

**附件：**

**1. Cultural Content Business in Korea**

**2. Korean Craft Promotion Foundation**

# Cultural Content Business in Korea

2008. 9. 22

Korea Culture & Content Agency (KOCCA)

Kim Sang-Hyun

## Presentation Outline

I Understanding of Cultural Content

II Cultural Content Industry Outlook

III Megatrends in Cultural Content

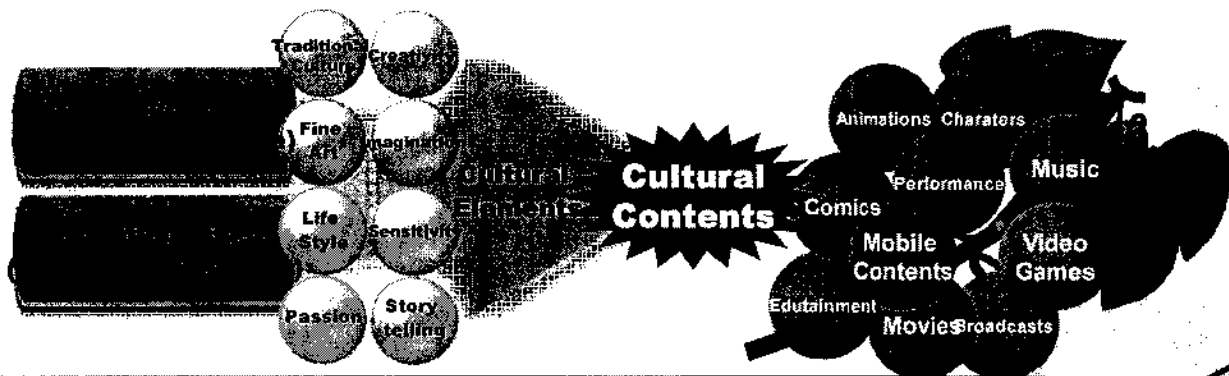
IV Introduction of KOCCA

V Vision of Building Global Network

# 1 Understanding of Cultural Content

- Cultural Content – A commodity which embodies cultural elements based on humans' sensitivity, creativity and imagination and creates economic values
- Cultural Content Business – Business related to planning, production, distribution and consumption for cultural content

※ US (Entertainment Ind.), UK (Creative Ind.), Japan (Content Ind.), China (創意産業)



1

# 2 Cultural Content Industry Outlook - the World

- Top 10 countries dominate 80% of the global market and Korea accounts for 2.5% in the world and 12% in Asia.
- Average annual growth forecasts ('08~'12) are 6.6 % for the global market and 8.8% for Asia.

Market Shares in the Content Industry (2007)

(unit : USD)

Rank	Country	Market Size (Share)	Rank	Country	Market Size (Share)
1st	US	600.7 billion (40.1%)	6th	China	68.1 billion (4.2%)
2nd	Japan	139.2 billion (7.6%)	7th	India	53.5 billion (3.0%)
3rd	UK	114.7 billion (6.6%)	8th	France	40.7 billion (2.5%)
4th	Germany	102.1 billion (6.3%)	9th	Korea	39.5 billion (2.4%)
5th	France	72.1 billion (5.8%)	10th	Spain	35.5 billion (2.1%)

Prospects of the Content Industry (2008 - 2012)

(unit : USD)

Market	2008	2009	2010	2011	2012	CAGR(07~11)
World	1.70 trillion	1.80 trillion	1.94 trillion	2.53 trillion	2.20 trillion	6.6%
Asia	370.1 billion	398.2 billion	433.6 billion	469.3 billion	508.3 billion	8.8%

• Source : PwC(2008) 『Global Entertainment and Media Outlook: 2007-2011』

2

## 2 Cultural Content Industry Outlook - Korea

- Sales : KRW 44 trillion (2003) → KWR 58 trillion (2006)  
(Average Annual Growth of 9.6%)

Development of Sales in the Cultural Content Industry

	2003	2004	2005	2006	Average Growth	Unit
Sales	441,957	500,602	539,481	579,386	9.4%	Billions of Won
Number of Employees	463,233	458,926	455,757	436,685	-1.9%	-
Number of Companies	-	121,070	137,829	126,815	2.3%	-

