

Seminar Report

June 30, 2017

European Center for
International Political
Economy (ECIPE)

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The Academy of Korean
Studies (AKS)

The Academy of Korean Studies was established to revitalize the field of Korean Studies by conducting in-depth research and offering education on related subjects. AKS is also engaged in cooperation and exchange activities with academic institutions in Korea and abroad and conducts programs and projects aimed at improving the international community's understanding of Korean culture.

The 4th ECIPE-Korea Project International Workshop

ECIPE | EUROPEAN CENTRE
FOR INTERNATIONAL
POLITICAL ECONOMY

AKS 한국학중앙연구원
THE ACADEMY OF KOREAN STUDIES

KSPS
Korean Studies Promotion Service

Insights into Cultural Industries: New Approaches through Business and Economic Perspectives

June 30, 2017

Venue: ECIPE Office

Address: Avenue des Arts 40, 6th floor, 1040 Brussels

Introduction 13:00-13:30

- 13:00 Opening Speech: H.E. Hyoung-Zhin Kim, Ambassador of the Republic of Korea
- 13:15 Keynote Speech: Prof. Hwy-Chang Moon, Seoul National University
- 13:30 Introduction: Prof. Patrick Messerlin, Sciences Po Paris

Session 1. 13:40-15:10

Moderator: Prof. Hwy-Chang Moon, Seoul National University.

Speakers:

- Ms. Yeonwoo Lee, Seoul National University: Enhancing competitiveness through value chain diversification: The case of the U.S. entertainment industry
- Dr. Ryotaro Mihara, SOAS, University of London: How to export Japanese animation products to India: A case study of a trans-Asian creative venture business project
- Prof. Christian Opitz, Zeppelin University: International collaboration as a means to mitigate the problem of "cultural discount" in foreign markets: Evidence from feature film production
- Dr. Jimmyn Parc, Seoul National University and Sciences Po Paris: Understanding international film co-production strategies: A value chain approach

Session 2. 15:20-16:40

Moderator: Prof. Janghyuk Lee, Korea University.

Speakers:

- Dr. Kyuchan Kim, Korea Culture & Tourism Institute: Beyond copyrights in cultural industries: Lessons from Korea
- Dr. Mauro Lanati, European University Institute: Imports of "cultural goods" and emigration: an unexplored relation
- Mr. Stephen Ranger, ECIPE: Why are consumers buying records in a digital age? Assessing the impact of music streaming on vinyl's resurgence

Closing Remarks. 16:45. Mr. Patrice Chazerand, DIGITALEUROPE

ECIPE-AKS Project: Cultural Industries in the World: Korea, the "Game Changer"

The last decade has witnessed the largely unexpected rise in the world of "Hallyu" or the "Korean Wave" of successful movies, TV dramas, and pop music. This project seeks to analyze the emergence, successes, and challenges of Hallyu within an international context, and to assess the role of Korea as a game changer in the world cultural industries. It will adopt a multi-disciplinary approach centered on business economics, economics, and media, and it plans to bring together scholars and private and public decision-makers. The project aims to contribute to world cultural diversity that will result in "cultural excellence," rather than "cultural exception." By the same token, it wants to create or expand the desire in Europe, Korea, and East Asia to learn about each other's present and future cultures.

This project is run by an international team consisting of five scholars (Patrick Messerlin, Hwy-Chang Moon, Sébastien Miroudot, Kyuchan Kim, and Jimmyn Parc). It is funded by the Academy of Korean Studies for five years and was launched in September 2015.

Session 1.

[moderated by Prof. Hwv-Chang Moon, Seoul National University]

Yeonwoo Lee, Researcher, Seoul National University



Enhancing competitiveness through value chain diversification: The case of the U.S. entertainment industry

Acquisitions among the media conglomerates in the United States continue to receive attention and demand more comprehensive analysis. This study seeks to examine how contrary to prior theories, highly diversified conglomerates continue to grow in size and scale while enhancing their sustainable competitiveness. The research suggests a new perspective that firms diversify not only to expand their products and market base by exploiting their existing resources, but that they expand in order to enhance their competitive advantage in all of the nine value chain activities by diversifying and connecting with other firms. This study contributes by modifying the generic value chain framework for the motion pictures industry. Also, by focusing on the acquisition histories of Walt Disney Studio in the contents and technology development processes, this research contributes to business management in the cultural industries by demonstrating how firms expand their capabilities from single to multiple competences, from learning to innovation through partnership and cooperation.

Dr. Ryotaro Mihara Lecturer, SOAS, University of London



How to export Japanese animation products to India: A case study of a trans-Asian creative venture business project

The case example in this study is an entrepreneurial creative business project that has sought to bridge the Japanese animation (anime) sector and the Indian market by pioneering a trans-Asian distribution platform. In essence, it seeks to support the Japanese anime sector distribute its products in the Indian market. Exploring on-site ethnographic vignettes that depict what has actually happened to this business project when those involved began their endeavours, this study attempts to preliminarily identify the factors that impede the facilitation of trans-Asian creative business. It specifically examines how the institutional environment in India as a host country influenced the performance of this creative venture, such as the visa system, foreign investment regulations, tariffs, customs procedures, corporate/banking system, and logistics. This study also discusses the possible institutional reforms needed to make the business environment friendlier toward trans-Asian creative businesses, and of the international trade negotiations to facilitate them.

