

Sector:	Creative Industries
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Market Size, Growth and Structure

Summary

Thailand's creative industries is expected to **grow by 3.55% to 1.51 trillion baht in 2022**, from an estimated 1.45 trillion in 2021, according to the Creative Economy Agency (CEA). The GDP growth rate of this sector is projected to grow by 3.7% in 2022, compared to only 0.7% in 2021, and -6.09% in 2020 due to the pandemic.

Creative industries is one of the areas underscored for development by the Thai government due to its potential to enhance the country's international recognition and economic value. Creative industries is also championed by the Thai government as an effective bridge between traditional and contemporary that will enable the country to build on its intellectual capital and cultural heritage through the application of new technology and innovation.

Thailand establishes its soft power in three categories – tourism, food, and traditional medicine, among the 15 categories that make up Thailand's creative industries portfolio. As such, Thailand pushes for development by creating a conducive environment, promoting research and business ecosystem, and increasing opportunities for new entrepreneurs through collaboration of domestic and international agencies.

Analysis

Creative industries is a promising component of Thailand's economy and national development strategy. **In 2019, Thailand's creative industries had a total value of approximately US\$44 billion, accounting for nearly one-tenth of the country's GDP.** Within creative industries, cultural tourism and food generated the largest economic gains with each generating an average value of approximately US\$8 billion during the period of 2014-2019, followed by advertising at US\$6 billion.

Furthermore, from 2015-2019, the GDP growth rate of this sector was steady, ranging from 5-7%, then plunged to -6.09% in 2020 as a result of the pandemic. Currently, the growth rate has started to pick up, demonstrating a 0.7% growth rate in 2021. This number is projected to rise to 3.7% in 2022. Additionally, the sector is projected to grow by 3.55% generating up to 1.51 trillion baht in 2022.

Creative industries is one of the areas underscored for development by the Thai government due to its potential to improve the economy, community, and people, and enhance the country's international recognition. The Creative Economy Agency (CEA) was established in 2018 to support and develop creative economy, empower entrepreneurs, create an ecosystem and environment that promote creativity and innovation to leverage wisdom, culture, and the production sector.

Thailand's creative industries comprises 15 sub-sectors:

Creative originals (built on local wisdom and cultures):

1. Art and craft
2. Music
3. Performances
4. Visual art

Creative content and media (built on creativity):

5. Films
6. Radio and broadcasting
7. Printing
8. Software

Creative services (selling creativity):

9. Advertisement
10. Design
11. Architecture

Creative goods and products (creativity translated to products):

12. Fashion

Related industries (creativity and cultures translated to businesses):

13. Thai food
14. Thai traditional medicine
15. Cultural tourism

Of the 15 sub-sectors, Thailand highlights tourism, food, and traditional medicine as sources of the country's soft power. Indeed, two categories with the highest revenue growth potential in Thailand are: **local food developed into processed products using creative ideas; and creative content such as online games, films and music that could be offered on digital platforms, particularly the non-fungible token marketplace.**

In terms of employment, Thailand's creative industries employ approximately 830,000 people, equating to around 1.2% of the total population. More than one-third of the creative economy workforce, or around 300,000 people, are engaged in the handicraft supply chain. Advertising is the second largest employer in Thailand's creative industries, involving around 200,000 people. Music, performing arts, and fine arts each employ roughly 70,000 people, while architecture with 68,000 and design with 64,000 also have significant workforces. Films, broadcasting, and photography each employ around 50,000 people, followed by software (40,000); museums, galleries, and libraries (14,000); and publishing (13,000).

Importantly, **average monthly income for workers in creative industries is higher than other industries**, at 23,000 baht compared with 15,000 baht, but each creative sub-sector has a wide range of income.

People in the handicraft industry, which makes up 60% of the total creative workforce, had income below the monthly average. A smaller cohort of those working for gaming and animation companies topped the ranks, with 33,000 baht in monthly salary on average.

The biggest challenge in Thailand's creative industries seems to be the lack of government support. A number of talented artists and creators lack support to grow internationally. Types of government support needed include attractive tax incentives, strong promotional campaigns to compete with other countries and reach a greater audience, and events to help artists and creators showcase products. Although government support might be possible, the government typically is not willing to invest time and capital far in advance of any expected success. However, the nature of the industry is that artists and creators need time and effort to reach the global market, yet the result may not always be successful.

