Chapter **3**

## Market Trends in the Content Industry

CHAPTER 3

Classification of Content Industry Promotion Policies

This chapter explains the classification of content industry promotion policies, which, along with the policy recommendation of the 'Study on the Development Potential of the Content Industry in East Asia and ASEAN Region' (FY2012 Report), was used to formulate survey questions. To reflect current and future issues, the classification was modified after discussions at international forums and interviews with stakeholders in the region. Some 38 policies identified in this way were further categorised, using a classification model with 7 policy areas and 15 policy activities, to measure the performance of each policy through a questionnaire-based survey.

1. Methodology for Policy Classification

Figure 3-1 describes the methodology for classifying and categorising content industry promotion policies.

Figure 3-1 : Methodology of Policy Classification
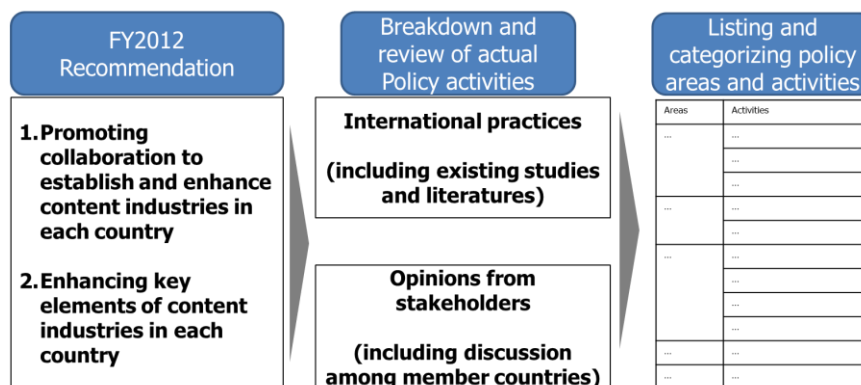
Source: Authors.

The objective of this procedure is to derive a classification model of related policies to promote the content industry, which can be used as the basis to measure policy effectiveness and necessity (demand) as described in the following chapters. At the same time, the model can be used as a framework for policy discussion and analysis, which can contribute to initiative planning in the countries and enhance collaboration among them.

The starting point of the classification is the policy recommendations from the FY2012 Report, which focus on promoting collaboration among countries and on enhancing four key elements (human resources, business promotion, content trading, and use of new technologies) of the content industry in each country. The recommendation is summarised in Figure 3-2.

While the recommendation covers major topics, including current and/or rising issues identified in the FY2012 Report, it was deemed necessary to widen the coverage of policies to build a mutually exclusive and collectively exhaustive (MECE) framework. The policies were, therefore, broken down and reviewed by asking the following:

> ➢ Do the policies reflect international experience and practices?

> ➢ Do the policies cover strengths/weaknesses, opportunities/threats (SWOT)[1] and serve the interests of each country and the region?

> ➢ Do the policies cover various types of content products (horizontal aspects) and value chain (vertical aspects)?

> ➢ Are the policies capable of adapting in the long term to changes in the environment?

> ➢ Are the policies (e.g. number of policy lists) appropriate for effective

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[1] For details, refer to the FY2012 Report.

evaluation among stakeholders? (Neither too many nor too few, even if they meet MECE criteria.)

To cover these viewpoints, desktop research on international practices, including studies and literature, was conducted. To reflect business practices, stakeholders were interviewed and discussions conducted among member-country representatives.

Figure 3-2 : Summary of the FY2012 Report's Policy Recommendation

1. Promoting collaboration to establish and enhance the content industry in each country

(1) Continuous effort to provide collaboration opportunities (G-G, G-P, P-P)
   * G = Government, P = private sector.

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

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

(4) Promotion of standardization of regulations and policy measures (e.g. rules and customs related to international co-production)

2. Enhancing key elements of content industries in each country

2.1	Human resource development	(1) Support for talent scouting and training (2) Support for job creation in media and content industries (3) Development of training program (to fill supply and demand gaps between academia and industry) (4) Deregulation of personnel exchange and simplifying the procedure
2.2	Business promotion	(1) Establishment and improvement of funding scheme (e.g. introduction of incentive scheme for domestic and international funding) (2) Joint provision of resources for content localization (e.g. sharing information on companies, price lists, and evaluations) (3) Promotion of international co-production
2.3	Expansion of content trading	(1) Commonization of intellectual property system (2) Joint countermeasure against piracy (3) Deregulation of content importing
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 county (2) Promotion of international standardization of new technologies

Notes: FY2012 Report = 'Study on the Development Potential of the Content Industry in East Asia and ASEAN Region'.
Source: FY2012 Report.

