

Inspirations for China's Cultural Industry Development from the Construction of Korea's Cultural Industry Chain

Guo Pingjian[†] and Fang Haixia

English Department, Beijing Institute of Fashion Technology, Beijing, China

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Abstract

The purpose of this research was to understand the successful establishment of the cultural industry chain in Korea and discover lessons for China to improve its cultural industry. It was concluded that a one--industry development pattern cannot win in market competition and a cultural industry will strengthen its sustainability only through smoothing its relationship with other industries and establishing a cultural industry chain so as to further development and resist crises together.

Key words : cultural industry chain, Korea, lessons for China.

1. Introduction

Hailed as a golden industry in post-industrial society, the cultural industry has been one of the most rapidly developing industries in the world since the 1990s. After the Asian financial crisis, Korea adjusted its economic policies and began making significant efforts to develop its cultural industry, which has yielded great achievements. From the 'content-orientated' development strategy in movies and teleplays at the inception to the 'culture first' measure in the cultivation of Korean play consumers, Korea's cultural industry has brought about huge market opportunities for the cosmetics, tourism, and catering industries, having not only made large amounts of foreign currency for Korea but also promoting the development of related industries with its complete industry chain. To take movie and television industries and the fashion industry as an example,

Korea's cultural industry, under the guidance of content--orientated strategy, carefully planned the cultural ingredients in the films and teleplays and its influence on other industries, a complete industry chain development pattern having been set up between films and teleplays and other industries. Guided by the culture first strategy, Korea's other industries have been expanding their overseas markets and achieving great benefits. Since 1999, the output value of the 10 cultural industries - including publishing, caricature, music, games, movies, animation, radio and television, advertising, internet, and mobile information - has increased by 30% per year. According to the statistics, with its cultural products occupying 3.5% of the world market, Korea had become the fifth greatest culture power by 2004.

Studies on the cultural industry were carried out early in Korea. In 2003, in their paper "On the Contribution of Investment in Cultural Industry to Economic Growth", Long Yunzhong (a re-

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[†] Corresponding author E-mail : pjj129@gmail.com

searcher in Korea Culture and Sightseeing Policy Research Institute) and Yuntai (professor in Economic Department of National University) analyzed the macro-economic model and drew the conclusion that the capital investment in Korea's cultural industry is proportional to its contribution to economic growth, offering appropriate theoretical foundation for Korea to develop its cultural industry. Some Chinese scholars also made studies on the cultural industries in China and Korea, mainly focusing on the significance and the characteristics of cultural industry development and the economic benefits brought to Korea (Gao Lei, 2004; Luo Li, 2005; Li Yipo, 2006; Song Kui, 2007; Zhang Qie, 2009) but paid little attention to the importance and great economic benefits brought by the cultural industry chain construction and its social influence. Therefore, this paper, through investigations, interviews, and theoretical research, analyzes the successful establishment of the cultural industry chain in Korea to discover its lessons for China's cultural industry.

II. Characteristics of Korea's Cultural Industry Chain

He Qun (2006) defined 'cultural industry chain' as the relationship between the different links in cultural production and the relationship between cultural industry and other industries. (1) In devising cultural development strategy, Korean government also made a series of supporting plans to go with the strategy, aiming to occupy the overseas markets with cultural industry as vanguard, cultivate potential consumers, and then expand commodity exportation to promote the development of other industries. With the popularity of Korean dramas, the benefits brought to the fashion industry and tourism industry are increasing year after year, packaging fashion, tourism, and catering culture industries together with Korean dramas. It is because of the complete industrial chain that the Korean economy developed so rapidly. The construction of a cultural industry chain shows the following characteristics:

Firstly, change the orientation of cultural products. Since Korea began to develop its cultural industry vigorously in 1998, the government has constantly played the role of director, in charge of overall planning, guiding policies, and enacting laws and regulations in parallel. While guiding the development of cultural industry, the government optimized the cultural industry chain through cooperation between different sectors, different industries, and different areas. Cultural products developed as an aggregate of various cultural elements from a single product element, thus enhancing the information content and impact force in the cultural products. The popularity of such cultural products brings not only benefits but also added value for other industries. After making profits from the cultural industry, other industries will make more investment in it and accelerate its development, which is the chain effect brought about by the optimization of the cultural industry chain.

Secondly, change the mechanism of the cultural industry. In the 1990s, the Korean movie industry took the lead in breaking the monopoly concept in cultural industry, allowing private consortiums to invest in and release films. As soon as this policy was put forward, five Korean consortiums - including Hyundai Group, Samsung, and Daewoo - made huge investments immediately and passionately in film production. The movies are released through their established commercial sales networks. Huge investment funds were attracted to the movie industry and the material conditions for its development were created. The mechanism change not only inspired the prosperity of the movie market but also breached the boundaries between different industries so as to promote their communication and cooperation, leading to an economic win-win situation.

Thirdly, change the mechanism of personnel training. In order to develop a professional curatorial team, Korea put cultural industry personnel training into the educational system. From 2000 to 2005, Korea invested over 200 billion Korean won into inter-disciplinary skills training, especially stressing the training of advanced

talents in movies, animation, games, and television industries. The practicality of artistic science is emphasized and the cooperation between the cultural industry and pure artists is enhanced with the purpose of constructing a win-win personnel training system for both cultural arts and cultural industry. It is well proved that cultural industry personnel training has provided a great number of excellent staff for the creative industry. Investment in personnel training has brought great returns for Korea.

