

# The Comparative Study on Contents Industry in Japan and South Korea

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## 《要 約》

近年、コンテンツ産業を取巻く環境は消費者中心に変化しつつある。通信技術と放送・放映技術の発達・融合、コンテンツ産業の市場の国際化によって、この産業はそれが属する国家ブランドを高める必要性和持続的な海外事業展開の必要性を求められている。こうした環境の変化の中で、韓国ではコンテンツ産業のインフラ整備に向けた政策的な支援が本格的に始められた。同産業は21世紀における国家の基幹産業の一つと目され、1999年2月の「コンテンツ産業振興法」施行依頼、韓国政府はこの産業における様々な分野の政策的な支援を推進してきた。

一方、日本においては、その優れた技術力やクオリティに対する海外の評価にもかかわらず、従来コンテンツ産業は子ども向けのゲーム・アニメに関わる産業という認識が強く、産業として注目を浴びることがなかったが、日本政府が2001年3月に知的財産戦略本部を内閣府内に設置して、同産業を21世紀の成長戦略産業と位置づけるに至って、この産業の次世代における重要性が強調されるようになった。

本稿は、情報化社会における高付加価値産業として韓国政府がその育成政策を展開し、日本においては世界第2位の市場を持つコンテンツ産業の現状を比較し、併せてこの産業が持つ各種の経済効果について考察するものである。

## I. Introduction

The environment of contents industry is recently changing mainly for the convenience of consumers' society. In the industry, in terms of the environmental change with binding broadcast and telecommunication, the continuous development and overseas deployment for the national brand, and market opened by FTA, we need to increase competitive edges in global scale. The sales amount in 2005 of contents industry (cinema, music, game, animation, and others) in South Korea is 53.9481 trillion won, 7.8% increase from the previous year, and the sales amount especially in game, broadcast and cinema increased, 101.1%, 11.1% and 9.0% up year-to-year, respectively. On the other hand, oversea transaction amount in export increased to 1.23597 billion dollar, on the previous year, reflecting the "Korean TV boom"<sup>1</sup> and, imports increased to 2.98589 billion dollar, by 82.7% up on the previous year. The sales channels of contents industry varying in areas, the goods are traded mainly through the domestic agent, overseas agent and overseas company. How-

ever, the trade deficit in contents industry in South Korea is continuing, in which an active export policy is needed.

In these years, mainly in Chinese areas, an increasing number of people are interested in South Korean, which led to the "Korean TV Boom." The spread of the boom has affected the export of contents by production companies. Exports to Japan, reflecting the Boom, was 1.38639 billion dollar, which is high on comparison to other countries, and the economic effect of the Boom benefits South Korea as well as Japan.<sup>2</sup>

Amid the economy shifting into global system, contents industry is following suit. The interest in contents industry, which has not traditionally been seen except in Hollywood, is now increasing in Asia, and globalization of the industry is actively developed in Europe. In addition, improvement of the network environment, technological innovation and diversification of distribution channels has been realized through globalization, and enhanced international competitive edges of the industry. Although the environment of the industry is drastically changing, Japanese contents industry is in sluggish and is not expected to expand its overseas businesses. Japanese contents industry has historically grown mainly in domestic market. In addition, with aging-population and low-birthrate, the demand for Japanese domestic contents has been less robust than we expected. In this way, the stagnation in its contents industry has been caused by producers' disinterest in overseas contents market and by lack of staff training in Japan, which are large barriers to development in the Japanese contents industry.

At the same time, though Japanese contents such as cinemas, games and animation are substantially distributed in Asia, their pirated products have caused grave concern. Surveying the infringement of authors' copyrights in Japanese phonodiscs and CDs, the pirated products in 2004 are 85% in China, 16% in South Korea, 19% in Hong Kong and 36% in Taiwan. The infringement results in economic damage as to diminish author's imagination, damage to bring about obstacles to cultural exchange, and barriers to prevent cultural and economic development in interested states. As a countermeasure against this problem, Japanese government instituted "The Strategy Headquarter of Intellectual Property" in March 2002, in order to take severe measures against pirated products in Asia, consulted with the authors and businesses about the problem in May 2004, designed "The Plan to Promote Intellectual Property in 2005" in June 2005, investigated the damage in overseas markets, reported interested nations about the damage, and asked them to intensify their countermeasures against the pirated products. In Japan, "the Arbitration Center of Industrial Property," which Japanese Bar Association and Bar Joint Association collectively instituted before, was developed and changed organizationally into "the Japanese Arbitration Center of Intellectual Property," in which they try to resolve the troubles on intellectual property.

In this paper, amid active cultural exchange in private section in Japan and South Korea, we'll consider the economic effects of contents industry, comparing the current

condition between Japanese contents industry and South Korean one: the former is the 2nd in the world market and the latter is the industry, with which South Korean government has been working on the policies to bring up as their value-added industry.

## II. The Current Condition of South Korean Contents Industry

### 1. The development policies for contents industry

Although contents industry is becoming important in social and economic terms, it is not easy to create the market nor enlarge it. The industry generally takes front-end payment and has a greater risk, so it has high rate of failure in the market and inefficient rotation of capital, compared with larger capital investments: it seems to have many risk factors, though it has much potential for development.

As seen in <Table 2-1>, according to the development policies in South Korea, the government provided, as the support policy in 2002, its general support for the contents industry, mainly in 8 sections including the promotion of the industry. The support busi-

**Table 2-1** The Main Policies for South Korean Contents Industry

2003	2003	2004
<ul style="list-style-type: none"> <li>• the development of cinema industry</li> <li>• the development of music industry</li> <li>• the development of game industry</li> <li>• the development of animation industry</li> <li>• the development of publication industry</li> <li>• the development of video picture</li> </ul>	<ul style="list-style-type: none"> <li>• the development of cinema industry</li> <li>• the development of animation industry</li> <li>• the development of game &amp; music industry</li> <li>• the development of comics &amp; character goods industry</li> <li>• the development of publication &amp; newspapers</li> <li>• the development of broadcast &amp; advertising industry</li> </ul>	<ul style="list-style-type: none"> <li>• the improvement of law and system</li> <li>• cultivation of human resources in cultural industry</li> <li>• industry-university cooperation in cultural industry</li> <li>• technical development in cultural contents</li> <li>• the development of local cultural industry</li> <li>• the maintenance &amp; expansion of 'Korean TV boom'</li> </ul>
2005	2006	2007
<ul style="list-style-type: none"> <li>• the development of cultural industry at the level of international standard</li> <li>• the revolution of distribution system in cultural industry</li> <li>• the activation &amp; construction of authors' right businesses</li> <li>• the internationalization of 'Korean TV boom' and enhancement of national brand</li> </ul>	<ul style="list-style-type: none"> <li>• the establishment of advanced distribution system</li> <li>• the activated creation of contents industry and construction of system</li> <li>• the expansion of 'Korean TV boom' and buildup of overseas marketing</li> </ul>	<ul style="list-style-type: none"> <li>• the construction of contents industry hub in Asia</li> <li>• the support for research and development of contents industry</li> <li>• the development of intellectual industry on publication</li> <li>• the support for overseas operation</li> </ul>

Source: the Agency of Culture and Sightseeing<sup>3</sup>, 'The Annual Report on Culture And Industry.'  
Illustrated by author (Chung Suwon) on the basis of annual documents.

nesses are financial supports (promotion and operation businesses, financial businesses and support for investment business union for the industry), promotion of oversea businesses and support for the entry in the exhibition relating to the industry.

