

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

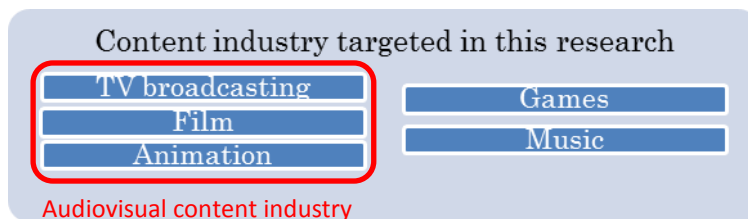
- ✓ First, the research framework for analysis and research items was planned. Secondly, basic data from each country were gathered and reorganized for mutual comparison, to review the overall growth potential for the industry. Thirdly, the situation and issues regarding industry structure and/or relevant 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

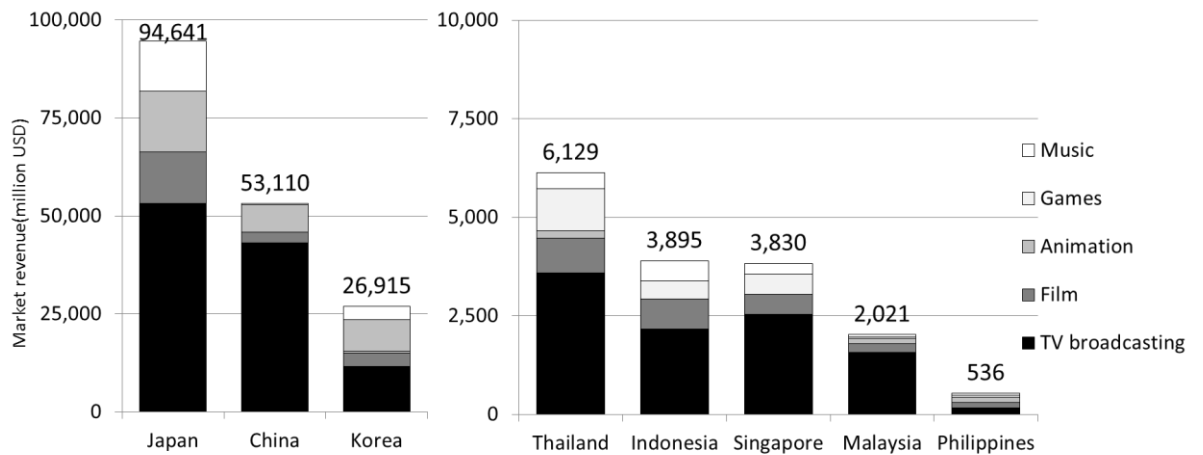


2. Main Findings of the Report

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)

