

Executive Summary

Film industry is a part of service sector which plays an important role in creating jobs and revenues for the nation's economic system since it involves with various related businesses in the chain of production and other businesses which directly and indirectly affect to the national revenues. In 2006, film industry provided overall revenues of 27.4 billion baht; 17.8 billion baht from Thai films and 9.5 billion baht from location shootings in Thailand. However, to upgrade Thai film industry as the universal standard is quite a challenge for Thai entrepreneur. There are many factors relating to a success of a film, for example; its attractive content, actors, marketing, investment and economic situation, which Thai film producers have been facing with. In addition, Thai film industry so far is still lack of clarification and continuity of the development strategy, lack of concrete studies on its obstacles and difficulties, and lack of an integrated cooperation between public and private sectors.

The National Economic and Social Development Board (NESDB), hence, has initiated a project to study about strategic development of Thai film business so as to understand status and potential of film industry as well as its chain of production. NESDB has also studied the best film management practice and mechanism to drive the strategy into a concrete implementation. The related public and private agencies can also take the strategy's framework as their guideline to move domestic films into the same direction as a sustainable source of revenues and income distribution.

1. Objectives of the Study

The study of status and potential of film industry and its chain of production is to evaluate competency of Thai film industry, linkage between Thai and foreign film industries, and the best film management practice which can be properly applied in Thailand. All information shall be used to prepare a proposal on development strategy for Thai film industry as a whole, a proposal on public functions and policies as well as effective mechanism to implement the strategy.

2. Conceptual Framework

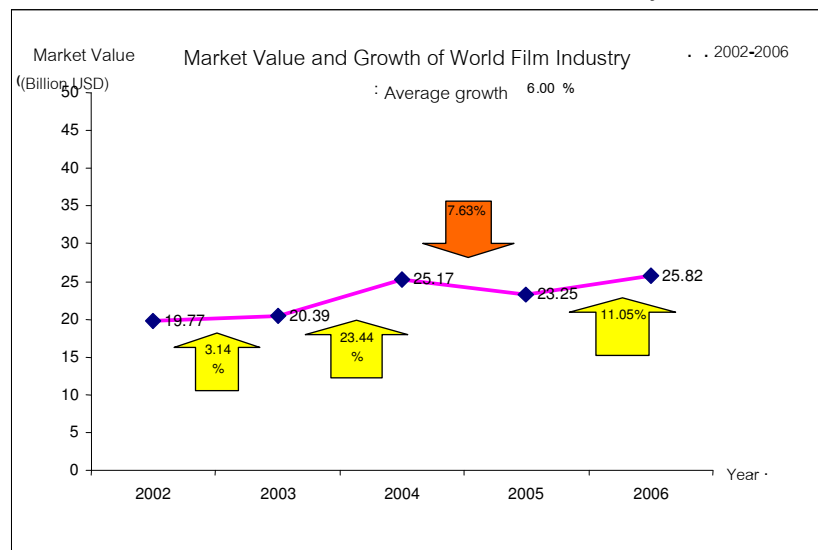
The following mechanism shall be applied as conceptual framework to evaluate status and potential of Thai film industry. (1) Mckensey 7's Framework: analyze patterns of management, evaluate problems of film industry and propose solutions by gathering opinions from sampling interviews and meetings in small groups. (2) Cross Tabs: analyze connection between Thai and foreign film industries. (3) Five Forces Model: as a comparative study on best management practice and (4) SWOT analysis: specify important development issues and propose mechanism to make and implement the strategy.

3. Evaluation of Status and Competitiveness of Film Industry

3.1 Importance of World Film Industry

During the past decades, several regions in the world had realized importance and opportunities in film industry for its high economic returns and universal publication of the film producing countries. Film industry was also considered as an influential media on world consumerism and beliefs. As a result, world film industry had been continuously growing up. The value of world film market in 2006 reached 25.8 billion USD which was increased from 19.8 billion USD in 2002 at the expansion rate of 6% per year during 2002-2006 due to the significant reasons: (1) Advance of technology had brought a rapid income distribution and successful marketing at international level. Cable TV and home VDO had also induced a better development of film industry in terms of its structure, pattern, and economy. (2) International joint venture on film production helped increase numbers of audience, and more channels for film industry to effectively get into foreign markets. (3) Networks of multiplex theaters were built in response to consumers' needs for entertainment and (4) Independent film makers and related service providers were consistently growing and moving towards evolution.

Chart 1 Market Value and Growth of World Film Industry 2002-2006



Source: Dynamic and Applicable Solutions Co., Ltd.

3.1.1 Value and Market Share of World Film Industry

The United States enjoyed the largest share of World film industry at 41% or approximately 9.5 billion USD, while Europe, Middle East and Africa had market share of 30% or approximate 6.8 billion USD, and Asia Pacific region received 22% or 4.9 billion

USD. However, it was found that Asia Pacific had the most moviegoers at 58%, America 20%, Europe, Middle East, Africa 15%, Latin America 5%, and Canada 2%.

Countries which produced most films in the world each year were India, Europe, America, and Japan respectively. Considering investment in 2006, America spent the biggest amount of money in film production at 95 billion USD, while Britain and France came at second and third places. America had the most 37,740 movie screens, European Union had 29,046 and Japan had 3,060 movie screens. According to America's potential of investment, numbers of cinema and market share, Hollywood movies, thus, had been continuously ruling the world film industry for a long period of time.

