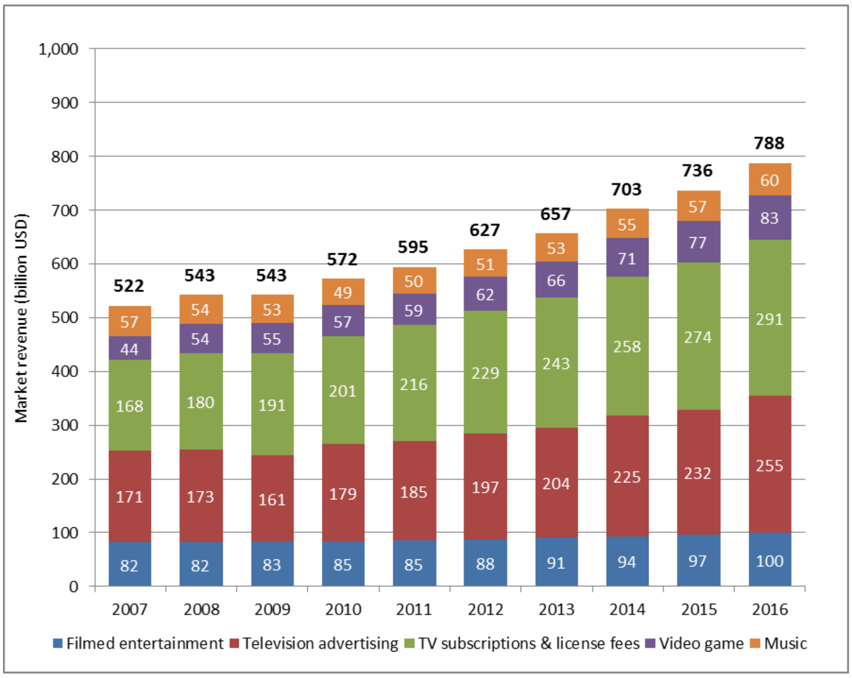
1.2. Market Size Trend of the Global Content Industry

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.

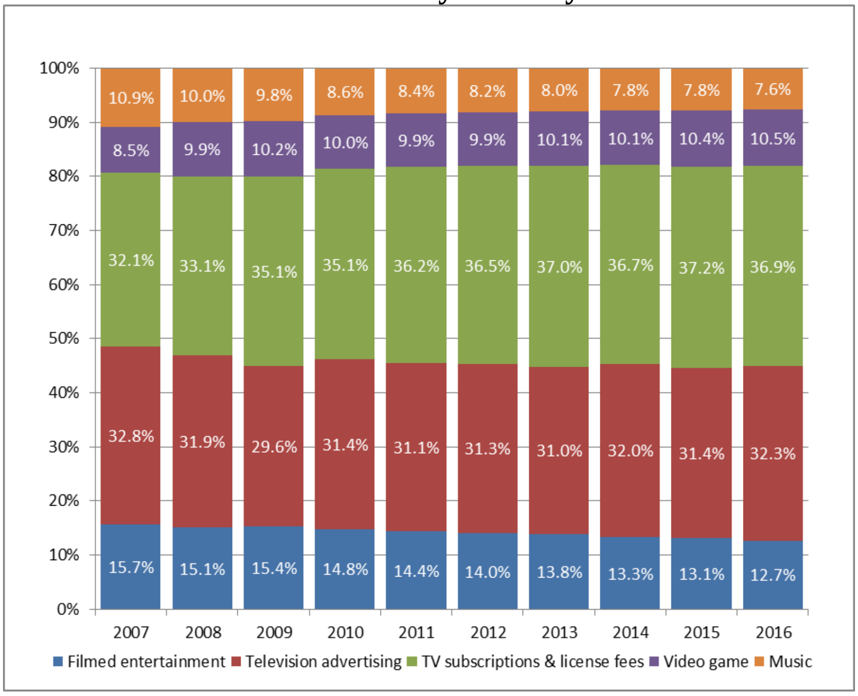
The highest growth will be seen in the video game market, with CAGR of 7.2%, which is expected to maintain above 10% of the content industry until 2016.

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-Pacific[2] 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.