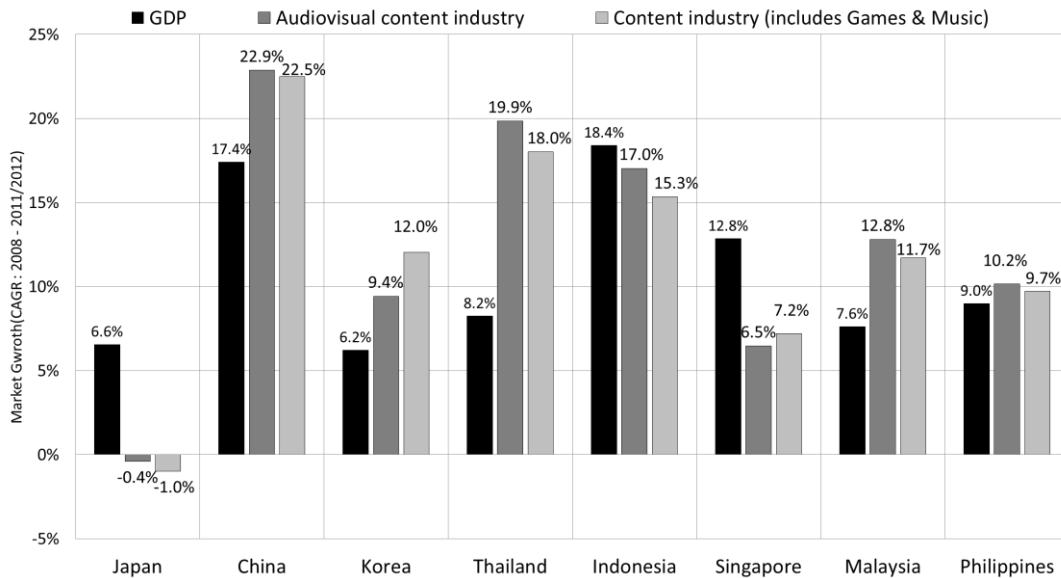


Note : the vertical axis is different for left and right figure.

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).

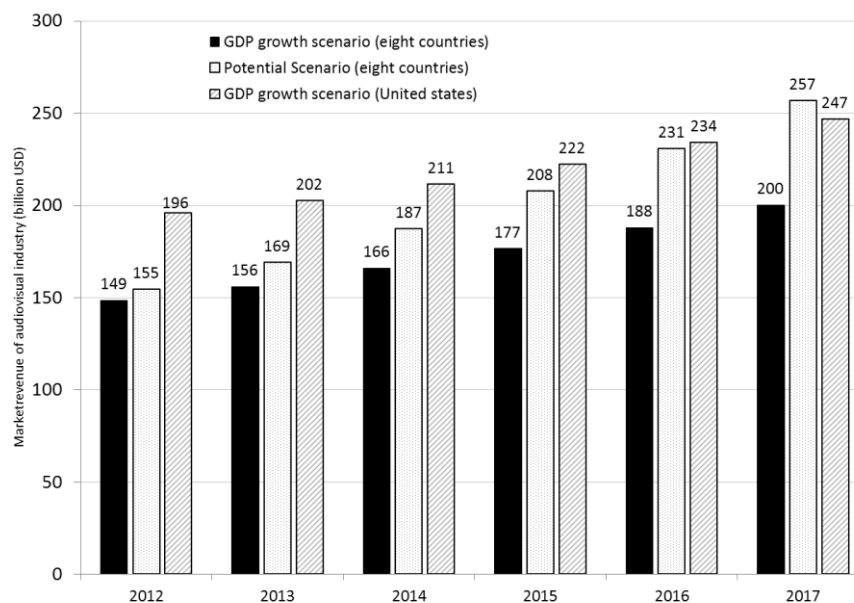
Table 1: Economic Contribution of Audiovisual Content Industry (2011)

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.

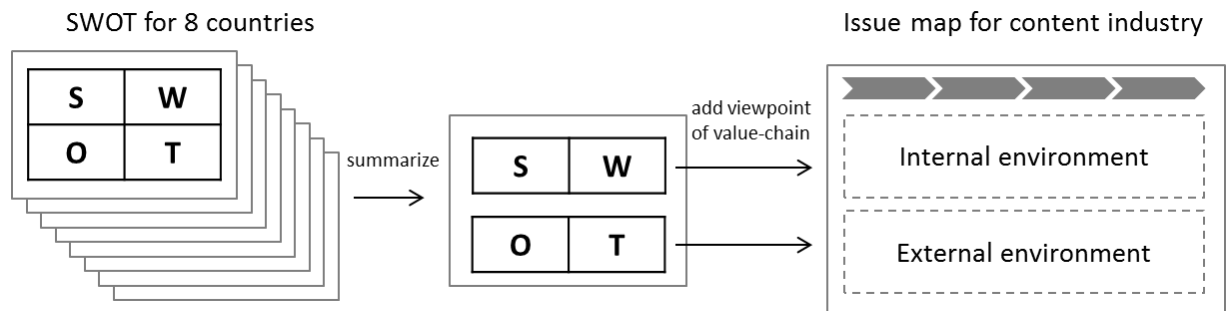
Table 2: SWOT analysis: Summary of Eight Countries