3

## 2 Cultural Content Industry Outlook - Korea(cont.)

Korean Markets by Cultural Content

Category	Subtotal	TV	Movie	Game	Music	Animation	Internet	Comics	Others	Export	Total
Number of Companies	30,353	10,796	37,108	32,802	8,663	260	534	4,735	1,379	185	126,815
Number of Employees	218,377	12,818	65,431	32,714	25,769	3,412	29,306	27,487	19,889	1,480	436,685
Sales (billions of Won)	19,079	730	2,401	7,448	3,683	288	9,719	9,118	4,550	117	57,938
Export (thousands of dollars)	184,867	3,917	16,666	671,994	24,515	66,834	133,917	75,981	189,451	5,016	1,373,158
Import (thousands of dollars)	307,184	3,965	8,347	207,556	45,813	5,095	72,563	2,415,540	211,909	316	3,278,288

3

### 3 Megatrends in Cultural Content(cont.)

#### Megatrend (1) : Acceleration in Digital Convergence

- **Development of Technologies for compressing, storing, transferring and processing digital images**
  - ※ 3G(WCDMA) - a service realizing multimedia and global roaming and a data transfer speed of 2Mbps
  - 3.5G(WiBro, HSDPA) - a service with a much faster data transfer speed of 14.4Mbps
  - 4G - a service enabling a single piece of equipment to use all the satellite, wireless LAN and Internet services with 100Mbps in motion and 1Gbps standing still
  - ※ Time for downloading large files – 2~3 seconds for 100 MP3 music files, 5~6 seconds for a movie CD
- **Convergence of Digital Media Equipment**
  - ※ All In One - Phone + Camcorder + Camera + MP3P + DMB
- **Convergence of cable & wireless services, broadcasts & communications and online & offline services**
  - ※ "The second decade of a digital era is beginning."- Bill Gates

Convergence

Globalization

OSMU BM

Storytelling

Copyright

4

### 3 Megatrends in Cultural Content (Cont.)

#### Megatrend (2) : Globalization of the World Economy

- **Open markets with FTA and DDA**
  - ※ Expansion of knowledge-based services markets and emergence of the soft economy
    - Japan's establishing Intellectual Property Strategy Division, a ministry level division protecting Japan's own intellectual property rights
- **Global Media Groups' Expansion of Entertainment Businesses**
  - ※ Enhanced production and distribution in blockbuster content for broadcasts, movies, music, video games
  - ※ Walt Disney : Miramax(movie)-Pixar(CG)-ABC(broadcast)
  - ※ Time Warner : Warner Bros.(movie)-AOL(online portal)-HBO(broadcast)
  - ※ General Electric : Universal Pictures(movie)-Studio(theme park)-NBC(broadcast)
  - ※ News Corp. : 20<sup>th</sup> Century Fox(movie)-Myspace(UCC)-BSkyB/StarTV(broadcast)
  - ※ Advancement of telecommunications companies such as Apple, Nokia, Sony, MS and NTTDocomo into cultural content businesses

Convergence

Globalization

OSMU BM

Storytelling

Copyright

5

### 3 Megatrends in Cultural Content (Cont.)

#### Megatrend (3) : One Source Multi-Use

- **Concept**
  - On the basis of a single source content, various other content products are created and the profits are maximized through synergy and window effect.
  - ※ **Window Effect** : When production of some goods are closely related, except the initial investment, marginal costs for reproduction are very low.
- **OSMU is a business model for content licensing and merchandizing.**

#### ▪ Harry Porter's OSMU

- ※ **KRW 308 trillion (USD 271 billion) of total sales** in 10 years ('97~'06) were generated by Harry Porter publication, movies, video games, internet contents, broadcasts, music, commercials, etc.

