

2011

Economic Trends in the Korean Performing Arts

(based on second 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 Interpark. 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

Although the performing arts market greatly increased in the second half of 2011 (based on ticket sales estimates of KRW 300 billion prepared by Interpark), the majority of the market respondents who participated in this survey proved to be rather pessimistic. A look at the performing arts market by individual sector reveals that 42.3% of respondents engaged in performing arts facilities felt that the second half of 2011 marked a downturn from the same period of the previous year (second half of 2010). While 38.5% of respondents from performing arts production companies felt that the problems delivering capital marked a downturn, 30.8% maintained that the positive evaluations of their works were evidence of an upswing. Meanwhile, 41.5% of respondents hailing from performing arts organizations showed a relatively positive evaluation by answering that the second half of 2011 had been characterized by an upswing.

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

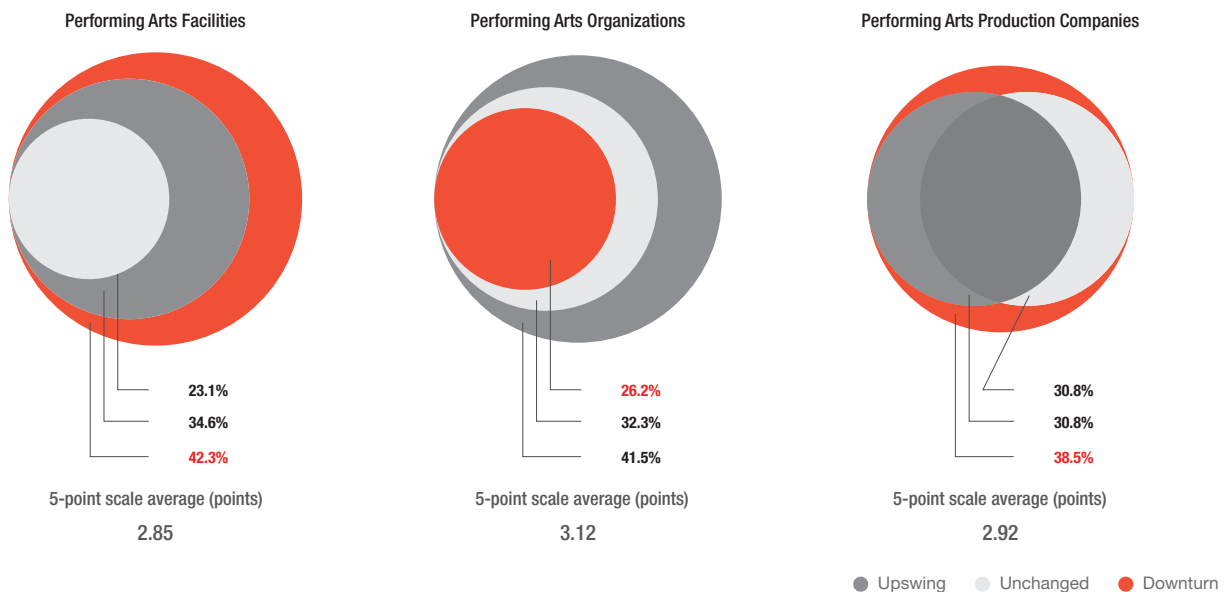


Table 2-1 Individual Sector Results_ by Type of Establishment YoY (second half of 2010)