Market Trends

Summary

Digitalization and technology has been and will continue to be a main theme for Thai creative industries. As Thailand's creative industries progresses, content creators, designers, and artists need to further embrace and adapt to technological advancements for their pre-production, production, and post-production in order to be competitive internationally. In fact, the Thai government focuses on the **digital content industry**, a target industry for promotion, in order to establish Thailand as a regional hub for creative intellectual property and creative service providers. Thai content makers and creators are supported to grow outwards, and business matching is being done to promote international partnerships in **animation, gaming, characters, and e-learning**.

Digital tools and technology are also utilized to realize Thailand's Bio-Circular-Green Economy (BCG) initiative, which aims to promote Thailand's creative industries combined with tourism, breaking down to wellness tourism, culinary tourism, eco-tourism, cultural tourism, and sports tourism.

Finally, consumer behaviors are reflected through the revenue and loss in the sub-sectors. **Architecture will face the sharpest decline in revenue, followed by cultural tourism, films, music, visual art, and Thai traditional medicine. Meanwhile, art and craft, Thai food, and software have in recent years demonstrated an upward trend, thus are projected to grow in the near future.**

Analysis

Digitalization and Technology

As the Thai population grows more accustomed to digital content and tools, the skills of Thai digital content creators and designers have risen to a level that earns recognition from global animation projects. **Thai digital content creators and designer have been offered opportunities to participate in pre-production, production, and post-production stages of international projects in the US and Asian countries.** At the same time, animation work by many homegrown animation companies has also been acknowledged at the international level.

Key competitiveness of the local digital content industry lies in the skills, discipline, and service-minded attitude of animators, designers and production teams, as well as the rich creativity and cultural wisdom that has long made the country one of the most cost-effective service providers in Asia.

The digital content industry is one of the government's target industries for promotion. The government aims to establish Thailand as a regional hub for both owners of intellectual property and service providers under the outsourced contracts of multinational companies in the near term. To support this, Ministry of Commerce has implemented programs to enhance the recognition of Thai digital content makers and creators internationally, while also setting up business matching programs for animation, gaming, characters, and e-learning.

Thailand's digital content industry, including animation, games and characters, and big data, grew by 10% between 2019 and 2020 to reach US\$1 billion. The digital content industry is expected to accelerate in 2021 as Thai consumers use online tools more in their daily routines and entertainment. With demand increasing both locally and globally for gaming, e-learning, and streaming entertainment content during the pandemic, new opportunities are constantly being created for Thai creators and designers.

Tourism and Creative Economy under BCG Focus

Tourism and creative industries are included in the Thai government's development plan for Bio-Circular-Green Economy, with the aim to develop sustainable tourism, create a tourism destination management system, conserve the environment, and advance high-value tourism such as wellness tourism, culinary tourism, eco-tourism, cultural tourism, and sports tourism.

Under the BCG Economy framework, the country plans to promote tourism to less-visited cities through the development of transportation networks and promotion with digital tools.

Thailand also plans to promote **medical and wellness tourism among those seeking long-stay vacations in Thailand**. The focus will be on safe and healthy food, convenient, and high-quality accommodation equipped with communication infrastructure and health-promotion activities, and sports and recreational activities to help visitors experience local communities and culture.

Consumer Behaviors

According to a CEA study between 2018 and 2020, among Thailand's creative industry sectors, the number of businesses in Thai traditional medicine, printing, cultural tourism, and art and craft was likely to diminish, respectively. These sectors face short- and long-term challenges, such as implications from COVID, shortages of skilled labor, and disruptive technology.

In terms of profit and loss, the number of businesses that were profitable was on the decline, and the businesses that faced losses tended to face bigger losses. In 2020, there were around 26,800 businesses that were profitable, down by 17.1% YOY; and there were around 30,000 businesses that faced losses, up by 14%. Sectors that should be on the watch included cultural tourism, Thai traditional medicine, performances, films, and visual arts, all of which were losing profit and facing bigger losses.