At the end of 2002, they funded 222.5 billion won on the basis of reserved finance, allocating 20 billion won to the financial support and 20 billion won to support for investment business union. The support covered all sections in cinema, animation, phonodisc, game, and publication and other contents industries, which aim to develop superior contents and to modernize their facilities.

In 2003, they provided the support to 7 divided sections, including general contents industry. The support for general contents industry was the one for the development of local cultural industries and for the advance for promotion and operation of contents industry.

In 2004, with 'Korean TV boom' spreading to other Asian countries, the government designed their support policies in order to maintain and grow 'the Boom.'

In 2005, the government published 'C-Korea 2010' a strategy for the promotion and operation policy for the contents industry, which is their vision of cultural policy to correspond with the varying environment of contents industry. This policy also set the following goal as the 5th contents industrial country in the world. As the practical tasks, they set the following goals: the development of international-standard contents industry, the revolution of distributional system in the industry, the activation and construction of authors' right businesses, the internationalization of the 'Korean TV boom' and the enhancement of the national brand.

They increased the budget for development of contents industry, and the annual-average budget of the industry was 17.91 billion won in 6 years (2000-2005).

Surveying the characteristics of national contents industries, by countries, in South Korea and France they take the policy to support development of contents industry and to provide a favorable tax climate to the industry, the US policy is to facilitate the mobilization of capital at the private level, but in Japan there seems more support on the private level than at the government level.

## **2. The Current Condition of Contents Industries**

In South Korea, where the contents industry basis has not been developed yet, the governmental support is earnestly required in order to construct the infrastructure of the industry. One of the goals of the governmental support in South Korea is to develop the contents industry as the core of intellectual property industry, so the government has been facilitating supports for the industry: for example, improvement of basic facilities for cinemas, music, video games, animation and other contents, cultivation of human resources and creation of value-added products, and enhancement of competitive edges in the world contents market.

In this way, these constituted as the legal basis for 'The Industrial Development Law of Contents Industry' in February 8th in 1999, establishing a fund for industrial development of the industry and the long-term plan of development for the industry. 'The Industrial Development Law of Contents Industry' aims to emphasize that the industry is the main strategic one in South Korea and it will contribute much to improving the people's lives and economic development.

As seen in <Table 2-2>, the market scale of contents industry in South Korea is expanding year by year. In 2006, the amount in the market increased up to about 58 trillion won by as much as 15.5% from 50 trillion won in 2004. The highest sales share of the industry was the video game industry.

**Table 2-2** The Market Scale of Contents Industry in South Korea

Unit: million won

	2004	2005	2006 (share)
cinema	3,022,403	3,294,820	3,683,627 ( 6.36%)
music	2,133,155	1,789,857	2,401,309 ( 4.14%)
video game	4,315,600	8,679,800	7,448,900 (12.86%)
animation	265,015	233,855	288,564 ( 0.50%)
Others	40,323,961	39,949,751	44,116,169 (76.14%)
Total	50,060,134	53,948,101	57,938,569 ( 100%)

Source: the Agency of Culture and Sightseeing, 'The Annual Report on Culture And Industry,' 'The Statistics of Culture And Industry in 2008.'

Illustrated by author (Chung Suwon) on the basis of annual documents.

### (1) The Business Climate of Cinema Industry

Since 1988, when the import restriction was eliminated for foreign films, the government has facilitated various policies in order to activate the Korean cinema, under which they would develop their cinema industry as the strategic value-added industry in 21st century, moving away from the traditional regulatory policies, and eliminated many regulations, such as the elimination of reporting system of cinema industry (elimination of reporting system on independent production, elimination of trust money on reporting, etc.), the independence of screening independent cinemas and others.

In 'The Total Plan for Development of Cinema Industry' in March 2003, a plan to make more than 50 cinemas within a year, they would occupy more than 50% market share in 2004.

The Korean government have actively prepared for new video picture period in order to make up worldwide technological competitive edges and support system, building up and operating the infrastructure of cinema industry, for example, the educational and hands-on center of cinema, the support center of animation technology, the venture center

of video picture and other centers in order to secure the forefront video picture facilities and staffs.

The number of attendance to South Korea cinema in 2006 was 153.4 million people, 5.4% up from the previous year. Since 2001, the share of South Korean cinema to foreign cinema has substantially changed. In 2001, the share of South Korean cinema was 35.1%, while that of foreign cinema was 64.9%: the share of the latter was much larger than that of the former. After that, as seen in <Table 2-3>, the share of South Korean cinema has peaked to 63.8% at most.

For the notable changes in South Korean cinema in these years, we can point out that the number of production companies with rational and efficient production system is increasing, they can obtain stable production capital, high quality cinema staffs are created, and the cinema houses implement strategic management style. In addition, South Korean cinema has been drastically developed by the active governmental support policies, along with creative climate for cinema production through various governmental deregulations.

Reflecting the economic slump, the number of South Korean cinemas produced in 1998 was 43, a dip from 59 in 1997, a little recovery to 49 in 1999 and 59 in 2000, and 110 cinemas were produced in 2006.

The number of cinema houses was substantially increased with the film distribution system, while at the same time the cinema houses and the climate for cinema production changed. The number of screens in cinema houses is increasing in every year all over the country, with 818 in 2001, 1,132 in 2003, and 1,648 in 2005. Since the end of 2000, cinema complex<sup>1</sup> is becoming mainstream, which puts multiple films on the multiple screens in one theater. At the same time, these cinema complexes take countermeasures to increase the number of attendance to cinema, operating a franchise system all over the country mainly

**Table 2-3** The Number of Audience at Cinema Theater in South Korea And The Share of Them  
Unit: million

year	South Korean Cinema		Foreign Cinema		The Total Number of Audience
	The Number	Share (%)	The Number	Share (%)	
2000	2,271	35.1	4,191	64.9	6,462
2001	4,481	50.1	4,455	49.9	8,936
2002	5,082	48.3	5,431	51.7	10,513
2003	6,391	53.5	5,556	46.5	11,947
2004	8,019	59.3	5,498	40.7	13,517
2005	8,544	58.7	6,008	41.3	14,552
2006	9,791	63.8	5,549	36.2	15,340

Source: Illustrated by author (Chung Suwon) on the document published by Cinema Development Committee.

by major enterprises, change the theater into leisure facility / amusement park (shopping center, restaurants, coffee shops, exhibition halls and medical institutions established), and introduce the computerized facilities such as advance booking system with internet and automatic selling machines, all of which are to enhance the availability of audience.

