

CHAPTER IV

DATA ANALYSIS

This chapter endeavours to identify the possible factors which compose of the competitiveness of the Thai movie industry and Thai movies to commercially export abroad through two kinds of analysis, the analysis of competitiveness and the analysis of internationalization.

4.1. Analysis of competitiveness

In this section, we explore the possible determinants of the competitiveness of the Thai movie industry from the supply side through both quantitative and qualitative analyses.

4.1. 1. Quantitative analysis by SWOT approach

As described in Chapter II, we have gathered the necessary data through questionnaires and in-depth interviews to the management staffs of movie production companies and experts in the field. The questionnaires were distributed to 10 persons including staffs from Sahamongkol Film International, Five Star Production, RS Film, GTH, Office of Contemporary Art and Culture, The Federation of National Film Association of Thailand, Thai Film Foundation, and film critics and scholars.

In order to grasp the overall environments surrounding the Thai movie industry from 1999 – 2005, we first conducted the quantitative analysis by summing up the collected data in order.

Macro Level

The collected data is summarised in Table 4.1 and 4.2.

As to the importance level of each factor in macro level, the respondents put highest scores in “technological change” and “lifestyle change” with mean of importance at 5.80, 5.30 respectively. Technological change, in particular, is regarded as the most significant factor by respondents with less standard deviation at 1.23.

Table 4.1

The importance score of macro environment factors

Macro environment factors	N	Minimum	Maximum	Mean	Std. Dev.
Technological change	10	3	7	5.80	1.23
Lifestyle change	10	1	7	5.30	2.00
Currency exchange rate	10	2	7	5.00	2.00
Economic growth	10	4	7	4.80	1.03
GDP per capita	10	3	6	4.70	0.95
Education	10	2	7	4.50	1.51
Interest rate	10	1	7	4.40	2.01
Political situation	10	2	6	4.00	1.25
Inflation rate	10	1	6	3.70	1.64
Valid N (listwise)	10				

Source: Collected data from questionnaires

As almost all factors (except “Inflation rate” with mean of importance at 3.70) have the scores of mean of importance at over 4.00, we can say that the macro environment in the Thai economy has a more or less significant role to be competitive for the Thai movie industry.

Regarding to the weighted favourability score of each factor in macro level, as indicated in Table 4.2, none of the factors is unfavourable, as the data revealed all scores of the mean of the weighted favourability are above 0.00. The most favourable one is “technological change” with mean of the scores at 1.31, while the least one is “political situation” at 0.06. In overall, we can say from the numerical data that the macro

environment has been favourable for the Thai movie industry and companies for 1999 – 2005.

Table 4.2

The weighted favourability score of macro environment factors

Macro environment factors	N	Minimum	Maximum	Mean	Std. Dev.
Technological change	10	-1.74	2.61	1.31	1.25
Lifestyle change	10	0.00	2.39	1.27	1.01
GDP per capita	10	0.00	1.41	0.92	0.48
Economic growth	10	0.00	1.44	0.79	0.53
Currency exchange rate	10	0.00	2.25	0.68	0.75
Education	10	0.00	1.35	0.54	0.62
Interest rate	10	-1.32	1.98	0.46	1.03
Inflation rate	10	0.00	0.56	0.11	0.23
Political situation	10	-0.60	1.20	0.06	0.44
Valid N (listwise)	10				

Source: Collected data from questionnaires

Note: Each score is calculated according to the framework described in pp.23-24. For example, the maximum score of technological change is calculated by the following expression:

0.15 (weight for macro level) \times 5.80 (mean of important level) \times 3.0 (a respondent's highest score) = 2.61 . The scores appearing in Table 4.4, 4.6, 4.8 and 4.10 are calculated in the same manner.

National Level

The collected data is summarised in Table 4.3 and 4.4.

As for the importance score of national environmental factors, as shown in Table 4.3, none of the factors is insignificant, as the data revealed all scores of the mean of the importance are above 4.00. The highest score is 6.60 for the factor "capital resource" with the score of standard deviation at 0.84, while the lowest score is 4.30 for the factors

“human resource/costume designer,” “human resource/make-up specialist,” and “human resource /unskilled labours.”

Among human resource factors, which are regarded to contribute significantly to the quality of the movies, Director, Scriptwriter, Editor & Post production, and Producer are the most significant with mean of the scores at 6.30, 6.30, 6.00, 6.00 respectively. The factors related to demand such as “size of domestic demand” and “growth of domestic demand” are also significant with mean of the scores at 6.20, 6.10 respectively.

Table 4.3

The importance score of national environment factors

B. National Environment	N	Minimum	Maximum	Mean	Std. Dev.
Capital Resource	10	5	7	6.60	0.84
Human Resource 2 (Director)	10	5	7	6.30	0.82
Human Resource 3 (Scriptwriter)	10	4	7	6.30	1.25
Knowledge resource	10	5	7	6.20	0.92
Size of domestic demand	10	4	7	6.20	1.14
Piracy	10	2	7	6.20	1.62
Growth of domestic demand	10	4	7	6.10	1.10
Human Resource 11 (Editor & Post production)	10	3	7	6.00	1.15
Human Resource 1 (Producer)	10	2	7	6.00	1.70
Government policies	10	4	7	5.90	1.10
Human Resource 12 (Actor & Actress)	10	3	7	5.90	1.20
Physical resource (Technical device)	10	3	7	5.90	1.29
Domestic rivalry for reducing costs, improving quality, creating new products, etc.	10	1	7	5.40	2.12
Related and supporting industries	10	3	7	5.30	1.34

Human Resource 5 (Art Director)	10	3	7	5.20	1.14
Human Resource 4 (Cinematographer)	10	3	7	5.10	1.10
Human Resource 6 (Composer)	10	3	7	5.10	1.20
Human Resource 7 (Sound Engineer)	10	3	7	5.10	1.20
Infrastructure	10	3	7	5.00	1.15
Human Resource 8 (Visual Effect Specialist)	10	3	7	5.00	1.25
Thailand's national image	10	1	7	4.70	1.77
Human Resource 10 (Costume Designer)	10	1	6	4.30	1.42
Human Resource 9 (Make-Up Specialist)	10	1	7	4.30	1.57
Human Resource 13 (Unskilled Labors)	10	1	7	4.30	1.64
Valid N (listwise)	10				

Source: Collected data from questionnaires

Concerning to the weighted favourability score of each factor in national level, as indicated in Table 4.4, the data revealed that there are both favourable factors and unfavourable factors in national level.

The most two favourable factors are “human resource/director” and “capital resource” with mean of the scores at 2.36 and 2.31 respectively. However, as the score of standard deviation of “capital resource” reaches to 3.23, with minimum score at -4.95 and maximum score at 4.95, whether or not the factor “capital resource” was favourable during 1999 – 2005 seems to depend on how degree each company could utilize the resource from the market or within the company.

The most unfavourable factor, on the other hand, is “piracy” with mean of the score at -3.41 with standard deviation at 1.60. The factor is the only one factor which no respondents put a plus score on, with the maximum score at 0.00. The factor “government

policy” is also one of the most unfavourable factors with mean of the score at -1.48, although some respondents regard the factor as favourable with the score at 2.95.

One more thing we should mention here is the unfavourability of the factor “human resource/scriptwriter” with mean of the score at -1.48. As shown in Table 4.3, the factor is regarded as one of the most important factors with mean of the importance score at 6.30. We can say that the unfavourability of such significant factor is a critical obstacle to be competitive for exporting the movies. We will discuss more about this point later.

