

2011

Economic Trends in the Korean Performing Arts

(based on first half of 2010)

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Overview

1. Objective of the Survey

This survey seeks to provide the basic materials needed to establish plans for the management of the performing arts market and the government's support policy. To this end, an effort is made to collect detailed information regarding trends in the performing arts market and to predict the market.

2. Survey Approach

The survey method consisted of an online survey that involved performing arts facilities, performing arts organizations, and performing arts production companies located in the capital area. All in all, 104 samples were collected; these included 26 performing arts facilities, 65 performing arts organizations, and 13 performing arts production facilities. In addition, an effort was also made to analyze the trends in the performing arts market based on the INT ticket sales as estimated by Interpark¹. The survey was implemented from July to December in 2011.

¹ Interpark accounts for the biggest share in terms of ticket sales windows for the performing arts (70% of overall performing arts market in 2010.) these estimates were prepared based on tickets sold through Interpark's website, phone, onsite, via associated organizations, and Interpark's mobile service.

Table 1-1 Analysis Standards

	Analysis Type 1	Analysis Type 2	Remarks
Performing Arts Facilities	Performing Arts Facilities	Culture & Arts Center	Capital area, Public
		Venues at Daehangno	Seoul (Daehangno), Private
Performing Arts Organizations	Performing Arts Organizations	Theater	Capital area, Private
		Dance	
		Western Music	
		Korean Traditional Music	
Performing Arts Production Companies	Performing Arts Production Companies	Major	Capital area, Private
		Small & Medium-sized	

Table 1-2 Respondent Profile

			Number of Respondents	Ratio (%)
Type of Body	(Overall)		(104)	100.0
	Performing Arts Facilities		(26)	25.0
	Performing Arts Organizations		(65)	62.5
	Performing Arts Production Companies		(13)	12.5
Detailed Types of Body	Performing Arts Facilities	Culture & Arts Center	(19)	18.3
		Daehangno	(7)	6.7
	Performing Arts Organizations	Theater	(17)	16.3
		Dance	(11)	10.6
		Western Music	(25)	24.0
		Korean Traditional Music	(12)	11.5
	Performing Arts Production Companies	Major	(5)	4.8
		Small & Medium-sized	(8)	7.7

Survey of Economic Trends in the Korean Performing Arts

1. Trends Analysis of Performing Arts Suppliers

1) Statistics by Individual Sector

: Performing Arts Facilities, Performing Arts Organizations, Performing Arts Production Companies

The survey of the actual economic conditions of the overall performing arts sector during the first half of 2011 showed that while performing arts organizations enjoyed an upswing when compared with the previous year, performing arts facilities and performing arts production companies suffered a downturn. Viewed from the standpoint of individual sectors, 55.6% of respondents associated with performing arts production companies answered that the results of the first half of 2011 had failed to match those recorded during the same period of the previous year (first half of 2010). Furthermore, 75% of those involved in small-scale production companies answered that the results for the first half of 2011 marked a downturn from the previous year. The difficulties currently experienced by production companies are further evidenced by the fact that none of the respondents believed that economic conditions had improved. 60% of performance venues in the Daehangno area reported that economic conditions took a turn for the worse in the first half of 2011. On the other hand, performing arts organizations by and large reported improved results during the first half of 2011 (43.9%). In particular, 62.5% of theater companies recorded improvements during the first half of 2011.

Figure 2-1 Individual Sector Results – YoY (first half of 2010)