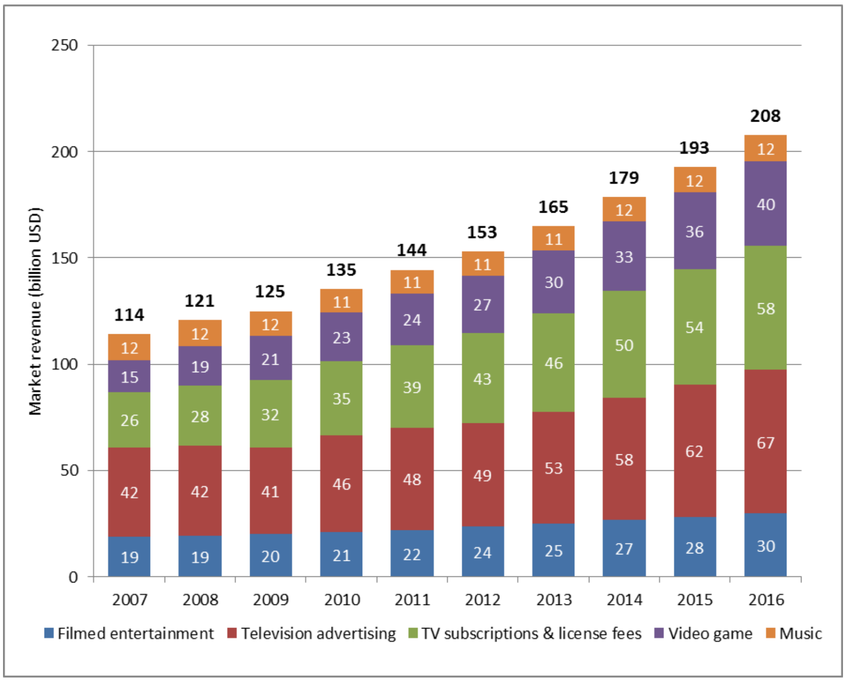
The largest market is the television advertising market which is expected to reach 67 billion USD, or 32.5% of the content industry by 2016. The highest growth will be seen in the video game market, with CAGR of 10.3% which is also higher

[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.

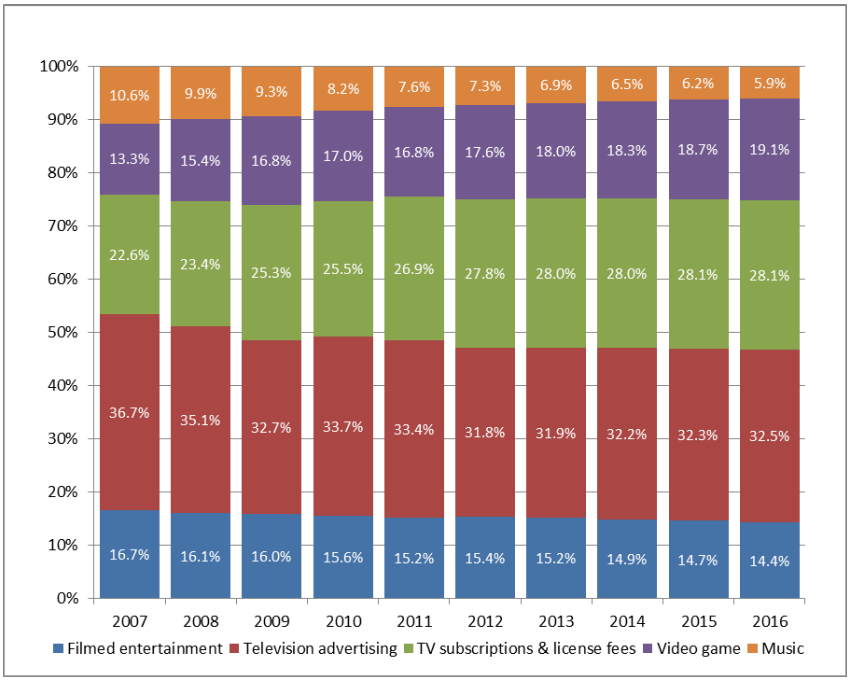
Figure 14 shows the contribution of the Asia-Pacific region market to the global market, for content industry and audiovisual content industry. The content industry and audiovisual content industry in the Asia-Pacific region accounted for 24.3% and 22.5% of the global market in 2011, respectively. This 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)



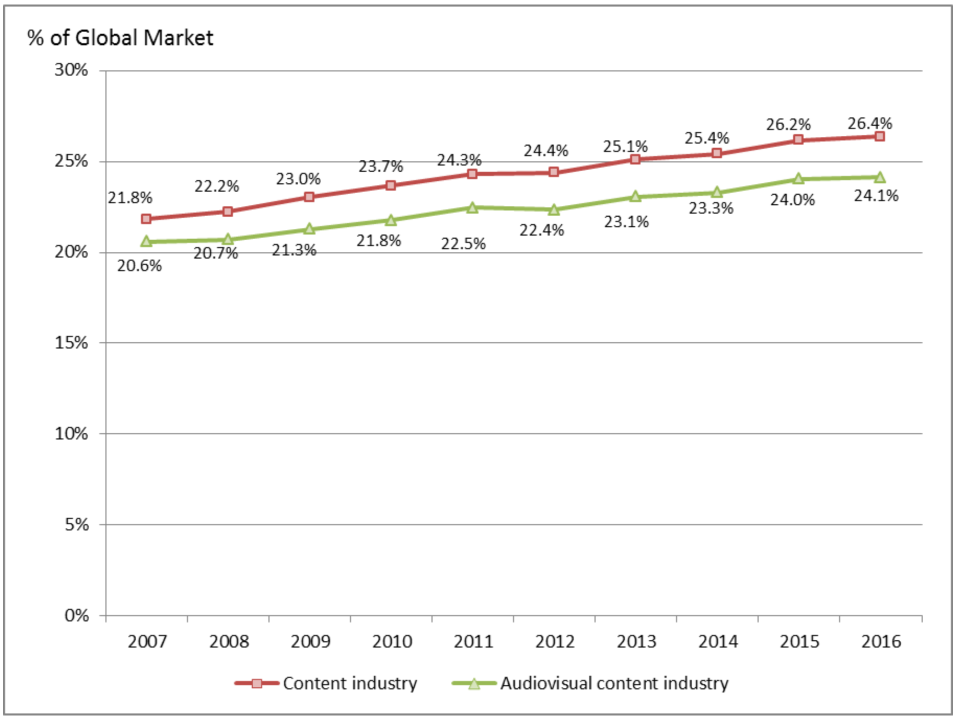
Source: PwC (2012).

