

The Changing Korean Media Landscape

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Agenda: Important questions

- **What are the trends of media in Korea?**
- **How are Korean legacy media, pay TV, IPTV and OTT markets changing?**
- **What would be the strengths and the secret sauce of Korean media's success?**
- **Are Korean media regulators doing well?**
- **So what?**

**What are the
trends of media
in Korea?**

Leadership in 5G network

**Korea launched world's first national 5G networks in April 2019.
5G subscribers reached 28 million (54.3% of the population) as of December 2022**

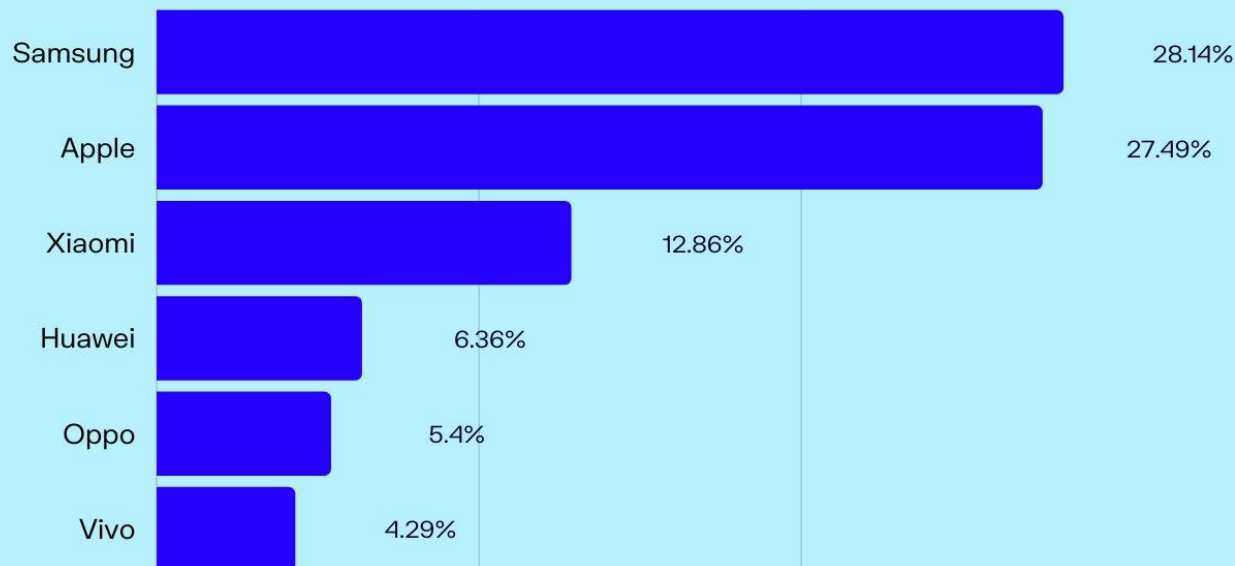


(Source: <https://thebiafrastar.com/south-korea-to-launch-worlds-first-national-5g-networks/>)

Leadership in smartphone market

As of July 2022, Samsung, a Korean maker, leads the global smartphone market, with a market share of 28.14%

Smartphone Market Share Worldwide



Source: GS Statcounter

OBERLO

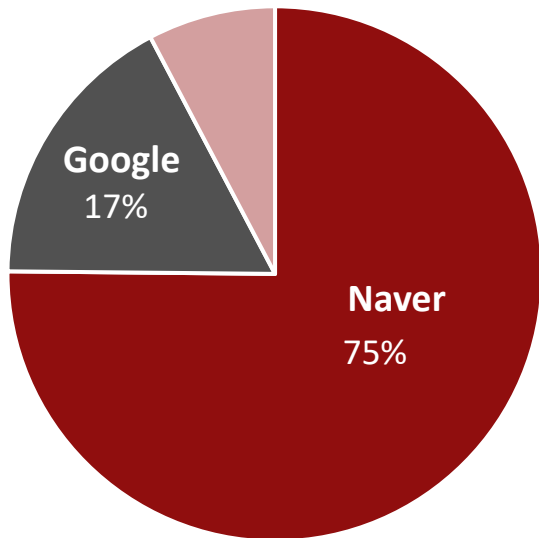
(Source: <https://www.oberlo.com/statistics/smartphone-market-share>)

Leadership in search platform

**Naver still ranks first in the search platform, but its share is decreasing.
Google's share in search platform is growing rapidly**

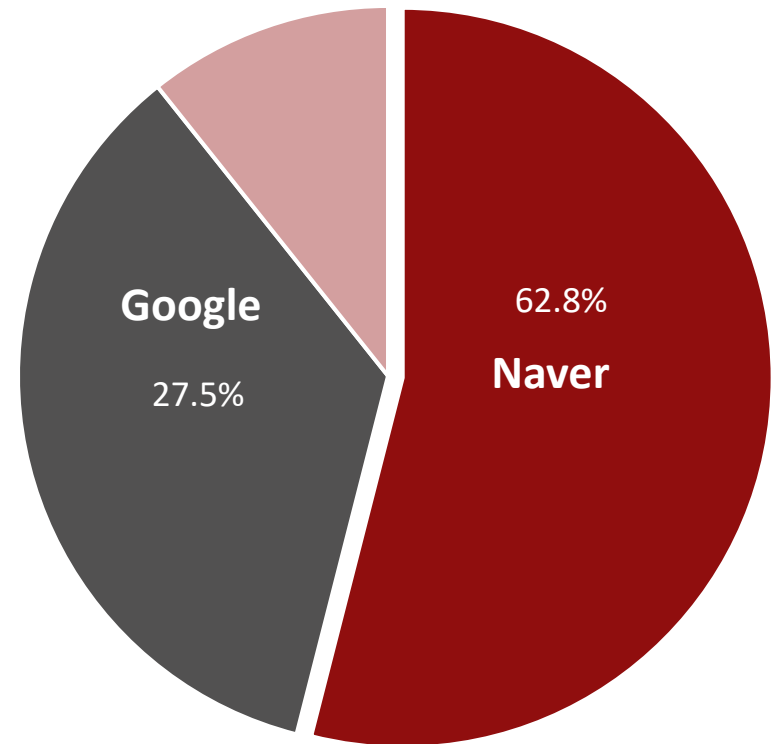
Search

2018



■ Naver ■ Google ■ Daum

2022



■ Naver ■ Google ■ Daum

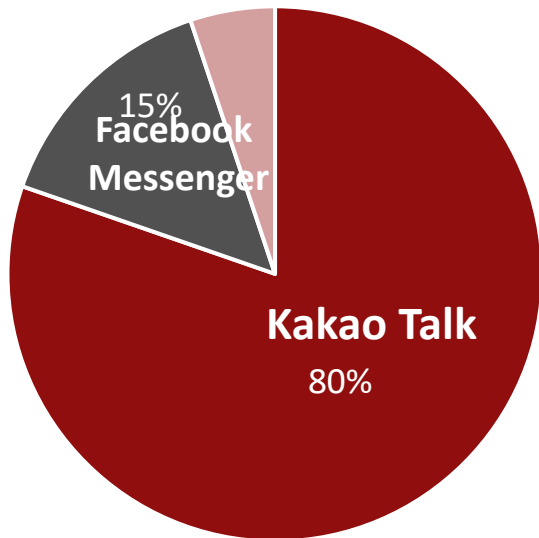
* Based on the number of monthly users (MAU) _ Unit: %