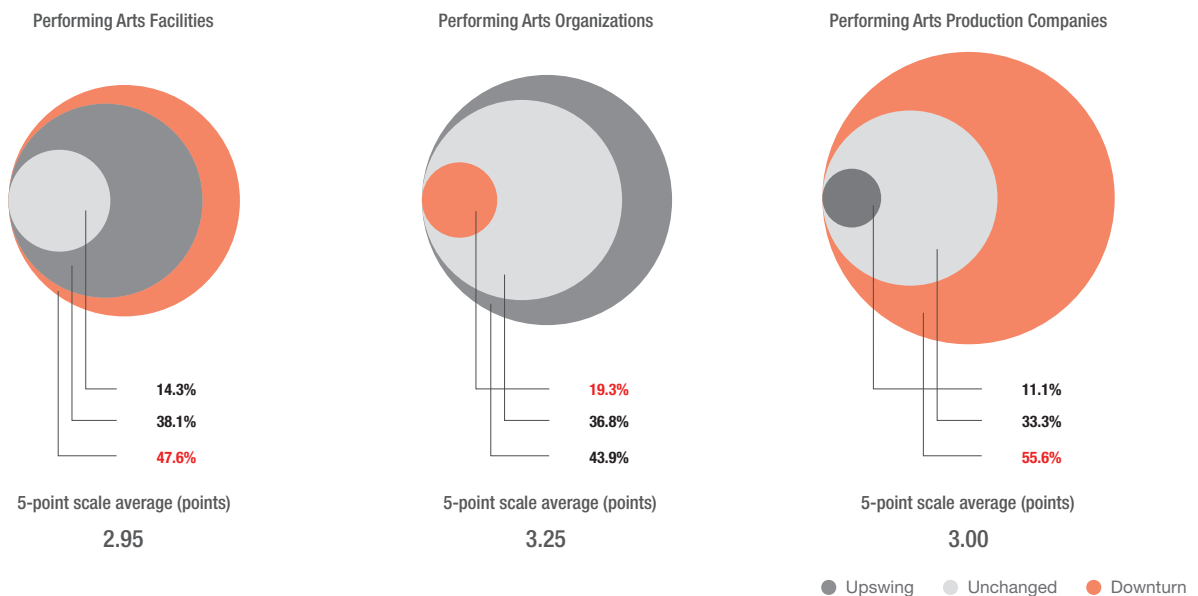


Table 2-1 Individual Sector Results_ by Type of Establishment YoY (first half of 2010)

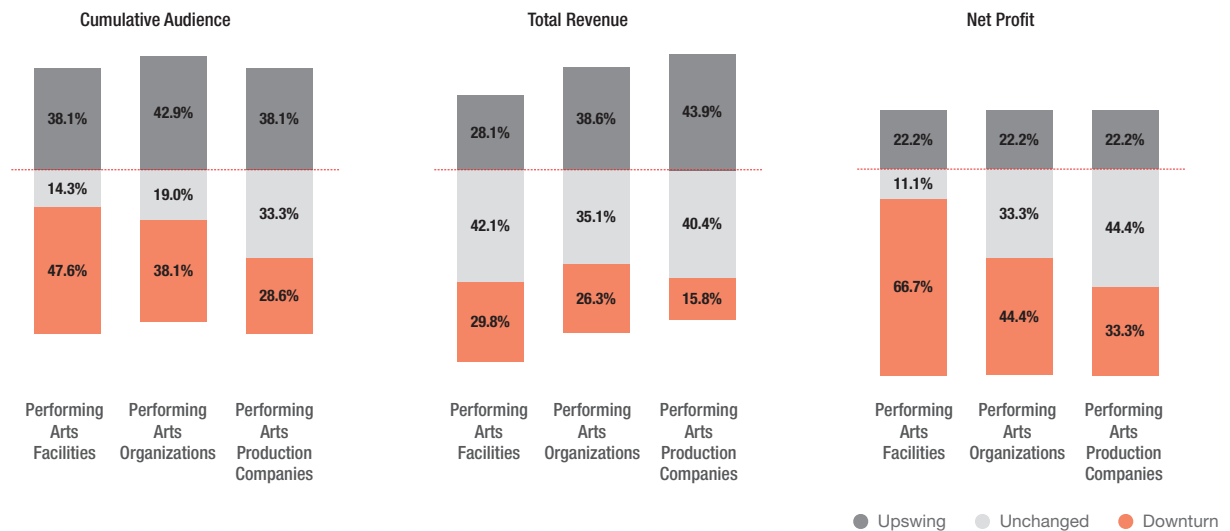
Classification	Performing Arts Facilities		Performing Arts Organizations				Performing Arts Production Companies	
	Culture & Art Centers	Daehangno Venues	Theater	Dance	Western Music	Korean Traditional Music	Large-scale	Small & Medium-scale
Upswing (%)	43.8	20.0	62.5	33.3	37.5	38.5	20.0	0.0
Unchanged (%)	12.5	20.0	12.5	50.0	43.8	46.2	40.0	25.0
Downturn (%)	43.8	60.0	25.0	16.7	18.8	15.4	40.0	75.0
5-point scale average (points)	3.13	2.40	3.31	3.17	3.25	3.23	2.80	2.25