They put on the screen the films which are popular not only in South Korea but in Japan, affected by the 'Korean TV boom,' but some of the films slackened in Japan, whereas they had a good reputation in South Korea.<sup>5</sup>

## (2) The Business Climate of Music Industry

The characteristic of music industry is that it is mainly for youngster consumers. Many of the articles they use up are the interior popular songs, which maintain the competitive edges in the market. After 1990s, these songs have enjoyed a high popularity, and since then the young people have an influence on the sales.

For this reason, after 1990s, the genre of dance music, hip-hop and rap, favored by teenagers, and of ballade, pops and rock music, favored by 20's have invaded the market, but the genre of trot and other music, favored by seniors has barely survived in spite of spread of 'karaoke' culture. The current music software market is led by the idle singers and musician young people favor.

The music software industry has formed borderless market in the world, where each country should try to preserve its popular music in order to protect the music market from other countries. The South Korean music market is no exception, so they have to enhance the competitive edges against foreign countries. In order to make their popular culture familiar in the world, to facilitate the export, they are required to get competitive power through cultivating their music software industry. Each music company has been recently working on discovering excellent artists<sup>6</sup>, and expanding the business to oversea. They could maintain their competitive edges against other countries, providing that they could continuously make the business climate for creating work, improve the distribution system and cultivate the staffs with specialized knowledge.

The South Korean government published the plan for development of music industry, which remained stagnant, expanded the concept and range of music industry and established the total strategy for development of the industry. As seen in <Table 2-4>, the sales amount of the industry in 2004 was 2.1331 trillion won, decreasing to 1.7898 trillion won in 2005, and went back to 2.4013 trillion won in 2006.

## (3) The Business Climate of Video Game Industry

Since 1980s, the video game industry in South Korea has formed its market, where imported video game machines & software were popular before 1992, and since then the domestically produced ones have emerged, and substantially developed along with the spread of Internet since 1995. The market was valued 2.9 trillion won in 2000, 4.3156 trillion

**Table 2-4** The Sales Amount of Music Industry

unit: million won

segmentation	2004	2005	2006
music production business	690,083	288,157	455,822
wholesale and retail selling		91,350	168,486
distribution with online		267,245	356,191
public performance		—	188,715
karaoke business	1,443,072	1,143,123	1,232,095
Total	2,133,155	1,789,875	2,401,309

Source: the Agency of Culture and Sightseeing, 'The Annual Report on Culture And Industry,' 'The Statistics of Culture And Industry in 2008.'

Illustrated by author (Chung Suwon) on the basis of annual documents.

**Table 2-5** The Sales Account of Game Industry

Unit: 100 million won

Section		2004	2005	2006
game production & prevalence	online gaming	10,186	14,397	17,768
	mobile gaming	1,617	1,939	2,390
	video game	1,866	2,183	1,365
	PC game	534	377	264
	game arcade	2,247	9,655	7,009
game distribution	PC game center	16,772	19,923	18,647
	computer game amusement center	9,351	37,966	26,770
	video game center	583	358	276
Total		43,156	86,798	74,489

Source: the Agency of Culture and Sightseeing, 'The Statistics of Culture And Industry in 2007.'

Illustrated by author (Chung Suwon) on the basis of annual documents.

won in 2004, and 8.6798 trillion won in 2005, doubled from the previous year, which was drastically more than they expected. However, as seen in <Table 2-5>, the amount fell down to 7.4489 trillion won in 2006. This is due to the negative influences of video games on young people, so the governmental discussion and regulation upon it was enhanced since 1990s, whereas the video game machines & software imported from abroad were mainstream; the demand for them was slight, and people held a negative view on them in 1980s. The government has been actively facilitating the policies for industrial development since 1990s, when the video game machines & software began to be domestically produced in South Korea.

The prevalence rate of Internet and PC is at the top level in the world, and telecommunication instruments such as mobile phones are in widespread use in South Korea, on



**Table 2-6** The Sales Amount of Animation Industry

Unit : million won

section	2004	2005	2006
animation production	244,897	221,012	216,128
animation distribution			4,402
animation distribution (online)			6,643
the sales in theater	18,369	12,601	61,099
export for broadcast	1,749	242	292
Total	265,015	233,855	288,564

Source: the Agency of Culture and Sightseeing, 'The Statistics of Culture And Industry in 2008.'  
Illustrated by author (Chung Suwon) on the basis of annual documents.

which they can serve as the basis of a consumer market for the online gaming. The online gaming is spreading at high speed, mainly at Internet café. This active business climate enables the industry to preserve excellent staffs and to provide high quality video games, and to export them mainly to South East Asia.

#### (4) The Business Climate of Animation Industry

The matter confronted by South Korean Animation Industry is to revive the production of original animations with steady planning ability. This means that they develop the animation industry as the value-added contents industry, and establish it as South Korean culture in the world. The industry has recently changed the industrial structure mainly by the subcontractors into the one by original producers, where the industry is required to examine properly their products by themselves and in domestic and overseas viewpoint. Through this process, the companies in the industry need to understand which section they can gain a competitive edge in and how they can establish the business strategy. In addition, they should take positive stance against emerging new contents, while their business is expanding and varying. Although an increasing number of the companies risk their existence to the overseas business, in order to acquire the competitive edges in the world market, it is important for them to experience the overseas business through partnership along with businesses in other countries advanced in the original animation products, as well as to work in partnership with domestic other companies in order to develop the national industry.

The market scale of the South Korean animation industry is smaller than those of other countries. As seen in <Table 2-6>, the sales account of the industry was 265 billion won in 2004, decreased to 233.8 billion won in 2005, before went back to 288.5 billion won in 2006.

### 3. The Overseas Deployment of Contents Industry

#### (1) The Current Status of Export/Import in Contents Industry

Recently, South Korean government hammered out the policies to support the contents industry. The market amount in the world has increased to 146.3 trillion yen in 2005 from 116.6 trillion yen. Especially in Asia-Pacific area, the industry is expected to grow substantially, and the growth rate has been higher than that of the whole industry in the world.

On the other hand, in the US, the share of contents amount to GDP was as much as 5.2% and the amount of market was 45.75 billion dollar, 41.6% of worldwide contents industry in 2001, now growing smoothly at the rate of 4.5%. Japanese contents industry has already facilitated the overseas deployment mainly in animation, video game and comic, and constructed from early stage the business model targeting North American and European markets. In Japanese video game industry, 66.7% of the total volume is exported to overseas, the largest destination is North America.