Leadership in mobile messenger platform

Kakao Talk, a local mobile messenger, maintains its dominant position in Korea

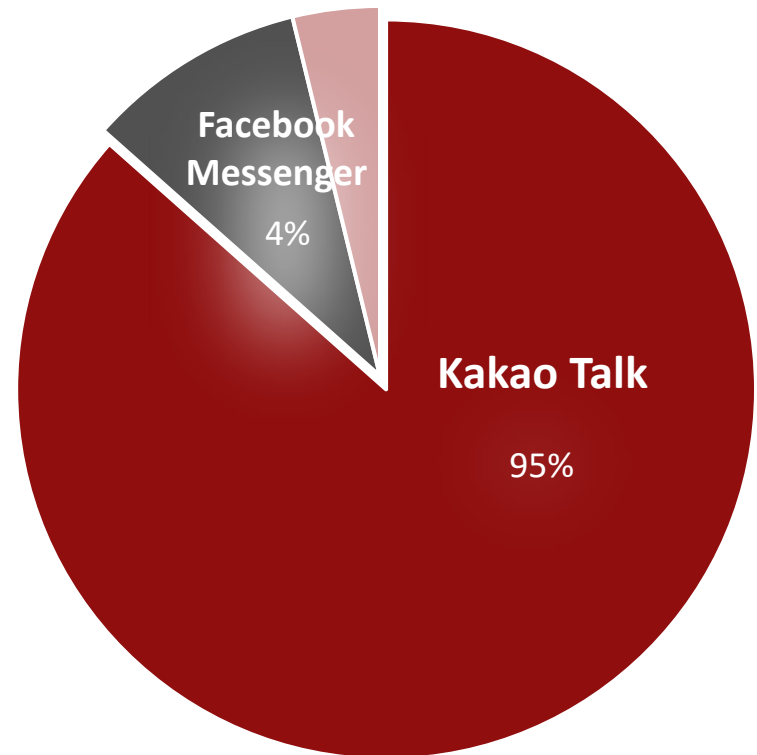
Mobile Messenger

2018



■ Kakao Talk ■ Facebook Messenger ■ Line

2022



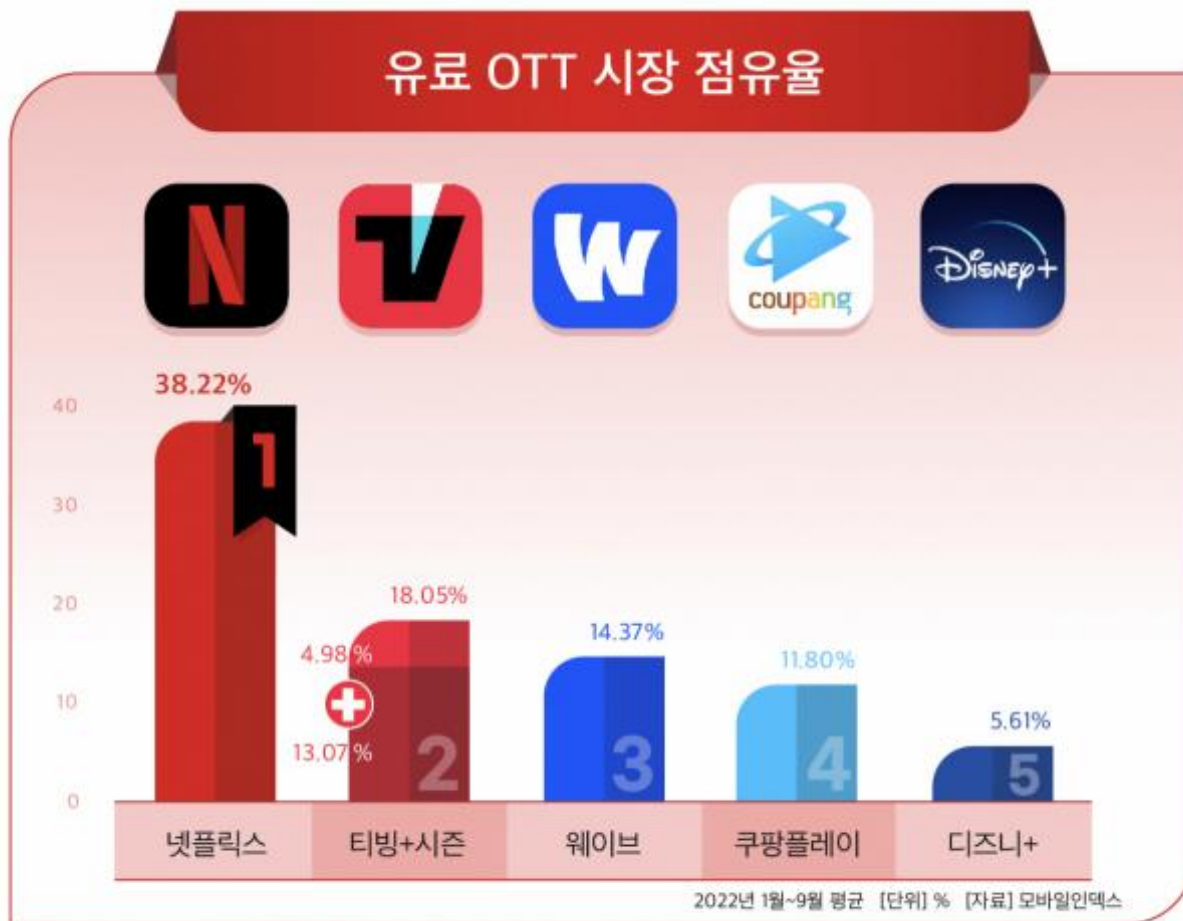
■ Kakao Talk ■ Facebook Messenger ■ Line

* Based on the number of monthly users (MAU) _ Unit: 10,000 people

Netflix's leadership in OTT platform

Local OTT platforms has lost their market shares.

Netflix with 38% market share became a dominant player in Korean OTT market



[그래픽] 권술 기자

(Source:
<https://www.ceoscoredaily.com/page/view/2022122110334496095>)

Global rise of Korean content on Netflix

**Squid Game was a sensation in nearly every region around the world.
It collected six Emmy titles at the 74th Primetime Emmy Awards**



(Source:
<https://www.news1.kr/articles/4910736>)

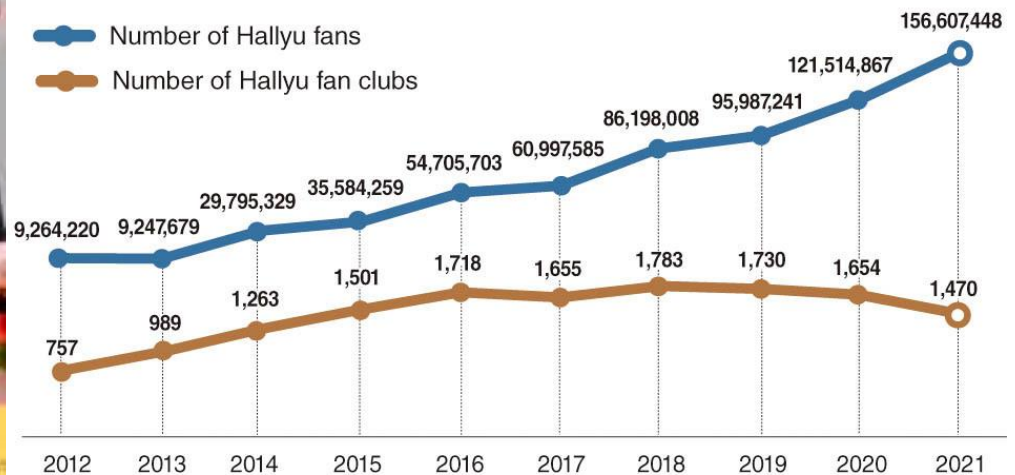
(Source: <https://www.whats-on-netflix.com/news/biggest-korean-shows-on-netflix-in-2021/>)