Table 4.4

The weighted favourability score of national environment factors

B. National Environment	N	Minimum	Maximum	Mean	Std. Dev.
Human Resource 2 (Director)	10	0.00	4.73	2.36	1.34
Capital Resource	10	-4.95	4.95	2.31	3.23
Related and supporting industries	10	0.00	3.98	1.86	1.12
Human Resource 11 (Editor & Post production)	10	-1.50	3.00	1.80	1.70
Physical resource (Technical device)	10	-1.48	4.43	1.62	2.02
Growth of domestic demand	10	-4.58	4.58	1.37	2.73
Human Resource 8 (Visual Effect Specialist)	10	-2.50	3.75	1.25	1.95
Knowledge resource	10	-4.65	4.65	1.09	2.93
Human Resource 12 (Actor & Actress)	10	-1.48	2.95	0.89	1.42
Thailand's national image	10	-2.35	2.35	0.82	1.47
Size of domestic demand	10	-1.55	4.65	0.78	2.34
Human Resource 7 (Sound Engineer)	10	-2.55	2.55	0.64	1.38
Human Resource 1 (Producer)	10	-4.50	4.50	0.60	2.85
Human Resource 9 (Make-Up Specialist)	10	0.00	2.15	0.54	0.91

Infrastructure	10	-1.25	2.50	0.38	1.19
Human Resource 10 (Costume Designer)	10	-1.08	1.08	0.32	0.73
Human Resource 5 (Art Director)	10	-2.60	2.60	0.26	1.60
Human Resource 4 (Cinematographer)	10	-2.55	2.55	0.26	1.88
Domestic rivalry for reducing costs, improving quality, creating new products, etc.	10	-2.70	4.05	0.14	2.33
Human Resource 13 (Unskilled Labors)	10	-3.23	3.23	-0.11	1.71
Human Resource 6 (Composer)	10	-2.55	1.28	-0.26	1.45
Human Resource 3 (Scriptwriter)	10	-4.73	3.15	-0.32	3.13
Government policies	10	-4.43	2.95	-1.48	2.69
Piracy	10	-4.65	0.00	-3.41	1.60
Valid N (listwise)	10				

Source: Collected data from questionnaires

Industrial Level

The collected data for the industrial level is summarised in Table 4.5 and 4.6.

The offered factors are, again, as shown in Table 4.5, all regarded as significant with mean of the all scores above 4.00. The factor “access to distribution” is the most important with mean of the score at 6.60, having standard deviation at 0.97. The factors “capital requirement” and “product differentiation” are also highly important with mean of scores at 6.50 and 6.40 respectively, with minimum score at 5.00 each.

The least important factor is, on the other hand, “pressure from substitute” with mean of the score at 4.70, although there is a respondent marking the score as most important at 7.00.

Table 4.5

The importance score of industrial environment factors

C. Industry Environment	N	Minimum	Maximum	Mean	Std. Dev.
Access to distribution	10	4	7	6.60	0.97
Capital requirement	10	5	7	6.50	0.71
Product differentiation	10	5	7	6.40	0.70
Availability of human resources	10	4	7	6.30	1.06
Industry's growth	10	4	7	6.10	1.10
Size of exhibitors	10	4	7	5.80	1.23
Growth of exhibitors	10	4	7	5.70	1.25
Government policy	10	3	7	5.70	1.49
Economy of scale	10	2	7	5.40	1.71
Business size of competitors	10	4	7	5.20	1.23
Number of competitors	10	3	7	5.00	1.41
Pressure from substitutes	10	1	7	4.70	2.06
Valid N (listwise)	10				

Source: Collected data from questionnaires

Regarding to the weighted favourability score of each factor in industrial level, as indicated in Table 4.6, there are both favourable and unfavourable factors for each company.

The top three favourable factors are “access to distribution,” “availability of human resources,” and “capital requirement,” with mean of the scores at 4.46, 3.78, 3.41 respectively. As the factor “access to distribution” is marked as the most important and the most favourable factor at the same time, we can say that the factor is one of the strengths for the Thai movie industry to be competitive for exporting.

The most unfavourable factor is, apparently from the data, “number of competitors” with mean of the score at -1.13. The “government policy” is, again, one of the most unfavourable factors even in the industrial level with mean of the score at -0.86.

From these data, we can say that the number of competitors is unfavourable to be competitive during 1999 – 2005, although each company has good access to distribution.

Table 4.6

The weighted favourability score of industry environment factors

C. Industry Environment	N	Minimum	Maximum	Mean	Std. Dev.
Access to distribution	4	3.96	5.94	4.46	0.99
Availability of human resources	4	0.00	5.67	3.78	2.67
Capital requirement	4	1.95	5.85	3.41	1.87
Size of exhibitors	4	1.74	3.48	3.05	0.87
Economy of scale	4	-1.62	4.86	2.03	2.77
Product differentiation	4	-3.84	5.76	1.92	4.15
Growth of exhibitors	4	-1.71	3.42	1.71	2.42
Industry's growth	4	-5.49	3.66	0.46	4.06
Pressure from substitutes	4	-2.82	1.41	-0.35	1.77
Business size of competitors	4	-3.12	0.00	-0.78	1.56
Government policy	4	-5.13	1.71	-0.86	2.96
Number of competitors	4	-3.00	0.00	-1.13	1.44
Valid N (listwise)	4				

Source: Collected data from questionnaires

Government role

The collected data for the government role factors is summarised in Table 4.7 and 4.8.

As shown in Table 4.7, the all factors are regarded as having influence on the competitiveness with mean of the all scores above 4.00. Especially the factor “censorship” has the highest score at 6.50 with standard deviation at 0.50. The least important factor is “import tariff on film” with mean of the score at 4.90. As the mean score is, however, high enough at 4.90, and one of the respondents gives a highest score for the factor, it is still significant for the competitiveness.

Table 4.7

The importance score of government role factors

D. Government Role	N	Minimum	Maximum	Mean	Std. Dev.
Censorship	10	5	7	6.50	0.50
Tax advantage for importing film devices	10	4	7	6.10	0.96
Subsidy	10	3	7	5.70	0.96
Investment policies	10	2	7	5.60	2.22
Import tariff on film	10	2	7	4.90	2.45
Valid N (listwise)	10				

Source: Collected data from questionnaires

As for the weighted favourability score of each factor in the government role, as indicated in Table 4.8, surprisingly, none of the factors are regarded favourable for the Thai movie industry to be competitive. Although the factor “tax advantage for importing film devices,” which has not been stipulated in any regulations or laws in Thailand so far, slightly stands for natural with mean of the score at 0.00, the all other factors are regarded more or less unfavourable for the Thai movie industry.

The least favourable factor is, in particular, “censorship” by the government with mean of the score at -2.15. This result is critical because the factor is regarded as the most important. Therefore, we can say that the factor “censorship” is one of the big obstacles or threats for the Thai movie industry to be competitive for exporting.

Table 4.8

The weighted favourability score of government role factors

D. Government Role	N	Minimum	Maximum	Mean	Std. Dev.
Tax advantage for importing film devices	10	-2.75	1.83	0.00	1.61
Import tariff on film	10	-2.21	1.47	-0.22	1.15
Investment policies	10	-2.52	1.68	-1.01	1.42

Subsidy	10	-2.57	0.00	-1.37	1.22
Censorship	10	-2.93	0.00	-2.15	1.11
Valid N (listwise)	10				

Source: Collected data from questionnaires

Additional factors (Specific for movies)

The collected data for the additional factors is summarised in Table 4.9 and 4.10.

The most significant factor in additional ones is, as indicated in Table 4.9, “access to the international markets” with mean of the score at 6.80 with least standard deviation at 0.50. The least significant factor is, on the other hand, “cultural factor” with mean of the score at 5.00, which can be still regarded relatively significant.

In overall, all factors here are important to be competitive. As we have chosen these factors assuming they have some influence to export movies, it should be natural to be regarded all factors as important.

Table 4.9

The importance score of additional factors

E. Additional factors to be competitive for exports	N	Minimum	Maximum	Mean	Std. Dev.
Access to the international markets	10	6	7	6.80	0.50
Availability of sub-titles	10	4	7	6.10	0.96
International agency for sales	10	3	7	5.80	1.73
Taste of foreign demand	10	4	7	5.30	1.50
Cultural factor	10	3	7	5.00	2.06
Valid N (listwise)	10				

Source: Collected data from questionnaires

Concerning to the weighted favourability score of each factor in the additional ones, as indicated in Table 4.10, none of the factors are unfavourable. The data revealed that the most favourable factor is “access to the international markets” with mean of the score at 2.55, while the least favourable factor is “cultural factor” with mean of the score at

0.19. The score shows that there is a possibility that a so-called “cultural discount” is occurred when the Thai movies are exported to the international market and it makes Thai movies less understandable for foreign demanders to fully enjoy the contents. We will discuss more about this later on.