The overseas deployment of South Korean contents industry began on full-scale operation in 2000s. They put, for example, '*Shun-Koh Den*,' South Korean cinema on the Cannes Film Festival, which was paid attention to at film festivals in each country. The high estimation in overseas resulted in the busy exports of South Korea films, especially to Japan.

As seen in <Table 2-7>, the export volume of South Korean contents industry was 1.37315 billion dollar in 2006, 11.1% up from 2005, while the import volume was 3.27828 billion dollar, 9.8% up on the previous year. The international trade balance of South Korean contents industry is still in deficit, which was 0.695.1 billion deficit in 2004, and rose

**Table 2-7** The Current Export/Import of Contents Industry

Unit : thousand dollar

	2004		2005		2006	
	export	import	export	import	export	import
cinema	58,285	66,183	75,995	46,830	24,515	45,813
music	34,218	20,580	22,278	8,306	16,666	8,347
game	387,692	205,108	564,660	232,923	671,994	207,556
animation	61,765	8,003	78,429	5,458	66,834	5,095
others	397,402	1,334,594	494,605	2,692,374	593,149	3,011,477
Total	939,362	1,634,468	1,235,967	2,985,891	1,373,158	3,278,288

Note: 'others' include publication, comic, broadcast, advertisement and so on.

Source: the Agency of Culture and Sightseeing, 'The Statistics of Culture And Industry in 2008.'

Illustrated by author (Chung Suwon) on the basis of annual documents.

**Table 2-8** The Current Export by Districts in South Korean Contents Industry

Unit: thousand dollar

	Japan	China (including Hong-Kong)	South East Asia	North America	Europe
cinema	10,385	1,144	3,858	1,959	4,902
music	14,309	850	621	49	549
video game	217,726	158,591	49,055	133,727	42,336
animation	15,014	164	365	42,662	7,122

Source: the Agency of Culture and Sightseeing, 'The Statistics of Culture And Industry in 2007.'  
Illustrated by author (Chung Suwon) on the basis of annual documents.

up to as much as three times, 1.9513 billion deficit in 2006.

## (2) The Advance of South Korean Contents Industry to Japan Market

The market scale of Japanese contents industry is about 13.7 trillion yen, valued at amount, which includes the cinema, music, video game, broadcast, publication and newspaper, which have the formal or institutional statistics. This is the second largest market scale in the world, which is enormous one in Asia.

As seen in <Table 2-8>, South Korean contents industry exports mainly to Japan, where the word 'Hang-Ryu' is not existed in 1980s, although Japanese people paid the attention to South Korea, when the South Korea popular ballade (Enka) started a boom in 1980s, the Olympic Games was held in Seoul in 1988, and Japan and South Korea jointly hosted the World Cup Soccer Games in 2002. 'Korean TV boom' started in Japan around the end of 2003, when 'Winter Love Song (*Huyu-no-Sonata*)' went on air at NHK and got a lot of media attention. The boom is also well known as the 'Yong-Sama Boom', named after the principal actor, Bae-Yong-Joon. The middle-aged Japanese women sparked the boom because many pure love stories went on air in the early stage. The difference of this boom from the previous ones is that, as characterized by 'Yong-sama boom', South Korean actors and actress were paid attention to by Japanese people, in spite of coming on the air without any modification in Japan. The word 'Hang-Ryu' thus came into use in Japan, which was already spread in Chinese area, such as China and Hong-Kong.

In 2004, each media vehicles, such as television, radio, cinema, music, newspaper, magazine and publication, competed to pick up the information on South Korean culture or entertainment, which rapidly spread the word 'Hang-Ryu'. Many kinds of media vehicles heated up the 'Hang-Ryu Boom', actively picking up them.

After that, South Korean actors or actresses were employed in Japanese advertisements. In this way, Japanese media vehicles positively picked up the boom and at the same time spread the boom among Japanese people. In addition, an increasing number of Japanese tourists visiting South Korea peaked to 2.4 million in 2004. Since then, a lot of South Korean cinemas and dramas have become popular with some of Japanese women, so the

performance fee of the actors and actresses as well as the income from the broadcasting rights, has substantially increased. In addition, the goods of South Korean actors, actresses and singers have been massively introduced at the 'Hang-Ryu' specialty shop.

### III. The Current Condition of Japanese Contents Industry

#### 1. The Japanese Development Policy for Contents Industry

In Japan, since people have considered the contents the amusement for children, such as video games, it has been difficult to consider the contents industry as a serious industry. Many countries, however, have become interested in contents industry, as a result, Japanese government established 'The Strategy Headquarter for Intellectual Properties' in the Cabinet Office in March 2001 in order to develop contents industry as the strategic growing one in 21st century, published 'The Principal Policy on The Structural Reform 2002' and 'The Priority Plan for e-Japan 2002'. The government stressed the importance for growing industry. These development policies by Japanese government also aimed to clean up its image by introducing Japanese culture with developing contents industry, in addition that its industry has much stronger competitive edge than that of any other country.

As seen in <Table 3-1>, the market scale of Japanese contents industry was valued at 13.7 trillion yen in 2005, only 3% of Japanese GDP, which increased very little from the previous year. By shares of the section in the industry, publication, newspaper and graphic contents contributed 42.3%, 5.7 trillion yen to all the industry, and the amount of video picture section, in the second place, was 4.8 trillion yen. The share of music and video game was 14% and 8.4%, respectively. Since the domestic contents market has been larger in Japan, Japanese contents production companies have not earnestly advanced to foreign markets, and the major companies have not developed their businesses in Asian countries, with the markets expected to grow. Japanese contents industry, however, is superior to other countries, in many ways. Although the amount of the contents industry is 13.7 trillion yen, ranked the 2nd in the world, the industry has many advantages to develop

**Table 3-1** The Market Scale of Contents Industry in Japan

Unit: trillion yen

world market (A)	year	Japanese market (B)	Ratio (B/A)
116.6	2001	13.3	11.4%
121.6	2002	13.3	10.9%
127.8	2003	13.2	7.8%
138.2	2004	13.5	9.7%
146.3	2005	13.7	9.3%

Note: The amount above is the total of music, video game, newspaper and publication.

Source: Ministry of Economy, Trade and Industry, 'The Development Policies for Contents Industry.'

Illustrated by author (Chung Suwon) on basis of the document on May 26, 2007.