Korean Wave and its fandom

The number of Korean Wave (Hallyu) fans has increased rapidly



Growth in Hallyu fans in past decade



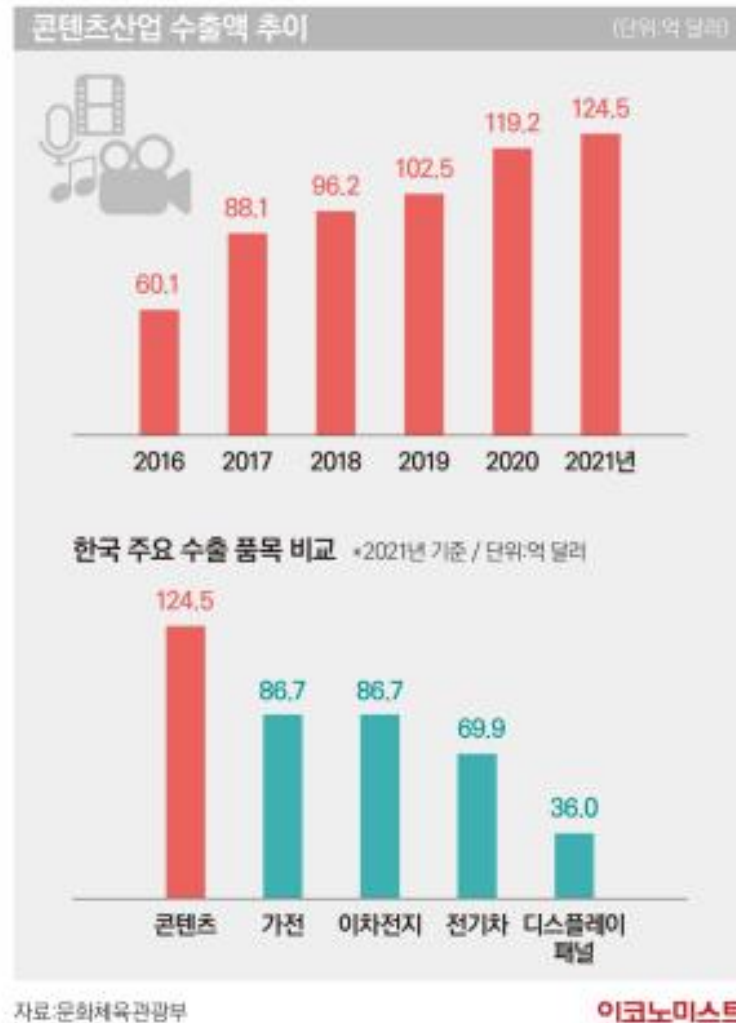
Source: Korea Foundation

(Source: <http://sites.gsu.edu/gsuglobalhealth/2021/02/15/beyond-k-pop-a-glimpse-at-south-koreas-healthcare-system/>)

(Source: <https://www.koreaherald.com/view.php?ud=20220303000739>)

Media industry as a major sector of Korea's exports

Korea's exports of cultural content hit an all-time high of US\$12.4 billion in 2021, boosted by the global boom of K-pop culture



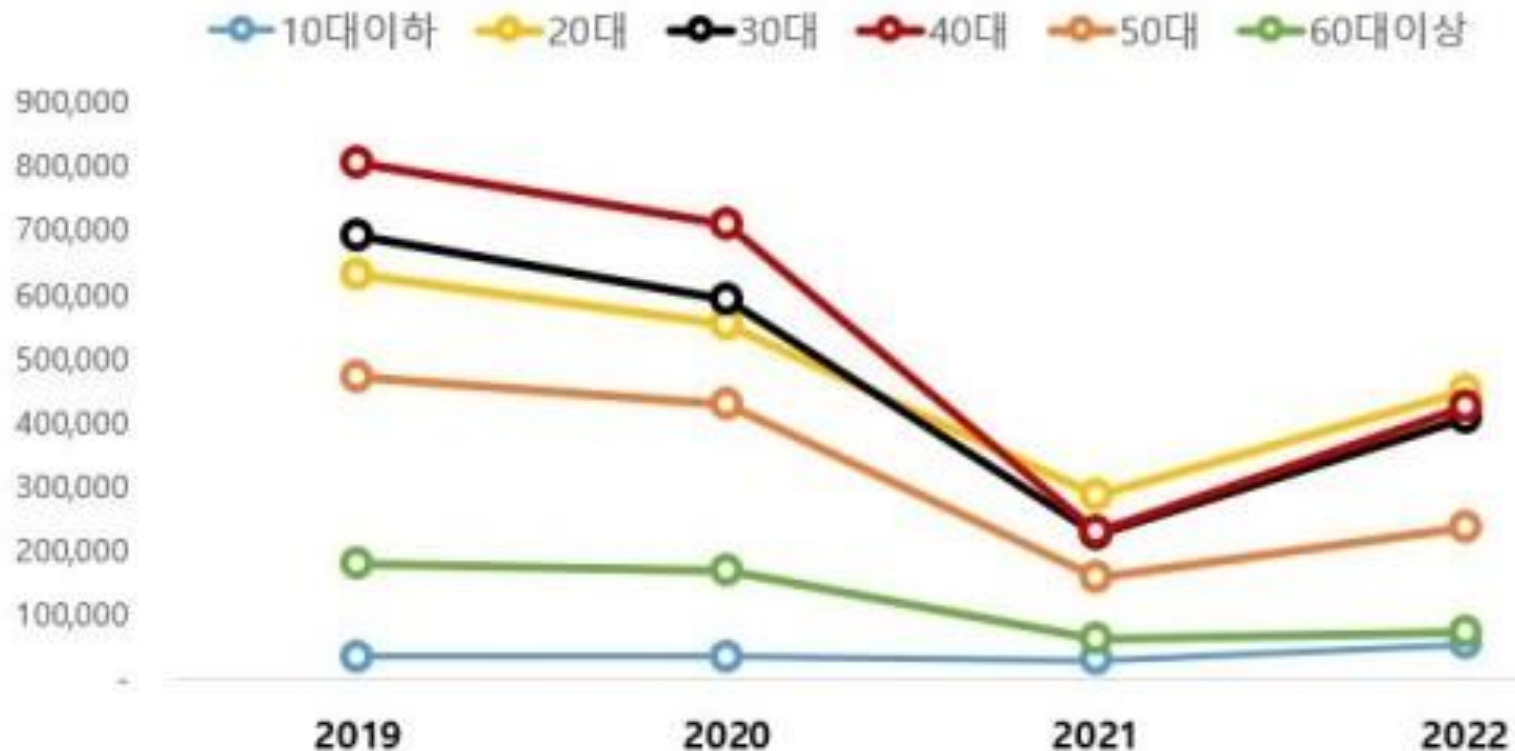
(Source:
<https://n.news.naver.com/mnews/article/243/0000037752>)