In terms of revenue, every sector was projected to face a decline in revenue, with architecture encountering the sharpest decline, by 80.5% compared to the previous year (2019). Other sectors that would face over 30% revenue decline included cultural tourism (-57.02%), films (-1.44%), music (-1.41%), visual art (-0.61%), and Thai traditional medicine (-0.42%), respectively. In contrast, **sectors that demonstrated a higher profit in 2020 than in the previous year included art and craft (+17.4%), Thai food (+7.61%), and software (+2.5%)**. These are the sectors that were positively impacted by COVID.

Growing Middle Class

SWOT Analysis

Strengths

- UK is a creative nation: World-class creative companies are located in all parts of the UK, especially London, a very vibrant and international city that is widely acknowledged as the creative and design capital of the world.
- Various design disciplines: UK offers 12 sub-sectors in creative industries: advertising; architecture; crafts; design (product, graphic, fashion); film, TV, video, radio, and photography; IT, software, and computer services; publishing; museums, galleries, and libraries; music, performing, and visual arts; animation and VFX; video games; and heritage. The cross-disciplinary nature of the UK's creative industries is a major advantage, allowing creative specialists to mix, share ideas, and create a buzz.
- Some of the world's most visited museums: UK has four of the top 10 most visited museums in the world, more than any other country. Tate Modern was the most visited institution, followed by the British Museum, the national Gallery, and the Victoria & Albert Museum.
- London & UK theaters: Theaters in London and across the UK attracted over 30m visitors per year. In London theaters, on average 77.5% of available seats are filled.
- Unique market for games industry: For early stage or new technology and content players, the UK is an essential first market due to its early-adopter environment. Companies can test their new applications and games in the UK's well-developed and high-spending economy. Core drivers of UK digital games market are: multiplicity of cheaper and more intelligent smartphones and tablets, continued growth of social media, increased access to high-speed internet, access to multiple and innovative funding sources, and development of Virtual Reality, Augmented Reality, Big Data, artificial intelligence, and Esports.

Weaknesses

- Long-term unpaid internships have been an established practice in the industry, which promotes unfair access by shutting out those who cannot afford to subsidize their placements. This significantly narrows the pool of talent available to a sector that needs creativity and diversity to thrive. Improving the diversity of their workforces is now a particular focus of many employers in this field.
- Difficulties attracting investment and accessing finance: Creative businesses demonstrate a clear demand for investment, yet often lack access to, or knowledge of, financial and business expertise. Coupled with a lack of investor understanding of the characteristics of creative businesses, this makes creative firms in some sub-sectors much less likely to access the finance they need to grow.
- The large proportion of SMEs and micro-businesses in UK's creative industries, with 95% of creative businesses employing fewer than ten people. This reduces creative businesses' absorptive capacity, ability to access R&D and investment, and capacity to engage will skills and training programs.
- Awareness building

Opportunities

- Advertising (AMV BBDO, Grey UK, Leo Burnett London, McCann)
- Film/TV (Ealing Studios, Elstree Studios, Endemol Shine UK, Pinewood Studios, ITV, Channel 4)

- Video games (Codemasters, Creative Assembly, Rockstar North, Sony Interactive Entertainment, Sports Interactive)
- Cultural heritage (English Heritage, National Trust, National Museum Wales, Victoria and Albert Museum, National Galleries of Scotland)
- Design (Harrods, AKQA, Big Active)
- Fashion (ASOS, John Lewis & Partners)
- Music (Opera North, Universal Music Group, Warner Music Group)
- Publishing (Bloomsbury, HarperCollins UK, Penguin Random House, Oxford University Press)
- Sport (Premier league)

Threats

- The sector faces intense competition, not only from traditional competitors like North America and Europe, but from new sector rivals in fast growth economies whose governments also support the development of their creative industries.
- Since the pandemic, indoor and outdoor events held at music venues, theaters, museums, and art galleries have had to close. This has brought untold disruption to the creative industries.
- Reduced capacity for, and access to, R&D: While creative industries is highly innovative and an important part of the UK's research agenda, it can lack the capacity for strategic, cross-sectoral R&D, including linkages with universities.
- Existing and emerging skills shortages: Skills gaps exist in many parts of the sector, caused by multiple factors including social and informational barriers to entry, and the quality, availability, and consistency of post-secondary education and training.

Competitor Analysis

Summary

Among the developed economies, the US ranked first as the largest exporter of creative goods in the past decade due to its competitive position in design and the large pool of talents. The US held around 8% of the global market share, with a growth rate of around 8.5%.