3.1.2 World Market's Popular Films

Although a large number of comedy films had been made each year, their revenues were quite low comparing to fantasy, historical, animation and adventure movies. **This reflected that moviegoers had meticulous behavior. They preferred to watch films which contained analytical knowledge of basic and rational fact to help create their virtual emotions.** Those characteristics, however, were not found in comedy films which had low production cost, less complexity and less outstanding points. They needed less technology and special techniques. Therefore, film makers preferred to produce several comedy movies a year. While animation, sci-fi fantasy adventure and sci-fi movies which had made the top three revenues of market value in world film industry needed big investment, distinguished plans, teams, and shooting places to make the films more interesting and challenging against outdated attitudes as well as attracting to audiences. However, the production and shooting plans took quite a long time which resulted less production of those movies each year.

3.1.3 Wave of Significant Changes

A wave of significant changes which had made a pressure on current film industry to adjust itself towards a new direction were as follows: (1) **Violation of copy rights:** As profit in film industry had a direct correlation with its reproduction, the need to increase illegal copies to meet with customers' demand caused the film owners a huge loss of their yearly revenues. (2) **Co-production:** This change opened more channels for film makers to expand their market share and distribution into other countries in different regions. It also helped decrease production cost and increase cultural exchange. (3) **Rapid growth of VDO, VCD, DVD, cable TV and other multimedia technology:** This diverted moviegoers to change their behavior and experience other substitute multimedia more. (4) **Development of digital technology:** In 2006, the number of digital screens had increased from 190 to 2,998 screens and digital cameras had become more practical in film production. As a result, several services in the value chain had to adjust themselves in response to the digital film.

3.2 Thai Film Industry

Thai film industry throughout the value chain could create economic value to the nation for over 30 billion baht. During the year 2004-2006, the largest share of 30% was from VDO, VCD, DVD business, while 19% was from coordination service for location shooting in Thailand, and around 12% was from post production service, marketing and showing business.

3.2.1 Thai Films in World Market

It was found that the returns from film industry for Thai entrepreneurs was lower than that of foreign film entrepreneurs who mostly enjoyed at least 1% of market share. Key players in Thai film Industry, for instance; Sahamongkol Film International Co., Ltd. earned only 0.15%, while JTH Co., Ltd., RS Promotion PCL, and Phra Nakorn Film Co., Ltd. received 0.08%, 0.05% and 0.01 % of market share respectively.

Thai Films was first seriously introduced in foreign market by Fortissimo Films, sale representative from the Netherlands. The company saw potential of Thai films and selected some of them for distribution. Golden Network Asia Company sold “**Ong-Bak**” in Asian countries, while Europa Corp. of Luc Besson, film director, bought the copy right of “**Ong-Bak**” to show in cinemas all over the world. In the United States, the movie was on show in a limited number of theatres but could earn 52 million baht during the first three days. “**Tom Yam Kung**” was another successful movie which earned such a high revenue after its return for a second show in 2006 (the first show was in 2005) of Box Office both in Thailand and the United States.

3.2.2 Location shootings in Thailand

During 2002-October 2007, many countries had chosen Thailand for their location shootings: Japan (1,504 movies), European Unions (746 movies) and India (367 movies). In 2006, Thailand earned 9.63 billion baht for providing services to location shootings, which had increased by 64.9% from the previous year. Post production service made the highest income of 5.5 billion baht or 57.8% of net profit from the whole services. There was a correlation between revenues from services for location shootings in Thailand and post production services which involve with and depend on modern technology. However, Thai companies are now able to provide foreign customers with fast, high qualified and one-stop services at a satisfactory level.

Since, developing countries had competitive advantages in low production and living costs, they had tried to attract foreign investment and offered incentives for other countries to promote their location shooting. There were quite intense competitions to get higher international market shares among neighboring countries in the same region. In such circumstance, Thailand's selling points in its pure nature and distinguish customs could

not be applied any more. Thailand needs to initiate an offensive marketing strategy to offer services with excellent quality and standard in a friendly way and at a competitive price. It needs to expand new markets and customers to avoid risks and reduce its dependence on a particular market. More importantly, Thailand needs a concrete procedure to convince foreign film makers who select Thailand as their shooting place to further use its post production services for linkage of business network and create real added value for Thai film industry.

3.3 Correlation between Thai and Foreign Films

Considering the top 20 Thai and foreign films which were on show in Thai theatres and received high revenues, there was no correlation between those two factors. Popular Thai movie were comedy and thriller, while popular foreign movies from Hollywood were adventure/fantasy and action.

3.4 Potential and Difficulties of Thai Film Industry

According to related research studies with key players and stake-holders' interviews in Thai film industry towards its potential and difficulties, which will be applied as guidelines in making policy and measures for sustainable development of Thai film industry, there are important issues to be raised as follows:

3.4.1 Lack of Holistic Policy and Strategy for Thai Film industry

Though the government has realized in potential of film industry as a source of the national income, there are only ideas which have not been developed into tangible policy to promote and improve Thai films or to solve their problems. Besides, the role of public sector in the past had concentrated only on supervision and monitoring instead of encouraging proper environment for further development of film industry. As a result, there is limitation to strengthen its expansion throughout the value chain.