**How are Korean
legacy media, pay
TV, IPTV and OTT
markets changing?**

People go to the theater again

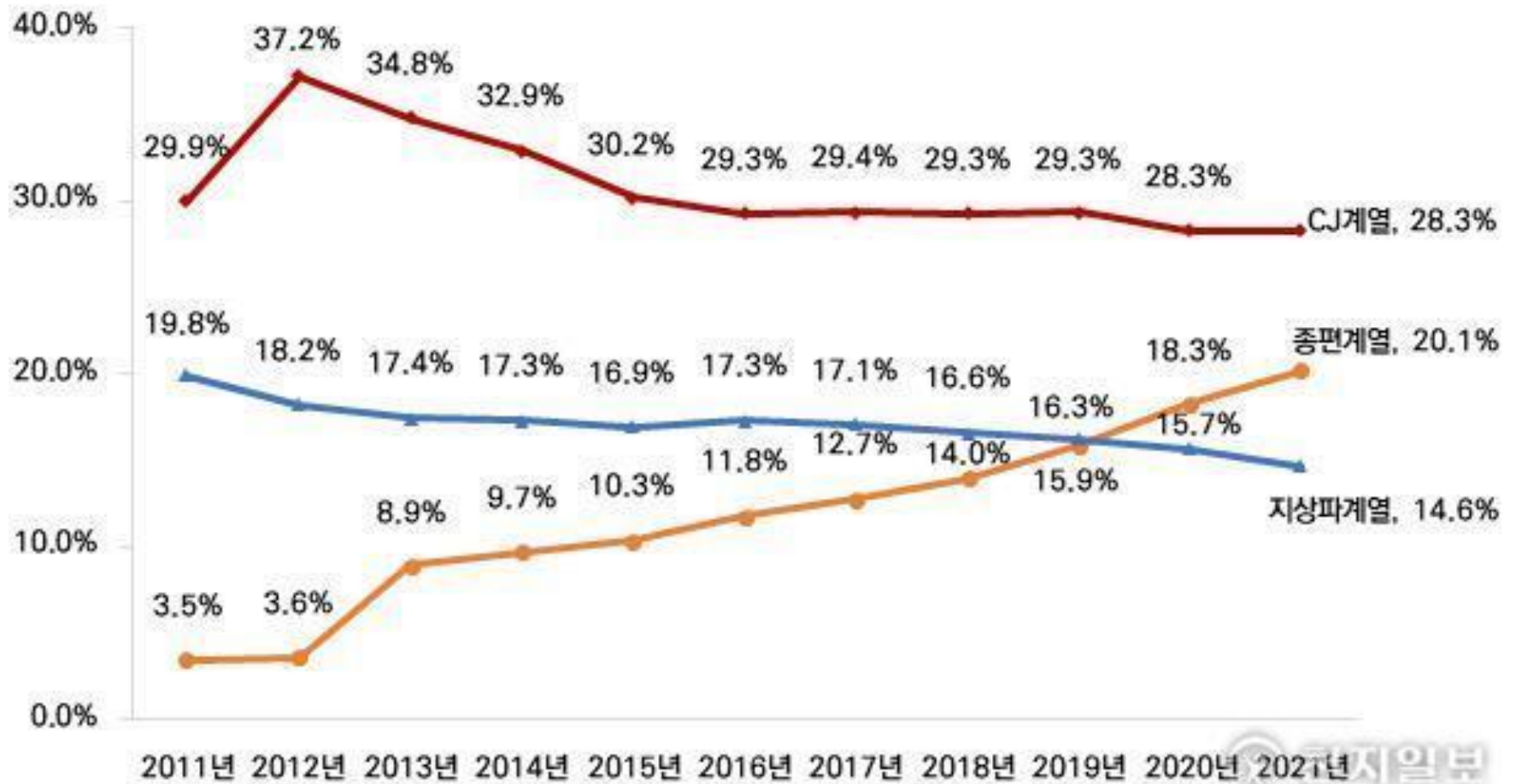
During the Pandemic crisis,
theaters have lost their position as the first window of movie distribution