2. International Practice

2.1. Examples of classification of policy areas and principles (Organisation for Economic Co-operation and Development)

The Organisation for Economic Co-operation and Development (OECD) (2005)[2] addresses business and public policy issues, focusing on developing digital content and services and diffusing high-speed broadband, which raise new issues for existing business models and governments. The report states that public policy must recognise these changes, modify the policy and regulatory environment, and be aware of governments' part as content creators and users. The issues are divided into the following areas:[3]

a)   innovation and technology (e.g. enhancing research and development and innovation in content, networks, software, and new technologies);

b)   value-chain and business-model issues (e.g. developing a competitive and non-discriminatory business environment);

c)   infrastructure enhancement (e.g. technology for digital content delivery, standards, and interoperability);

d)   business and regulatory environments that balance the interests of suppliers and users in areas such as the protection of intellectual property rights and digital rights management, without disadvantaging innovative e-business models;

e)   governments as producers and users of content (e.g. commercial reuse and pricing of public sector information); and

f)   conceptualisation, classification, and measurement issues.

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[2] Working Party on the Information Economy DIGITAL BROADBAND CONTENT Digital content strategies and policies (http://www.oecd.org/internet/ieconomy/36854975.pdf).
[3] Quoted from the original document.

OECD (2008)[4] puts forth three policy principles in its Policy Guidance for Digital Content (Table 3-1). The principles describe the target and expected outcomes of the policies and not the policy measures themselves.

Table 3-1: Policy Guidance for Digital Content
(Organisation for Economic Co-operation and Development)

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1. **Promoting an enabling environment**

- Policies that encourage a creative environment that stimulates market and non-market digital content creation, dissemination, and preservation of all kinds
- Policies that facilitate research and development and innovation in digital content creation, dissemination, and preservation, and digital content–related networks, software and hardware, open standards, and interoperability
- Policies that help ensure that capital markets (e.g. venture and risk capital) work competitively in funding innovation and digital content ventures
- Initiatives that address shortages in skills, training, education, and human resource development to create, distribute, and use innovative digital content
- Policies that stimulate enhanced knowledge creation and the dissemination, lawful use, and preservation of different forms of digital content (including access to information, research, data, and publications); encourage investments in such creation, dissemination, and preservation; and encourage global access to content regardless of language and origin
- Policies that enhance access and more effective use of public sector information
- An environment that promotes freedom of expression and access to information and ideas

2. **Enhancing the infrastructure**

- Policies that encourage investment in new network infrastructure, software, content, and applications
- Policies that work to improve regulatory parity and consistent policy treatment across different and, in some cases, converging content delivery platforms (including next-generation networks), technological environments, and value chains
- Policies that encourage technology-neutral approaches, interoperability, and open standard development to address technological issues related to digital content creation, dissemination, use, and preservation
- Policies that improve applications to deliver and use digital content, including by promoting effective management, preservation, and dissemination tools that enhance access and use of different types of digital content
- Policies that make digital content accessible to everyone, regardless of location, so they can reap the full benefits of the Internet economy and the global digital environment

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[4] OECD Policy Guidance for Digital Content, http://www.oecd.org/internet/ieconomy/40895797.pdf

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3. Fostering the business and regulatory climate