3.4.2 Lack of good Script/content

As audience's behavior becomes more attentive in details, they need to receive analytical knowledge to add up the rational facts and build virtual emotional feeling which Thai films were not able to provide. Thai films are mainly based upon local/ traditional dance (Likay) and comedy (Jam-uat) performances which are played live and impromptu without preparing nice scripts or scenario in advance. Most Thai comedy films are not complicated and less outstanding. They had low production cost comparing to other film categories. Therefore, Thai producers prefer to make comedy movies which do not encourage an audience's imagination.

3.4.3 Lack of Personnel

Patterns of human development in Thai film industry have been transferred by sibling advice, process of trial and error or learning by doing. Such patterns take more time to learn since they are more like tacit knowledge which does not teach in a university. As high qualified human resources directly affect to a leapfrog development and potential of film industry, it is necessary for public and private sectors as well as educational institutions to closely cooperate and bring out knowledge from those who have long experiences in film industry as “guru” for human resources development in film industry in the future. This will significantly reduce time to build qualified human resources into Thai film industry.

3.4.4 Unity of Entrepreneurs

Mostly entrepreneurs pay less attention to business networks such as association, confederation and service groups. The existing networks get together in loose relationship, which cannot gain enough confidence and benefits to them. Besides, the lack of assessment on business environment to support the economic change, Thai entrepreneurs then cannot specify offensive strategy to expand potential and abilities of Thai film industry throughout business chain in a common consolidated direction.

3.4.5 Monopoly of Cinema Business

Cinema business in Thailand is monopolized by two big entrepreneurs. The business is based on profits from showing films. As a result, the movies which have been on show are likely to be popular both in Thailand and other countries, while creative and cultural films which promote ideas, morality, and good manner are rarely put on show or be there in a short period.

3.4.6 Rapid Growth of VDO, VCD, DVD, Cable TV and multimedia

This is the main factor for the decline of moviegoers. Such technology change has also resulted in more application of digital cameras in film production. Several services in the value chain especially in post production, then, had to adjust themselves in response to the digital film.

3.4.7 Violation of Copy Rights

Movie's value comes from an experience received by watching its content not from appearance/ properties of product mentioned in a leaflet or quality of VCD/ DCD copies. Making a film spends a huge amount of production cost since it covers a copy right protection. However, if there are more copies, the cost of production shall be lower.

Therefore, copy right's violation or illegal copy is widely made and has been a painful problem waiting to be cured. It directly damages to the growth of Thai film industry.

3.4.8 Redundancy in Government Sector

Thailand has set up the film industry Department to act as Film Commission to facilitate foreign film producers in dealing with related government agencies to make sure that procedures such as permission to use shooting places and work permit for aliens, are carefully and thoroughly issued. Unfortunately, several complaints have been raised for red-tape and inconvenience. There are too many procedures and details in filling an alien work permit form. Some questions are too involved with an estimated budget in the future. Besides, there is no local police agency to facilitate a film shooting relocation. The production team has to head back to Bangkok to submit a request. This directly causes a delay and confusion to the foreign film entrepreneurs to select Thailand as their location shooting.

3.4.9 Claims of Rights from Local proprietor and resource owners

According to the distribution of authority, a local administration bureau holds rights to protect, control and earn revenues from outsiders who make use of their natural resources and environment. Practically, the local resources have been abused and exploited for personal benefits. This causes the higher production cost and discourages film producers to choose such places as their location shooting. However, protection of natural resources and environment are quite sensitive issues since some resources may not be able to recover after being destroyed. The national standard policy is therefore required for a balance of users and protectors on natural resources and environment issues.

3.4.10 Lack of Tax Incentive

Right now, there is no tax incentive to attract foreign entrepreneurs to invest in Thailand. In foreign film makers' viewpoint, the lowest production cost needs to be considered. In Thailand, there is a very complicated and double taxation. Besides, no tax refunds are offered for film making teams and foreigners who spend only a short period in the country, which is an outstanding disadvantage for the country. Moreover, actors are collected their taxes at a high rate without any reduction even for donation. This discourages them to come and work in Thailand.

3.4.11 High Competition from Neighboring Countries

Thailand's selling points in its pure nature and distinguish tradition could no longer be competitive any more. Thailand needs to apply an offensive marketing strategy to offer its excellent and standard services in a friendly way at a competitive price. It needs to expand new markets and customers to avoid risks and reduce its dependence on a

particular market. More importantly, Thailand needs a concrete procedure to convince foreign film makers who select Thailand as their shooting place to further use its post production services to create real added value for Thai film industry.

3.4.12 Lack of Data Base

Precise and correct data from all related bodies; public and private sectors, local bureau, educational institutions, and foreign enterprises, is necessary for a development framework. However, there is no official systematic and consistent data and statistics collection of Thai film industry which is a crucial factor for business decision making.

4. Comparative Study on Foreign Film Industry

4.1 Result of Comparative Studies between Thai and Foreign Films

According to a comparative study between films from Thailand, France, Japan, China, India and Korea, factors of film industry development in each country could be concluded as follows:

4.1.1 Government Policy :

There are four parts of this comparative study: related laws, supporting measures, supervision and protection of domestic entrepreneurs.