**Table 3-2** The Market Scale in Japanese Cinema Industry

		2001	2002	2003	2004	2005
attendance figure (million)		16,328	16,077	16,35	17,009	16,045
screen figure (screen)		2,585	2,635	2,681	2,825	2,926
performance income (100 million yen)	foreign films	1,220	1,435	1,361	1,319	1,164
	Japanese films	782	533	671	791	818
the number of films on screen	foreign films	349	347	335	339	375
	Japanese films	281	293	287	310	356

Source: dentsu 'A Research for Information and Media Society.'  
Illustrated by author (Chung Suwon) on the basis of annual documents.

various contents. In addition, Japanese companies have superior technologies in contents production and in various sections, such as transmission, playback and other technologies, which are expected to have potential of developing the high-capability mobile terminal and video game machines. Interested in contents industry, Japanese government plans to expand the current contents market with 13.7 trillion yen to the one with 18.7 trillion yen in 2015, and published the plan that they'll increase the number of employees engaged in contents industry, up to 2 million from current 1.85 million.

## 2. The Current Condition of Each Contents Industry

### (1) The Business Climate of Cinema Industry

In Japan, the number of cinema theaters in 1960 was 7,457, which decreased with spread of television. The decreased number led to inconvenience for audience and crowded theaters and to indifference of them toward cinema. For this reason, the number drastically fell down to 1,734 in 1993, but it gradually has been increasing since 1995, which grew to 2,926 in 2005, by 101 up on the previous year. The reason for this increase is the spread of cinema complex, where audience can appreciate the cinema by their choice among many works, and it is in the large shopping centers, giving much convenience to the consumers, which results in the increasing number of audience, and furthermore, reduces the burden for them to reserve the seat, by introducing the reserved-seat system instead of free seating system.

As seen in <Table 3-2>, Japanese cinema industry put on the screen 375 imported films and 356 Japanese films, and earned the performance income of 198.2 billion yen in 2005. The number of audience in cinema market was 100.6045 million, with the number decreasing by around 10 million, while at the same performance income falling down by 6% on the previous year. While the market scale has not seen a substantial change since 2001, comparing the performance income of the imported films with that of Japanese one, the former is much larger than the latter, and more imported films are put on screen than Japanese ones.

On the other hand, the films for adult generation have been getting popular since 2001, along with the popularity of animation films.

In Japan, 339 films were imported totally in 2004, with 152 American ones accounting for 44.8%, 29 South Korean ones for 8.6%, and 24 French ones for 7.1% of all. The American films have traditionally been in much demand in Japanese cinema market, but since 2000 when South Korean film '*Shiri*' was first put on screen, South Korean films have getting popular among Japanese people, and at last the huge hit of TV dram '*Winter Love Song*' brought about the 'Korean TV Boom' in 2004, so they caught up with American films.

The import amount of foreign films in 2004 was 131.9 billion yen in 2004, much of which East Asian works contributed to the income. The income of South Korean film '*Brotherhood*', which was put on screen in 2004, was 1.5 billion, ranked 20th in all imported films. '*A moment to remember*' in 2005 earned the largest income of 3 billion yen, 9th in all foreign films. The export of Japanese cinema industry covers not only the export business of Japanese films, but the property right business, relating to the distribution rights, performance rights, Character license and other rights or licenses. The export amount of Japanese cinema industry in 2005 was 7.8 billion yen, which is getting smaller from 8.7 billion yen, recorded high in 2001. The main of Japanese exports are the animation films, which are highly estimated for their rich content and high level of screen technology.

## (2) The Business Climate of Music Industry in Japan

The market scale of Japanese music industry in 2005, was valued at 1.7742 trillion, a little larger than in the previous year (1.7260 trillion). However, the amount of disc market has been decreasing every year, which was 607.5 billion yen at record high in 1998, and has fallen to the level of 400 billion yen since 2003, similar level to the early 1990s. In our view, the music market has been substantially shrinking due to the illegal distribution of online music file.

Although the disc and karaoke market is slowly growing, the market of concert,<sup>7</sup> in the form of music festivals, is steadily increasing. As for the concert market, it has been expanded by increasing number of events, such as rock music festivals, which call large attendance at a time: the concerts, in the form of music festival, succeed in attracting mass audience, which has changed the attendance into participants in the concert. The attendance of the concert was traditionally only the audience appreciating the performance at the concert, but they have been participating in it, as the participants of the concert, that is, they are enjoying the atmosphere of music concert as well as the performance. Since now, the concerts, in the form of festivals, are expected to create such new aspect of music market, and to play an important part in expanding the market.

Music distribution with various music contents and devices has changed the pattern of consumer spending, and in the course of expanding the market, the market with such distribution devices has been drastically growing. With Internet<sup>8</sup>, music distribution has

**Table 3-3** The Market Scale of Music Industry in Japan

		2001	2002	2003	2004	2005
the music market scale (100 million yen)		19,281	18,723	17,761	17,260	17,742
disc production amount (figure: 10 thousand)		38,508	34,235	32,758	31,215	30,954
the amount for disc production (10 thousand yen)		5,031	4,431	3,985	3,766	3,665
the number of million-sellers	single	5	1	2	1	1
	album	23	15	9	10	11

Source: Dentsu 'A Research for Information and Media Society.'

Illustrated by author (Chung Suwon) on the basis of annual documents.

expanded individual distribution of music historically recorded in albums, has changed the style of listeners who traditionally bought music discs at the shop, and has given birth to new business relating to music copyrights.

The advance of music contents industry to overseas markets has two channels: the one is the export business of music discs and other products, and the other is the businesses relating to intellectual property rights, such as use rights, copy rights and other rights and licenses. The usage fee is charged on music performance or on music recording.

In 2004, the export amount of music disc and other products was 2.557 billion yen, which is decreasing every year. The US share of that market was 1.237 billion yen, being the largest at 48.4%, and the next is to Hong Kong, which was 705.5 billion yen. In the case of export to China, they were not directly exported to China, but in many cases exported through Hong Kong. As for the usage fee in overseas, the fee on music performance was 437.12 million yen and the one on music recording was 19.84 million yen in 2004.

On the other hand, the overseas sale of music copy rights is mainly in Asia, where J-POP music is for sale. Japanese music businesses take countermeasures to prevent the Japanese music CDs from Asian countries, where their pirated products were produced and sold at much lower prices than in Japan.

As for import of music CDs, there are Western music CDs Japanese music companies sell, acquiring the copy rights of the music, and the imported CDs sold at foreign disc shops. The imported amount from all over the world in 2004 was, substantially large, 21 billion yen. In Japanese domestic music market, the albums by foreign singers hitting the streets, for example, the album 'VALENTI' by BoA, a South Korean singer was ranked at 6th in Japan in 2003, and she released 'BEST OF SOUL' in 2005, ranked at 9th and recorded as the million-seller (1.06 million). In this way, the foreign singers now play a major role in developing Japanese music market.