Table 4.10

The weighted favourability score of additional factors

E. Additional factors to be competitive for exports	N	Minimum	Maximum	Mean	Std. Dev.
Access to the international markets	10	1.02	3.06	2.55	0.68
International agency for sales	10	0.00	2.61	1.52	1.02
Availability of sub-titles	10	0.00	2.75	1.49	1.06
Taste of foreign demand	10	-2.39	1.59	0.40	1.36
Cultural factor	10	-2.25	2.25	0.19	1.21
Total	10				

Source: Collected data from questionnaires

Strengths, weaknesses, opportunities, and threats in the Thai movie industry

With the result of the analysis in this chapter so far, we can summarise the factors which consist of strengths, weaknesses, opportunities and threats in the Thai movie industry in a matrix table.

Table 4.11

The SWOT matrix for the Thai movie industry

Strengths	Weaknesses
<ul style="list-style-type: none"> • Access to the international markets (2.55) • Human resource/Director (2.36) • Capital resource (2.31) • Human resource/Editor & Post production (1.80) 	<ul style="list-style-type: none"> • Human resource/Scriptwriter (-0.32) • Human resource/Composer (-0.26) • Human resource/Unskilled labor (-0.11)
Opportunities	Threats
<ul style="list-style-type: none"> • Related and supporting industries (1.86) • International agency for sales (1.52) 	<ul style="list-style-type: none"> • Piracy (-3.41) • Censorship by the government (-2.15)

<ul style="list-style-type: none"> •Technological change (1.31) •Lifestyle change (1.27) 	<ul style="list-style-type: none"> •Government policy (-1.48) •Subsidy by the government (-1.37) •Cultural factor (0.19)
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Source: Own analysis

Note: The numbers in parentheses are the weighted favourability score of each factor.

We classified factors which are largely manageable by each company into strengths or weaknesses, and factors which are beyond each company's control and rather can be regarded environment into opportunities or threats. The result is described in Table 4.11.

The data revealed that the strongest factors of the Thai movie industry are "access to the international market" and "human resource/director" with mean of the weighted favourability scores at 2.55 and 2.36 respectively.

The weakest factors, on the other hands, are "human resource/scriptwriter" and "human resource/composer" with mean of the weighted favourability scores at -0.32 and -0.28 respectively.

There are good opportunities for the Thai movie industry in "relating and supporting industries" and "international agency for sales" with mean of the weighted favourability scores at 1.86 and 1.52 respectively, while there are also strong threats in "piracy" and "censorship by the government" with mean of the weighted favourability scores at -3.41 and -2.15 respectively.

These results will be re-examined when we discuss about recommendations in Chapter V.

The matrix of competitiveness and exported movies

Apart from the SWOT matrix for the Thai movie industry as a whole, we summarised the collected data in a matrix table for each production company to grasp numerically the competitiveness of each production company for exporting movies. Then we added the factual data of the numbers of exported movies to Japan by each production company, as well as the percentage of the export to Japan out of the total number of movies released in 1999 – 2005 by each production company. The result is indicated in Table 4.12.

As shown in Table 4.12, GTH earns the highest total score at 104.21 followed by Sahamongkol Film International with 56.17, Five Star Production with 55.27. RS Film, on the other hand, has minus total score at -18.03 which means that the company has several weak factors as well as fails fully to utilize the opportunities in the environment. The result of the competitiveness score matches with the number of exported movies by the company, RS Film. It reaches only five movies in total and the percentages of the exported movies are lowest among four companies here.

Table 4.12

The matrix of the competitiveness of each Thai production company and its exported movies

	GTH	Sahamongkol Film International	Five Star Production	RS Film
A. Score of macro level	6.78	1.02	3.13	5.47
B. Score of national level	60.93	23.23	30.18	-8.30
C. Score of industry level	29.10	25.68	20.13	-4.14
D. Score of government role	0.01	0.00	-0.98	-8.46
E. Score of additional factors	7.40	6.24	2.81	-2.60
Total score	104.21	56.17	55.27	-18.03
Total number of movies released in 1999 - 2005	27	54	28	22
Number of movies released as DVD in Japan	8	16	8	4
Number of movies released in theatres in Japan	8	12	5	1
Percentage of exports (DVD) out of total number of movies	29.63%	29.63%	28.57%	18.18%
Percentage of exports (Theatre) out of total number of movies	29.63%	22.22%	17.86%	4.55%
Percentage of exports (average) out of total number of movies	29.63%	25.93%	23.21%	11.36%

Source: Own analysis from collected data from questionnaires and Appendix.

Note: Items A to E are calculated by summing up the weighted score of favourability of each company in each level. For example, the score of macro level for GTH is calculated in the following expression:

$$0.72 + 0.71 + 0.66 + 0.56 + 0.00 + 1.74 + 2.39 + 0.00 + 0.00 = 6.78$$

Although GTH has produced only a few movies, 29.63 % of their movies were exported to Japan as DVD or as theatrical release, which is the highest percentage among four companies. This data, again, matches with the total score of the competitiveness for GTH, which is also the highest among four companies.

Therefore, we can conclude that the pattern of trade, especially the export to Japan of Thai movies, can be explainable by the theories of competitive advantage. The more competitive each Thai production company is, the more it can export the products (Thai movies) to abroad (Japan).

4.1. 2. Qualitative analysis by descriptive approach

Although we could find in the previous section that the pattern of exporting is matched with the theory of competitive advantage from the numerical data, we should analyse more details about the resource of the competitiveness of the Thai movie industry and companies, so that we can suggest sufficient recommendation for public policy to serve our third objectives mentioned in Chapter I.

Macro Level

Technological change was one of the most favourable factors for the Thai movie industry and companies. The technological change is very important because it directly helps to put more values in the quality of movies. For example, computer graphics have been serving as a tool to improve the quality of images as well as to make difficult actions and/or situations possible as cinematic scenes. New technologies often help to reduce the cost for production. At the same time, new technical devices such as sound systems in multiplex theatres can pull more potential of movies. However, if the Thai movie industry or company fails to catch up in the trend of technological change, its

content of the movie will be less attractive to the audience than other up-dated foreign movies in general.

So far in 1999 – 2005, the catch-up of adopting new technology in the Thai movie industry was not far behind from the other countries such as the US and Europe, as Suwanapokin (2007) points out:

The technology for shooting movies such as computer graphics has been drastically improved in Thailand in these years. We can clearly see the higher quality of the computer graphics and shooting technologies in such movies as *The Legend of Suriyothai (2001)* and *Last Life in the Universe (2003)*. Thanks to the globalization, it becomes so fast to catch up or adopt the new technologies from Europe or the US and consequently it makes Thai movies have better quality.

The new technology called “High Definition (HD) system” has also contributed to make the factor of technological change favourable for the industry, as Towira (2007) points out:

The HD system comes to Thailand around 2003. It reduces the cost for production drastically. *Citizen Dog (2004)* and *Noo-Hin The Movie (2006)* were made with the HD system, without using the 35-mm film reels. Although at this moment we have to convert the HD video into 35-mm film to screen in theatres, some of the theatres start to provide the projector for the HD system as well. So in the future, we can screen the HD video as it is in the video format. The HD video can re-record again and again. The way of shooting will also gradually change. No need to print to the film, too. This system is not the global standard in the movie industry at the moment. But gradually it will become. Film production house will rent the HD video for shooting. The rental fee is also cheaper than the camera for 35-mm film.

Whether or not the technological change becomes favourable for the Thai movie industry and companies depends on the speed of absorbing and adopting the new technology from abroad. For the past six years from 1999 – 2005, Thailand has been

successfully catching up with the technological change, together with the other favourable factors such as economic growth, GDP per capita and education.

Lifestyle change also has a significant role to make the Thai movie industry or company competitive. Whether or not going to see a movie is a choice of lifestyle. The lifestyle of teenagers, who are the majority of the audience in Thailand (Wiwatsinudom, 2007), tends to be affected by trend and fashion. Therefore the number of the audience (demanders) often fluctuates according to the change in lifestyle. The lifestyle change can consequently give the high impact on box office revenues.

