



CHAPTER

## 27 Media Ownership and Concentration in South Korea

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### Abstract

This chapter examines media ownership and concentration in South Korea. After completing an overview of the South Korean media landscape, the chapter turns to print media (newspapers, book publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, video channels, film, music), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines). Before the 2000 Broadcasting Law, mass media ownership was strictly regulated in Korea and cross-ownership of print and audiovisual properties was prohibited. However, faced with revenue losses due to a decline in advertising revenue, print publishers led the way in pushing for greater deregulation over cross-ownership, and they finally succeeded at this effort in 2010. The telecom and ISP markets are dominated by the incumbent KT, as well as by SK and LG. In the audiovisual field, public service organizations predominate, and the main commercial firms are SBS and the CJ group. The four major newspaper publishers are ideologically similar, leading to the emergence of the citizen journalism operation Ohmynews.

**Keywords:** South Korean media market, media industry, newspapers, print media, deregulation, telecommunications, Internet, SBS, LG, KT, SK, CJ, Ohmynews South Korean media market, media industry, newspapers, print media, deregulation, telecommunications, Internet, SBS, LG, KT, SK, CJ, Ohmynews

**Subject:** Economic Sociology, Social Research and Statistics

The Korean media industry has changed from a monopolistic or oligopolistic structure to a more competitive market structure. Before 1987, South Korean media were characterized by extensive state intervention. In terrestrial broadcasting, three state-funded providers constituted the entirety of the sector; print publishing was restricted by censorship and licensing; and as in a number of other countries, the telecommunications industry was government-run as well. But after free elections were held in 1987 and a new government came into office, new democratic politics and increased economic liberalization led to the privatization of the country's media markets. As private media ownership grew, the National Assembly passed both a Periodicals Law and a Broadcasting Law in 1987 that together deregulated print and audiovisual media ownership. Print licensing became less restrictive, commercial television networks were launched, cable TV providers entered the market, and the privatization of the state telecom monopolist was announced. Technological innovations spurred the introduction of new market segments in the 2000s: satellite broadcasting was licensed in 2002, mobile TV in 2005, and IPTV in 2008. Finally, after a lobbying campaign lasting several years, print publishers managed to convince the government to legalize greater media cross-ownership in the audiovisual sector (2001 legislation had already removed some anti-concentration measures in the pay-TV market). In 2010, the Broadcasting Act was amended to remove anti-concentration limits on terrestrial broadcasting ownership. The debate over the deregulation of media ownership focused on the issue of whether deregulatory policy would lead to the development of media conglomerates or see concentration indices fall further. Critics of the legislation contended that deregulation would lead to the formation of vertically integrated media groups that would dominate multiple platforms. In fact, the departure of traditional conglomerates, such as Samsung and Hyundai, from media markets in the 1990s did open these markets—particularly audiovisual markets—to such trends. Though the formation of multimedia groups is a relatively new phenomenon in South Korea, it is likely that vertical integration will increase among South Korean media producers, especially in the audiovisual sector.

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## Print Media

### Newspapers

In the 1980s, South Korean consumers had a choice of six national daily newspapers. Then in 1987, the Periodicals Law did away with government licensing requirements for daily newspapers. With the industry deregulated, several new commercial publishers entered the market and concentration fell dramatically: the number of daily newspapers increased rapidly; by 1993, South Koreans had 70 national and local dailies to choose from. The leading commercial operators enjoyed high market shares because South Korea's advertising industries expanded during this period, thanks to a booming economy. By 2009, 288 daily newspapers were available in South Korea, 10 of them national dailies.

In 2010, three major newspapers, *The Chosun Daily* (24.3%), *JoongAng Daily* (21.8%), and *The Dong-A Ilbo* (18.3%), accounted for 64.4% of total market shares. These three dailies are collectively referred to as the "Chojoongdong" due to their market dominance and shared political conservatism. All belong to private, family-owned media groups: JoongAng Media Network (JMnet) owns *JoongAng Daily*; *The Chosun Daily* and *The Dong-A Ilbo* are also family-owned newspapers. Due to the influence of evangelical Christianity in South Korean culture, church ownership of national dailies is not uncommon: *Kookmin Ilbo* is owned by Yoido Full Gospel Church, and *Segye Times* is owned by the Unification Church.

The daily newspaper market has been moderately concentrated since 1980, and concentration has decreased from 1,774 in 1985 to 1,467 in 2008, though concentration increased slightly in 2009.

Before 2010, cross-ownership of newspapers and commercial broadcasters was prohibited. In 2010, even though there were questions about print publishers' ability to survive in the broadcasting industry due to their declining revenues, regulators permitted JMnet and other print publishers to purchase stakes in commercial broadcasters. The Chojoongdong, along with the Maeil Business Newspaper & MK Inc., publisher of the largest financial daily in South Korea, received broadcasting licenses (Table 27.1).