2) Statistics by Element

: Cumulative Audience, Total Revenue, Net Profit

The analysis of each sector's results in conjunction with individual factors (cumulative audience, total revenue, net profit) revealed generally higher returns with regards to cumulative audience than total revenue and net profit. While performing arts organizations recorded improvements both in terms of cumulative audience and total revenue, performing arts facilities exhibited a downturn with regards to both cumulative audience and net profit.

Figure 2-2 Individual Sector Results_ by Element (Cumulative Audience, Total Revenue, Net Profit) YoY (first half of 2010)

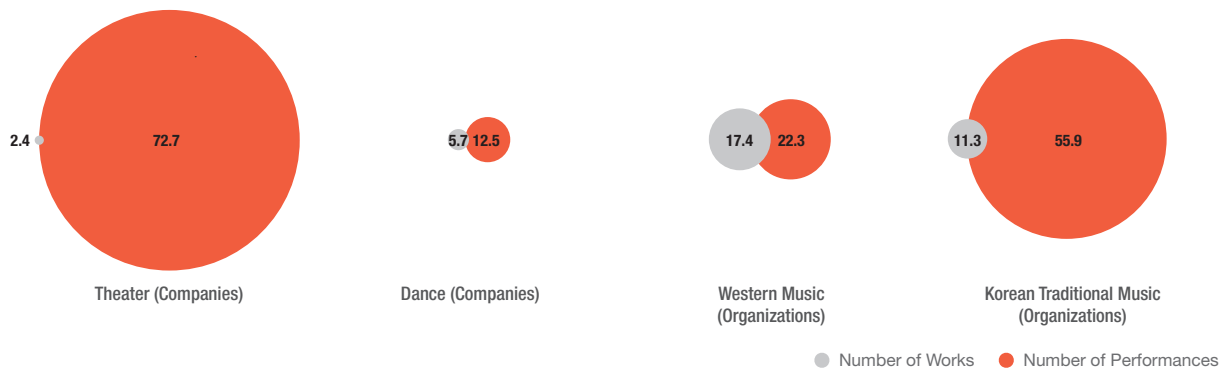


3) Statistics by Genre

: Theater, Dance, Western Music, Korean Traditional Music

Let us now take a closer look at data pertaining to the various types of performances during the first half of 2011. In this regard, the survey found that theater companies averaged 2.4 works and 72.7 performances. Meanwhile, dance companies averaged 5.7 works and 12.5 performances, western music organizations 17.4 works and 22.3 performances, and Korean traditional music organizations 11.3 works and 55.9 performances. The number of times a work was performed averaged 30.3 in the case of theater performances, and 2.2, 1.3, and 5.0 respectively in the cases of dance, western music, and Korean traditional music performances.