So far in 1999 - 2005, the lifestyle change in Thailand was favourable for the Thai movie industry, as Uabamrunjit (2007) points out:

The activity to see movies becomes one of the lifestyles of teenagers since late 90s, because the multiplex theatres offer a package of entertainments together with other recreations such as bowling, karaoke, restaurant, etc. So it becomes easier to access to the theatres, as one of the activities on holidays for entertainments. This trend made the Thai movie industry grow in the terms of the number of the audience.

Apart from the lifestyle change in the domestic context, Towira (2007) also points out the change in the international context as follows:

The global society makes people know more about the international news on the films. For example, Apichatpong's film can be now acceptable, if not for the masses, in this globalized society, because some people know what the award in the Cannes International Film Festival means for the quality. People's taste has more variety. The variety of lifestyles (more choices for the life) makes people's taste for film differentiate more and more.

It is true that Apichatpong Weerasethakul's movie entitled *Blissfully Yours* (2002) was screened in theatres in Thailand in 2003 (Movie Release Schedule in Thailand 2003, 2007) just after receiving the "Un Certain Regard" award at Cannes International Film Festival in 2002, although his previous movie entitled *Mysterious Object at Noon* (1999)

was not commercially released in Thailand even it had gotten an award from an international film festival in Japan.

Therefore, we can say that the change in lifestyle during 1999 – 2005 was so favourable that it made the demand for Thai movies increase and diversify.

When we consider the quality of the domestic demand, education has a significant role to improve the quality of demand, which indirectly contributes to the competitiveness of the Thai movie industry. The higher the people's education level is, the more the demand to the contents of the movies becomes sophisticated and detailed, and it helps the movies to have more quality, as Suwanapokin (2007) says:

The audience has more knowledge these days. The movie producers cannot make them surprise or feel new by a cheap technical method or easy story telling.

Arayangkoon (2007) also gives a similar comment on education as follows:

There are two kinds of educations; in school and through the internet. Directors cannot fake the audience. If the story is too simple, the audience with high education tend to feel boring, easy to predict. So more complicated stories are required and it is good to make Thai movies competitive.

Therefore, the increasing level of education can be favourable and unfavourable at the same time for the industry. While the artistic endeavours to create new types of movies are welcomed and understood by more of the audience, repetitive production of similar movies cannot survive so easily. Creators, therefore, have to pour more of new ideas sustainably into the movie production these years.

National Level

As for the factors in national level, we found a sharp contrast in two important factors in human resources; a director and a scriptwriter. While a director could be one of the strongest factors for the competitiveness of the Thai movie industry, a scriptwriter was regarded as one of the weakest factors.

That is true that a couple of Thai director's names such as Apichatpong Weerasethakul, Pen-ek Ratanaruang, and Nonzee Nimibutr have been circulated in the international film markets as new wave directors from Thailand with unique qualities receiving several awards in the international film festivals¹.

Although the movies by Apichatpong Weerasethakul are still difficult to penetrate the Japanese market commercially, due to its experimental contents in styles and storytelling, all of his feature movies were screened in Japan in several occasions such as film festivals and retrospective screenings focusing on the director².

The movies by Pen-ek Ratanaruang and Nonzee Nimibutr, on the other hand, are constantly exported to Japan, if not all of their movies. As Ponvanit (2007) points out:

Foreign distributors see the story first, then, look at the name of the director. If they believe that the director has a certain quality for them, they will decide to buy. If the story is not interesting, they will not buy.

Negami (2007) also confirms that they took a note about the name of the director when they decided to purchase the copyright of the movie, *Monrak Transistor* (2001) by Pen-ek Ratanaruang. They decided to purchase the movie because they had known the name of the director through the movie, *Sixynin9* (1999) by the same director in international film festivals.

Therefore, we can say that some emerging Thai directors known in the international circuit contributed to increase the competitiveness of the Thai movie industry as a whole.

However, the competitiveness of the Thai movie industry is reduced by the weak script and its storytelling. There are no professional scriptwriters in Thailand who can earn the living only by writing a script for a movie. As Towira (2007) says:

Nobody wants to be a professional scriptwriter, because the status is unstable, the fee is too low. It is totally different with the TV scriptwriters. They can constantly earn the fees from series of scripts.

¹ See, for example, Uamjaroen (2001), Lewis (2003) and Harrison (2005).

² Apichatpong's feature movies, *Mysterious Object at Noon* (2000), *Blissfully Yours* (2002), *The Adventure of Iron Pussy* (2004), and *Tropical Malady* (2005) were all screened in the Japan Foundation Forum in Tokyo in November 2005, organized by the Japan Foundation.

The relatively low payment for scriptwriters does not encourage them to make profound research before starting to write a script. Or they simply cannot afford to spend much time to develop the script due to the lack of the earnings to survive.

The pre-production goes worse when the producer is not good enough, as Uabamrunjit (2007) points out:

Producers in Thailand tend to give a green light to an idea too easily. Even before fully developing the idea into a solid script, the production can go forward.

Lim (2007) also adds:

To find a good story is not difficult but the problem is the producers do not understand its good script. Thai producers tend to give a green light just after listening to the half idea of the story. Producers and directors are so interested in making the movies themselves, and how to get financed, but not so interested in developing the good script.

However, in overall, knowledge resource was so favourable for the Thai movie industry, and many of the human resources, including the potential resources, could learn a lot of inspirations, images, storytelling, techniques through DVDs and the internet these years. The confluence of the information and knowledge can upgrade the quality of the scriptwriters to some extent, as Thongkongtoon (2007) gives us an alternative comment:

In these five years, the quality of the scriptwriters became far better. New talents joined the industry, who studied film directly, or came from the commercial film industry. There are many sources to get the knowledge on film production, techniques and past developments through the internets, DVDs, etc.

Therefore, the weakness of the human resource, a scriptwriter, must not be in the quality of the human resource per se but be in the system of the pre-production to fully develop a good idea into a good script.

GTH, for example, tries to conquer the problem by changing the pre-production system, as Thongkongtoon (2007) reveals the system in GTH as below:

GTH adopts the policy to allocate more time to develop the story. It takes longer time. Take the example, *The Shutter (2004)*. It took so long time before giving a green right to produce. After getting the rough idea, until developing the full script, we made researches and carefully developed the story into the script. For the fee for the scriptwriter, at first, we give a fee for the treatment (a rough idea). Then later on, we will give a fee for the full script too. For example, we will give 60 % for a treatment, and then, 40 % for the development to the script.

As the movie, *The Shutter (2004)*, was successfully exported to the Japanese market both in DVD and theatrical formats regardless of the new names of the directors³, the efforts by GTH to strengthen the weak point of the script should have had some influence to the competitiveness or the quality of the movie per se.

Here, however, again, the quality of the producer who gives a green light to the idea has a significant role to add the competitiveness in the movies, as Litman (1998:xi) gives a comment on the competitiveness of the Hollywood movies as follows:

What makes the “major” studios “major” is not their corporate wealth or luxurious surroundings but their talent in recognizing new ideas and consistently turning them into hit movies.

Therefore, not only the talents of the directors but also the combination of a good producer and a good scriptwriter are important to build the solid competitiveness for the Thai movie industry and companies as well.

As to the other human resources, the Thai movie industry has less pool of human resources and they make it difficult for the industry to put more production value on the movies.

One problem is in the potential resources who want to join the industry. Most of them want to be just a director and don't pay much attention to the other positions of artistic inputs. Even those who studied arts in the universities, they want to be film

³ See Appendices.

directors (Arayangkoon, 2007). Therefore, many talents tend to incline toward the role of the director and it makes the other artistic roles and values relatively weak.