1) **Law:** In France, Japan, India and Korea, there is a Film Act to promote, supervise and protect film industry. In Thailand, Film Act B.E.2473 has focused on media control to particularly prevent political propaganda. There is also the Television Tape and Material Business Control Act B.E. 2530. In Hong Kong and China, there is no Film Control Act, instead, regulations and orders are used to enforce in film industry.

2) **Supportive Measures:** France, Japan and Korea have promoted their film industries throughout the value chain which includes tax incentive, rents out film equipment at low price; promote script contests, International Film Festival and domestic film contests in domestic and foreign markets. France also offers value added tax exemption on movie tickets to encourage low-income people to go to the cinema. Hong Kong emphasizes on marketing promotion by arranging International Film Festival. China supports co-production, while India offers tax exemption to promote film export. Thailand provides tax privileges for entrepreneurs on post production and promotes domestic and international film festivals.

3) **Supervision:** Film rating has been implemented in government sector in France, Japan, Hong Kong, China, India and Korea, while film screening

is being applied in Thailand. However, film entrepreneurs have tried to make a pressure on the government to enforce Film Act B.E.....on film rating system.

4) **Protection:** France and Korea protect domestic film entrepreneurs by setting a quota for foreign film's show time, while Chinese government provides a quota for imported foreign films. India and Thailand set monitoring system before allowing foreign films to be on show.

4.1.2 Financial Measure

Public sector in France, Japan, Hong Kong, India and Korea mainly provides financial funds for film industry development, while private sector in France and Japan provides some partial donation. In Japanese and Korea, the governments provide soft loan for film entrepreneurs, while Chinese government provides fund for film production which promotes national art and culture. In Thailand, fund for film development has not yet been established and budget in film making is also limited.

4.1.3 Human Resources Development

Every country concerns about human resources development by establishing an institute for film studies which offers short-term and long-term courses. In Thailand, though there is no special institute for entrepreneurs, special courses are set up to cope with the shortage of human resources in film industry.

4.1.4 Investment

In France, Hong Kong, India, and Korea, there is no limitation on foreign investment in film industry. Japan, Thailand and China have limitation on foreign investment at 20%, and 49% respectively.

4.1.5 Monitoring System

In France, Japan, Hong Kong, China, India, Korea, there are particular agencies to monitor film industry: The National Cinematographic Center (CNC), an independent agency under Ministry of Culture (in France), The Agency for Cultural Affair under Ministry of Education (in Japan), Hong Kong Film Development Council and the Film Services Office (in Hong Kong), China Film Bureau under Ministry of Culture (in China), The National Film Development Corporation under Ministry of Information and Broadcasting and Korean Film Council, an independent agency under Ministry of Culture (in Korea), while Thailand does not have any main agency to supervise and monitor film industry.

4.1.6 Location Shooting

1) **Monitoring Mechanism:** Every country in this study establishes an agency to monitor location shooting namely: National Film Commission, an independent agency in France, Japan Film Commission Promotion, the Film Services Office in Hong Kong, State Administration of Radio and Film and Television in China, Film Wing under the Ministry of Information and Broadcasting in India, Film Commission, an independent agency under Ministry of Culture in Korea, Thailand Film Office of Tourism Development Bureau under Ministry of Sports and Tourism.

2) **Incentive measures:** There are two types of incentive measures: tax measure and non-tax measure to attract foreign entrepreneurs to use services and locations in each country. (1) France, China and Korea provide tax measure. France gives tax exemption for film production. China has tax relaxation and reduction for film location shooting while Korea provides 25% for tax refund. (2) Japan, Hong Kong, Thailand offer non-tax measures. Instead, they set up one - stop service center to facilitate location shooting procedure.

4.2 Comparative Study on Thai – Korea Film Management Models

From a survey on entrepreneurs' opinions towards Thai Film industry, most of them suggested that Korea should be the country for a comparative study on suitable guideline for Thai Film industry because Korean film industry has expanded rapidly. It is a country in Asia, which shares Eastern culture, create value as well as export its films effectively. Therefore, it is very interesting to understand how Korea government manages the mentioned measures by using Five Force Model in order to guide Thai film industry development throughout the value chain.

4.2.1 Comparison of Five Force Model in Film industry

Rivalry among Existing Firms : Networking among existing firms in Thailand has low bargaining power and less returns comparing to the investment value. On the contrary, Korean firms have a consolidated networking and good cooperation in policy making and strategic development between private and public sectors effecting in an increasing of their bargaining power and expand Korean film industry into the world market.

Bargaining Power of Suppliers : Most human resources in film industry in Thailand are under the supervision of firms and have low bargaining power with film makers. They have less opportunity to continue professional trainings and development, while most Korean human resources are able to access to government's support on skill development continuously. As a result of higher knowledge and experiences, their bargaining power is relatively high.

Bargaining Power of Buyers : Cinema entrepreneurs has emphasized on popular films for teenagers (14-25 years old) and high income films. Those entrepreneurs enjoy a large market share and their high bargaining power which cause a decrease in variety of Thai movies. In Korea, the government supports variety of movies to impulse Korean audiences and set quota for Korean film show.