Dr. Christian Opitz Professor, Zeppelin University



International collaboration as a means to mitigate the problem of “cultural discount” in foreign markets: Evidence from feature film production

In this study we apply resource dependency theory to international collaborations between firms. As a practical case, we focus on US-American feature film production. Our theoretical analysis implies that the outcome of an international collaboration may depend on whether the project is carried out in a partnership on equal terms or not. For our empirical analysis we draw on a large and hand collected data set containing detailed information on 821 film projects. The data suggest that feature films being co-produced by a mixed team of US and French or US and German film producers provide a quality surplus which is specifically valued by moviegoers in these two foreign countries. A complementary analysis indicates that these findings may apply to the broader international context, i.e. a collaboration involving a partner from any other country. Moreover, there is evidence that the markup that can be achieved by an international collaboration may be contingent on the cultural distance between the partners; larger distances are associated with higher markups.



Understanding international film co-production strategies: A value chain approach

Globalization of the film industry has had a particularly strong impact and its recognition as an economic driver has induced policy-makers to develop more interventionist industrial or cultural policies. As a consequence, many countries have established subsidy regimes to protect and promote their local film industry, including ones that seek to promote co-production. In this regard, it is important to understand clearly what co-production is as well as its real impact on the film industry. This paper deals with these two questions by utilizing a value chain approach. First, because the country of origin for films is important, the actual and perceived nationalities are important. Second, due to the complexity in coordinating many activities in the value chain, the subsidy regime for promoting co-production tends to be more in favor of multinational enterprises that can easily manage this challenge. The result is that this form of subsidy unexpectedly discriminates against small and medium-sized enterprises.

Session 2.

[moderated by Prof. Janghyuk Lee, Korea University]

Dr. Kyuchan Kim, Associate Research Fellow, Korea Culture & Tourism Institute



Beyond copyrights in cultural industries: Lessons from Korea

This study focuses on the process of “how to make money” in today’s cultural industries. Having originally derived from the book industry, copyrights have emerged as one of the main instruments to generate revenues for cultural industries. Today, cultural industries are increasingly adopting the approach of “how to access” in order to generate more profits rather than just simply selling a product. This would indicate that instead of being final end items, cultural products would be more profitable as intermediate goods. In this respect, artists are now giving up their copyrights in order to acquire larger profits. This study discusses in detail about the move from copyrights to industrial property rights by highlighting several key cases from Korea.

Dr. Mauro Lanati, Research Fellow at the Migration Policy Centre and a Max Weber Fellow at the Robert Schuman Centre of Advanced Studies European University Institute



Imports of “cultural goods” and emigration: an unexplored relation

This study examines the effect of the import of cultural goods as defined by UNESCO (2009): cultural heritage, performance, visual arts, books, audio-visual material and design on emigration decisions. The import of cultural goods, by affecting individual preferences, reduces the cost of any migration move and favors outflows towards exporting countries. A gravity model for 33 OECD destination countries and 184 sending ones has been estimated for the period 2009-2013. The issue of identification and endogeneity has been addressed through the inclusion of a comprehensive set of fixed effects and by instrumenting cultural imports with past flows and an imputed share of cultural imports à la Card (2001). The positive relationship is robust across different classifications for cultural goods, areas of destination and alternative econometric techniques.

Mr. Stephen Ranger, Research Associate, ECIPE



Why are consumers buying records in a digital age? Assessing the impact of music streaming on vinyl's resurgence

Over the last ten years, vinyl records have begun to make a noticeable comeback. Where CDs or even digital downloads have been experiencing a decline, vinyl records have witnessed double digit growth over the last seven consecutive years. This stands in contrast to past expectations that it would be a dead format in an age of digital music. This study will show how consumers are increasingly utilizing multiple media platforms within which to engage music. In this respect, it highlights how independent record labels have benefited from this trend by actively embracing music streaming while also adapting vinyl to the digital age. Lastly, the issue of music cost and its value is an important factor in understanding how music is consumed. As such, this study will consider to what extent vinyl and streaming can address the "value gap," a major contentious issue within the music industry today.

References

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Future Events

This program will organize at least two regional seminars per year (September 2015-August 2020), alternatively in Seoul (or in East Asia) and in Brussels (or in other European cities). It organized the first international conference in Seoul, 2016 and will organize three annual international conferences until 2020. Seminars will address more focused topics than conferences. The events aim to offer opportunities to discuss business strategies and public policies among the widest range of private and public decision-makers involved in cultural industries (cinema, music, and TV) in Europe and Korea/Asia.

Tentative schedule and topics of the events

Classification	Title	Location	Time
International Conference 1	Achieving Cultural Diversity: Korea And Europe at the Crossroads?	In Seoul, Korea	2016 1/2
International Conference 2	Insights into Cultural Industries: New Approaches through Business and Economic Perspectives	In Brussels, Belgium	2017 1/2
International Conference 3	Lessons from Korea for Europe in Cultural Policies (provisional)	In Europe	2018
International Conference 4	Korea, a Game Changer in the Cultural Industry (provisional)	In Seoul, Korea	2019
Seminar 1	Launching Seminar: Cultural Industries: Pivoting to Asia?	In Brussels, Belgium	2015 2/2
Seminar 2	Copyrights: Good or Bad for Creative Industries?	In Tokyo, Japan	2016 2/2
Seminar 3	Culture, Cultural Industries, National Branding, and Government Intervention (provisional)	In LA, USA	2017 2/2
Seminar 4	Asian Cinema Policies (provisional)	In Europe	2018 1/2
Seminar 5	How to Enhance China's Cultural Industries: Lessons from East and West (provisional)	In Beijing, China	2018 2/2
Seminar 6	Work Progress Evaluation 1 (provisional)	In Asia	2019 1/2
Seminar 7	Final Assessment and Further Studies 1 (provisional)	In Europe	2019 2/2
Seminar 8	Final Assessment and Further Studies 2 (provisional)	In Asia	2020 1/2

* 1/2 means the first half of the year and 2/2 means the last half.
 ** Event in shadow means "completed."

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