**Table 27-1.** Daily Newspapers (Market Shares by Circulation), 1985–2010

	1985	1990	1995	2000	2004	2008	2009	2010
<i>The Chosun Ilbo</i> (Bang Family, Chosun Media)	18.9	22.9	22.9	25.1	24.9	24.0	25.1	24.3
<i>JoongAng Ilbo</i> (Hong Family, JMnet-Samsung Group)	22.8	23.8	23.6	20.3	21.6	19.7	20.4	21.8
<i>The Dong-A Ilbo</i> (Kim Family, Dong-A Media Group)	19.3	14.1	18.7	18.9	18.6	17.1	19.1	18.3
<i>Kyunghyang Shinmun</i> (cooperative)	10.1			4.3	4.7	8.8	5.2	4.8
<i>Seoul Newspaper</i> (public)	12.7	14.1	9.4	5.5	5.3	6.2	5.8	6.3
Hankook Ilbo Media Group	16.2	17.1	15.0	14.0	6.8	5.5	5.8	5.4
Hankyoreh (cooperative) <sup>1</sup>		2.6	2.8	4.5	5.0	4.9	4.2	5.3
Munhwa Ilbo	0.0		3.2	3.2	3.9	4.5	4.8	4.6
Kukmin Ilbo		2.2	1.8	2.2	2.6	3.6	3.9	3.6
Maeil Business Newspaper & MK Inc.					2.1	3.4	3.4	3.4
Segye Ilbo		3.2	2.6	2.1	4.6	2.2	2.3	2.2
Total Revenue (bil KRW)	227	391	1,149	1,832	1,071	1,498	1,505	1,472
Total Revenue (mil US\$)	250	548	1,493	1,649	1,392	1,348	1,204	1,325
C4	77.2	78.0	80.2	78.3	71.8	69.7	69.9	69.3
HHI	1,774	1,804	1,772	1,683	1,594	1,467	1,569	1,564
<i>N</i> (>1%)	6	8	9	10	11	11	11	11
Noam Index	724	638	591	532	481	442	473	472

Source: Korea Press Foundation.

- 1 65% of Hankyoreh's shares are publicly traded and its employees own the remaining 35%, making them the largest single shareholding group.

## Book Publishing

The book publishing industry is mostly composed of small- and medium-sized firms. As a result, the sector is highly deconcentrated. Even the “largest” publishers have relatively small market shares. The Woongjin Group's Woongjin ThinkBig, which specializes in textbook publishing and is the largest publishing house in the country, posted a total revenue of US\$60 million (KRW70 billion) in 2008, a sum that represented just 2% of total book publishing revenue in the country. Other major book publishers, such as Sigongsa and Gimmyoung Publishers, are independently owned, as are most of the 2,691 publishing houses operating in South Korea, and they are much smaller than Woongjin ThinkBig. The average revenue for a publishing house in 2009, for example, was only US\$1.2 million (KRW1.5 billion) (Table 27.2).

**Table 27-2.** Book Publishing (Market Shares by Revenue), 2000–2009

	2000	2003	2004	2005	2006	2007	2008	2009
Total Revenue (bil KRW)	2,996	3,538	2,439	2,041	3,158	3,152	3,444	4,110
Total Revenue (mil US\$)	2,696	2,830	3,170	3,266	3,158	3,476	3,110	3,288
<i>N</i> (>1%)	1,718	1,517	1,709	2,261	2,168	2,757	2,761	2,691

Source: Ministry of Culture, Sports and Tourism.

## Magazine Publishing

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South Korea's magazine publishing market is structured much like the book publishing market. Even though the value of the magazine market had shrunk in recent years due to declining advertising revenue, the number of magazine titles in circulation has substantially increased. Most of the large publishers of books and newspapers, such as Seoul Media Group, JMnet, Chosun Media, and Woongjin ThinkBig, are active in magazine publishing, but just as Woongjin ThinkBig does not dominate the book market, it and these other publishers do not dominate the magazine market. The most popular titles are Korean-language monthlies produced in the country and foreign newsweeklies translated into Korean (Table 27.3).

**Table 27-3.** Magazine Publishing (Market Shares by Revenue), 2002–2009

	2002	2003	2004	2005	2006	2007	2008	2009
Total # of Titles in Circulation	4,030	3,795	3,929	4,289	4,661	5,008	4,993	7,956
Total Revenue (bil KRW)		723	558	478	812	918	1,741	1,094
Total Revenue (mil US\$)		578	725	765	812	1,010	1,567	875

Source: Ministry of Culture, Sports and Tourism.

## Audiovisual Media

### Radio

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Three groups constitute radio broadcasting market in Korea (Table 27.4). First, terrestrial broadcasters have dominated the radio broadcasting market. The radio market has long been dominated by MBC, which began the first radio service in Korea. Second, religious radio broadcasting has also been strong. CBS (Christian Broadcasting System) has a special position in that this Protestant channel led Korea's radio broadcasting and still maintains a high degree of popularity. PBC (Pyunghwa Broadcasting Company) is owned by the Catholic Church. BBS (Buddhist Broadcasting System) is operated by a Buddhist group. FEBC (Far East Broadcasting Company) is owned by another Protestant church. WBS (Won-Buddhist Broadcasting System) is operated by Won-Buddhism, another Buddhism group. Third, since 2000, regional broadcasting increased its market share. K-FM (Kyunggi FM), which covers the largest Kyunggi province, led regional broadcasting. KNN (Korea New Network), which covers the second largest city, followed.