Threats of Substitutes : Important substitutes such as VCD, DVD and Cable TV are inexpensive. At present, technology of audio visual equipment is highly effective though its quality is still limited comparing to movies in the cinema. The substitutes have low bargaining power but can be used as a strategy to expand into foreign market because of its low cost and rapidly spread into household. Korea is successful in using such strategy and expanding “KPOP” worldwide.

Threats of New Entrants : New entrants can access into Thai film industry with a low level of obstacles because the existing firms have low consolidated networking. However, foreign entrepreneurs are allowed to invest in film industry up to 49%. In Korea, the strong private sector in film value chain can protect their exiting firms from the new entrants quite well even the government has no limitation for foreign investment.

4.2.2 Comparison of location Shooting

Rivalry among Existing Firms : Coordinating suppliers on location shooting in Thailand are less competitive. Most of them are small entrepreneurs with less consolidated networking. In Korea, such supplies have a strong networking which increases their bargaining power.

Bargaining Power of Suppliers : There are a small number of suppliers in Thai film production service. They have little experience in working with foreigners and low bargaining power comparing to Korean suppliers who are supported by government. They can contribute qualified work and common strategic planning to promote film shooting in Korea such as advertisement via Korean movies, establishment of agency and its networks to particularly monitor, supervise and facilitate in several provinces of Korea. These factors are important for foreign film makers to decide their location shooting.

Bargaining Power of Buyers : There are a large number of film producers in the world market and they have plenty options and a high bargaining power in location shooting or they can even build their own locations. Therefore, making differences on policy, tax measures, and services, shall encourage more film producers to come into Thailand and decrease their bargaining power.

Threats of Substitutes : There are many countries which have similar topography, ancient monuments, unique customs and people as Thailand. Therefore, substitutes in this field are quite high. A different strategy has been created in Korea to

provide facilities, and supports in film production and techniques as well as finance for those who want to make movies in its country.

Threats of New Entrants : Though, there are lesser obstacles for new entrants to get into Thai film industry, foreign film makers cannot invest in film industry more than 49%, while Korea has no restriction since its domestic entrepreneurs are quite solid in every value chain and can protect existing business from new entrants rather well.

5. Assessment on Thai Film industry Environment

Both internal and external factors, namely, strengths-weaknesses, opportunities-threats are necessary for an assessment on Thai film industry environment to mark critical issues for development.

5.1 Assessment on Internal Environment of Film Industry

5.1.1 Strengths

1) Thai film human resources possess skills and special techniques in post production and coordination services on location shooting. Such expertise is a tacit knowledge which is internationally recognized though it has not been taught in schools.

2) Thailand is ready to be a place for location shooting because of its well-known beautiful tourist locations, unique culture, world historical heritages and ancient places.

3) Thailand gains confidence from foreign investors who invest a huge amount of money each year because of its stability on economics, politics and administration as well as readiness of supporting factors including relating services in film industry.

5.1.2 Weaknesses

1) There is no holistic framework in developing Thai film industry. Private sector concentrates on supervising, monitoring and directing the business according to the laws. Human Resource Plan has not been set throughout the value chain as the lack of database. Coordination between public and private sectors is not strong enough.

2) Public measures do not support film industry development or demands of entrepreneurs. Therefore, it has been considered that film development in Thailand will continue to be ineffective and uncompetitive comparing with its rivals in a long term.

3) There is no linkage of business plans in each value chain, no systematic strategy on production, no marketing and HR development, and no networking cooperation on a common marketing plan.

4) There are no good scripts for audience who becomes more attentive in details. Most Thai comedian films are uncomplicated and not interesting which discourage any development or audience's imagination.

5) Systematic and consistence Human Resource Development has not established which results in an inability to adjust themselves to the changes and respond well to the market's needs.

6) Copy right's violation has a direct impact on Thai film industry and its development. It discourages creativity in producing good films.

7) There are conflicts of interest between utilization and protection of natural resources. Sometimes, the central policy focuses only on creating revenues and neglects preservation of local identity which may cause negative effects towards the community. Besides, there is environmental exploitation for personal interest which may not encourage location shooting.

5.2 Assessment on External Environment of Film Industry

5.2.1 Opportunities

1) There is a good trend for Asia-Pacific region to continuously expand its marketing and audience in film industry.

2) International film festivals are opportunities to promote Thai films in foreign market.

3) Advance technology will help create Thailand's competitiveness in the arena of rapid change and development. Digital technology has become important in film production, show business and other relating business in value chain especially post production services which need to be adjusted in response to digital films.

5.2.2 Threats

1) Rapid changes of advanced technology shall have some impacts on procedures in value chain.

2) High identity of Thai people in the movies may cause difficulties for foreign audiences to understand.

3) Competition from neighboring countries to promote facilities and incentives both tax and non-tax measures for foreign entrepreneurs to use their location shooting are more severe. In case of Thailand, besides non-tax incentive, there is more complicated procedure and a double taxation.

5.3 Critical Issues in Film Development in the Next Stage

5.3.1 Direction of film development and main agency : A critical issue which needs to be urgently, seriously and continuously coped with, by private and public sectors and relating networks to achieve a common plan, production strategy and private marketing.

5.3.2 Development of Business Strength : This shall help an increase of potential, competitiveness, knowledge, technology, innovation, an access to financial resource for entrepreneurs to improve regulations and orders, to support incentive measures, to promote investment and networking throughout the value chain, to create a common production and marketing plan in response to domestic and foreign market's needs.