**Table 3-4** The Market Scale of Japanese Game Industry

	2001	2002	2003	2004	2005
the sales amount of video games (100 million yen)	6,130	5,010	4,460	4,360	4,970
the sales amount of arcade games (100 million yen)	5,460	5,600	5,870	5,960	6,140
Total (100 million yen)	11,590	10,610	10,330	10,320	11,110
the number of video game players (head-count)	3,130	3,090	3,060	3,010	2,760
the number of arcade game players (head-count)	2,160	2,450	2,400	2,460	2,270
Total (head-count)	5,290	5,540	5,460	4,860	5,030

Source: Dentsu 'A Research for Information and Media Society.'  
Illustrated by author (Chung Suwon) on the basis of annual documents.

### (3) The Business Climate of Game Industry

The business climate of game industry in Japan, which had been in sluggish since 2001, turned up again, with releasing new products such as 'Pocket Monster' and 'Nintendogs'. As seen in <Table 3-4>, the market scale of video game and arcade game was 1.110 trillion yen for 5 years. The share of video games was 497 billion yen, and of arcade game was 614 billion yen, both of which increased on the previous year. However, the number of users is decreasing.

The market rebounded because manufacturing companies produced the software for adult generation, for example, English conversation, cooking training and other softwares, which users can enjoy, regardless of their age or sex. In addition, they produced the online game including MMORPG (Massively Multiplayer Online Role Playing Game), with which multiple users can enjoy all together in the virtual game world.

On the other hand, in the arcade game industry, they have established the position with management effort and product development, as innovation and stream of the times changed. They have tried to differentiate the arcade game from the home video game, introducing the data storage with IC cards or the interactive game machine with online system.

The way they differentiate them is characterized in two directions: the one is mainly the video game arcade, which is managed directly by manufacturing company, in the advanced form of traditional game center, and the other is the game corner in large shopping mall, which is targeted for infants or children. In the game center, they introduced many kinds of games, such as beat'em-up, golf, soccer, quiz and other kinds of games, which are linked into telecommunication line, enabling players to play with outside players all over the world.



The exported amount of software and hardware in game industry was 785.381 billion yen in 2003, which contributed 69.2% to overseas export. Comparing software to hardware, the exported amount of software was 199.259 billion yen while the one of hardware was 586.122 billion yen, which was the higher. The amounts, however, were smaller by some 10% on the previous year, respectively, because they have not produced new game machines since 'Play Station 2', nor have they developed new software and hot items. As far as hardware is concerned, they develop domestically and export it abroad, while as far as software is concerned, the local licensees are concerned with developing the local game machines.

Many of Japanese game software companies develop their software and sell it through the local affiliated companies abroad. The companies with no local affiliates abroad, trust the companies with affiliates to sell their software overseas. As for imported game software, Japanese game companies buy the copy rights from overseas companies, selling them in Japan. Most of the online games are from abroad. Surveying the sales amount in 2005, the games manufactured by American companies accounted for 31%, and the ones by South Korean companies for 22%, so the games made by overseas companies occupies more than 50%.

#### (4) The Business Climate of Japanese Animation Industry

Japanese animation industry has been noted for its high competitive edge in the world. The market sections are animation for cinema theater, for television, for video software and for network distribution. The market scale had drastically grown since 1988 with increasing sales of video software. Since then, except in 2003, it has been continuously growing and, as seen in <Table 3-5>, it was 233.9 billion yen in 2005. However, it would have been more than 10 times, if the income from character goods, toys, events, copy rights sales and others had been added to it.

**Table 3-5** The Market Scale of Japanese Animation Industry

		2001	2002	2003	2004	2005
the market scale of animation (100 million yen)		1,860	2,135	1,903	2,257	2,339
performance income at theater (100 million yen)		533	377	253	616	294
the number of works at theater	imported animation	44	51	83	62	19
	Japanese animation	71	82	82	158	87
the amount of video software sales		75,465	107,625	95,417	92,590	110,156
broadcasting hours in a year (minute)		76,042	86,062	89,200	95,707	92,262

Source: Dentsu 'A Research for Information and Media Society.'  
Illustrated by author (Chung Suwon) on the annual documents.

Japanese government published ‘The Development Plan for Intellectual Properties in 2006’ and has encouraged not only staff training but participation of concerned companies and financial institutions and IT industry in animation business, in order to develop the industry. Surveying the process of animation production growing, we can see the reason Japanese animation industry could have international competitive edges.

During 1980s and 1990s, about 60% of the animation on air in the world was Japanese works. Especially, ‘*Atom Boy*’<sup>9</sup> on air in the US in 1963 and ‘*Doraemon*’ on air in Asian countries, were popular with children for long time. The production companies had generally sold the animation works abroad, which were popularized by television and movies before, but recently they have been producing from the start an increasing number of them to sell overseas. There are an increasing number of works on TV for children and animation maniac and for artistic qualities for export. As the animation industry has been advancing overseas, the problems of intellectual property rights are arising. The problem is that they have a serious shortage of manpower that can solve international legal matters. As the animation-related markets are growing, the second-handed distribution of the existing works through Internet is expected to increase in the future.

## 2. The Overseas Deployment of Japanese Contents Industry

The main export sections of Japanese contents industry are the game and animation. About 60% of animation programs on air all over the world are Japanese works, and so are more than 80% of those in Europe. Japanese animations for TV increased in Asia and Europe in 1980s, and to the US in the 1990s. At international film festivals, Japanese animation works have earned the prize for its high quality. Of all contents industries, as seen in <Table 3-6>, only the game industry was in trade surplus during 2001-2004. The imported share was larger in cinema and TV broadcast industry. The scale of world contents market is more than 13 times as large as that of Japan, so Japanese contents industry needs to be activated overseas deployment. On the other hand, surveying the income from international markets, 17.8% of the sales amount in the US is was from abroad, whereas only 1.9%

**Table 3-6** The Japanese Trade Balance in Contents Industry

Unit: 100 million yen

	2001			2004		
	export	import	Trade balance	export	import	Trade balance
cinema	108	910	-802	67.6	659.5	-591.9
music	29	251	-222	26	288	-262
game	2,532	30	2,493	2,327	30	2,297
publication	176	558	-382	152.2	475.6	-323.4

Source: Ministry of Economy, Trade and Industry, ‘The Development Policies for Contents Industry.’  
Illustrated by author (Chung Suwon) on the document on May 26, 2007.

was in Japan. Japanese cinema industry has difficulty in competing with the US, because Hollywood films are distributed all over the world. However, Japanese game industry and animation industry are have high competitive edges in the world.

### 3. The Infringement of Intellectual Property Rights and Its Countermeasures

Japanese contents industry has been suffered from pirated products mainly in Asia. According to the report by the study group of international strategy for contents industry, placed in Ministry of Economy, Trade and Industry, a pirated CD is sold at ¥120, a pirated VCD of TV drama is at ¥100 in China. The report says that 80-90% in Chinese music disc market was occupied by pirated products.