Figure 2-3 Average Number of Performances

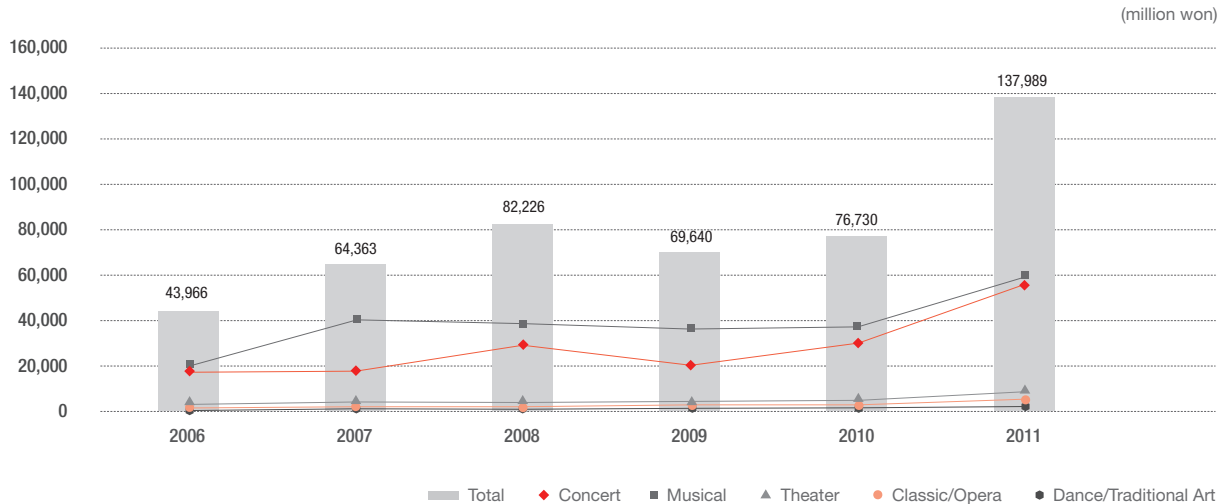


2. Trends Analysis of Performing Arts Consumers

1) Ticket Sales Estimated by <Interpark>

Meanwhile, the statistics compiled by Interpark for the first half of 2011 show that the performing arts market enjoyed an 80% increase in total revenue, earning approximately KRW138 billion in total ticket sales (based on first half results), compared to KRW 77 billion in 2010. Ticket sales for the musical and concert genres were at the forefront of this increase, with sales for both genres growing twofold. (Given that these were not included in the survey of Korean performing arts trends, caution should be exercised when interpreting the results for concerts. Factors contributing to this phenomenon have included the significant heightening of the ratio of total revenues earned from concerts occasioned by the emergence of new television program formats such as 'I Am a Singer'. In addition, there has been an increase in performances geared towards the growing segment of the population made up by the elderly and middle-aged individuals as well as invitations of international performers.)

Figure 2-4 Performing Arts Market (Interpark, first half of the past six years)



Special attention should be paid to the role of the musical sector in terms of the economic trends within the performing arts market. Musicals accounted for 50% of the total ticket sales estimated by Interpark every year. That being said, the musical sector could not avoid the downturn that affected the overall performing arts market in 2009 and 2010. However, it rapidly increased once again to reach KRW 62.7 billion during the first half of 2011. The high awareness of musical and strong ratio of large-scale projects can be construed to denote the fact that musicals experienced significant growth even despite the overall economic downturn. For example, the top seller according to Interpark (in the musical sector) during the first half of 2011 was ‘Varekai’ by Cirque du Soleil, known to have earned over KRW 10 billion in sales. Meanwhile, another report stated that ‘Jekyll & Hyde’ garnered KRW 27.5 billion in ticket sales over a nine month period.

Table 2-2 Ticket Sales by Genre (Interpark, first half of the past six years)