- Policies that encourage developing innovative business models, spreading best practices, and adapting value chains in the digital environment
- Policies that support non-discriminatory business and policy frameworks that reinforce competition
- Policies that recognise the rights and interests of creators and users (e.g. protection of intellectual property rights), while encouraging innovative e-business models
- Policies that provide incentives to create, disseminate, and preserve digital content (e.g. through open innovation strategies, university–business collaboration, incentives for long-term research, and intellectual property rights)
- Policies that improve information and content quality and accuracy (e.g. policies that facilitate the use of tools to help creators identify and disseminate their works, and users to identify and access specific information and works)
- Policies that enhance confidence in the creation and use of digital content by protecting privacy and consumers, discouraging identity misrepresentation and theft and protecting children from harmful content by clearly informing users of means of protection, reducing digital copyright infringement, promoting information and network security while striking the balance between openness and security in content environments, and, more generally, strengthening cross-border cooperation and practical measures to reach these goals
- Policies that improve online commercial transactions, including mechanisms for payment and micro-payments, electronic signatures and authentication, and international interoperability of these mechanisms
- Clarifying taxation issues as they relate to digital content products

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Source: Organisation for Economic Co-operation and Development (OECD) (2008), *OECD Policy Guidance for Digital Content*.

2.2. Inputs from stakeholders

Content industry stakeholders were interviewed to complement the policy classification with the viewpoints of business people, focusing on measures to develop and expand domestic and regional content industries. Stakeholders' comments covered export of content, ripple effect, and expected effects and priorities of policy implementation (Table 3-2).

Table 3-2: Overview of Interviews

Item	Description
Date	22–24 October 2013
Place	Odaiba, Tokyo (TIFFCOM 2013)
Interviewees	**Seller (including industry associations)** a.　　Association of Filmmakers of Cambodia **Buyer (including industry associations)** b.　　Madman Entertainment, Australia c.　　Taipei Multimedia Production Association, Taiwan d.　　CTH (Cable Thai Holdings Plc), Thailand **Government or agency** e.　　Film Industry Development, Ministry of Tourism and Creative Economy, Indonesia f.　　Korea Creative Content Agency g.　　Ministry of Culture, Thailand h.　　Thailand Film Office
Interview Questions	**1. Content market and industry trends in interviewees' country** ✓ What do you think of important policy measures for the growth of domestic content industry? ✓ What do you think of important policy measures for the increase of content exporting? ✓ What do you think of important policy measures for the enhancement of the ripple effect from content industry? **2. Content market and industry in the Asia-Pacific region** ✓ What do you think of important policy measures for the development and growth of content industry in the region? 　E.g. human resource development, business promotion, expansion of content trading, effective use of new technology **3. The most important and necessary policy measures and reasons** **4. Expected effects of implemented policy measures** **5. Priority of policy measures**

Source: Authors.

Table 3-3 summarises the opinions of interviewed stakeholders. Funding, incentives, subsidy, taxation, and international cooperation seem to be recognised as important in realising the principles outlined in Section 2.1.

Table 3-3: Summary of Interview Research

Extracted Items	Opinions
Marketing, Research	• A research group for content promotion has a variety of data and information and offers knowledge, information, and documents to the government. [KOR, G] • Opinions are regularly collected through advisory committees and industry-related seminars and discussions. [KOR, G]
Events, Conventions, Competitions	• Attending international events is important to promote not only the film industry but also Cambodia's image. [CAM, S] • International events are valuable and effective in engaging buyers. [AUS, B] • Buyers wish to have more chances to meet and cooperate with sellers. [THA, B] • A roadshow in film markets will introduce the Thailand Film Office to the world as the organisation that buyers should contact in the first place. [THA, G] • A short-film competition is held regularly and Thailand's government finances three to four films a year. [THA, G] • Film festivals at embassies are held as a way of exporting Indonesian content. [IND, G]
Funding, Incentives, Subsidies, Taxation	• Providing annual funding from US$200,000 to US$3,000,000, or US$10,000 per movie, would help producers. [CAM, S] • Tax exemption from 15 percent to zero would be beneficial. [THA, B] • The prime minister has approved providing incentives for foreign film productions in Thailand. [THA, G] • The government waives income tax for foreign actors and actresses instead of refunding the value-added tax for international film productions. [THA, G] • Subsidies for production, establishing funds, and export indemnity are favoured by the industry. Subsidy for production is strongly requested by the film and animation sector, and export indemnity by the animation and broadcasting sector. [KOR, G]
Anti-Piracy Measures	• Since film piracy remains a primary concern for local producers, the Motion Picture Association of Cambodia continues to enforce the copyright framework. [CAM, S] • International cooperation for timely localisation of films and TV programmes may be a good start for coping with rapid market changes and preventing potential customers from consuming illegally downloaded and pirated films. [AUS, B]
Trading of Content, Global Market	• Content distribution will be more international through the ASEAN Economic Community. [THA, B] • The Lao PDR, Viet Nam, Myanmar, and Cambodia are potential markets for Thai films. [THA, G]