연령대별 이용객 추이



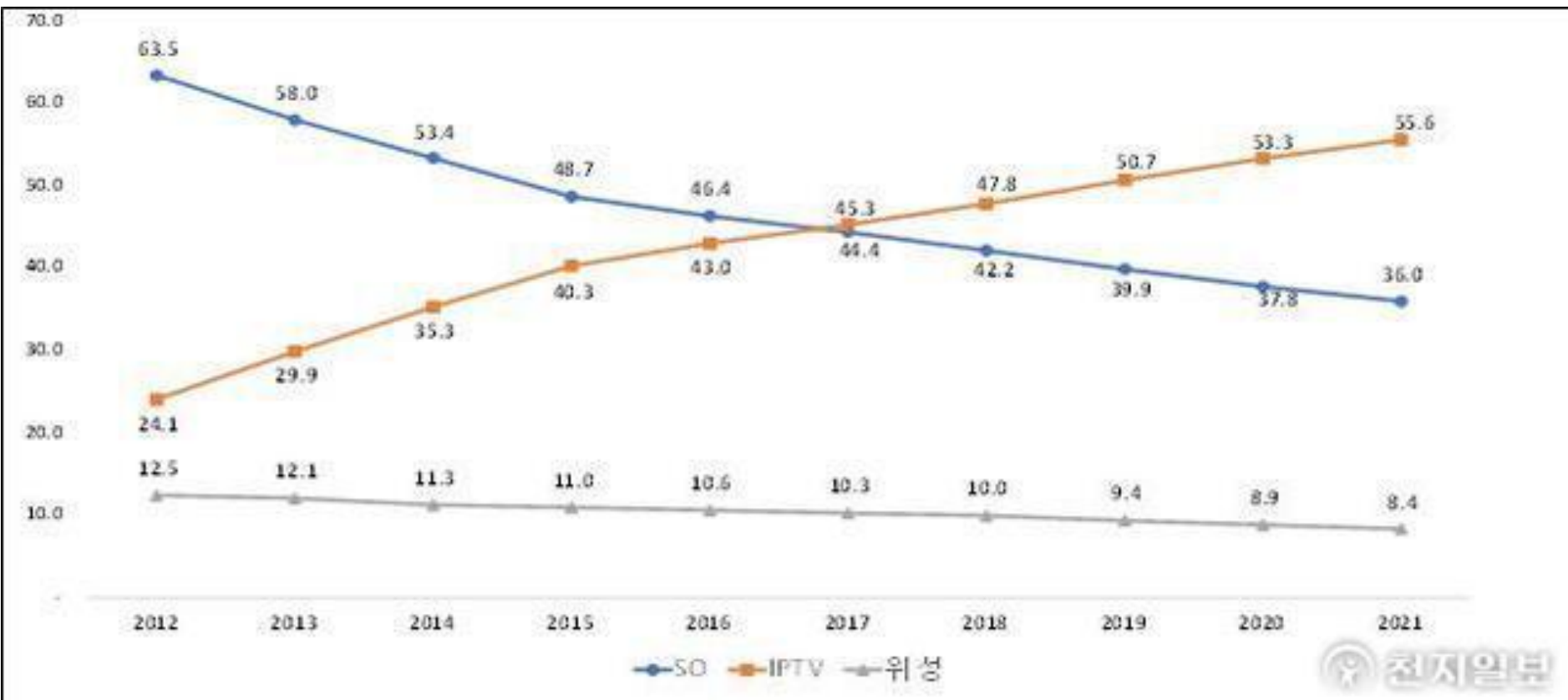
Shrinking legacy media

Terrestrial broadcasters (blue line) has gradually lost their market shares



Shrinking Cable TV SO

Cable TV operators (blue line) has rapidly lost their market shares



Growing IPTV market

IPTV market, the biggest segment in Korean pay TV industry, is still growing

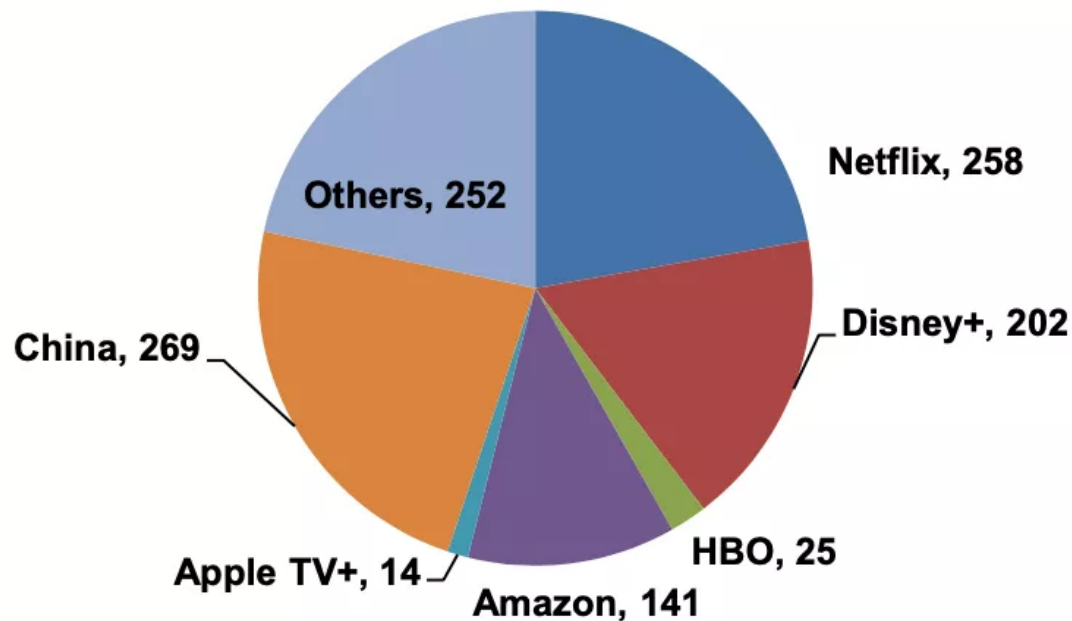


(Source:
<http://news.bizwatch.co.kr/article/mobile/2022/12/29/0026>)

Growing global OTT market

Subscription OTT will grow its base by 81% from 2019 - 2025, reaching around 1.16 billion customers

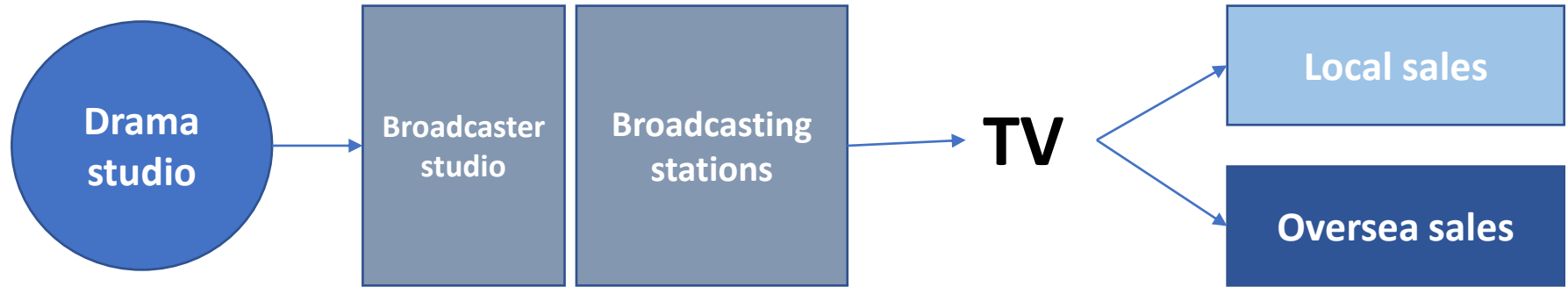
**Global SVOD subscription forecasts in 2025
(million)**