The other problem is that there are no schools for cinematographers, costume designers, make-up specialists, etc. The film courses in universities focus on directing and analysing movies. It consequently makes people difficult to know what the roles of the required positions are and people have no idea to be in such positions. Therefore, even though the current staffs in each position in general have developed their skills and deepened their artistic perspectives, they are still in weaker conditions, as Sunpituksaree (2007) points out:

Cinematographers and art directors are not so active to change the generation. Not so many pools in this field, no special schools for these skills neither. Special effect, the skills are spilled over gradually, but still not the best quality. Make-up specialists are the same persons for long time. Costume designers as well. There are no schools for that. For actors and actresses, no good school for acting either. Many of them are still found in a city, when they are walking around Siam Square.

Arayangkoon (2007) also adds one more point on this matter as follows:

We have no union or association of each position. There are no associations for cinematographers, art directors, costume-designers, etc. So they have no bargaining power for their fees, no cumulative study for improving the quality, and consequently become weak positions to be professional enough.

Therefore, upgrading each position's value can be one of the keys to add more competitiveness in the Thai movie industry in the future.

As for the capital resource to produce movies, many of the Thai movie companies, if not all, can prepare the money from their own funds. In the case of Japanese movie companies, for example, almost all of the movies are funded by several companies, which make difficult for producers to start the movie production with their own ideas. They often have to compromise or change a cutting-edge idea into a milder idea in the process of getting funds from several resources. Therefore, this availability and abundance of

capital resource in Thailand consists of one of the competitiveness of the Thai movie industry.

There is, however, a good point to co-produce a movie by several companies in some cases. They can minimize the risk to loose money when the movie was flopped in box office revenue. Thus, it is also good for each company if they can choose how much they put their own funds in one movie production, based on the prediction of the risk on the movie. If it is rather experimental one, they can share the risk by co-producing the movie, although their rents will be less than the rents in which they produce by themselves.

The worst factor to be competitive for the Thai movie industry in national level is the problem of piracy. It drastically reduces the revenues of many Thai movies. Although there are no official data about the amounts of revenues damaged by piracy, the box office revenue of *Khan Kluiay (2006)* is, for example, believed to have reached at 120 million baht if there is no piracy in VCD/DVDs in the market. But it could not reach even at 100 million baht in the end (Sunpituksaree, 2007).

As this factor cannot be controlled by each company's effort, government should take actions to get rid of piracy from the market.

Industry Level

Access to the distribution, exhibitors in the case of the movie industry, is the most important and favourable in the Thai movie industry. Even though a movie company finishes producing a movie, if there is no screening in theatres, the company cannot recover the costs for production. The movies, especially feature movies with certain amounts of budgets, have to be screened in theatres to earn the box office revenues.

There are 52 weeks per year. In Thailand's case, the Federation of National Film Association of Thailand arranges and allocates the week of screening for each Thai movie in order to avoid a fierce competition among Thai movies. Every week, up to two Thai movies can be screened in theatre by the arrangement of the Federation (Sunpituksaree, 2007). Therefore, theoretically, $2 \text{ (movies)} \times 52 \text{ (weeks)} = 104$ movies can be equally

screened in theatres per year. As there were less than 50 movies each year during 1999 – 2005, the access to the distribution for each company at that time should have been not difficult and favorable as numerical data revealed in the previous section.

There is, however, a threat for each Thai movie company regarding to the screenings in theatres. Although the access to the distribution is relatively easy and favorable, the life time of one movie in theatres is drastically shortened along with the increase of the number of Thai movies produced each year (Thongkongtoon, 2007). It consequently triggers an over-budgeted promotion war among each company to get as much audience as possible in the first week of screening. Therefore, if there are more competitors in the Thai movie production companies, the more they have to compete each other for getting the limited chances of screenings.

Besides, the monopolistic power of exhibition sectors, whose existence is revealed by Nukaew (2005), makes the competition problematic. As the two exhibition companies, Major Cineplex and SFX Cinema, dominate the exhibition market, it is difficult for each Thai movie company to screen a Thai movie for longer time not in plethora of theatres but in a couple of theatres. Screenings tend to be all or nothing. This inflexibility gives less diversity in choices for the audience. Thus, the size of domestic demand, although this factor is categorized in national level in this study, tends to fluctuate by chance, as Wiwatsinudom (2007) points out:

Size of domestic demand depends on the situation of the other movies' supply such as Hollywood movies and Korean movies. If there are no interesting movies at that time in a theatre, then they choose a Thai movie as the alternative choice.

Therefore, not only the access to the distribution should be favorable for the Thai movie industry, but also the number of competitors should be favorable to sustainably competitive. To reduce the fierce competition among competitors in movie productions, one of the alternative solutions is to diversify the choices for the audience in one week by the efforts of each exhibition company to allocate more movies at the same week.

Government role

The numerical data revealed that none of the government roles are favorable for the competitiveness of the Thai movie industry. Only the tax advantage for importing film devices is at neutral for the competitiveness.

The worst factor is censorship by the government. Although it is still not evident if there is a causal direct relationship between the effect of censorship and the quality of the Thai movies, many of the producers and experts point out its indirect effect on the creativity and diversity of the Thai movies.

For example, Uabamrunjit (2007) says:

Censorship makes the creativities of creators shrink, because the standard of the censorship is not clear, with the right to cut the scenes whenever the committee thinks it is needed.

Suwanapokin (2007) also adds:

Censorship directly reduces the variety of genres in Thai movies because many producers refrain from making movies with controversial contents, which might make the audience feel something new.

The problem is, however, not in the censorship itself but in the unclear standard of the censorship. The unclearness of the standard makes producers awkward to give a green light to controversial ideas and inappropriate scenes. The definition of controversy and inappropriateness changes over time. Experimental and creative ideas often come from such marginal areas of definition. Therefore, censorship can be an obstacle for the Thai movie industry to gain the sustainable creativity which can be one of the resources of the competitiveness.

As for the role of government, further discussion will be conducted in Chapter V.

Additional factors

The international agency, in the beginning, was an important factor for the Thai movie industry to be competitive in the international market, because few movie companies had the international sales department. It was difficult for each company to promote their movies in the international context with English explanations.

The Asia office of Fortissimo Film (The Netherlands) and Golden Network Asia Ltd. (Hong Kong) were, however, keen on promoting Thai movies as one of their international distributable products. As Uabamrunjit (2007) points out, they made Thai movies been internationally recognized, spreading its good images to the buyers.

But the first penetration of Thai movies abroad was through the international film festivals. Without the screenings of movies such talented directors as Pen-ek Ratanaruang and Nonzee Nimibutr in several film festivals, such international agencies would not be interested in Thai movies as a whole in such an early period.

The least favorable factor to be competitive is a cultural factor. We cannot neglect this factor as insignificant factor to contribute to the competitiveness of the Thai movie industry. Thai language, for example, can be an obstacle for foreigners to fully enjoy the contents of the Thai movies, as Thongkongtoon (2007) points out:

Horror and actions, and other strange contents like snake, alligator, etc., are easier to sell abroad. I think it is because these movies focus on the images to convey the story more than dialogues in language. So comedy tends to be difficult to sell to the international markets because it is based on the dialogues in Thai language. *M.A.I.D (2004)* and *Metro Sexual (2006)*, for example, could not reach the international market. I think it is because these comedies have too many local tastes and foreigners cannot understand the meanings of some scenes based on Thai cultural context.

When we think about the plethora of inflows of Hollywood movies including comedies into Thailand, we have to say that the difficulty of exporting Thai comedies abroad must be due to its cultural discount to the foreigners. Thai culture itself is still not so much understandable for foreigners, comparing with the American culture abroad.

Therefore, if the Thai movie industry tries to obtain sustainable competitive advantage in exporting, they should focus on not only exporting image-oriented movies such as actions and horrors, but also promoting Thai culture itself in order to gain more foreign audience in more genres.

4.2. Analysis of internationalization

Apart from the competitiveness, the internationalization of the Thai movie industry is also a key issue in this study. While the analysis of the competitiveness focuses more on static factors, the analysis of the internationalization allows us to examine the dynamic change on factors over time.

In this section, we analyse the process of the internationalization of the Thai movie industry through two approaches; Product Life Cycle and Linder Hypothesis.

4.2.1. Qualitative analysis by Product Life Cycle approach

In the Thai movie industry, the first breakthrough to gain the awareness in the international market was the impressive debut of the new wave directors, Nonzee Nimibutr and Pen-ek Ratanaruang in 1997 when the economic crisis had crushed on Thailand.