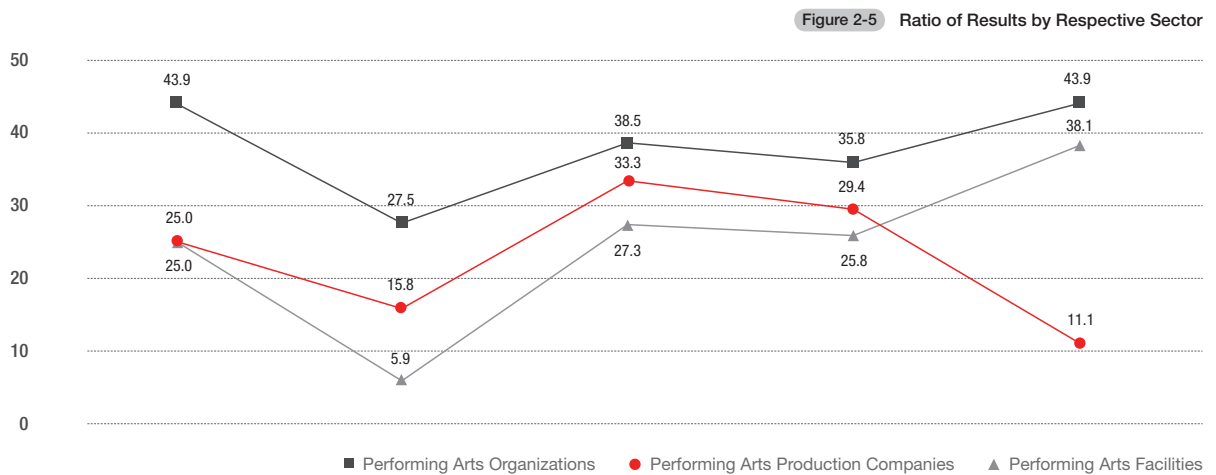
Genre	Ticket Sales (million won)					
	First half of 2006	First half of 2007	First half of 2008	First half of 2009	First half of 2010	First half of 2011
Musical	15,679	16,152	28,441	18,656	26,035	56,729
Concert	266	223	1,020	1,245	1,606	1,253
Dance / Traditional Art	22,420	41,897	41,347	35,178	34,727	62,741
Classic / Opera	4,331	4,734	7,412	9,289	9,519	12,224
Theater	1,271	1,358	4,006	5,272	4,841	5,043
Total	43,966	64,363	82,226	69,640	76,730	137,989

* Source: ticket sales as measured by Interpark

* Statistical period: first half of each year (January 1 – June 30)

3. Comprehensive Analysis

In conclusion, the results for the first half of 2011 can be perceived as having been generally stagnant. In this regard, the sectors generally viewed as being more sensitive to the market tended to answer the survey in a more negative manner.



The data provided by Interpark (increase in ticket sales) would on the surface appear to contradict the results of the survey of economic trends pertaining to the performing arts (stagnation). This outcome can be explained by the structural characteristics of the performing arts market, a market that is led by superstars. When viewed from the standpoint of revenues, large-scale projects can be regarded as making up a significant ratio of the overall market. Put differently, the success of superstars such as 'Varekai' and 'Jekyll & Hyde' has resulted in increasing overall revenues within the market. However, this does not imply balanced growth within the overall market. Furthermore, the majority of the 87 performing arts entities (venues, performing arts organizations and companies etc) examined in the survey of economic trends are not for-profit in nature. This in turn can be construed to mean that the performing arts market in which these performing arts organizations and facilities operate differs greatly from that focused on by Interpark. Thus, we can conclude that the increase in the revenues generated by the performing arts market in the first half of 2011 was fueled by a limited number of players within the industry. In other words, the actual economic results of the performing arts industry were not nearly as favorable as the estimates prepared by Interpark. Although the market did in fact expand in terms of the provision of contents, the great majority of performing arts organizations and facilities felt that economic conditions had in fact worsened.

Major Issues

1. Key Issues during the First Half of 2011

- **‘The Goeun Choi Act’: Welfare Act for Artists**

News of the death of a young screenplay author at the beginning of the year spurred the government and political parties to promise to provide additional support to artists, thereby providing hope that some headway had been made with regards to the longstanding concerns and heated debates surrounding the social life and status of artists. Unfortunately, no concrete results have yet to be made in this regard.

- **Social Marketing**

The growing influence of social commerce and networks has led to increased use of such tools for marketing purposes within the performing arts market. In particular, crowd funding, which represents an extension of social marketing, has emerged as a new method of mobilizing financial resources.