III. Culture First - Fashion Industry taking Advantage of Korean Dramas

One of the prototypes of the Korean cultural industry chain is the fashion industry taking advantage of Korean dramas. Orientated to cultural content, the cultural industry chain develops cultural products into popular consumer goods, of which the exquisite Korean drama is a perfect example. Not only popular in itself, Korean drama has also cultivated a great number of potential consumers for the fashion, tourism, and catering industries. The market for related goods is expanding rapidly with the popularity of the Korean dramas. A culture-first pattern in the establishment of cultural industry has successfully promoted the development of film and teleplay related industries in Korea.

With culture as the vanguard, the Korean fashion industry entered into China's market with great advantages. The most important reason for the popularity of Korean fashion among Chinese consumers is that people are strongly influenced by Korean dramas. With the popularity of Korean dramas, the beautiful Korean costumes in the plays attract people to buy Korean-style fashion wear. It can be said that the Korean cultural wave has contributed greatly to the prosperity of the Korean fashion industry in China, and has paved the way for the popularity of Korean fashion in China.

IV. Current Situation of Cultural Industry in China

Since the adoption of reform and opening-up policies 30 years ago, China's cultural industry has experienced a preliminary stage characterized by 'cultural institution' and an exploratory stage characterized as 'public institution managed as enterprise', and is currently in the developing and transforming stage. As our cultural industry begins to take shape and have significant influence on the development of our national economy, it has been introduced into the national development strategy. Both central and local governments have established a series of policies and measures to promote and support the development of cultural industry, clarifying the responsibilities of the central government in cultural industry development. That is, while still providing public culture services for society at large, the central government will also encourage and support the development of cultural industry through its policies in finance, tax revenue, financial control, and social security. Although China's cultural industry has begun to take shape, it has much slack to fetch up compared with that of developed countries in Europe, and America, Japan, and Korea. Its main problems are as follows:

1. The cultural industry is undersized and there still exists low-level equilibrium between supply and demand and a dissymmetrical structural contradiction.
2. Cultural industry operation units are prolific in number yet low in productivity, with resources scattered and economic profits quite poor.
3. The traditional resources allocation system - according to department and region - is now in contradiction to the 'marketization' of China's cultural industry. Inter-industry and inter-regional asset reorganization and annexation often runs into obstacles.
4. The lack of cultural originality cannot meet the requirements of the fast development of the cultural industry. Resource potential cannot be fully converted into industry power.
5. The current laws and regulations on culture management and cultural industry are not

sound and integrated enough because they were chiefly formulated and issued by different administration departments of the government.

6. The development procedure of cultural industry is severely restricted due to tangled investment channels and shortage of funds.
7. The cultural industry has not yet developed its chain of operation because of a lack of overall consciousness in planning.

V. Inspirations for China from the Development of Korea's Cultural Industry Chain

1. Change Outdated Notions to Establish New Cultural Industry Consciousness

The traditional notion that emphasizes public welfare quality rather than the industry quality of cultural institutions should be changed. A sense of cultural industry should be strengthened and the strategic position of cultural industry should be established. The government should support and encourage free operation and fair competition. The quality of cultural products should be judged by the market.

2. Regulate the Cultural Industry Management Mechanism

In order to change the situation that China's cultural system reform lags behind its economic system reform, organizations responsible for the revitalization of cultural industry - similar to Korean Cultural Industry Bureaus - should be set up under Ministry of Culture of the People's Republic of China. As well, a coherent coordinating management system should be established, and different industries should be encouraged to found associations to promote self-regulation and the construction of industrial chains. Resource optimization and integration between different industries, especially between the film and television industries and other industries, should be encouraged.

3. Draw Up Positive Cultural Industry Policies

Industry policies are important macro-control means. Since China lacks cultural industry related policies, positive cultural industry policies that are in conformity with WTO regulations and China's social realities should be established to promote the development of cultural industry.

4. Improve the Mechanism for Cultural Market Entry

While maintaining the security of national culture and establishing an open, transparent, and non-discriminating cultural market order, the market entry system should be broadened to invite more private enterprises to enter the cultural industry in order to generate a thriving market.

5. Guarantee Capital Resources and Expand Financing Channels for Cultural Industry

To reverse the situation where cultural enterprises are in shortage of development capital, national and local cultural industry development foundations should be set up so that funds can be directed from various channels to support the development of those industries. Financing channels for cultural industry should be expanded and favourable loan and taxation policies should be adopted.

6. Improve the Legal System to Ensure the Smooth Development of Cultural Industry

Laws and regulations are guardians of a market economy, protecting the interests of market players, and ensuring the sound and orderly development of the market. Currently, China lacks specialized laws and regulations related to cultural industry. Therefore, the legal system should be strengthened and specialized laws and regulations should be promptly formulated to promote the sound development of cultural industry.

7. Conduct External Cultural Exchanges Actively

China, as per Korea's example, should establish specialized cultural project promotion institutions to expand its cultural agencies in foreign countries and hold Chinese culture exhibitions regularly. Cooperation between domestic

and foreign cultural enterprises should be encouraged. The spreading of Chinese language to other countries should be accelerated to promote its internationalization, which can be taken as a precursor for China's cultural industry to participate in international competitions.

VI. Conclusion

From the above study, we have seen the great benefits brought to Korea by its cultural industry. We have also realized China's current situation and the existing problems in its cultural industry. To solve these problems, sound laws and regulations should be formulated and a complete industry chain be established for cultural industry benefits to be optimized, such that the commercial pattern for each link in the industry chain be carried out completely. Cultural publicity should be strengthened in order to popularize Chinese culture. Personnel training should be enforced and international academic communications and technical and capital exchanges be expanded. Cooperation between different industries should be strengthened so as to streamline the allocation of resources. Finally, through years of efforts, China will surely be among the great powers in

cultural industry.

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