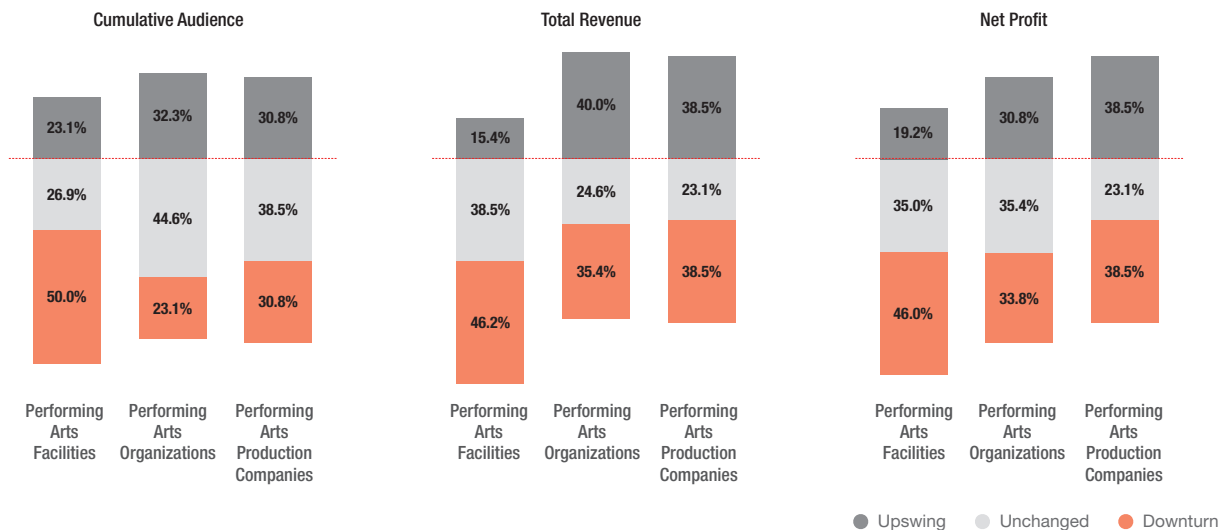
Classification	Performing Arts Facilities		Performing Arts Organizations				Performing Arts Production Companies	
	Culture & Art Centers	Daehangno Venues	Theater	Dance	Western Music	Korean Traditional Music	Large-scale	Small & Medium-scale
Upswing (%)	47.4	-	17.6	45.5	48.0	58.3	-	50.0
Unchanged (%)	26.3	14.3	47.1	27.3	32.0	16.7	40.0	25.0
Downturn (%)	26.3	85.7	35.3	27.3	20.0	25.0	60.0	25.0
5-point scale average (points)	3.21	1.86	2.76	3.18	3.28	3.25	2.40	3.25

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 similar returns. While performing arts organizations answered 'improvements both in terms of cumulative audience (32.3%) and total revenue (40.0%)' more than 'downturn in both regards', performing arts facilities exhibited a downturn with regards to all individual factors.

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

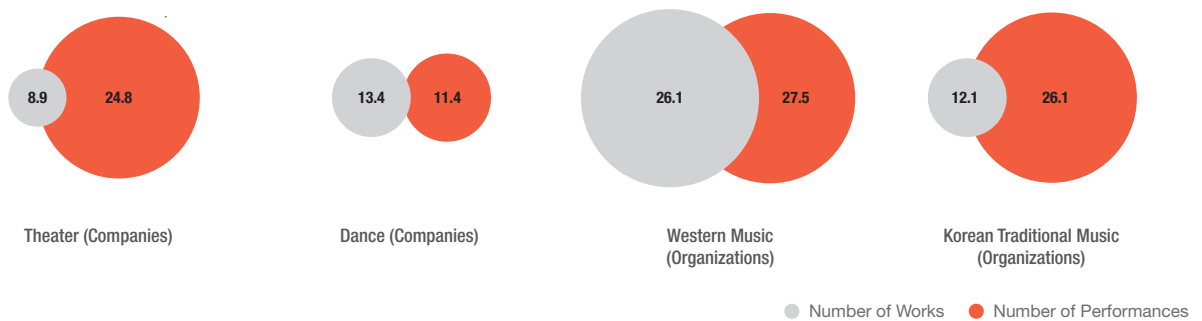


3) Statistics by Genre

: 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 second half of 2011. In this regard, the survey found that theater companies averaged 8.9 works and 24.8 performances. Meanwhile, dance companies averaged 13.4 works and 11.4 performances, western music organizations 26.1 works and 27.5 performances, and Korean traditional music organizations 12.1 works and 26.1 performances.