5.3.3 Development skills and knowledge for human resources in Thai film Industry : It is necessary for film production and relating services as the universal standard to be ready for business expansion in the future.

5.3.4 Promotion of Thai Films : Promotion of Thai films as a location shooting is crucial for film marketing domestically and internationally. It also encourages tourism industry in Thailand.

5.3.5 Violation of Copy Rights : This is the main obstacle for entrepreneurs to invest in good and creative movies and also has a direct impact on film industry development as a whole.

5.3.6 Promotion of Film Technology Development and its Innovation : This is an important factor in upgrading quality and variety of Thai films comparing to those successful international films. Thailand needs to support R&D technology and its innovation to develop Thai movies and their presentation techniques to be able to get access into new markets.

6. Proposals on Thai Film Development Strategies

6.1 Vision

“Thailand is an important film exporter in Asia-Pacific and a hub of location shooting in Asia”

6.2 Mission

6.2.1 Promoting and developing potential and competitiveness of Thai film industry to compete with other competitors in Asia-Pacific region.

6.2.2 Improving mechanism for a unity and effectiveness in film industry management to support sustainable development.

6.2.3 Developing HR skills and knowledge in response to domestic and international market's demand as well as an expansion of its business and foreign films which select Thailand as location shooting.

6.2.4 Providing friendly environment and improving facilitation to attract more film investment and its location shooting in Thailand.

6.3 Objectives

6.3.1 Establishing mechanism; policy, strategy, measure and guideline to solve problems and encourage unity, efficiency and cooperation of public and private sectors in Thai film industry.

6.3.2 Encouraging strengths of Thai film entrepreneurs throughout the value chain to develop quality and variety of their products and services in response to market's needs domestically and internationally via a marketing strategy.

6.3.3 Developing efficient skills and knowledge of human resources in Thai film industry as required by Thai and foreign entrepreneurs.

6.3.4 Developing environmental factors to encourage Thai film investment and location shooting.

6.3.5 Promoting Thai films and location shooting domestically and internationally throughout several marketing channels.

6.4 Development Strategy

To promote Thai film development and location shooting according to the mentioned vision and objectives, the following strategies, guidelines and mechanism are to be applied:

6.4.1 Strategy to adjust management structure of Thai film industry

Agencies in public sector have emphasized on being a regulator rather than facilitator, which induces a complicated and difficult practice within an unclear framework. As such, management mechanism for public sector, participatory roles for private sector, and the integrated working process between the two sectors throughout the value chain are to be improved in accordance with the clear-cut framework of policy, strategy and guideline according to Thai film Act as follows:

1) **Enhancing unity and efficiency of public sector's mechanism** by: (1) Promoting integration between relating agencies to reduce redundancy and provide facilities to domestic and foreign entrepreneurs. (2) Sharing information technology among relating agencies to reduce redundancy in filling database and to provide more facilities for foreign entrepreneurs. (3) Expanding one stop service centers to cover feature films as well.

2) **Establishing Thai Film Promotion & Development Agency.** This agency has main responsibility in promoting Thai film development and location shooting in Thailand to achieve the mentioned objectives and vision as the following important measures: (1) Encouraging an establishment of Thai Film Promotion & Development Agency. (2) Establishing a common understanding and acceptance among public sector, private companies and people to reduce conflicts of interest and move the policy into a tangible practice.

3) **Building cooperation between public and private sectors** as follows: (1) Promoting overall participation in establishing main responsible agency, arranging policy and framework in film development, setting up business planning in each value chain, and searching an opportunity to develop Thai film industry in the future. (2) Promoting common activities among associations to develop film industry throughout the value chain.

4) **Collecting production and marketing database** as well as all supporting factors throughout the film value chain in domestic, regional and world markets to promote policy framework, decision making and planning as follows: (1) Establishing a database center for Thai film industry in the long term. (2) Promoting research studies in production and marketing areas. (3) Establishing database connection/electronic knowledge so that private and public sectors can access to film industry information.

6.4.2 Strategy on supporting of Film Industry's Strengths

The strategy is to develop competitiveness on film production and marketing expansion into regional market. It is therefore necessary to develop potential and readiness of entrepreneurs, create proper environments for business investment as follows:

1) **Promoting integration of networking** as follows: (1) Encouraging cooperation among entrepreneurs throughout the supply chain for business cooperation, exchange of knowledge, technology and innovation, human resources development and a joint marketing strategy (2) Encouraging development strategy and organizational management according to international standard to create an opportunity for joint ventures with foreign firms.

2) **Promoting quality and variety of films;** historical, cultural films relating to Thai identity with modern presentation technique, special talent of actors, new communication technology which can access into domestic and international customers, action movies relating to Thai local culture and martial arts which Thai film makers are keen and have already received well response in world market as follows: (1) Promoting film script contests for existing and new film script writers (2) Providing some budgets for both existing and new film directors to make quality films bases on Thai local culture and identity. (3) Providing reasonable movie tickets for low-income audience to have a chance to see quality movies. (4) Encouraging the existing and new entrepreneurs to produce more quality films by arranging more show times for Thai films and (5) Promoting joint ventures between Thai and foreign entrepreneurs to exchange cultures and production technology.