**Table 3-7** The share of Pirated Products Distribution by Nations

nation	market scale (100 million)	the share of pirated products distribution	nation	market scale (100 million)	the share of pirated products distribution
China	about 980	80-90%	South Korea	384-461	10-25%
Hong Kong	140-168	10-25%	Japan	6,830-7,859	less than 10%
Taiwan	442	30-50%	The US	17,435-19,372	less than 10%

Source: Ministry of Economy, Trade and Industry, 'The Development Policies for Contents Industry.'

The Japanese contents facilitator mechanism for overseas distribution, along with the custom offices in Japan and Hong Kong, documented 2,422 cases of pirated DVDs and CDs with illegally copied with a CJ market on them.

〈Table 3-8〉 shows the infringement amount by pirated products in Hong Kong and Taiwan. In 2003, the amount was about 67 billion yen in Hong Kong, and was about 81 billion yen in Taiwan. This table also shows that Japanese contents have much more demand in the markets with the share of pirated products being larger. The more pirated products are distributed in Asia, against the background that Japanese copyright owners and businesses have little understanding about the damage from pirated products, and that they don't have fully their countermeasures against them. Most Japanese enterprises think it's meaningless for them to enter into license contracts with the local companies and to file a complaint against them, in the light of the lack of information, selection of lawyer and legal costs. Some point out that a lot of pirated products are distributed in Asia since original ones are not dealt in there.

In Japan, there have not been legal and contract institutions established to facilitate the distribution and creation of contents, so the environmental to improve is insufficient for intellectual property institutions to respond to the drastically changing technologies. Although Japanese contents, such as comic, animation and game, are highly valued abroad,

they have not established the business model to replace the pirated products by their original authentic ones in overseas markets.

According to 'The Development Policy for Intellectual Property in 2006', as seen in (Table 3-9), the Japanese authorities held periodic bilateral meetings and seminars, and events to enhance their awareness of intellectual property rights, and tightened the law-enforcement as their countermeasures against pirated products, so they have documented 4,491 incidents and seized 3.97 million of pirated DVD in Hong Kong, Taiwan and China. In 2008, they have been facilitating the policies to protect the intellectual property rights with a particular emphasis on establishing technology and institution, increasing international

**Table 3-8** The Numerical Quantity and The Amount of The Damage from Pirated Products

nation	contents	the damage		the damage share
		the numerical quantity (thousand)	the amount (million yen)	
Hong Kong	game software	15,267	55,892	80%
	special machine for game software	12,489	47,052	79%
	music software	1,461	2,427	17%
	picture software (cinema)	3,510	6,457	37%
	picture software (TV)	2,133	2,074	87%
	Total	22,371	66,850	—
Taiwan	game software	17,843	61,659	62%
	special machine for game software	9,209	34,370	62%
	music software	6,668	7,568	32%
	picture software (cinema)	2,986	5,344	45%
	picture software (TV)	7,445	6,351	96%
	Total	34,943	80,922	—

Source: Ministry of Economy, Trade and Industry, 'The Development Policies for Contents Industry.'  
Illustrated by author (Chung Suwon) on the document on May 26, 2007.

**Table 3-9** Japanese Countermeasure against Pirated Products

The Development Policy for Intellectual Property Rights in 2006	⇒	bilateral meeting: periodic meeting with South Korea, China and Taiwan
	⇒	alignment with the US and EU: information exchange
	⇒	alliance project for developing countries: training and education
	⇒	seminar for countermeasures against pirated products: for authors' rights
	⇒	support events: publication of account and seminar for right owners
	⇒	alliance of public and private: law-enforcement by public and private

Source: illustrated by author on the Document of Ministry of Economy, Trade and Industry.

competitive edges and developing internationalization.

#### IV. The Effect of Enterprises' Various Utilization of Contents Industry

##### 1. The Effect of Using Contents by Enterprises

In contents industry, 'the content of information' itself is valuable, not the channel, and 'the content of information', through 'variety of media', can be variously tailored to meet customers needs. Since these services are provided to millions of, or ten millions of customers through variety of channels, the contents industry can create and develop other goods and services, by using the character appearing on the scene, which is expected to have much effect on other areas of economy, such as manufacturing, service and other industries. There is a new marketing technique where the enterprises can link the contents with their commercial contents, what is called 'Product Placement'<sup>10</sup>. This is the means that enterprises increase the appeal of the character images by exposing goods and services relating to them in pictures. They can send their messages to the customers, by means of using popular character and goods and services.

##### 2. The Effect of Multiplied Uses of Contents

They can make multiplied uses of the famous characters on TV, game, cinema, video, comic and other contents, in the goods such as toys, foods, educational goods, clothes and other goods. 'Pocket Monster' which is the most popular character in Japan, has expanded domestic demand through TV animation, video, cinema, card game and other contents, and produced as much as 1 trillion economic effect. In addition, the economic effect, including by overseas deployment, was 1.3 trillion yen, as seen in <Table 4-1>, which shows the synergy effects in various sections.

##### 3. The Economic Effect of Contents Industry on Sightseeing

In our view, the effect of contents industry on sightseeing is substantially large. The

**Table 4-1** The Economic Effect of 'Pocket Monster'

direct economic effect (1 trillion yen)		indirect economic effect (1.3 trillion yen)
game software (93 billion yen)	related goods (700 billion yen)	the effect by overseas deployment
<ul style="list-style-type: none"> <li>• game machines</li> <li>• card game</li> <li>• tactics for games</li> <li>• VTR/DVD</li> <li>• films</li> <li>• comics</li> </ul>	<ul style="list-style-type: none"> <li>• comics (independent book)</li> <li>• toys</li> <li>• foods</li> <li>• educational goods</li> <li>• clothes for children</li> <li>• others (4,000 items)</li> </ul>	<ul style="list-style-type: none"> <li>• TV animation in 68 countries, in 25 languages</li> <li>• 'Game Boy': 100 million shipped products</li> <li>• cinema</li> <li>• 30,000 items in abroad</li> <li>• income from license</li> </ul>

Source: Ministry of Economy, Trade and Industry, 'The Current Condition and Tasks of Contents Industry.'

cinema *'Love Letter'* was enormously successful in South Korea and Taiwan, so the shooting place, Otaru city in Hokkaido, became a magnet for tourists from Asia. According to the Home Page by Otaru city, the number of tourists was 1,136 in 1998, when *'Love Letter'* was not on screen, but the number had been increasing since June 1999, when it was first put on screen, which went up to 11,827 (hotel guests; total number of man-days). Not only in Japan, they had similar effect in South Korea, where a lot of Japanese and Chinese tourists visited the shooting spot in the screen, such as Cheju Island and Nam-i Island.