Figure 2-3 Average Number of Performances



2. Trends Analysis of Performing Arts Consumers

1) Ticket Sales Estimated by <Interpark>

The statistics compiled by Interpark for the second half of 2011 show a highly favorable trend. (The concert sector showed rapid growth as a result of planned concerts in which known musicians were reintroduced, including nationwide tours by highly popular singers.) The most popular genre in terms of audiences in 2011 was musicals, which exhibited a 24% increase in ticket sales over the previous year. The expansion of the musical market was facilitated by the introduction of large-scale premieres. <Mamma Mia!> and <Zorro> continued the favorable trend within the musical market during the second half of 2011.

Figure 2-4 Performing Arts Market (Interpark, over the past five years)



Meanwhile, the quantitative increase in classical music and dance performances resulted in an omnidirectional increase. For its part, dance became so popular that people began to talk about the 'ballet syndrome'.

Table 2-2 Ticket Sales by Genre (Interpark, over the past five years)

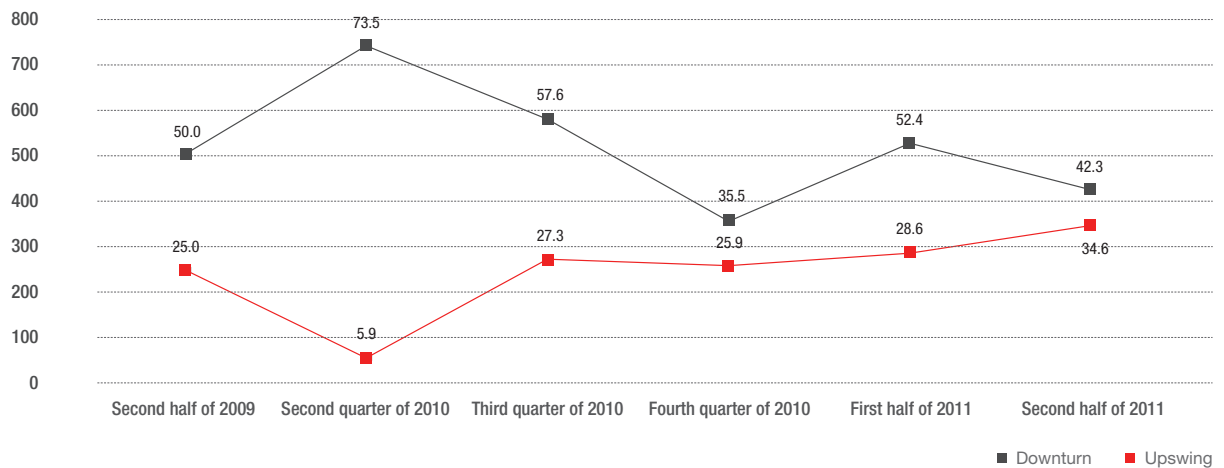
Classification	Number of Performances based on Ticket Sales				
	2007	2008	2009	2010	2011
Concert	1,146	1,233	1,215	1,374	1,728
Musical	1,454	1,544	1,653	1,880	2,140
Theater	902	1,089	1,458	1,600	1,500
Classic/Opera	1,022	1,713	2,114	1,963	2,577
Dance/Traditional Art	221	425	508	444	503
Total	4,745	6,004	6,948	7,261	8,448