**Table 27-4.** Radio Group (Market Shares by Revenue), 1990–2011

	1990	1994	1998	2002	2006	2010	2011
KBS (public)	18.6	17.1	9.8	11.1	11.6	9.7	8.2
MBC (public)	57.6	54.9	63.9	48.9	49.6	50.6	47.6
SBS (SBS Media Holdings)	—	6.9	6.1	7.4	7.8	9.3	10.4
CBS	11.9	12.1	10.6	15.8	12.9	13.1	13.9
PBC	2.8	3.9	2.9	4.4	3.9	2.9	3.2
BBS	2.9	3.9	3.1	4.8	4.3	3.4	3.8
FEBC	—	1.0	1.0	1.3	1.7	1.4	1.4
K-FM	—	—	—	1.6	2.0	1.6	1.8
WBS	—	—	—	—	1.7	1.5	1.8
KNN	—	—	—	—	—	1.1	1.3
Others	6.2	0.2	2.6	5.2	4.5	5.4	6.6
Total Revenue (bil KRW)	95.3	148.6	137.2	282.2	279.9	256.5	260.4
Total Revenue (mil US\$)	136.1	165.1	91.5	235.2	243.4	233.2	236.7
C4	91	91	90.4	83.2	81.9	82.7	80.1
<i>N</i> (>1%)	5	7	7	9	10	10	13
HHI	3,822	3,485	4,348	2,865	2,865	2,940	2,669
Noam Index	1,709	1,318	1,644	955	906	929	740

Source: Korea Broadcast Advertising Corporation.

The radio broadcasting market has been highly concentrated. However, its concentration ratio has decreased because of the increasing popularity of regional radio broadcasting. Podcasts also tend to make the radio broadcasting market less concentrated.

## p. 831 **Broadcast TV**

Before 1991, the public service broadcasters KBS, EBS, and MBC were the only available networks in the country. KBS was the primary public service broadcaster, followed by MBC (which KBS held a majority stake in); EBS served as educational public service broadcaster. KBS and EBS are still fully owned and funded by the Government of South Korea, but MBC now finances itself through commercial advertising revenues, and it is administered by two nonprofit organizations, the Foundation for Broadcasting Culture (70%) and the Jeongsu Scholarship Foundation (30%). The National Assembly established the Foundation in 1988 to reduce the level of political control exercised by the state through KBS over MBC's programming.

In 1991, the first commercial broadcaster, Seoul Broadcasting System (SBS), entered the market. A financial consortium led by SBS Media Holdings Group, SBS immediately began to win market shares at the expense of the public broadcasters. In 1996, four regional commercial channels began broadcasting: TJB, KBC, TBC, and PSB. However, since their channels all had network affiliations with SBS, competition did not significantly increase in real terms among the four national terrestrial broadcasters. Even though concentration indices have decreased over the past two decades due to an increase in the number of commercial broadcasters, the Noam index was still high at 2,660 in 2010. As of 2012, analog service has been phased out in favor of digital terrestrial television (DTT) (Table 27.5).

**Table 27-5.** TV Broadcasting (Market Shares by Revenue), 1980–2010

	1980	1985	1990	1996	2000	2004	2007	2008	2009	2010
KBS (public)	41.0	73.0	68.0	53.0	49.0	46.0	45.0	36.6	39.1	37.3
MBC (public)	59.0	27.0	32.0	24.0	26.0	26.0	27.0	32.8	30.4	30.4
SBS (SBS Media Holdings)	0.0	0.0	0.0	20.0	22.0	22.0	22.0	16.9	16.5	18.3
EBS (public)	0.0	0.0	0.0	3.0	3.0	6.0	6.0	2.6	2.9	3.1
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.1	11.1	10.9
Total Revenue (bil KRW)					2,871	2,129	2,973	3,307	3,551	3,540
Total Revenue (mil US\$)					2,584	2,768	3,270	2,967	2,841	3,186
C4	C2 <sup>1</sup>	C2	C2	100.0	100.0	100.0	100.0	88.9	88.9	89.1
N (>1%)	2	2	2	4	4	4	4	4	4	4
HHI	5,162	6,058	5,648	3,794	3,570	3,312	3,274	2,708	2,734	2,660
Noam Index	3,650	4,284	3,994	1,897	1,785	1,656	1,637	1,354	1,367	1,330

Source: Korea Communications Commission.

1 C2 = 100.0.

## Multichannel TV Platforms

Cable TV service became available in South Korea during the 1960s because terrestrial TV reception was usually of such low quality that local cable operators relayed the state broadcasting channels to households. Only in 1995, though, was the first multichannel license awarded by the state, and the first cable channels were introduced with strict licensing restrictions to prevent vertical and horizontal integration. Multisystem operators (MSOs) did not enter the national market until 2000.