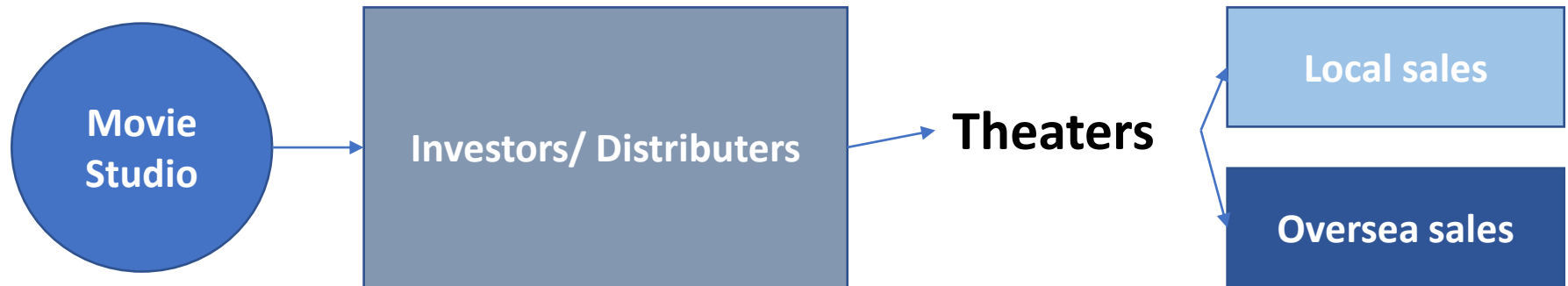
Source: Digital TV Research

The Netflix effect in Korea: Supply chains before Netflix

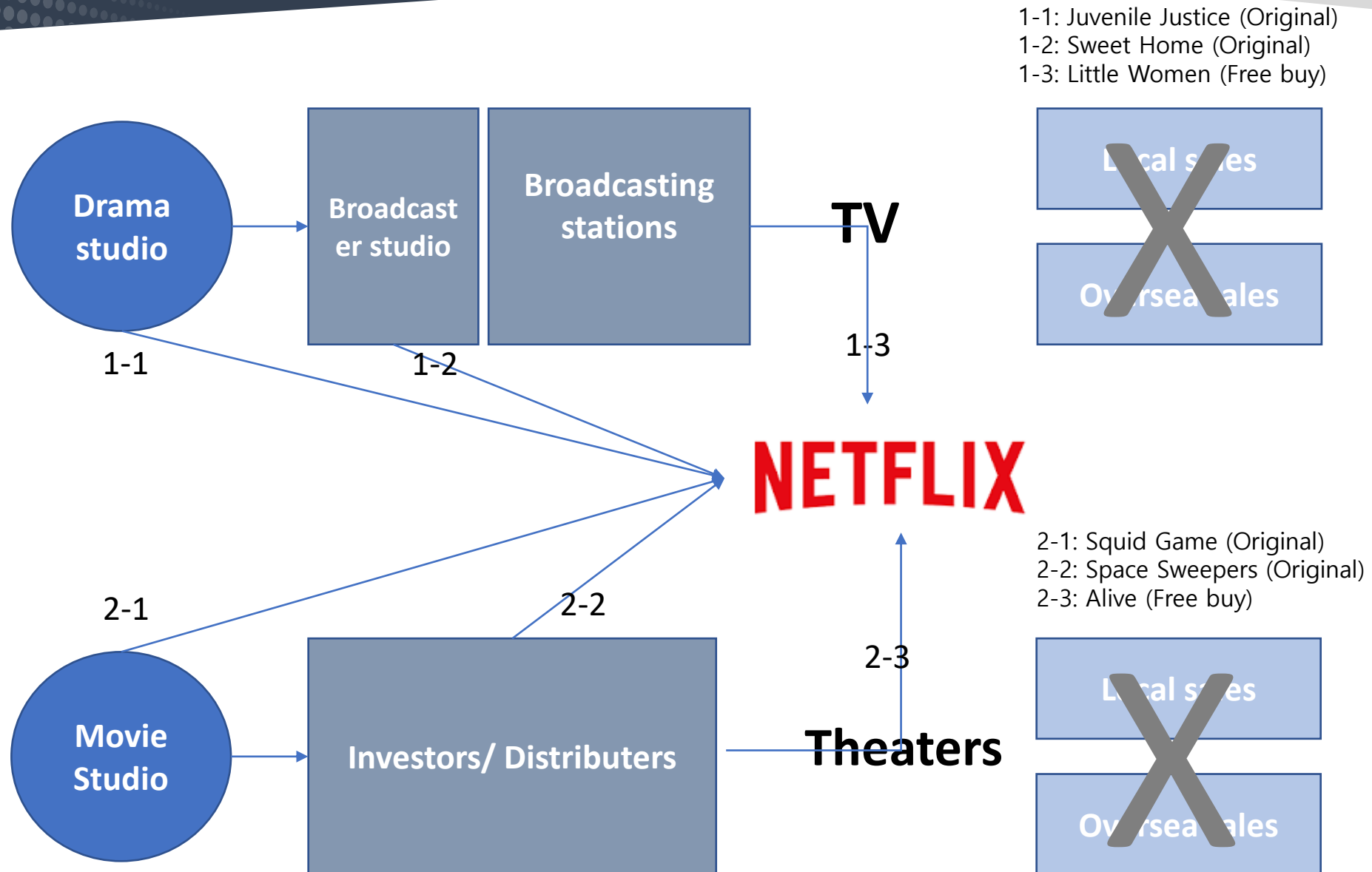
Drama



Movie

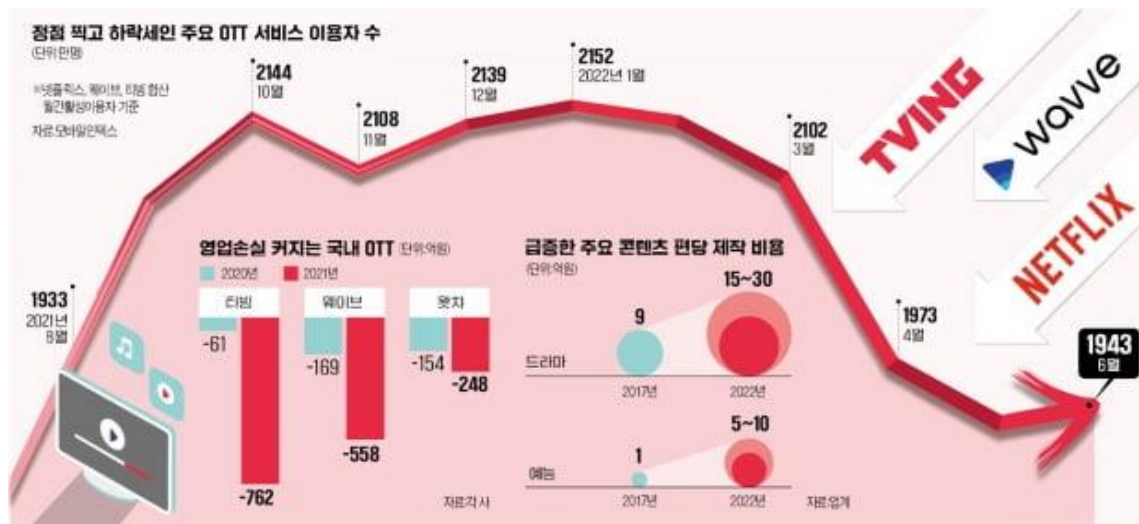
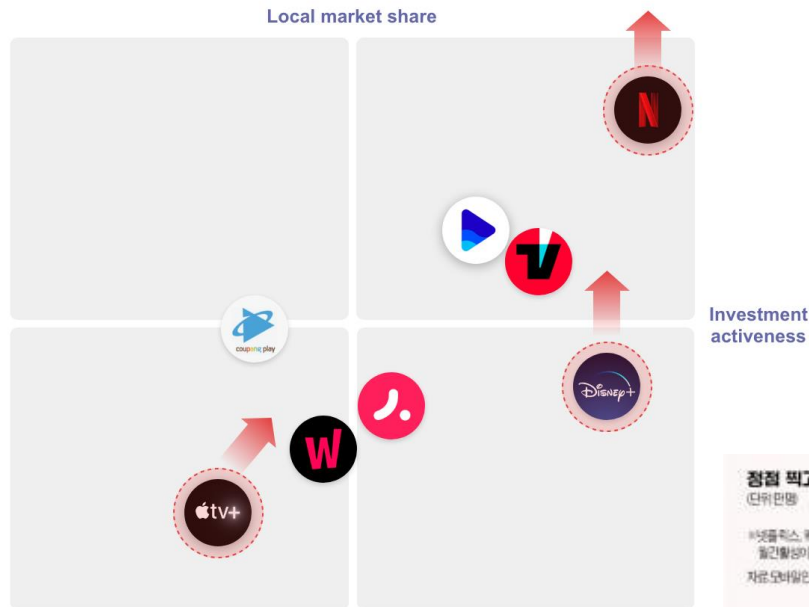


The Netflix effect in Korea: Supply chain after Netflix



Korean OTTs go into red ink

**Korean OTT players invest a lot for content to catch up Netflix.
However, they have not achieved the break-even point**



M&A and partnership to survive

- Korea's major entertainment firm CJ ENM merged its OTT platform "Tving" with the telecom giant KT's "Seezn" to survive and grow
- Korean local OTT platforms try to make synergy from diverse types of partnerships with local telcos and global OTTs



**What would be
the strengths and
the secret sauce of
Korean media's
success?**

Great creativity

Creativity is the key to the global success of Korean content

(Source: <https://the-latest.news/squid-game-becomes-a-massive-hit/>)

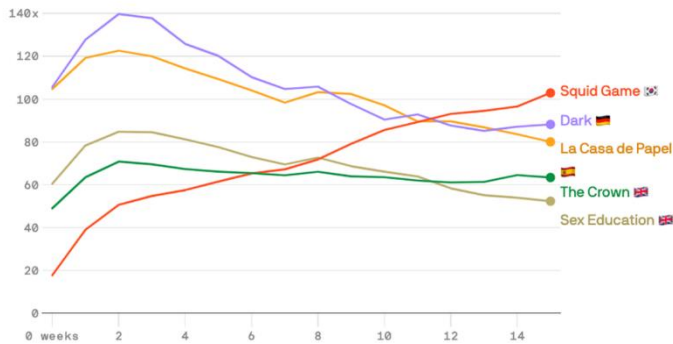


(Source:
<https://www.tubefilter.com/2020/11/02/baby-shark-youtube-most-watched-video/>)

(Source:
<https://www.bloomberg.com/news/articles/2020-02-10/brad-pitt-takes-home-night-s-first-oscar-for-once-upon-a-time>)