As for Nonzee's first movie entitled *Deang Bailey and His Young Gangsters (1997)*, the first sequences which depict the main character's ceremony for entering priesthood with flash back images of his past gang deeds were so innovative in the terms of the way of montage, storytelling, angles, tempo and speed. Its visual impacts with solid script attracted much audience and it consequently earned the highest box office revenue in Thailand at that time.

Regarding to Pen-ek's first movie entitled *Fan Bar Karaoke (1997)*, it successfully depicted the newly established mood of Bangkokians in the contemporary society with highly sophisticated movie language which develops the story with images, without any explanative dialogues.

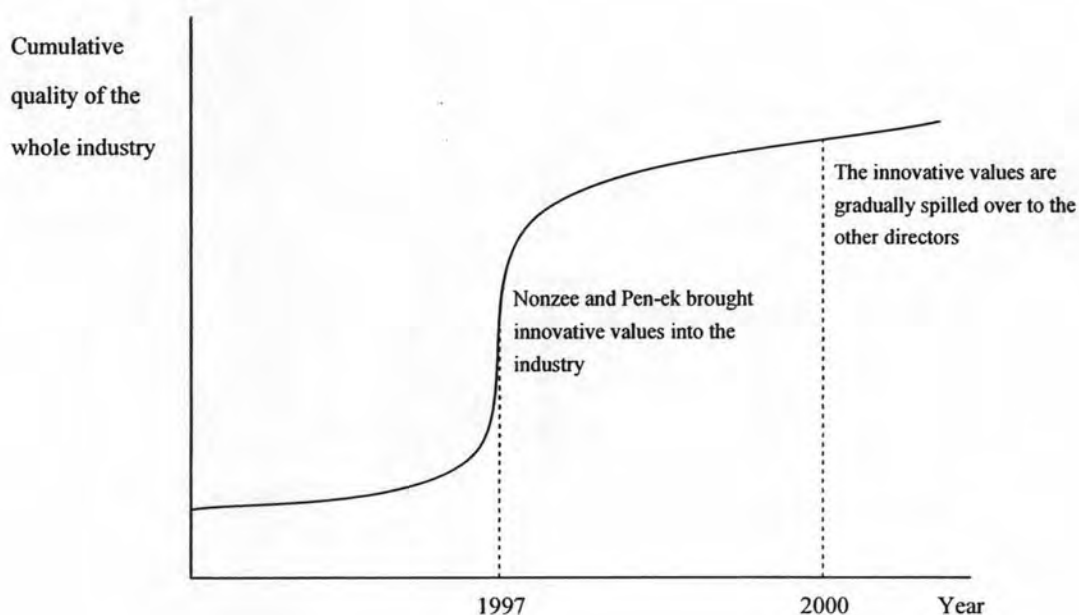
Both directors joined to the movie industry sliding from TV commercial film (CF) industry in the economic crisis period. They imported the know-how and crew from the CF industry who had more systematic and effective skills, methods and ideas to put more values on the products than the past crew in the movie industry. In short, they brought innovative values to the quality in the Thai movie industry. In the framework of the

product life cycle, we can say that the relatively higher qualities in productions cumulated by these directors and crew contributed for the industry to take off for better qualities as a whole. In short, the year 1997 was the beginning of the innovative (taking off) stage for the Thai movie industry.

Then, such innovative values were gradually spilled over to other movie directors and crew such as Thanit Jitnukul and Bandit Rittakol, etc., through the productions of their continual movies such as *Nang Nak* (1999) by Nonzee Nimibtr and *Sixty-nine* (1999) by Pen-ek Ratanaruang. The qualities of Thai movies in general were consequently upgraded after that (Towira, 2007). We can witness the drastic change of the quality between *Hello Countryside* (1999) and *Bang Rajan* (2000) both directed by the same director, Thanit Jitnukul, in the terms of storytelling, vivid images in consequential scenes, editing, sounds, music, to name the few. The latter movie, in particular, earned the highest box office revenue in Thailand in 2000. This cycle of innovative quality can be graphically described as in Figure 4.1.

Figure 4.1

The cycle of innovative quality in the Thai movie industry

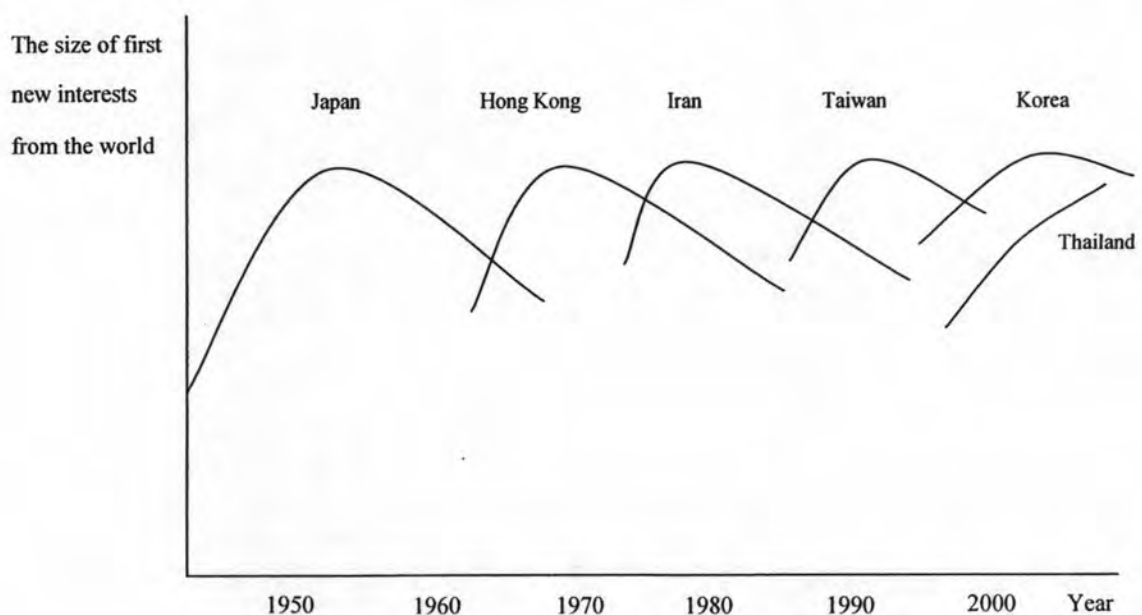


Source: Own analysis

In the international market of movies, on the other hand, there is also a certain cycle of boom and trends for particular country's movies. For example, in 1950s, just after the World War II, the names of Japanese movie directors such as Akira Kurosawa, Yasujiro Ozu and Kenji Mizoguchi were circulated in the international markets as new and fresh faces, followed by Hong Kong movies in 70s, Iranian movies in 80s, Taiwanese movies in 90s, and Korean movies in 2000s. Although the freshness and boom of each country's movies can revive later with new directors and movies, there are certain booms happening on the first emerging appearance of one country's movies especially from Asia in the international market, adding new cultural unique tastes which were unfamiliar for the foreign moviegoers but became understandable equipped with standardized movie language with quality. This cycle of first new interests toward Asian movies can be graphically described as in Figure 4.2.

Figure 4.2

The cycle of first new interests toward selected Asian movies
from a particular country/region



Source: Own analysis

The circulation of Thai director's names since late 90s in the international circuit was also in the same vein, although the size of the interests is still smaller than the interests to Korean movies judging from numbers screened in the international film festivals and numbers of articles scooped in media. However, we can say that the first new interests toward Thai movies has been increasing since late 1990s.

The first penetration was attempted by Tony Rayns who is a movie critic and specialist for Asian movies based in London. He found the quality in such new Thai movies as *Deang Bailey and His Young Gangsters (1997)* and *Fan Bar Karaoke (1997)* and introduced them to several international film festivals with recommendable comments on them. Then the circumstance was formed that new comings from Thailand were new and fresh, with unique characteristics and good quality.

The Japanese distributors were also aware of Thai movies under these circumstances in the international market. When Klockworx Co., Ltd decided to purchase the movie directed by Pen-ek Ratanaruang in 2002, they had known the name of the director with unique quality and had been interested in his next movie since then (Negami, 2007).