As a result of these regulations, concentration has remained low, but since the lifting of them, concentration has been increasing due to mergers and acquisitions carried out by the MSOs Tboard and CJ Hellovision between 2003 and 2009. As a result, Tboard and CJ Hellovision are now the two largest pay-TV providers in the country. The Government of South Korea waved anti-concentration measures for pay-TV in 2001 to build up the sector so that cable MSOs could compete with the existing terrestrial broadcasters and with the IPTV platforms offered by telecommunication providers.

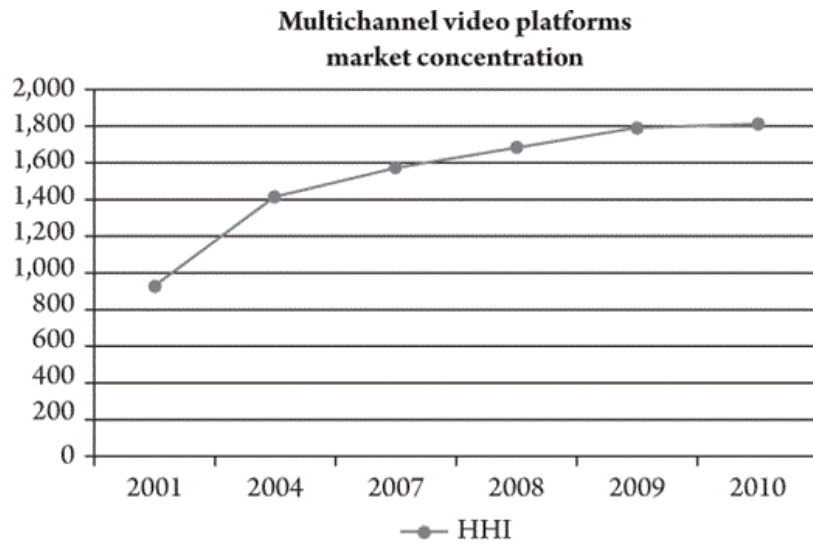
In 2010, the Chojoongdong “big three” newspapers’ publishers and Maeil Business Newspaper & MK Inc. were each licensed by the Korean Communications Commission to provide their own cable TV channels. In amendments to the Broadcasting Act that outline the new policy, these networks are considered to be the equivalent of a terrestrial broadcasting channel. Comprehensive cable channels such as these will attract greater audience shares and increase competition in the audiovisual sector, but they will need time to do so (Table 27.6).

**Table 27-6.** Multichannel Video Platforms: Cable MSOs (Market Shares by Revenue), 2001–2010

	2001	2004	2007	2008	2009	2010
Tbroad (Taekwang Group)	7.3	20.8	21.2	25.9	26.2	25.6
Curix (as of 2009)	6.8	5.5	5.3			
Hanbit (as of 2003)	16.2					
CJ Hellovision (CJ Group)	7.3	9.0	18.1	18.6	22.3	22.2
On Media (as of 2009)	6.2	3.7	2.6	2.9		
Eujin (as of 2006)	7.8					
C&M	17.6	17.4	17.9	18.3	18.4	18.2
HCN (Hyundai Department Store Group)	10.2	5.5	7.1	8.3	8.6	8.6
CMB	0.0	8.6	5.0	5.6	4.6	5.4
GS	0.0	2.3	4.1	3.8	3.7	3.5
KT (IPTV + SkyLife)	0.0	21.0	18.7	14.3	12.6	14.5
SK Broadband	0.0	0.0	0.0	0.0	0.0	0.0
LG U+	0.0	0.0	0.0	0.0	0.0	0.0
Others	20.6	6.2	0.0	2.3	3.6	2.0
Total Subscribers (1,000)	9,900	12,952	16,852	17,338	19,931	21,272
Total Revenue (KRW bil)	798	1,217	2,075	2,708	3,142	2,979
Total Revenue (mil US\$)	638	1,523	2,283	2,437	2,514	2,681
C4	52.0	68.0	76.0	77.0	80.0	81.0
<i>N</i> (>1%)	8	9	9	8	7	7
HHI	927	1,411	1,574	1,679	1,790	1,805
Noam Index	328	343	433	557	666	651

Source: Korean Communications Commission.

The combined market shares of the Tbroad, CJ Hellovision, and C&M reached 66% in 2010. The Taekwang Group, which is one of big business conglomerates in Korea, owns Tboard. Taekwang Group also owns t.cast, a video channel, and film distributor. CJ Hellovision is a part of the CJ Group, which focuses on media and entertainment content. C&M is an independent MSO. Finally, HCN, the fourth largest MSO in South Korea, is owned by Hyundai Department Store Group. C&M and CMB are independently owned. These top five cable MSOs all provide triple-play services (Figure 27.1).