Demand multiplier for foreign series on Netflix

Weeks since most recent series debut, as of Oct. 4, 2021

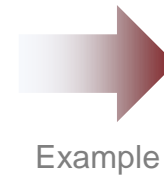
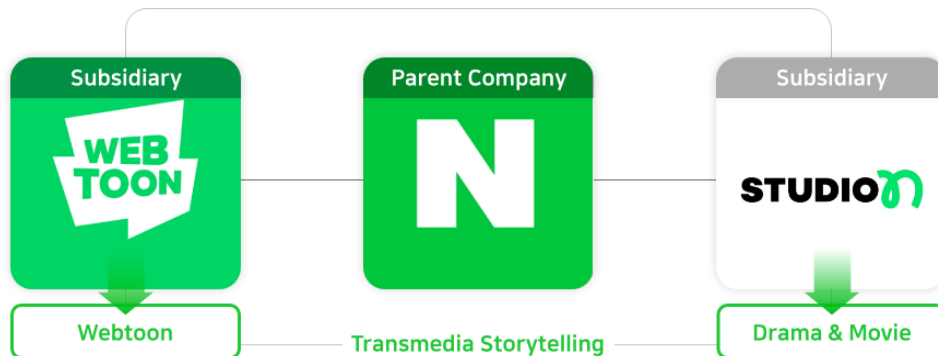


(Source:
<https://twitter.com/rizeot7addict/status/1303364188031479809>)

Rich IP sources

Korean media firms use Webtoon IP to pursue so-called OSMU (one source multi use) or transmedia strategy

Use of Webtoon IP



Example

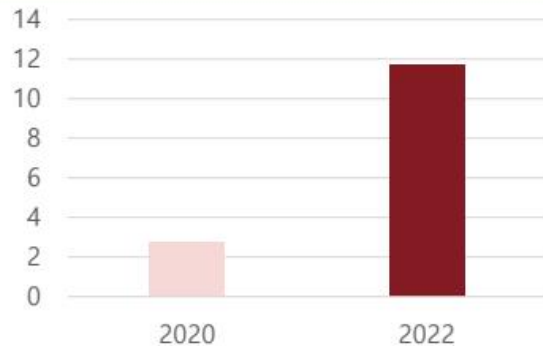


Webtoon IP	Concrete storyline
	Mutual popularity between media
Current Issue	Strategy to differentiate the original media and transmedia while maintaining its popularity

High production expertise

Korean media industry is good at producing content (with virtual technologies)

VR content market size



The size of Korea's VR content market is expected to grow five times from 2.8 trillion won in 2020 to 11.7 trillion won in 2022

Studio (Production)



- **CJ ENM** – Virtual Production studio
- **VA Corporation** - VA Studio
- **Hanam Giant Step** - LED Wall Studio, Motion Capture Studio
- **Dexter** - Virtual Studio Production

Utilization (Content)



- Local producer specialized in VFX, Studio M83 utilized its virtual technology within their projects
- (2021) "Space Sweepers"
- (2022) "Han San"

Presence of home-grown local platform

- Two platform powerhouses - the U.S. and China - are fiercely competing for digital hegemony.
- The EU, lacking its own digital platform, suffers from a so-called platform gap.
- Korea becomes a platform battlefield where local platforms compete with global platforms

U.S.



Platform
Dominance

EU



Platform Gap

China



Platform
Autonomy

Korea



Platform
Battlefield

**Are Korean media
regulators doing
well?**

Regulators in Korean media industry

There are 3 government organizations which promote and regulate Korean media industry

Regulators	Major roles	Governmental aims
Ministry of Culture, Sports, and Tourism (MCST)	Aims to promote local culture and enhance public awareness of diverse art	<ul style="list-style-type: none">• Delivery of culture• Development of infrastructure for media production
Ministry of Science and ICT (MSIT)	Pursues to create new value based on the convergence between science, technology, and ICT	<ul style="list-style-type: none">• Innovation of ICT technology• Promotion of 4th industrial Revolution• Reinforcement of national R&D
Korea Communications Commission (KCC)	Responsible for regulation of broadcasting and communications services and protection of users	<ul style="list-style-type: none">• Convergence of broadcasting and communications• Promotion of public interests• Protection of users

Korea Communications Standards Commission (KCSC)

KCSC is a private and independent regulator which is in charge of the post deliberation of media content and illegal/harmful information

Major role

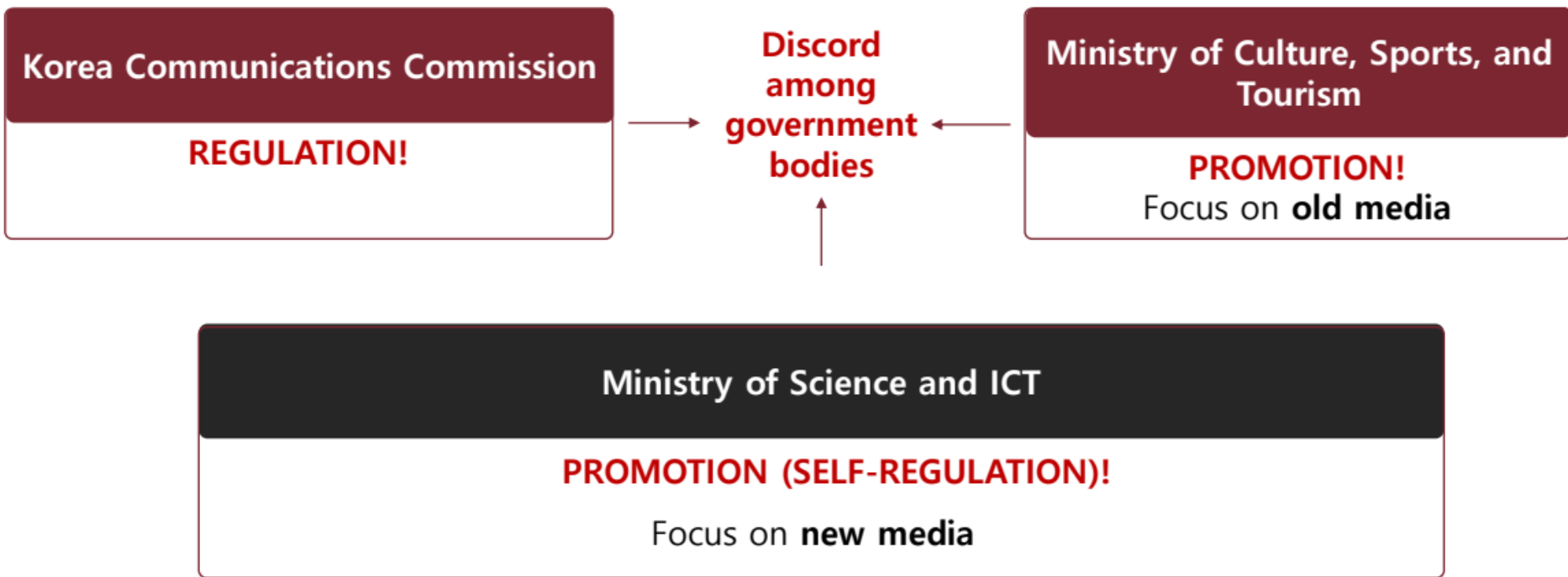
- Post deliberation of contents and information
- Security of an equity and fairness of broadcasting contents
- Development of a sound culture within the communication network and induce a healthy environment of information usage

Focus of legislation

- Review of the Broadcast Act, Promotion of Information and Communications Network Utilization and Information Protection Act, Juvenile Protection Act, etc.

Discord

Korea has diverse perspectives on how we should regulate or promote media (broadcasting) industry, even in government



The government plans for OTT industry

Korean government vows to boost OTT industry

- **New policies**

- The Ministry of Culture, Sports and Tourism will provide financial, systematic and infrastructural support to boost production of dramas and films for OTT platforms
- It will offer 45.4 billion won (\$35.7 million) in **financial support** to productions making films and dramas for OTT services, and another 30 billion won for post-production work such as subtitling and dubbing
- It will give **tax benefits** to movies and dramas produced by local OTT platforms and introduce **a new award for OTT programs** to groom Korean OTT producers

Call for fundamental regulatory change

It's time for Korea to revise the media regulation

- **Requirements**

- Make a transition from silo regulatory model to horizontal regulatory model (Same regulation for the same service)
- Make a level-playing field for local players as well as global players





- **Possible outputs**

- More integrated governmental organizations
- Single integrated media (broadcasting) law

So what?