Figure 13: Market Revenue Breakdowns by Industry



Source: PwC (2012).

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

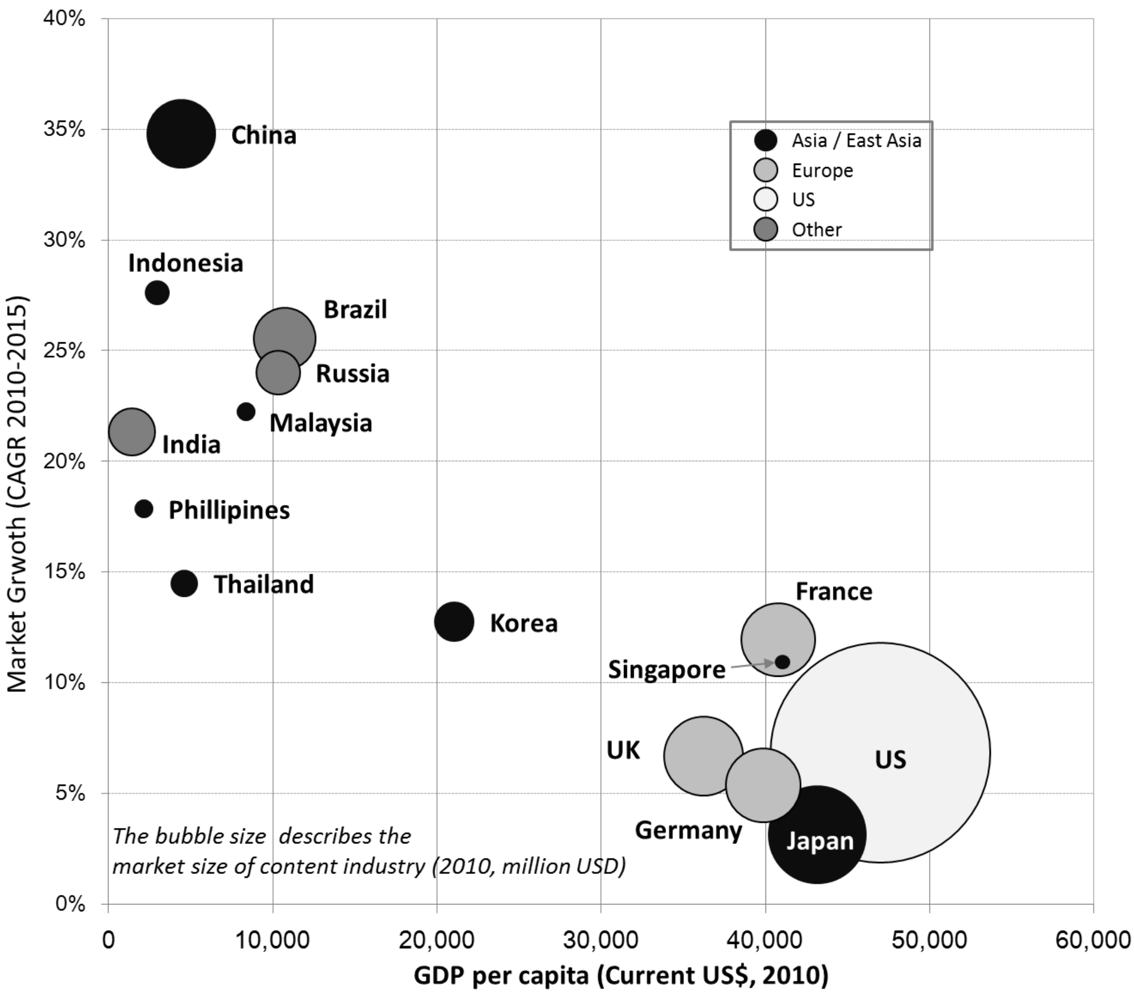


Source: PwC (2012).

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.