**Figure 27.1**

Multichannel Video Platforms Market Concentration (HHI), 2001–2010

p. 833 Cable TV is by far the largest pay-TV platform in South Korea, with over 15 million subscribers. Household penetration rates stood at 83.7% in 2008, higher than every other country's rates except for Japan and Switzerland. As of 2012, there were three IPTV services—KT Olleh TV, BTV, and MyLG—operated by the telecom providers Korea Telecom (KT), SK Broadband (SK), and LG U + (LG), respectively. Together they constitute the second-largest pay-TV platform market segment, with a combined subscriber base of 7 million in 2013. So far, though, these telecoms' IPTV services have failed to break even (their actual revenues have not been disclosed yet). After IPTV, direct broadcast satellite (DBS) constitutes the third largest MSO. Korea Telecom's KT Skylife monopolizes satellite TV in South Korea, though with just 3.5 million subscribers it is the smallest MSO platform in the country.

## Film

Although the South Korean film market is not highly concentrated, this has increased slightly in recent years with the expansion of film theater multiplexes. CJ Entertainment, Showbox, and Lotte Entertainment are the three South Korean market leaders. CJ Entertainment, part of CJ E&M, is vertically integrated and owns the country's largest multiplex chain (CJ CGV); its market share stood at 35.5% in 2011. Lotte Entertainment is a relatively new operator, but like CJ Entertainment, its Lotte Cinema has been growing at Showbox's expense. The country's third largest multiplex chain is Megabox, with a market share of 9.2%. It is owned by JMNet. (Table 27.7).



**Table 27-7.** Film Production/Distribution (Market Shares by Box Office %), 2000–2011

	2000	2004	2006	2008	2009	2010	2011
CJ Entertainment (CJ E&M, CJ Group)	23.3	24.4	23.2	30.1	29.2	28.0	35.5
Showbox	0.0	18.0	20.1	10.2	15.2	6.5	9.2
Lotte Entertainment (Lotte Group, Japan/Korea)	0.0	0.0	0.0	10.0	11.3	9.8	15.0
Sony Pictures (Japan/US)	12.7	4.9	10.0	8.3	9.4	9.9	9.4
20th Century Fox Korea (Murdoch Family, News Corp., US/UK/AUS)	4.8	6.6	5.9	6.8	8.3	12.3	8.2
NEW	0.0	0.0	0.0	6.1	5.8	6.7	8.9
Warner Brothers Korea (Time Warner, US)	5.4	8.0	5.8	5.1	5.7	8.9	4.9
Cinergy	—	—	—	4.7	3.9	3.3	1.6
UIP Korea (Universal-Paramout, US)	7.5	4.2	7.6	4.1	2.1	2.5	1.7
SK Telecom (SK)	—	—	—	3.6	2.1	0.0	—
Cinema Service	15.6	17.2	11.0	—	—	—	—
Others	30.7	16.7	16.4	11.0	7.0	12.1	5.6
Total Revenue (bil KRW)	500	569	805	926	1,174	1,122	1,194
Total Revenue (mil US\$)	455	739	805	833	939	1,001	1,075
C4	59.0	68.0	64.0	59.0	65.0	60.0	69.0
HHI	1,056	1,364	1,289	1,340	1,459	1,313	1,834
<i>N</i> (>1%)	6	7	7	10	10	9	9
Noam Index	431	516	487	424	461	438	611

Source: Korean Film Council.

In the film market, domestic distributors have benefitted from a state-mandated screen quota system. Every theater had to show Korean-made productions on 146 days, or 40%, of the year. This was subsequently lowered to 73 days.

## Telecommunications Media

### Wireline Telecom

South Korea's wireline communications market was a public monopoly until 2002, when the former state operator Korea Telecom (KT) was fully privatized 15 years after the process was announced in 1987. The state was reluctant to implement the process rapidly, but South Korea's 1995 World Trade Organization (WTO) ascension, followed by the 1997 East Asian financial crisis, forced the state to privatize the company at a faster pace. Liberalization policies included licensing the ISPs LG Dacom and LG Hanaro to handle international services, and then domestic long distance and local telephony services as well (Table 27.8).

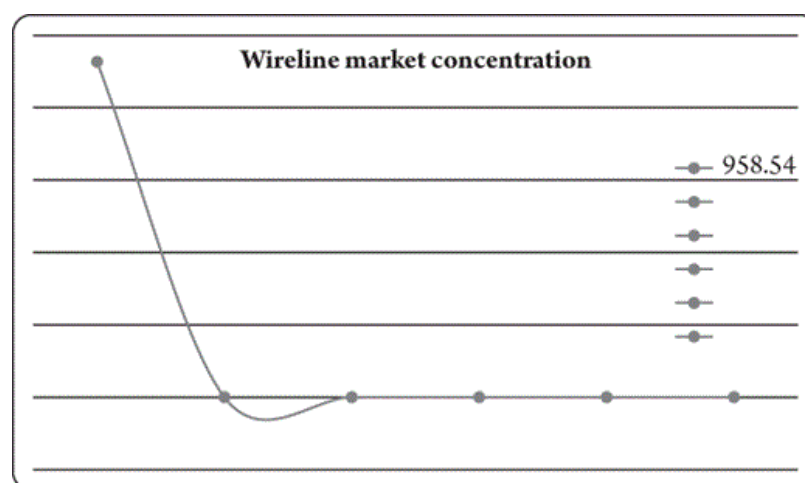
**Table 27-8.** Wireline Telecom (Market Shares by Revenue), 2004–2009