Extracted Items	Opinions
International Cooperation	● To develop co-production in Asia, production crew training programmes in Cambodia must be abreast of production schemes and processes in other countries. [CAM, S] ● The United Nations Educational, Scientific and Cultural Organization (UNESCO) recognises the importance of developing the regional content industry and supporting regional events. [CAM, S] ● Manpower and human resource development in the region can be enhanced through overseas training programmes for young film-makers. [THA, G] ● Co-production should be free from constraints in each country. [THA, G] ● Communication exchange based on mutual trust, cultural exchange, and networking is a priority. [KOR, G] ● Co-production and joint ventures are planned to diffuse more content. [KOR,G]
Human Resources	● Labour mobility should not constrain international collaboration. [THA, G] ● Collaboration in human resources such as ASEAN exchange programmes is important for human resource development. [THA, G] ● Universities in Thailand do not offer many programmes related to film. The National Film Committee is considering creating a programme or training course. [THA, G]
General Policy or Strategy for Promoting the Content Industry	● Strong legislation is important (e.g. Basic Law for the Promotion of Cultural Industries, Korea, 1999). [KOR, S] ● Promotion policies need to be consistent and easy to understand (e.g. applying for funds must be simple). For example, there was confusion concerning a stimulation project—SP2 Project—as it was managed by four ministries. [THA, G] ● The government needs to clarify what it should do or not do for the content industry. [THA, G] ● Culture should be used as a tool to create the potential for jobs, audience, and good relations, and not just for money. [THA, G]

AUS = Australia, B = buyer, CAM = Cambodia, G = government, IDN = Indonesia, KOR = Korea, S = seller, THA = Thailand.
Source: Authors based on interview survey.

3. Classification of Policies

Table 3-4 shows the policies identified, taking into account the results in previous sections. The list reflects a macro perspective, focused on developing markets and the industry, and a micro perspective, focused on supporting businesses. Added to the policy recommendations of the FY2012 Report are policy areas such as 'promoting industry clusters' to build sustainable economic growth, and 'industrial visions' to build stakeholder consensus. From a micro perspective, 'business coordination and consultation' is added to facilitate business matching and the development of innovative business models.

The 38 identified policy activities contain aspects of the purpose and the means to realise the purpose. For instance, policies related to finance or human resources basically represent the means, and generally have broad or multiple purposes. Mutually exclusive categorisation must therefore holistically compare and measure policy performance to increase stakeholders' understanding of policy.

Consequently, the list in this study is first categorised by consolidating policies based on objective and area (Table 3-5). Referring to the macro and micro perspectives in Table 3-4, two policy objectives can be defined, each with policy areas:

- o Promote the content industry and market development
    - Promotion of industry (as a whole)
    - Promotion of business relationships and schemes (mainly within the domestic market)
    - Promotion of content in the international market
- o Provide the basic infrastructure and promote competitiveness of content

    business and creation
    - Human resources
    - Finance
    - Technology

- Legal framework

Finally, policy areas can be subdivided into practical policy activities (Table 3-6).

Table 3-4: Identified Policies

Perspective	Policy Areas	Policy Activities
Macro, Focusing on Market and Industry	Promoting market development	Regulation (market entry restriction, quotas, etc.)
		Promoting competition
		Promoting market creation (fostering content demand)
		Deregulation (market entry restriction, quotas, etc.)
	Regulatory framework	Intellectual property rights protection, anti-piracy measures
		Tax incentives
	Promoting industry clusters	Fostering content-industry clusters
		Facilitating content archives
	Human resource development	Standardising content business skills
		Qualification and certification for content business–related skills
		Fostering educational systems (degrees, internships, training, etc.)
	Technology	Standardisation, protecting interoperability
		Technology research and development, promoting innovation
	Marketing and branding	Marketing support in international trade and expos
		Promoting brands (campaign, events, etc.)
	Infrastructure development	Broadband network and media (broadcast, etc.) deployment
		Promoting content accessibility and affordability
	International cooperation	Hosting of or participation in international conferences and meetings
		International agreements (co-production, etc.)
	Industrial visions	Creating industrial vision, master plans to promote industry
		Fostering new business models
	Organisation	Establishing organisations (policy side, industry side, or both)
	Statistics	Developing statistics and databases