3. Comprehensive Analysis

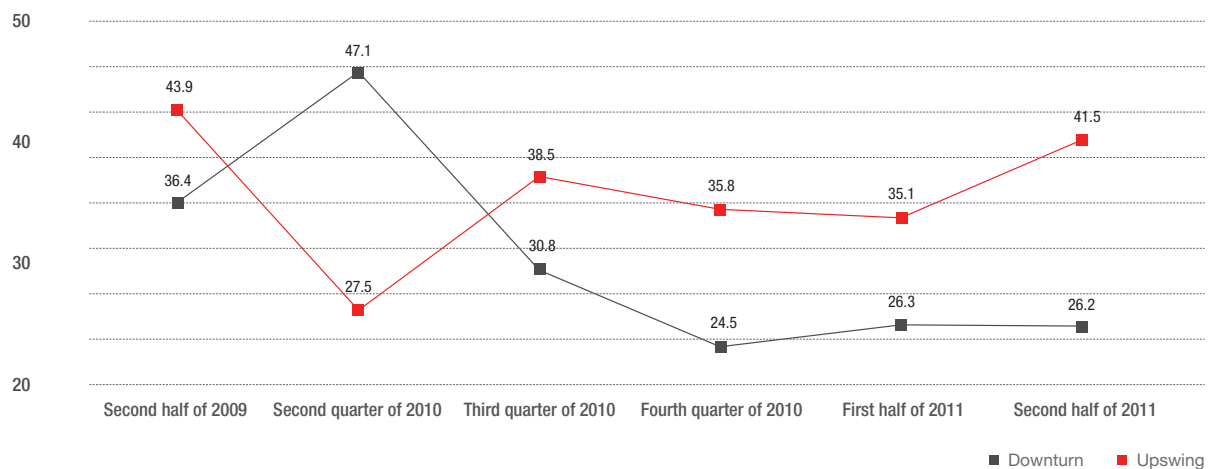
The actual economic conditions within the performing arts market in the second half of 2011 are in fact extremely different from the favorable upturn in the market recorded by Interpark. Although Interpark showed a ticket sales increase of 40% over the previous year, the participants in this survey believed that only a slight improvement had been brought about. Based on a 5-point rating scale, the results were 2.85 (performing arts facilities), 3.12 (performing arts organizations), and 2.92 (performing arts production companies). These results are very similar to the results for the first half of 2011 (2.95 (performing arts facilities), 3.25 (performing arts organizations), and 3.00 (performing arts production companies)) which was characterized by a downturn in performing arts market.