	2004	2005	2006	2007	2008	2009	2011 <sup>1</sup>
Korea Telecom (KT)	83.6	81.7	79.9	79.0	75.7	72.8	72.5
SK Broadband (SK)	5.7	6.7	7.4	7.7	9.3	9.9	8.5
LG U + (LG Corporation)	9.6	10.7	11.9	12.6	14.3	16.6	10.9
Onse Telecom	1.1	0.9	0.8	0.7	0.7	0.7	
Others							8.1
Total Revenue (bil KRW)	4,930	3,954	6,173	5,492	6,452	6,424	9,836
Total Revenue (mil US\$)	6,409	6,326	6,173	6,041	5,807	5,139	9,479
C4	100.0	100.0	100.0	100.0	100.0	100.0	91.9
HHI	7,115	6,835	6,581	6,549	6,021	5,673	5,447
<i>N</i> (>1%)	4	3	3	3	3	3	3
Noam Index	3,558	3,946	3,800	3,729	3,476	3,275	3,115

Source: Korea Communications Commission, Korea Association for ICT Promotion.

- 1 2011 data provided by editors using Resource: Korea Communications Commission: Telecommunication Market Competition Assessment(2012) Retrieved from:<http://www.kcc.go.kr/user.do?mode=view&page=A02050101&dc=K02050101&boardId=1022&cp=1&boardSeq=35585>

p. 834 The wireline telecommunications market is highly concentrated. KT is the clear market leader, with a 72.8% market share in 2009, while LG U + held just 16.6% and SK Broadband 9.9% (Figure 27.2). ↴

**Figure 27.2**

Wireline Market Concentration (HHI), 2004–2009

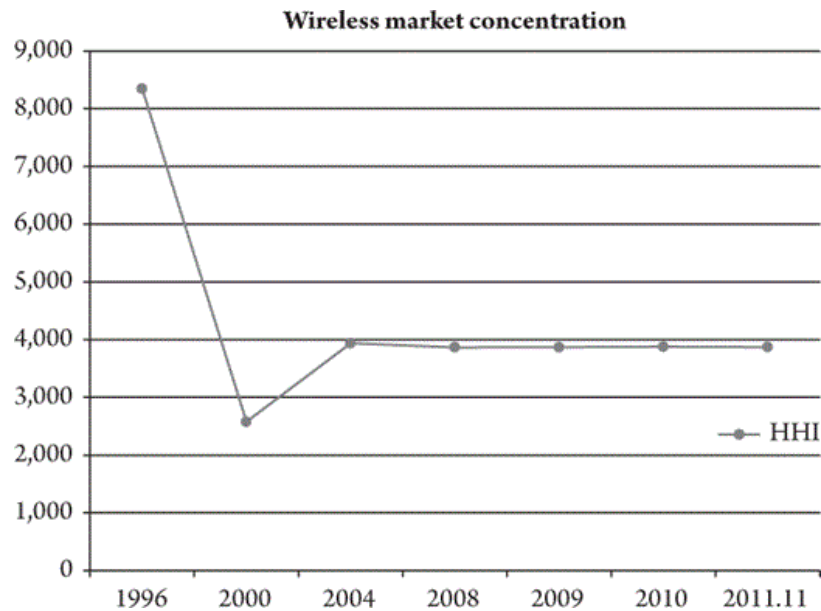
South Korea is a world leader in mobile phone technology: it was one of the first countries where both 3G and 4G services, such as Long Term Evolution (LTE) and mobile WiMAX(WiBro), were available. The market has also evolved considerably: in 1984, Korea Mobile Telecom (KMT) was established by the state as an arm of KT to provide mobile service, and for the first few years the sector was, like wireline, a KT monopoly. Then, during the privatization drive of the early 1990s, KMT was acquired by the SK Group and was renamed SK Telecom. At the same time, the state awarded a second national carrier license to Shinseggi Telecom, creating a duopoly that persisted until 1997. That year, three new mobile service providers, including Korea Telecom Freetel (KTF), [Hansol M.com](#), and LG Telecom (LGT, later LG U +) were awarded mobile licenses. In 2000, KTF was fully absorbed by KT and [Hansol M.Com](#) became part of KT as well, leaving the market with just three operators: KT, SK Telecom (SKT), and LG U + (Table 27.9).

**Table 27-9.** Wireless Telecom (Market Shares by Revenue), 1996–2011

	1996	2000	2004	2008	2009	2010	2011
SKT (SK)	90.9	40.8	51.3	50.5	50.6	50.6	50.5
Shinseggi (as of 2000)	9.1	13.1	SKT				
KT (formerly KTF)	0.0	19.7	32.1	31.5	31.3	31.6	31.6
Hansol M.com (as of 2001)	0.0	11.7	KT				
LG U +	0.0	14.7	16.6	18.0	18.1	17.8	17.9
Total Revenue (bil KRW)	2,676	12,446	14,098	17,739	20,745	19,604	19,749
Total Revenue (mil US\$)	3,345	11,203	12,689	15,965	16,596	17,664	17,774
C4	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HHI	8,346	2,577	3,938	3,867	3,868	3,876	3,869
$N(>1\%)$	2	5	3	3	3	3	3
Noam Index	5,902	1,152	2,274	2,233	2,233	2,238	2,234

Source: Korea Communications Commission, Korea Association for ICT Promotion.