Perspective	Policy Areas	Policy Activities
Micro, Focusing on	Finance	Incentive schemes (funds, etc.)
		Government funds and financing
		Promoting industrial funds and financing

Supporting Businesses		Promoting investments (through tax incentives, etc.)
		Funds for activity costs (localisation, etc.)
	Human resources	Incentive schemes for human resource development (funds, etc.)
		Support for human resource development (information sharing)
	Technology	Seminars and training on adopting new technologies
		Tax incentives, fund support for adopting new technologies
	Business coordination, consultation	Business matchmaking (supply side, demand side)
		Matchmaking between human resources and education
		Matchmaking for human resources
		Mediation of related services (localisation and rights management)
		Facilitation, consultation
	Marketing and branding	Support for participation in international trade and expos

Source: Authors.

Table 3-5: Definition of Policy Areas (Aggregated)

Main Objectives	Policy Area	Definition
Promote the Content Industry and Market Development	Industry promotion	Policies to set goals and define the structure and direction of the content industry. Include defining the industry vision and direction; forming industry clusters; developing markets, including public demand; and fostering new business models
	Business relationships, schemes	Policies to promote individual sectors and business organisations. Include schemes for understanding industry demand, providing support and function, and facilitating internal and external relationships
	International relationships	Policies to foster international relationships and development. Include signing treaties and networking among countries, participating in or hosting international events and conferences, and engaging in international marketing and national branding
Provide the Basic Infrastructure and Promote Competiveness of Content Business and	Human resources	Policies related to human resource development and capacity building required in content business. Include standardising skills and knowledge, establishing certification and authorisation programmes, supporting educational programmes
	Finance	Policies related to fund-raising for content business. Include introducing incentive schemes and subsidy and

Creation		funding programmes to induce investment and loans from the public and private sectors
	Technology	Policies related to developing and adopting technologies. Include standardising technologies, fostering research and development and innovation, and developing communication networks and media
	Legal framework	Policies related to regulation and legislative frameworks. Include content quotas, market-entry rules, intellectual property protection, anti-piracy measures, and content rating

Source: Authors.

Table 3-6: Policy Classification Model

Main Objectives	Policy Areas		Policy Activities
Promote the Content Industry and Market Development	Industry promotion	1	Communicate industrial development visions and master plans and provide relevant statistics for benchmarking
		2	Stimulate the establishment of industrial clusters, promote market development that spurs content demand (including the practical use of government and public-funded content), or foster new business models (e.g. sharing best business practices)
	Business relationships and schemes	3	Support industry-led organisations (e.g. industrial associations and consortiums) to aggregate industrial interests and/or functions (e.g. funding, marketing, and business support)
		4	Support the building of business relationships (e.g. business matchmaking and promoting partnerships)
	International relationships	5	Establish international agreements (e.g. promoting co-production schemes and trade treaties)
		6	Promote brands and campaigns, host or support participation in international trade events and meetings
Provide the Basic Infrastructure and Promote Competiveness of Content Business and Creation	Human resources	7	Establish standards for business skills, and qualification and certification frameworks for related skills and knowledge
		8	Support education (e.g. funding for academic degree programmes, internships, and training courses)
	Finance	9	Introduce incentive schemes (e.g. tax incentives) to encourage investments
		10	Establish government financing schemes (e.g. subsidies and funds) to promote private financing

	Technology	11	Establish technological standards to ensure interoperability to increase adoption and usage
		12	Foster research and development and technological innovation, develop communication networks and media to enhance content distribution and consumption
	Legal frameworks	13	Introduce and review regulatory frameworks for market entry or content quotas
		14	Introduce and review intellectual property rights protection and management and anti-piracy schemes
		15	Introduce and review content-rating frameworks (regulation or guidelines to introduce industry self-regulation)

Source: Authors.