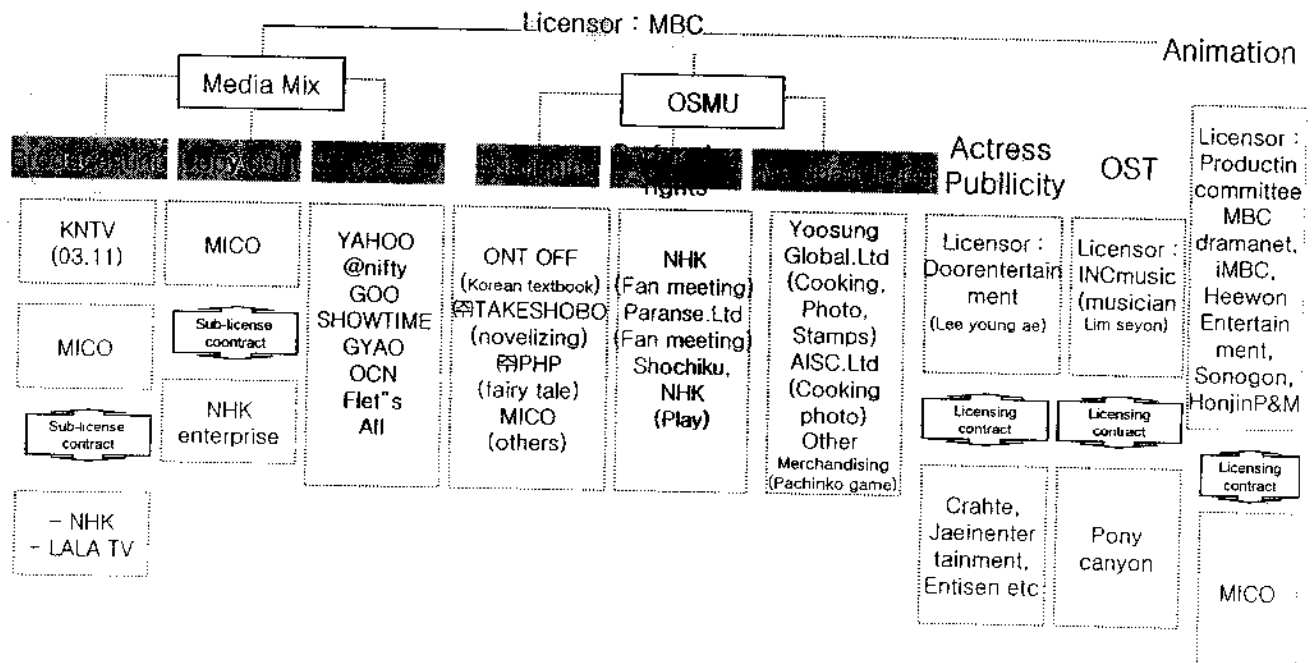


The site for shooting Harry Porter attracts 300,000 visitors annually.



### 3 Megatrends in Cultural Content (Cont.)

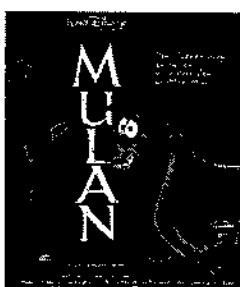
#### Example of content licensing between Korea and Japan(Daejangkeum)



### 3 Megatrends in Cultural Content (Cont.)

#### Megatrend (4) : Storytelling

- **Storytelling is the core of the content businesses involving dramas.**
  - ※ Lion King, originated from a Japanese TV animation Kimba the White Lion; Mulan, a Chinese Legend; the Lord of the Rings, an English fantasy novel; Pocahontas, an American Indian historical story
- **Cultural Content are the combinations of fun, storytelling, experience and impressions.**
  - ※ "Consumers buy styles, stories, experiences and emotions in products."  
"We will sell stories in the future." – The Dream Society by Rolf Jensen, a futurist



Convergence

Globalization

OSMU BM

Storytelling

Copyright

7

### 3 Megatrends in Cultural Content (Cont.)

#### Megatrend (5) : Reinforcement of Intellectual Property Right Protection

- **Piracy problems cause the doldrums in the digital content market.**
  - ※ Piracy caused an estimate loss of KRW 27 trillion (USD 23.8 billion) for last 5 years ('03~'07).
- **The US and Japan are dominating the global content industry with their intellectual property rights.**
  - ※ The US is the world's largest licensing market, and the character licensing accounts for 44% of the market.
- **The Korean government tries to reinforce intellectual property right protection.**
  - ※ Copyright infringement level by International Intellectual Property (IIPA), 2008 – Korea is listed in the Watch List.
  - ※ Copyright protection level by International Institute for Management Development (IMD), 2007 – Korea is Ranked 34<sup>th</sup> out of 55 countries.