More original content

Korean media industry needs to invest more in 'pure original content'

Originality	Distribution	Production	TVING 	Wavve 	Kakao 	Netflix 
Limited original	Non-exclusive	Outsourcing Co-producer Self-producer	2	16	6	0
Semi original			1	4	3	17
Pure original	Exclusive	Outsourcing Co-producer Self-producer	7	1	10	0
Total			10	21	19	17

Each platforms' entire local (Korean) original contents aired in August 2021 were collected and analyzed

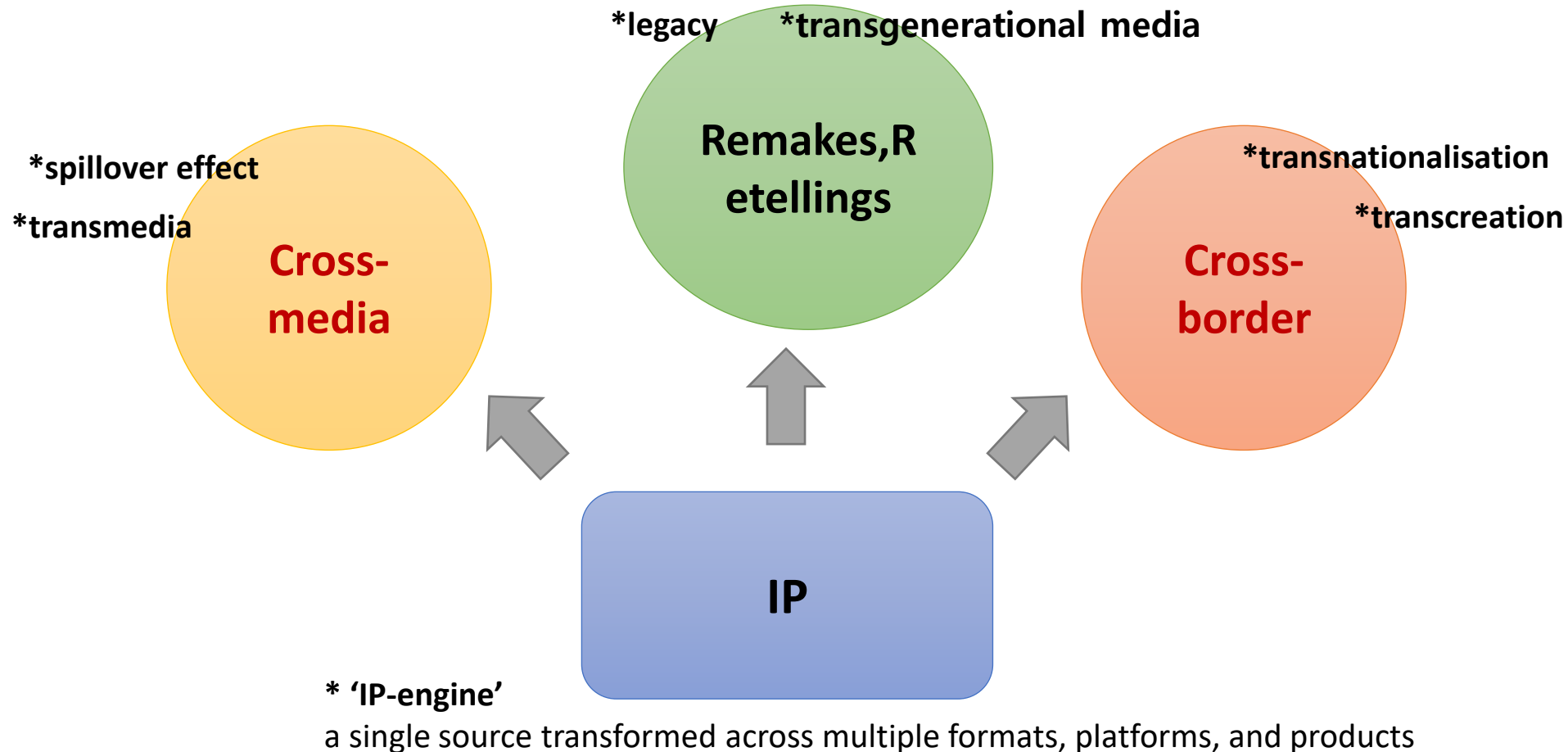
Jang., Lim., and Kim (2022). A Case Study on the Content Production Capabilities of Local OTT Service Providers: Focusing on TVING, Wavve, Kakao tv, and Netflix.

Korean Journal of Broadcasting and Telecommunication Studies, 36(1).

- Netflix invests in content production to hold content IPs and exclusively provides all original content
- Tving has its own production capabilities through CJ ENM and has differentiated competitiveness with pure original content
- Wavve has 15 outsourced original contents out of 22 and provided 18 original contents non-exclusively

Super-IP

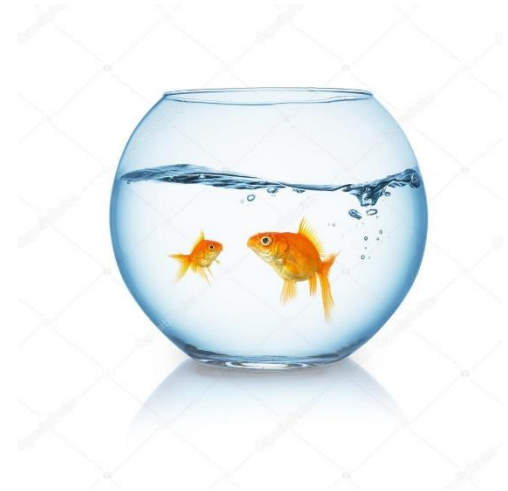
Korean media industry needs to take full advantage of content-based IP assets



Home-grown global pipelines

**Netflix is a global platform which can bring Korean content to global audience.
Korea needs to stand on the shoulders of its own global small giants.**

(Source:
<https://ko.depositphotos.com/69428269/stock-photo-goldfish-family-in-a-fishbowl.html>)



(Source: <http://www.businesskorea.co.kr/news/articleView.html?idxno=38488>)



(Source: <https://www.nationalgeographic.org/encyclopedia/ocean/>)

Right Asian partners


International cooperation between major Asian countries is indispensable to thrive in the Netflix age



(Source: <https://www.plytix.com/blog/how-retail-brands-thrive-in-the-era-of-amazon>)

So what?

We will find a way or make one for our industry

A close-up photograph of a lion's face, focusing on its eye and nose. The image is dark and moody, with the lion's golden fur providing a textured background for the white text.

**DO I HAVE ALL
THE ANSWERS: NO
AM I COMMITTED
TO FINDING THEM: YES**

FEARLESS MOTIVATION | ITUNES, SPOTIFY, GOOGLEPLAY

(Source: <https://twitter.com/fearlessmotivat/status/891282183125696512/photo/1>)

A detailed black and white illustration depicting the historical event of Hannibal's army crossing the Alps. Hannibal is shown on a horse, leading his army through a treacherous, mountainous landscape. The scene is filled with soldiers, horses, and the chaos of battle.

**WE WILL
EITHER FIND
A WAY OR
MAKE ONE.**

**- HANNIBAL
(247-182 BC),
CARTHAGINIAN
GENERAL**

LEADWITHTHELEFT.COM

(Source: <https://leadwiththeleft.com/inspiration-to-beat-the-odds/>)