3) **Providing an accessibility to financial source** for new producers to invest in film industry as follows: (1) Promoting fund for existing and new entrepreneurs to develop film industry on some conditions relating to film category, business type and local labor (2) Cooperating with commercial banks to provide non or low interest loans or an unconditional fund for medium and small entrepreneurs and related business in value chain to encourage more variety of film production.

4) **Promoting new technology for Thai film production** as follows: (1) Creating value added and reducing production cost especially in the post production services which need more consistently technical development and tax privilege. (2) Encouraging a joint venture between domestic and foreign entrepreneurs to exchange their knowledge along the production procedure.

5) **Enforcing law to prevent and suppress copy right's violation** as follows: (1) Promoting cooperation between private and public sectors (2) Increasing efficiency in monitoring and apprehending those who commit violation of copy rights on film production and distribution at their sources and via cable TV and increase severe punishment on prison terms and fines. (3) Creating an understanding and knowledge for customers on

intellectual property and copy rights of film product. (4) Increasing channels to report such guilty/crime directly and indirectly to a coordinating center or Thai Film Promotion & Development Agency. (5) Identifying criteria and standard of justified copy right's fee.

6) **Promoting researches to support film industry development** as follows: (1) Encouraging private, public and educational institutes to do researches on film developing techniques according to current changes and customers' demand. (2) Encouraging private sector to participate in researches/studies to upgrade film business quality with some supporting measures from the government such as tax reduction on research's expense.

6.4.3 Strategy on Human resource Development in Film Industry

This strategy is to increase skills, knowledge and qualifications of main and supporting human resources in film industry as required by Thai and foreign entrepreneurs and to prepare for film business expansion in the future according to the following measures:

1) **Developing film courses in educational institutes** as to demands of film entrepreneurs as follows: (1) Encouraging experienced human resources throughout the value chain in Thailand and abroad to participate in developing curriculum, lecturing and transferring their knowledge to others. (2) Developing special curriculum such as film director, film editor, or computer graphic (CG) as well as basic knowledge on management, marketing, language skills for human resources to catch up with current changes in film industry.

2) **Establishing training center** as a source of knowledge to upgrade skills for human resources in film industry as follows: (1) Setting up a joint training center for new graduated or existing human resources to upgrade their skills and knowledge with cooperation between private, public sectors and educational institutes. (2) Exchanging lecturers and experts in film technologies and experiences with other countries and provide study tours or activities with foreign film enterprise.

3) **Promoting Industry-University Linkage** as follows: (1) Encouraging MOU on film industry's competitiveness between successful educational/research/ training institutes in Thailand and abroad. (2) Encourage MOU on technology and experience transfer with foreign countries. (3) Encourage cooperation among entrepreneurs to use their offices as training locations for their human resources to gain knowledge and learn how to solve problems at real situations.

4) **Providing scholarship related to film industry** as follows: (1) Encouraging government, private sector and educational institutes to offer scholarships in various fields of film industry at professional and university levels both in the country and

aboard for a balance in film value chain. (2) Encouraging private entrepreneurs to provide scholarships to students with some incentives from the government such as tax reduction.

6.4.4 Strategy on Thai Film Marketing

The strategy is to promote and publicize Thai movies to domestic and international customers especially in its main markets in Asia Pacific countries as follows:

1) Encouraging studies and in depth analysis as follows: (1) Collecting domestic and international data in target countries to analyze and follow up situations systematically. (2) Emphasizing on customer behaviors and foreign investors/film makers who choose Thailand as their shooting locations. (3) Applying requirements of target countries in Asia Pacific to identify the market's segment. (4) Encouraging cooperation between public, educational, and private sectors in film development studies. (5) Encouraging Thai people to see Thai movies by arranging marketing activities. (6) Increasing more public TV channels to promote values and knowledge of Thai films.

2) Implementing offensive measures to consistently present Thai films in foreign market as follows: (1) Encourage negotiations between sale representatives/Thai film owners and those who are interested in Thai films. (2) Promoting Road Show in target countries and encourage Thai private sector to participate in international film festivals aboard to create opportunities in business negotiation. (3) Cooperating with private sector in promoting international film festivals in Thailand, publicizing Thai films and studying interesting foreign films as a development guideline. (4) Promoting E-market technology to get access into the market's segment. (5) Creating networking of Thailand Tourism Authority, Thai Airways International (PCL), Export Promotion Department, and business associations to cooperate on marketing strategy in foreign countries and present products and services from Thailand.

3) Promoting cooperation between film production and cinema business as follows: (1) Strengthening their networking to promote Thai film shooting, presentation techniques, variety and show times on cinemas. (2) Promoting all film categories; an art film, films which convey some special emotions/feelings to be on show in particular cinemas and encourage them into foreign markets.

6.4.5 Strategy on promotion of location shooting in Thailand

This strategy is to publicize beautiful natures, historical locations and places, variety of culture, lifestyles, and identity of Thailand to be well known in the world market. It also promotes enabling factors and other facilities for business investment to attract foreign entrepreneurs as follows:

1) **Promoting activities for location shooting** as follows: (1) Establishing “Team Thailand” of Tourism Development Bureau (Thailand Tourism Authority), Thai Airways International (PCL), Department of Export Promotion and private sector to promote on Thai film marketing, arrange Road Show of International Film Festival in cooperation with their alliances. (2) Providing booklets on location shooting and a contact list of domestic enterprise for foreign entrepreneurs.