Although these three providers have dominated the market for a decade, the introduction of mobile virtual network operator (MVNO) services may alter the market structure in favor of reduced concentration. (Figure 27.3).



Wireless Telecom Market Concentration (HHI), 1996–2011

## Internet Media

### Internet Service Providers (ISP)

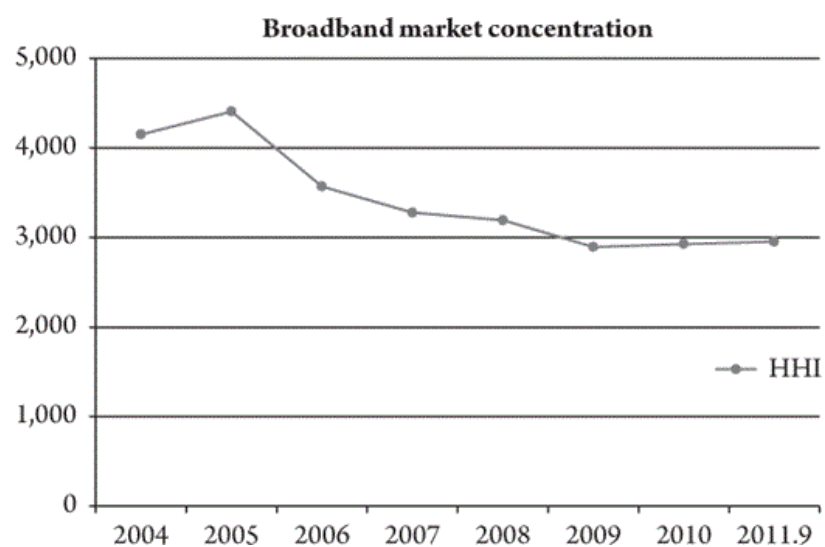
The state has played a significant role in increasing broadband access in the country. It launched a series of broadband infrastructure initiatives beginning in 1999 under the aegis of “Cyber Korea 21.” Since then, several other capacity-building initiatives have followed (e-Korea, IT839, and Cyber Infrastructure) that have spent trillions of won over the past 10 years to improve infrastructure so that now South Korea possess the world’s most accessible broadband Internet network. Following KT’s privatization, several new licenses were granted, leading to the formation of Dacom and Hanaro and then the entry of SKT to the broadband industry through its acquisition of LG Hanaro (Table 27.10).

**Table 27-10.** Internet Service Providers (Market Shares by Revenue), 2004–2011

	2004	2005	2006	2007	2008	2009	2010	2011
KT	58.3	61.1	52.1	48.4	47.6	42.5	43.1	43.5
SK Broadband (SK)	25.5	24.5	26.3	25.3	23.2	23.5	23.2	23.4
Thrunet (as of 2008)	9.1	7.5						
LG U + (LG) (as of 2010)							16.1	16.0
LG Powercom (until 2009)	0.0	0.4	5.8	11.6	14.1	15.4	LGU+	
LG Dacom (until 2009)	2.4	2.6	1.1	0.8	0.3	0.1		
Cable TV MSOs(CJ Hellovision, T-Broad, C-M, HCN)	0.0	0.0	11.1	12.6	13.7	17.2	16.4	16.1
Onse Telecom (until 2007)	3.6	3.1	2.1	0.3	0.0	0.0	0.0	0.0
Dreamline (until 2006)	1.1	0.9	0.5	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.9	1.0	1.1	1.3	1.2	1.1
Total Revenue (bil KRW)	2,284	1,858	3,435	3,209	3,957	4,458	4,002	4,090
Total Revenue (mil US\$)	2,969	2,972	3,435	3,530	3,561	3,566	3,602	3,681
C4	96.5	96.2	95.3	97.9	98.6	98.6	98.9	98.9
HHI	4,152	4,407	3,570	3,278	3,192	2,895	2,928	2,954
N(>1%)	6	5	6	4	4	4	4	4
Noam Index	1,695	1,971	1,457	1,639	1,596	1,448	1,464	1,477

Source: Korea Communications Commission, Korea Association for ICT Promotion.

In late 1990s, telecoms such as KT and LG Hanaro began offering consumers broadband access. In the 2000s, cable TV operators also entered the market, gaining market shares by offering access at significantly lower prices. Due to the competition between telecom providers and cable TV operators, concentration indices have decreased, from 4,407 in 2005 to 2,895 in 2009, though in 2011 the HHI was still high at 2,954 and the C4 stood near 100 (Figure 27.4).