Convergence

Globalization

OSMU BM

Storytelling

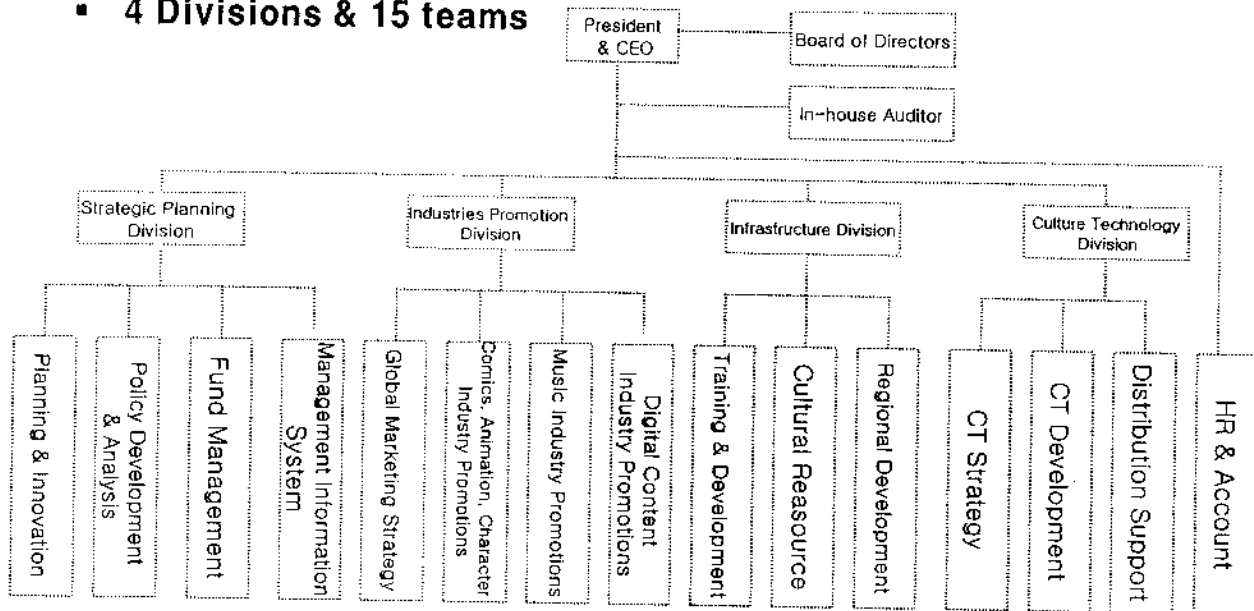
Copyright

8

## 4 Introduction of KOCCA

### 1. Organization

- 4 Divisions & 15 teams



8

## 4 Introduction of KOCCA (Cont.)

### 2. Mission

- Train and foster skilled professionals for the cultural content industry
  - Focus on training creative talents for the global content business
  - Discover potential talents and support relevant institutions
  - Provide cyber education and comprehensive information on HR
- Facilitate international Marketing and exports
  - Promote globalization and introduction of Korean cultural content
  - Provide comprehensive information on international markets
- Support development of technologies for the cultural content industry
  - Develop cutting-edge cultural technologies for high added values
  - Research into the strategies for the future and technology transfer

8



## **4 Introduction of KOCCA (Cont.)**

### **2. Major Activities**

- **Build foundation for advanced cultural content logistics**
  - **Make and operate systems for categorizing different contents**
  - **Manage copyright issues for public cultural contents**
  
- **Diversify promotions concerning variety in cultural contents**
  - **Reinforce comic book industry as a source of other contents**
  - **Promote Character licensing and marketing**
  - **Support Korean animations for both pilot & main projects**
  - **Establish KMDC and Support Korean musicians' international advancement**
  - **Aid quality edutainment contents in exports and localization**
  - **Support digital contents based on new media such as DMB, IPTV**