Figure 2-5 Results by Respective Sector in the Second Half of 2011

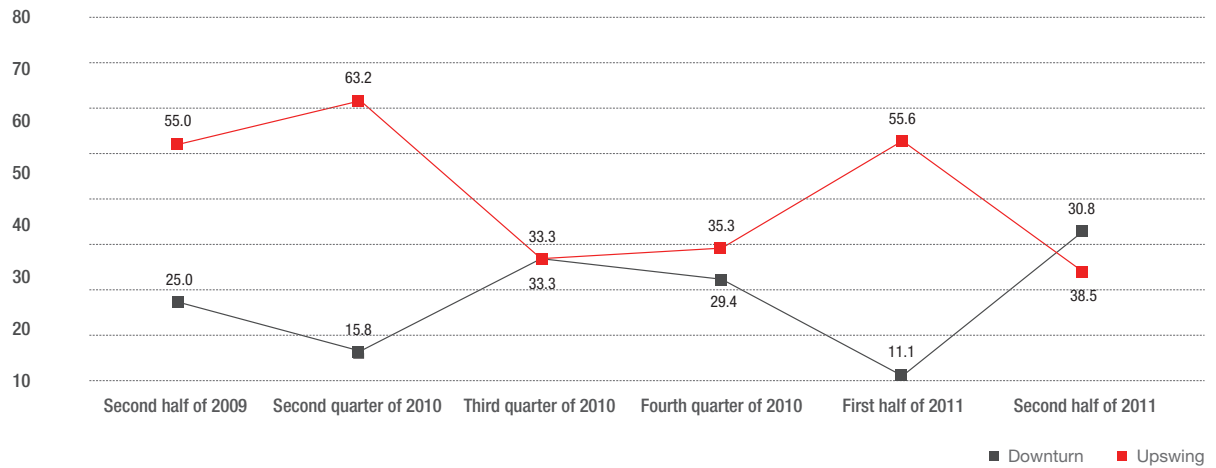
Performing Arts Facilities



Performing Arts Organizations



Performing Arts Production Companies



These results can be viewed from two standpoints. First, market expansion has been led by a few players. More to the point, the concert and musical genres and large-scale performances have been the leaders in the performing arts market. The theater, dance and traditional art sectors exhibited similar results from the previous year or a limited increase. However, concerts and musicals increased by 30-60% (based on ticket sales). The opening of musical theaters during the second half of 2011 is a good example of the continued strength of musicals. Second, in the case of Daehangno, none of the respondents answered that results had improved; meanwhile, only 17.6% of the theater companies answered that results had improved. On the other hand, 85.7% of respondents from Daehangno felt that results were worse, a sentiment that was shared by 35.3% of the theater companies. Daehangno has exhibited such negative sentiment since the second half of 2009, or when the survey first started. Given that Daehangno has been at the center of the art support policy over the last 10 years, it becomes necessary to review the Daehangno art policy.

Major Issues

1. Key Issues during the Second Half of 2011

- **Economic Crisis**

The global economic crisis that has impacted society in general has emerged as a powerful and direct external variable affecting the art market. Although the overall performing arts market expanded in the second half of 2011, the actual economic conditions were not as positive. The worries and instability caused by the global economic crisis have cast a strong shadow over the performing arts market.

- **Opening of Theaters Specializing in Musicals**

<Mamma Mia!> and <Zorro> were staged in the new musical theaters 'The Cube Art Center' and 'Blue Square' that opened in the autumn of 2011. These two works finished first and second in the musical market in terms of ticket sales. These two musical theaters are expected to have a marked influence on the performing arts market in the future.

- **The Enactment of the Welfare Act for Artists**

The Welfare Act for Artists was enacted nine months after the Goeur Choi Incident. This law has as its goals the 'legal protection of the vocational status and rights of artists, the improvement of the creative activities of artists and contribution to the development of art through support for the welfare of artists' and defines that 'artists should receive the justified respect they deserve for their role in helping bring about a state of culture and improving the quality of life of the people'. This will help concretize the discussions on standards for artists and the scope of benefits. In addition, there is an urgent need to resolve legal issues such as standardized contracts, and the banning of unregistered theaters based on the amended version of the Public Performance Act passed in 2011.

- **Social Functions of the Arts**

The topics of art education and social enterprises have become more prevalent within the art market. The fresh gust of wind provided by social enterprises has also blown through the art sector. In this regard, the 'El Sistema' campaign has been implemented at the national level. On the other hand, post-market trends such as community art and public art have also attracted interest. The emergence of the notion of socialtainer has led to new interest in the social functions of art. As such, the growing social and cultural roles of art are expected to result in increased attention being paid to performing arts containing political and social issues and messages.

- **Expansion of SNS**

The ever-expanding influence of SNS in all sectors of society has led to the latter becoming entrenched as a marketing and fundraising tool within the art sector. Representative examples include social commerce and social funding. The ratio of the use of Facebook and twitter as general marketing tools has also been heightened.

- **Hallyu (Korean Wave)**

Hallyu (Korean Wave) has emerged as an important alternative through which to overcome the limits of the domestic market in terms of the cultural industry. At the same time, it has evolved into fields other than Korean pop music and Korean drama. International exchanges and gaining a foothold in overseas markets will remain as tasks for the performing arts sector for some time to come.

- **The Seoul Mayoral Elections and the Landscape during the 4th Year of the Term**

The opposition party's capture of the office of the Mayor of Seoul in the elections held on October 26, 2011 is expected to bring about great changes in the cultural art policy of Seoul. Large parts of the functions related to support for the arts have been recently transferred from the central government and Arts Council Korea to local governments and cultural foundations. As such, the policy direction implemented by local governments will impact the performing arts market. The new start being made by Seoul Metropolitan City is contrasted by the growing lame-duck status of the central government as it enters its 4th year in office.

2011 Economic Trends in the Korean Performing Arts (based on second 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.
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