<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

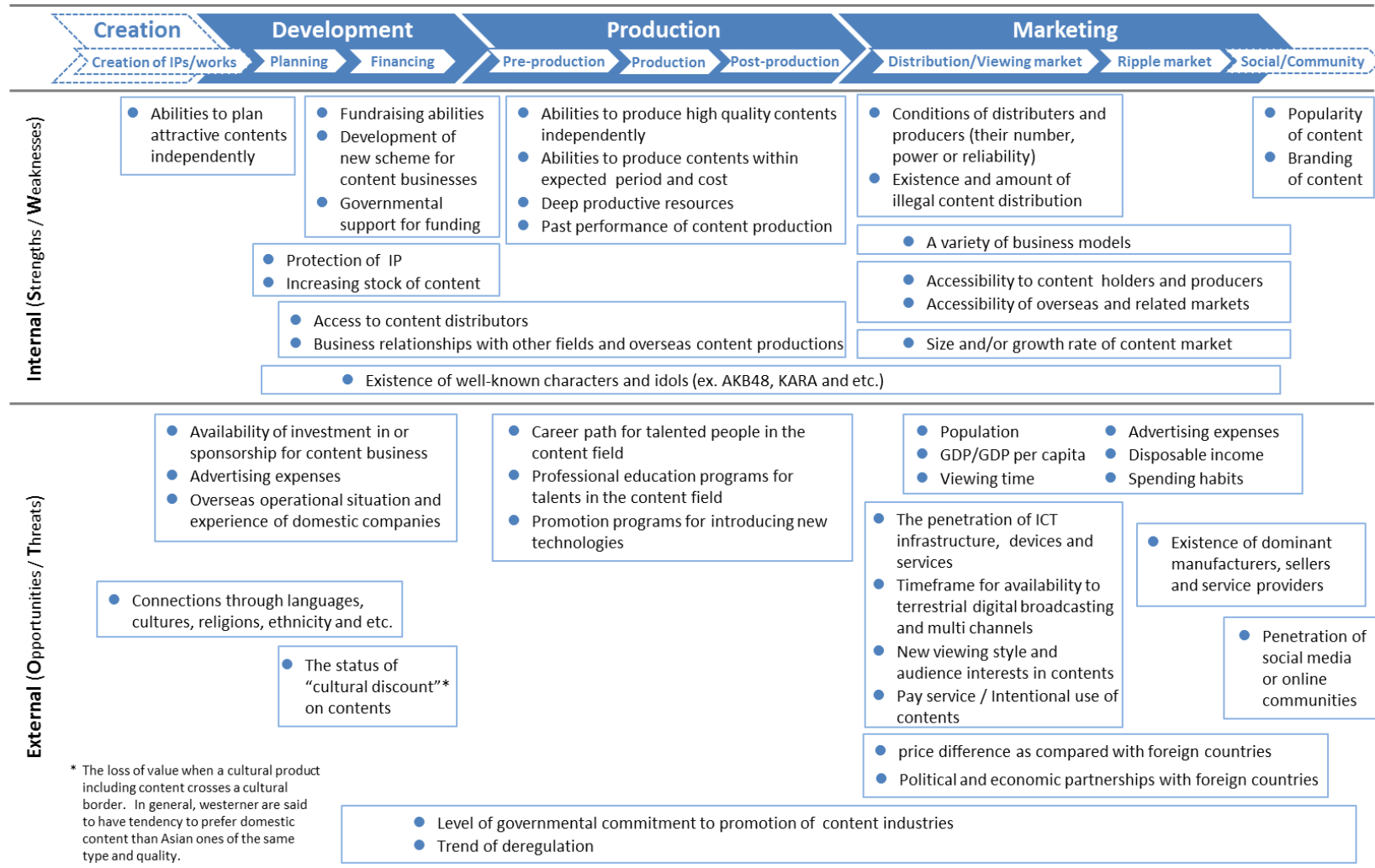
- Factors that drive the industry growth are assessed, based on the SWOT in the previous section. (Chapter 7).
 - Figure 5 shows the process. The factors that drive the growth of the content industries were extracted after summarizing the results of the SWOT analysis in the previous section. These factors 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