An established movie magazine named "Kinema Junpo" in Japan also featured a long article on Thai movies entitling "Hot Thai movies!" in January 2002 (Kinema Junpo Magazine, 2002:81-91). As only six years have been passed since its continuous export of Thai movies since 2000, it is still difficult for us to judge whether these flows of Thai movies into the Japanese market are just the circulative trends or not.

However, it is true that the consequential movies such as *The Iron Ladies 2 (2003)* for *The Iron Ladies (2000)* and *Tom Yum Goong (2005)* for *Ong-Bak (2003)* were not so successful in the terms of box office revenues in Japan (Negami, 2007). Although the popularity of Thai movies and Muai Thai has been increased due to the series of Muai Thai action movies, it seems that the feeling of new and fresh toward Thai movies for the moviegoers in Japan has been diminished over constant flows of similar Thai movies to Japan.

Therefore, under the product life cycle approach, we can analyze that the Thai movie industry has to sustainably innovate its products in order to continuously export to Japan,

otherwise the cycle of trends for new movies will go to the other national movies such as Malaysia and Mexico, to name the few.

4.2.2. Qualitative analysis by the Linder Hypothesis approach

Even though we found the innovation in the quality of the Thai movies since 1997, it is still inadequate to fully explain the revival of the Thai movie industry as a whole and its competitiveness to the international market. We should, therefore, continue to analyze the industry through another approach; the Linder Hypothesis approach.

The demand to Thai movies in Thailand before 1997 was so weak because of the influx of sophisticated Hollywood movies. The new equipments for sounds and images in newly established multiplex theatres since 1994 were more suitable to emphasis on the quality of Hollywood movies than Thai movies. Thai movies had been regarded as B-grade or unsophisticated movies at that time.

The new entries of the innovative movie directors such as Nonzee Nimibtr and Pen-ek Ratanaruang were just a start. It should be just a part of the reasons for the continual high demand to Thai movies since 1997. Without the structural change in demand, the revival of Thai movies should not have been happened especially in terms of box office revenues.

What had happened in the Thai movie industry was a part of the environmental phenomena visible in the whole society. The economic crisis happened in the process of modernization in domestic context and globalization in international context. It made Thai people less confident about themselves and created a mood to review their own identity. As Jirattikorn (2003:298-299) points out:

The economic crisis thus provoked a revival of interest in local culture as a reaction against everything modern and global. The King's birthday speech in December 1997 emphasized the idea of self-sufficiency, self-reliance and the idea of going back to a simpler economy. The government also launched the 'Thais-Help-Thais' and 'Buy Thai' campaigns. At the level of popular culture,

Thailand saw the revival of 'authentic', 'local' culture such as *lukthung*, a Thai country music.

The structure of demand to Thai movies, thus, has been changed since the economic crisis and the change was favourable for the Thai movie industry. The communication between increasing demands caused by the structural change in which the national identity was more sought and the continual supplies serving for the new demands resulted in the sequence of continual highest box office records of so-called period movies, *Nang Nak (1999)*, *Bang Rajan (2000)* and *The Legend of Suriyothai (2001)*.

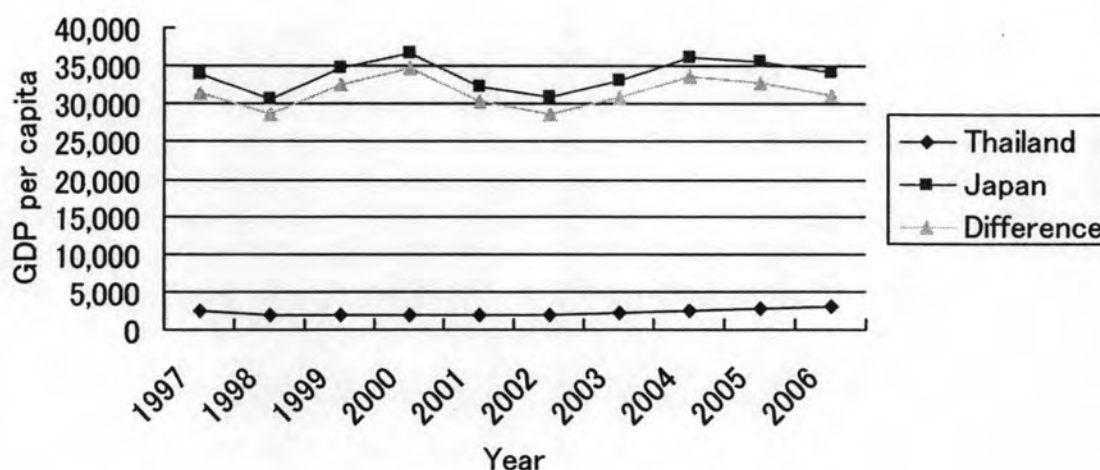
Regarding to the Japanese demand to Thai movies, it is apparent that the demand is not the representative one in the movie market, since none of Thai movies have earned top 30 box office revenues as foreign movies in a year since 2000 in Japan.

As we can see from the comparison of GDP per capita in both countries described in Figure 4.2, the structure of demand according to the Linder Hypothesis framework should be totally different due to the big gap of GDP per capita between two countries.

The Japanese distributors started to import Thai movies just in order to diversify their collections of movies to offer. The starting point was, however, that they found the qualities of Thai movies had been increased up to at least standard level to supply for the niche Japanese market⁴. Therefore, we can say that Thai movies were supplied mainly for the unrepresentative demand to fulfil the so-called "Love of variety" utility of demanders in Japan. It is said that the higher the incomes are, the more people want to select products from diversified choices. The more the variety of the choice is, the more people's utility increases.

⁴ Both of Negami (2007) and Matsushita (2007) answered so when the author interviewed with them.

Figure 4.3
GDP per capita in Thailand and Japan



Resource: World Economic Outlook Database, IMF

If this explanation can be the reasoning of the pattern of export of Thai movies to Japan, the export should be fluctuated depending on the random choices of movies from various resources by the Japanese distributors.

There is, on the other hand, a different reason for the Japanese distributors to import the Thai movies to the Japanese market. As Negami (2007) points out:

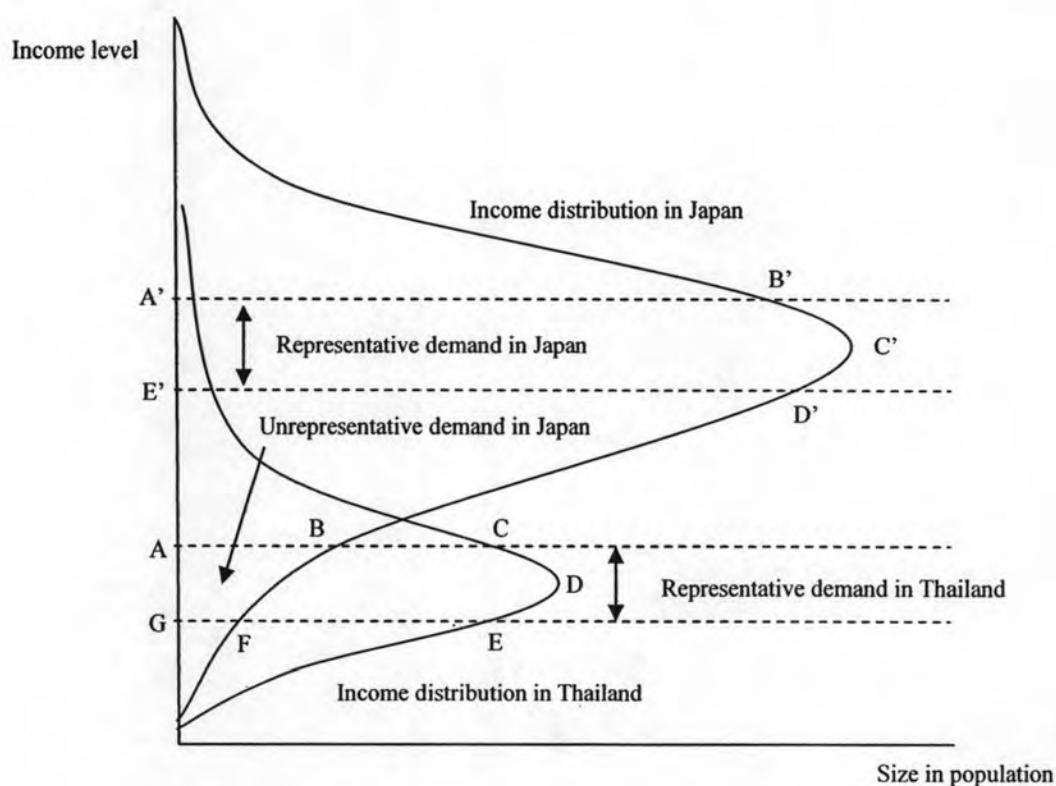
Thai movies in general are still regarded as a kind of B-grade movies in Japan. Although some of the audience started to recognize there are sophisticated movies in Thailand, they still expect unbelievable cheap and funny stories in Thai and other minor foreign movies. They enjoy such movies as typical B-grade funny movies. Therefore, some of the Japanese distributors intentionally import so-called B-grade Thai movies to serve for such a niche demand.