The tourists from Japan was about 1.8 million in 2003, before *'Winter Love Song'* was on air, but the number went up to about 2.4 million after it was on air in 2004, when 270 thousand foreign tourists visited the main shooting spot of the drama, Nam-i Island<sup>11</sup>.

In this way, contents industry has a substantial effect on sightseeing industry, and South Korean goods have been popular since then: picture contents have much effect upon the image of shooting spots in the contents.

#### **4. The Effect on Improving of National Image and on Understanding of Other Cultures**

Many of contents include the culture, nationality and sense of value of the people, so the improvement of the image of the country, people and culture is expected to be brought through its experience and sympathy of them. Contents industry also has an effect on increasing number of foreign language learners, and much on job-development. The number of contents-related businesses was 121.07 thousand, and the number of employees in the businesses was about 460 thousand. Japanese government has a plan to raise the number of workers engaged in contents industry up to 2 million.

The expectation for contents industry, in this way, has a medium-and-long term multiplied effect, increases the economic effect and the brand values of Japan and South Korea, and interchange between the tow countries, which leads to mutual understanding among the peoples.

In addition to the development of contents industry, we need the strategies contributing much to cultural exchange. In this way, international development of contents industry has substantially contributed not only to the economic effect but to improvement of national image and encouragement of understanding other cultures. The increasing number of people in the world, who are interested in Japanese animations and comics, start to learn Japanese: they deepen their understanding of other cultures through the contents.

## **V. Conclusion**

Amid increasing the expectation and movement towards contents industry, the environment surrounding the industry is developing in the form of more people enjoying it. As the times will come when people can enjoy more plenty of leisure time and the expectation

and movement towards the industry, the development policy will strongly be required in order to enrich people's life.

As for the national economy these days, a move from the mass production and mass consumption into a high regard for facilitation and diversification, requiring the development of high-value added contents with a great deal of personality and variety.

The contents industry, on which South Korean government focus more energy and for which they take support policies in many ways, has achieved more than 50 trillion won of sales an year, and has been increasing its export.

The businesses relating to the industry have a large scale, have multiplied effects on other industries, and have been playing an important role as the national strategic industry which will contribute much to improving the national image in other countries. Many countries take strong support policies for the industry in order to develop it into the national strategic industry.

In China and South Korea, considering the industry developing the next generation, they injected huge public funds compared to Japan. European countries and the US take the positive support policies, such as tax benefits and support for entry in international film festivals, in order to encourage production and investment. These supports in many countries have led to high-quality contents and enabled the industry to play an important role in other countries. In Japan, the Diet has revised the copyright law, which aims to regulate renting out of books and magazines and to prevent channeling back of Japanese CDs from abroad, the intellectual property trust law and contents-related laws.

Japanese contents industry has been enjoying high reputation in the world. However, in spite of their superior competence, they cannot ensure the market because they cannot keep pace with other countries.

Through the improvement of network environment, innovation and diversification of distributions, Japanese government, aiming to grow the contents amount up by 5 trillion yen in next 10 years, needs to develop the globalization of the industry and expand overseas markets.

#### Notes

- 1 The word 'Hang-Ryu' means the popularity of entertainment (cinema, drama, popular music and so on) in South Korea, which was born by Chinese mass media in the middle of 1999 and called 'Hang-Ryu' in Chinese, and the homonymous Chinese word suggests that other culture flows into.
- 2 Yoshitaka MOURI, *Nissiki Han-Ryu* p.22 (Nov. 2004): The drama '*Winter Love Song*' has much contributed to the management of NHK (Nippon Hoso Kyoukai). The consolidated statement in 2003 turned increased revenue from the decreased receipts in 2002. The business related to '*Winter Love Song*' contributed about 3.5 billion yen to the current-account surplus, 105.4 billion yen in 2003. The sales of DVD and video software were totally 330 thousand sets, and the number of novels was 1.22 million at the end of June in 2003.
- 3 'The Agency of Culture and Sightseeing' was organizationally changed into 'The Agency of

- Culture, Gymnastics and Sightseeing' under the new administration in 2008.
- 4 JETRO *The Trend of South Korean Cinema* (Jan. 2008): As for the cinema distribution companies relating to industrial conglomerate, for example, ① 'CJ Entertainment', affiliated with CJ group, has the largest theater chain, 'CJCGV' with 43 theaters and 332 screens, ② 'SHOW BOX Co., Ltd. MEDIA PLEX', affiliated with ORION group, has multiplex theater chain 'MEGA-BOX' with 17 theaters and 141 screens, and ③ 'LOTTE Shopping Co., Ltd.' affiliated with LOTTE Group, has multiplex theater chain 'LOTTE CINEMA' with 34 theaters and 259 screens. The number of all theater and all screens was 321 and 1,880, respectively in 2006.
  - 5 In Japan, South Korean dramas had got the population after the cinemas. As for cinemas, 'Shiri' firstly got popular with Japanese people in 2000, before 'JSA' in 2001 and 'A bizarre woman' in 2002 have sequentially succeeded. 'Silmido' and 'Brotherhood' in 2004, and 'Snow in April' 'A moment to remember' in 2005 gained popularity, with which South Korean cinema established the position. However, 'Kingsman', 'Monster' and '5.18 Gwangju Democratic Uprising' which were in great demand in South Korea, haven't succeeded in Japan.
  - 6 In Japan, BoA, TOHOSHINKI and other artists are now growing popularity.
  - 7 PIA multidisciplinary research center says that the audience at the concerts in 2005 was 2,395 and the market scale was, valued at amount, was 142.9 billion yen, which was the record-high since 2000.
  - 8 The 'music distribution' means putting music in circulation with Internet or means the service itself. The Japanese word 'tyaku-mero' means the melody signaling an incoming call, which is downloaded music from the site of distribution company. The 'tyaku-uta' means the melody with a song signaling an incoming call, both of which produced over 100 billion yen in the market, according to the statistics by JASRAC.
  - 9 According to Asahi Newspaper on 10th April in 2005, the number of countries which put on air Japanese animation, has been about 70 with 'Pocket Monster' and 'Yugioh Duel Monsters', 80 with 'Degi-Mon', 45 with 'Doragon Ball' and 40 with 'Atom Boy'.
  - 10 In '007' series, BMW automobile and the OMEGA watch used in the films, appeal the character images by exposing goods and services in picture.  
The Institute of Contents Industry International Strategy 'Ad Interim Report' July, 2000. ERMA research in the US said that 'Product Placement', especially in films, raises the memory of audience 2.5 times as much as in other media such as TV.
  - 11 267.452 thousand tourists have visited the small island in 2004, after the drama was put on air, whereas only 1,181 people visited there in 2002, when the drama wasn't put on air.
  - 12 According to the document of The Association of Hangeul Ability in 2008, the number of candidates for Hangeul Official Examination in spring 2008 was 11,452, and the accumulated number is 155.183 thousand in 30 examinations.

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