The US is followed by other developed economies, namely, Germany (around 6% market share and 7% growth rate); UK (5% market share and 4% growth rate); France (4% market share and 7% growth rate); Switzerland (3% market share and 11% growth rate); and Netherlands (2% market share and 9% growth rate), respectively.

Looking in the global scale, China is by far the world's top leader in creative goods exports. China held around 30% of the global market share, with a growth rate of 15%. China is followed by the US (around 8% market share), Hong Kong (7%), Germany (6%), India (5.5%), UK (5%), France (4%), Switzerland (3%), Singapore (2%), Netherlands (2%), Taiwan (2%), Japan (1.5%), Belgium (1.5%), and Turkey (1.5%), respectively. Additionally, Singapore, India, Taiwan, China, Malaysia, Turkey, and Switzerland, respectively, showed the greatest growth in exports of creative goods in the past decade.

Assessment

China's creative economy growth is fueled by strong government support, economic transformation, internet accessibility, a big consumer market, and a growing digital economy. China also collaborates with other countries to jointly develop their creative industries, signing MOUs with UK and the Netherlands. Additionally, Beijing and Sofia, the capital of Bulgaria, signed an agreement to enhance exchange and cooperation between the cities' cultural industries.

Furthermore, China regularly hosts Beijing International Forum on Creative Economy as a platform to discuss new issues and driving forces in the current landscape of creative industries, creative entrepreneurship, cultural innovation, legal and policy frameworks, and the perspectives of service, product, and business development within the creative industries. The forum involves UNCTAD, WIPO, WTPF, UNIDO, WTO, and WTCA, along with countries who succeeded at transforming their cities to accommodate the growth of the creative industries, such as Denmark and Poland.

The US responded to the President's call and set up an independent nonprofit in 2015 called NationofMakers.org. They were first set to work expanding making in the nation's capital by setting up mini maker faire, which grew to national maker faire, and supporting the National Week of Making. This initiative is supported by the White House. Ten individuals were selected as Champions of Change for Making, one maker from every state was gathered during the National Week of Making, and makerspace, hackerspace and fablab organizers were convened. Today, NationofMakers.org exists to support organizations that impact makers by encouraging connections, broadly sharing resources, facilitating funding opportunities, engaging in policy development, and advocating for the maker movement. The organization runs four working groups on advocacy and policy; culture and inclusion; data; and libraries. The most recent National Week of Making took place in May 2021.

Moreover, performing arts organizations were set up in rural communities, which were found to more than double the probability that rural businesses in the community would innovate

through the use of design services, trademark registration, or producing copyright-eligible materials. Moreover, arts and cultural goods and services are used to drive the industries, which primarily focus on producing copyrighted content.

South Korea supports exports of Korean content and cultural tourism that is a mix of traditional and contemporary Korean cultures from K-Pop films and series, to cosmetics and beauty products. Moreover, innovation, science, and ICT have been advanced to add value to goods and services of startups. Korea launched *Korea: Culture, Creativity and Content* policy to support the country's creative industries by providing funding for human resources development such as in films, music, performing arts, and design.

Korea Creative Content Agency (KOCCA) was established to develop Korean culture holistically and incorporate Korean culture in every media. KOCCA's main objectives are to protect intellectual property, improve technology, support SMEs, provide loans and funds, and lease out affordable studios. More importantly, KOCCA supports expansion of Korean businesses overseas. Today, KOCCA has offices in 8 countries, including the US, Europe, UAE, Japan, and China. Additionally, Center for Creative Economy and Innovation (CCEI) was established at 18 locations throughout the country to develop innovation in each region based on different resources, and Korea Institute of Design Promotion (KIDP) was also established to promote efficient and systematic design R&D.

Japan implemented *Cool Japan* policy to support exports of goods and services to the global market with Japanese values and characteristics. Development is done in four stages: develop goods and services that have high potential to export; create Japanese waves overseas; start businesses in target countries; and attract tourists to Japan with many schemes such as Anime Tourism.

The public and the private sectors contributed towards a fund to support entrepreneurs who can demonstrate creativity through products in various fields, such as content creation and public relations, food and services, and fashion and lifestyle. Entrepreneurs and businesses sponsored must align with the policy, have potential to create profit, and are likely to have wide influence.

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