This reasoning can be possible when we find the analysis of movie demand in Thailand by a Thai movie director, Wisit Sasanatieng as follows (Bioscope, year unknown:9):

Thai people see movies like kids; pure and simple-minded. It is not necessary to suspect whether the story is real or not. They never raise questions. But they are intellectuals and those who studied abroad or have more knowledge about the world who raise questions or become sceptical about the contents of the movies. It is like the occultism. Don't ask questions. Just believe it. But it is important in a sense that the belief can produce unoccupied mind, it can generate energy, it can make incredible things happen. This seems to be rooted in the mind of Thai audience. Therefore, belief is belief. Love is love. They are straightforward. Interesting thing is interesting. If they like it, they just like it. Dislike is dislike. There is no way to think like this...oh this is interesting but....is there anything else? What is the style of the movie? What is the type of the story? We don't need to think like that...because in the end everything is included. If there is no comedian, it is like a lack of one taste. A Thai movie has every taste in one. This is the characteristic of Thai movies. We cannot change it. Thai people are not so serious, do not think too much. This is not the matter of right or wrong. But this is the way we are.

Therefore, if the preference of the Thai audience in general derives from the income level in the framework of the Linder Hypothesis, we can assume that there should be similar type of demand in Japan as there must be a certain amount of Japanese audience, if not representative in terms of number, in the same level of income with Thai audience. As they are not representative in demand, their utility tends not to be satisfied by the domestic supplies. Here is the opportunity for the Thai movie companies to penetrate the Japanese market to serve for such unrepresentative niche demand in Japan. This can be graphically described as in Figure 4.3. Rationally thinking, in order to minimize the risk for uncertainty, Thai movie companies would offer movies that match with representative demand in home country, which is depicted in the area of ACDEG in the figure 4.3. In the same vein, Japanese movie companies would produce movies that match with representative demand in the domestic market, which is depicted in the area of A'B'C'D'E'. Therefore, it is rather difficult for the Japanese distributors to supply

Figure 4.4
Income distribution and representative demand both in Thailand and Japan



Source: Own analysis

movies for the niche demand depicted in the area of A_{BFG}, due to lack of choices in the list of Japanese movies. If they can, however, widen the selections not only from Japanese movies but also foreign movies, Thai movies can be one of the attractive movies to offer a variety of choices for such niche demand. Thai movies consequently can be exported to the Japanese market to serve for such niche market, if not many in number. The numerical data in Appendices that many of the Thai movies exported to Japan were sold only in DVD format without being screened in theatres explicitly shows that the demand for Thai movies in Japan is not strong and unrepresentative in the market, and consequently Japanese distributors have to supply the Thai movies in cheaper and less risky format like DVD sales.

4.3. Existing problems

The analysis of the competitiveness of the Thai movie industry found that there are several factors which have made the Thai movie industry more competitive than before. As the beginning of the export of Thai movies to Japan coincides with the increasing competitiveness of the Thai movie industry over time, the pattern of export of Thai movies seems to be explainable by the competitive advantage theory.

Such movies as *Sixynin9 (1999)*, *Monrak Transistor (2001)* and *Last Life in the Universe (2003)* directed by Pen-ek Ranataruang, for example, are apparently exported to Japan because of its qualities of the contents upgraded by such factors as human resources, especially the movie director and technological change, which compose of the competitiveness of the Thai movies. We can say that the movies directed by Nonzee Nimibutr, *Nang Nak (1999)* and *Jan Dara (2001)* are also exported in the same vein.

There are, however, several movies which could not penetrate the Japanese market in spite of its competitive qualities. For example, *Bang Rajan (2000)*, which earned the highest box office revenue in 2000, could not attract the Japanese distributors to commercially screen it in Japan, although it was apparent that such competitive factors as capital resources, human resources and upgraded technologies were fully utilized in the movie. *The Legend of Suriyothai (2001)* directed by M.C. Chatri Chalerm Yugala, which also earned over three times higher box office revenue than the ever highest record in 2001 and everybody in Thailand knows its plethora of budget to spent for the production, could not reach to the Japanese audience. Even the copyright of the movie, *Okay Baytong (2003)* directed by the same promising director Nonzee Nimibutr, was not purchased by any of the Japanese distributors.

For these movies, we cannot conclude that there are less competitive factors in inputs to produce these movies, because each movie was directed by so-called A-grade directors in Thailand and well financed and distributed by relatively competitive distribution companies such as Sahamongkol Film International and Five Star Production. There should be other reasons which prevent them from exporting to the Japanese market.

One possible reason is the cultural discount in demand side. Cultural accumulations to understand some cultural contexts in movies are important to fully enjoy the contents. If the contents in terms of values and accumulative knowledge are unfamiliar for the audience, the audience cannot gain the utility from its consumption.

Bang Rajan (2000) and *The Legend of Suriyothai (2001)* were enjoyable especially for those who understand the historical background of its contents. Both movies depicted the historical stories occurred in Thailand. *Okay Baytong (2003)* was also a story about a priest who goes to the southern part of Thailand where many of the residents are Muslims. Without the knowledge of religious map of Thailand, the audience cannot fully enjoy its contents and ideas which the director tries to offer through the movie.

We can see this cultural discount from the other side as well. The most successful Thai movies in Japan so far were *The Iron Ladies (2000)* and *Ong-Bak (2003)*⁵. Negami (2007) reveals that the reason why his company selected *The Iron Ladies* to distribute in Japan as follows:

In 2001, Asahi Shimbun (newspaper) reported the news about the Thai movie, *The Iron Ladies*, which was at that time making second top box office record in Thailand. It says that the story is based on a true story. A transvestite volleyball team defeated the other male teams and finally won the championship. It is very interesting, we thought. It is very conceptual, easy to explain what kind of movie it is in a few words. In general, it is very difficult to promote a movie which requires long sentences to explain the contents. If we can promote a movie with a catchy one sentence, it is sure that the movie will be successful in the terms of box office revenue. At the time, there were only a few Thai movies commercially screened in Japan. That was advantage. We can introduce something new in the Japanese movie market. Besides, the story is based on a true story of a transvestite which is also one of the typical images of Thailand, which means it is easy for Japanese to

⁵ Although the box office records are not available due to the distributor's policy, the managing director of the distribution company, Negami (2007) answered that these two movies were most successful on the occasion of the interview by the author on 26 June 2007.

associate the image of transvestite and Thailand together even it was something new.

The easy association of a typical image of a nation from one representative cultural factor such as “transvestite” does not require any cultural accumulation for the audience to be interested in it. For *Ong-Bak*, the factor which provokes a clear image was the Thai martial arts, Muay-Thai, which is also a typical image of Thailand. However, off course, the qualities of the movies should be high enough to attract the audience continuously during its screening period.

The cultural factors seen in successful Thai movies in Japan mentioned above reveal that there certainly exists the cultural discount in demand side. Therefore, we can say that gaining the competitiveness is not sufficient to export the Thai movies abroad.