- **Hallyu (Korean Wave)**

One of the positive notes from the first half of 2011 was the progressive expansion of the scope and contents of hallyu, a denouement that began with Korean idol singers that had achieved success in Asian markets making their way into European ones. In this regard, some have claimed that this trend towards the global popularity of Korean contents could expand beyond dramas and pop songs to include pure arts.

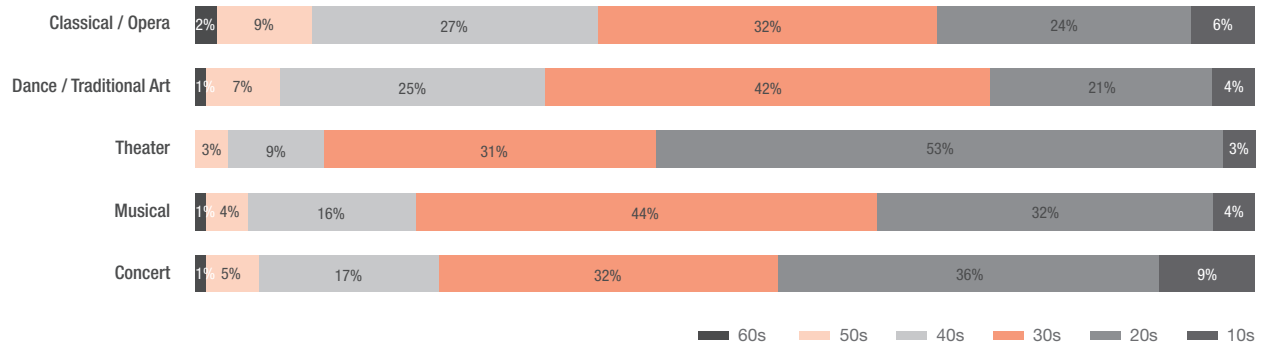
- **Decrease in Public Support**

The decrease in the scope of public support for the cultural arts in Europe and North America raised similar red flags in Korea. Cultural arts organizations in Europe have depended heavily on support from the state and public sector. As such, the decrease in public support has had a much greater impact. In the United States, where the majority of financial resources emanate from the market, the industry has been deeply affected by the economic crisis. Decreased public sector support and changes in support methods have also ensured that the situation in Korea has remained chaotic.

- **Increase in Middle-aged Audiences**

The data from Interpark shows that for the first time ever audiences in their 30s were more prevalent at musicals than those in their 20s. Almost 60% of audiences were in their 30s. The gradual increase in the purchasing power of audiences between the ages of 35-45 has translated into additional sales among elderly and middle-aged individuals of tickets for performances earmarked for those in their 40s -50s and for the concerts of international performers popular during the 1970s and 1980s staged during the first half of 2011. Some have also claimed that the influence of popular TV programs has helped to create a new market

Figure 3-1 Distribution of Audiences for Various Genres by Age



- ### Slow Economic Recovery, Disposable Income

The global economic crisis that began in 2008 has greatly impacted a Korean economy that is highly dependent on international trade. The slowdown in the rate of increase in the disposable income portion of nominal income that has accompanied the lingering economic recovery may very well also have a negative impact on the performing arts market.

2011 Economic Trends in the Korean Performing Arts (based on first half of 2010)

**Korea
Arts
Management
Service**

The Korea Arts Management Service (KAMS), established in January 2006, is a branch organization of the Ministry of Culture, Sports and Tourism, Republic of Korea. KAMS offers multifaceted assistance in international exchanges, human resources training, research, and consultancy for arts groups and art organizations in order to promote more effective arts management in Korea.
<http://eng.gokams.or.kr>

Publication

English Version

Published by **Korea Arts Management Service**

Planned and Edited by **Saemee KIM**

Translated by **Somang Translation**

Designed by **Baseline** (www.baseline.co.kr)

Date of Publication **December 2012**

The English version in 2012 is reprinted by summarizing the Korean publication of 2011.

Korean Version

Supported by **Ministry of Culture, Sports and Tourism, Republic of Korea** (www.mcst.go.kr)

Published by **Korea Arts Management Service**

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Date of Publication **August 2011**