2) **Promoting incentives for business investment** as follows: (1) Providing tax exemption for importing film shooting machines into Thailand, and reduce procedure in value added tax refund. (2) Facilitating Information technology and reduce procedure on a request for location shooting from government agencies; Department of National Forest, Wild Animals and Plants, Arts Department, and Local Administration Bureau. (3) Balancing utilization of national resource between local and central agencies to reduce conflict of interest, personal benefits and human resources.

3) **Promoting potential of human resources in film industry and its related services** as follows: (1) Developing language skills in communication services and technology transfers. (2) Assuring potential and experiences of human resources who used to work with location shooting team in Thailand.

4) **Enhancing competitiveness of Thai Film Industry** to be recognized among foreign entrepreneurs, to encourage a joint venture, to increase value added for film industry, to create more revenues and to generate equal income for Thai people by promoting cooperation with international alliances/ networks from upstream to downstream. Some efficient areas of Thai film industry includes Post production business, actor recruitment business, location shooting business, film equipment procurement, dressmaking & design business, accommodation, food and transportation services as well as film sale representative service.

7. To Drive the Strategies into implementation

In order to promote Thai film industry and location shooting in Thailand as expected, government has to play an important role in proposing a policy framework and management mechanism to support, monitor and supervise film industry according to the law through practical measures as follows:

7.1 Roles and functions of government

Government needs to promote, supervise, and monitor Thai business according to relating rules and regulations as well as to monitor and evaluate in each aspect according to the timeframe and details in each strategy.

7.2 Main Agency to drive Thai Film Development into implementation

Through decades, government has had limited its roles in monitoring rather than promoting film industry. Therefore, Thai film industry is not able to expand its production base and regional market as planned. As to high competitiveness, rapid changes of world customers and technology, it is necessary to establish one stop service and integrate responsibility of government agencies, however, there is no clear direction or main responsible agency to promote overall industry. It is in a great need to establish a main agency to be responsible for promoting industry's growth to strengthen a sustainable economic system.

Such agency (whether in form of a ministerial institute, Service Delivery Unit: SDU, or a public organization) must be an autonomous organization without political intervene. It should have an authority on, its financial management, and human resource management in response to business changes. It would have potential to make revenues to support its own organization.. However, it should be in a form of “**public organization**” which has proper procedure and independency in administrative management, be flexible to adapt itself according to situation both internal and external environment. It should consist of knowledgeable and capable committee from all participants concerning from both private and public sector to integrate their co-working. Besides, it should be flexible for budget management to arrange relating activities and purchasing procedure to support value chain, effectiveness of mission and development of Thai film industry.

Such public organization should operate under objectives, functions and budgets as follows:

7.2.1 Objectives:

The public organization is established as a main agency to set up a framework and plan to develop Thai film industry for a sustainable growth, to encourage business integration throughout the value chain, to be a representative of country for any negotiations in global, to provide and allocate funds in relating activities under the specified framework, to strengthen potential of Thai film industry and to be a main agency in coordinating, supporting and supervising Thai films into the specific directions efficiently.

7.2.2 Functions:

The public organization is under supervision of the committee on film industry development. The committee has authority as follows: Setting up direction, framework, measures, and regulations in developing Thai film industry, Promoting human resource development, marketing, investment, resources, researches, production, standard services, patents, copy rights and intellectual properties, collect reports on copy right's violation, and Promoting Thai films and services domestically and internationally.

7.2.3 Budget:

Budget for establishing an organization and allocating finances according to the Act on Public Organization Section 2, Article 12 are as follows:

1) **Initial Fund** : Government and private sectors shall contribute initial fund for 50% equally.

2) **Government Subsidy** : During the first five years, the government shall subsidize for general expenditures such as office rent, management expenses, facilities, IT setup according to activities which are planned and expected in each year.

3) **Private Subsidy** : The organization can collect a particular portion of revenue from ticket , DVD, CVD, films and donation from private sector.

8. Limitation and Guideline for Further Study

The study on strategies of Thai Film Development is an attempt to initiate framework and mechanism to drive national film industry into the main service which can create and distribute revenues to the country. However, there are some difficulties and limitation which obstruct the study to finish within the set timeframe. Besides, there are more issues to be added up onto the pyramid of knowledge which can be benefits to the film industry in other dimensions to build strength and basic information for decision making in business development as follows:

8.1 Limitation: Difficulties in the research : (1) Questionnaires for Thai entrepreneurs could not reflect their ideas in all dimensions due to a small number of them in each value chain of Thai film industry. Therefore, in-depth interview was additional applied, which took more time to study. (2) Thai film industry's data was incomplete and not updated. (3) There were different standards in data and statistics collection resulting that the comparative study on data correlation could not be done as planned. Available data was also out of date and did not match the current fact. (4) As the delay of the study, the data and statistics used for analysis was considered as out of date.

8.2 Guideline for further study: This research is to develop Thai film system as a whole. However, there are many relating businesses in its value chain which need consistent development including coordination business for location shooting in Thailand. At present, the existing researches or database of film industry and relating business are not various and lack of qualified system. More researches in relating businesses should be studied and database which is necessary to make a tangible development policy for the next phrase needs to be improved.