8

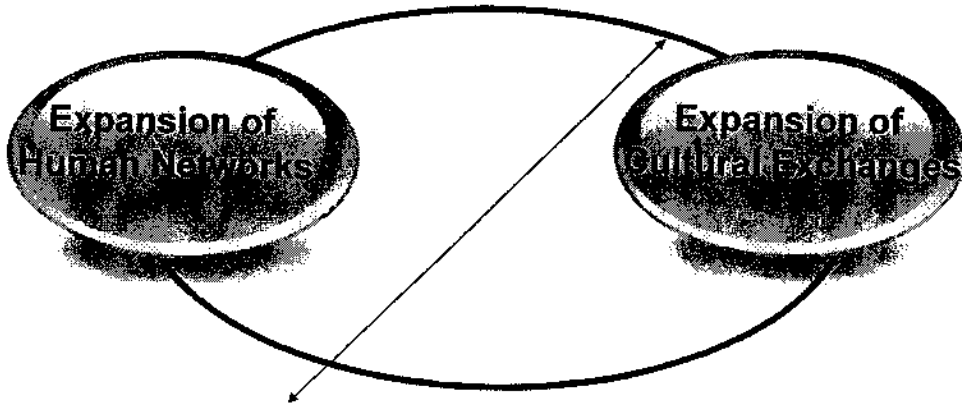
## **4 Introduction of KOCCA (Cont.)**

### **2. Major Activities (Cont.)**

- **Facilitate the use and development of original cultural contents**
  - **Facilitate the creation of original cultural contents**
  - **Promote the public and commercial use of the original contents**
  - **Provide original cultural contents online via [www.culturecontent.com](http://www.culturecontent.com)**
  
- **Develop and research into cultural content strategies**
  - **Develop mid and long-term strategies for cultural content industry**
  - **Establish statistics and databases based on continuous research**
  - **Promote legal services in favor of the cultural contents industry**
  - **Assess KOCCA' s own supporting businesses**

8

Increase in mutual understanding of different cultures and Asian values



## **Korean Craft Promotion Foundation**

### **Guiding Korean Craft to the World Korean Craft Promotion Foundation**

Korean Craft Promotion Foundation is a specialized craft organization, under the Ministry of Culture, Sports and Tourism, founded to promote and encourage Korean cultural craft industry. In this century of culture, our craft art is preparing new take-off to the world. Korean Craft Promotion Foundation arranges liberal encounter of excellent Korean Craft and general population and actively performing the globalization of Korean Craft to develop and distribute international cultural craft goods carrying cultural image of Korea.

Korean Craft Promotion Foundation revives the heritage of Korean traditional craft that bears insight and wisdom of ancestors, supports enthusiastic young craft artists and promotes cultural production companies to domestic and international market. The foundation is conducting following tasks in order to support transparent and direct marketing of craft goods and cultural tourism products.

#### **Research & Development**

- Research on the Distribution and Actual Condition of Korean Cultural Craft Goods
- Research and Develop
- Excellent Cultural Craft Goods Design
- Joint Research with Craft Artist, Company and Academic Institution
- Provide Related Seminars for Cultural Craft Art, Symposium and Craft Academy
- Study Copyright and Legal Support System

#### **Promotion**

- Support Intangible Cultural Properties and Traditional Craft Artists
- Cultivate Young Craft Artists
- Assure Marketing Alternatives and Distribution Channel
- Open Overseas Exhibition, Expo and Craft Fair

**Online Business (Digital Information Center)**

- Build D/B for Craft and Cultural products
- Networking relevant sites
- Build Web D/B for Craft Artists
- Provide Data & Information
- Provide Data & Information

**Offline Business**

- Planning Craft Related Programs
- Manage Gallery (Prepare Special, Exhibition, Exchange Exhibition, Overseas Exhibition and Others)
- Participating overseas fair
- Planning Craft Fair

**Korean Craft Promotion Foundation**

**182-2 Gwanhoon-Dong Jongro-Gu Seoul 110-300 Korea**

**Tel +82-2-733-9040~2 Fax +82-2-720-3015**

**<http://www.kcpf.or.kr>**