**Figure 27.4**

Broadband ISP Market Concentration (HHI), 2004–2011

## Search Engines

The search engine market is highly concentrated, and the level of concentration is increasing—but in contrast to the experience of several other countries, this is not being driven by the entry of Google (US) into the market. South Korean search engines dominate the market. Up until 2003, the search engine Daum, owned by Daum Communications, was the market leader; the NHN Corporation's Naver search engine then supplanted Daum in 2004. NHN also maintains Knowledge iN, a knowledge exchange service similar to Wikipedia (US), with 200 million entries by 15 million users. NHN's platforms integrate news, e-commerce, and online gaming—such as its own highly popular Hangame portal. Thanks to a business strategy centered on localization, simplifying user interfaces, and greater content integration, Naver held a 68.8% market share in 2011 while Daum held only 22.1% (Table 27.11).

**Table 27-11.** Internet Search Engines (Market Shares by Search Volume), 2000–2011

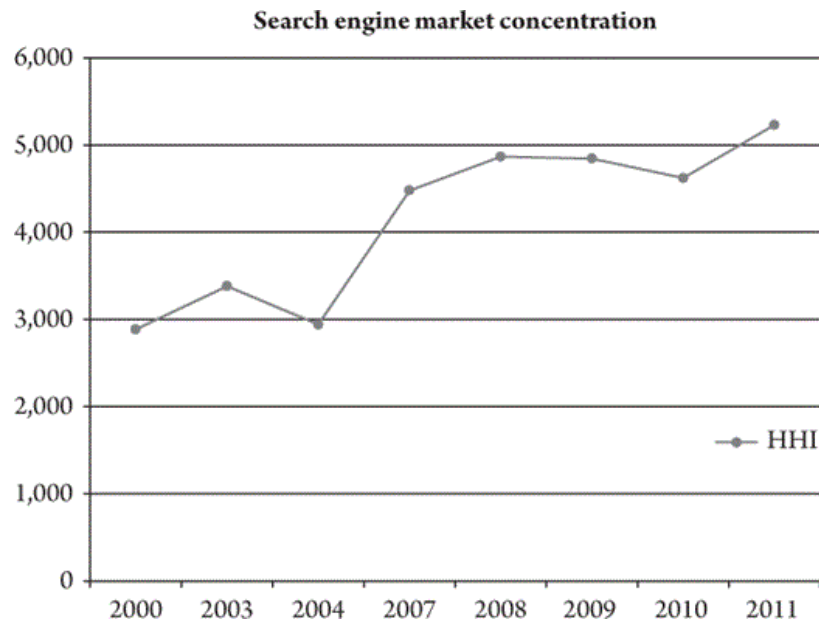
	2000	2003	2004	2007	2008	2009	2010	2011
Naver (NHN Corporation)	13.1	6.0	40.4	63.3	67.0	66.4	63.6	68.6
Daum (Daum Communications)	42.4	52.2	32.3	14.7	13.0	20.4	23.4	22.1
SK	6.6	9.6	5.5	13.6	12.2	2.2	4.3	2.4
KT	0.0	13.5	10.8	8.4	7.7	1.2	1.0	0.1
Yahoo! Korea (Yahoo!, US)	27.8	18.6	10.9	0.0	0.0	2.9	2.4	1.2
Dacom (LG)	10.0	0.0	0.0	0.0	0.0	0.0	0.8	0.4
Others	0.0	0.0	0.0	0.0	0.0	1.9	4.4	0.0
Total Revenue (bil KRW) <sup>1</sup>	0	0	161	612	750	825	1,044	1,244
Total Revenue (mil US\$)	0	0	209	673	675	660	940	1,120
C4	93.3	93.9	94.4	100.0	99.9	91.9	93.8	94.6
HHI	2,886	3,381	2,941	4,479	4,866	4,845	4,621	5,230
<i>N</i> (>1%)	5	5	5	4	4	5	5	4
Noam Index	1,291	1,512	1,315	2,240	2,433	2,167	2,067	2,615

Source: Korea Communications Commission, Korea Association for ICT Promotion.

- 1 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

US search engines like Google, Yahoo!, and Microsoft's MSN have not been able to compete with Naver and Daum in South Korea. In particular, Google and MS have an extremely weak presence. Although Google Korea began service in the mid-2000s, its market share has not surpassed 5%. However, in mobile Internet searches, Google has a 10% market share thanks to its mobile operating system (OS) Android. ↪ Aside from this niche segment, joint ventures with South Korean web portals are necessary to win greater market shares: in 2010, MSN entered into a short-lived alliance with JMnet to launch [Joinsmsn.com](http://Joinsmsn.com). At the end of 2012, Yahoo! stopped offering Korean-language service and shut down its Korea subsidiary (Figure 27.5).

Figure 27.5



Search Engine Market Concentration (HHI), 2000–2011

## Conclusion

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Before the 2000 Broadcasting Law, massed media ownership was strictly regulated in Korea and cross-ownership of print and audiovisual properties was prohibited. However, faced with revenue losses due to a decline in advertising revenue, print publishers led the way in pushing for greater deregulation of cross-ownership, and they finally succeeded at this effort in 2010 (Table 27.12).

**Table 27-12.** Media Ownership Restrictions in South Korea (Market Shares by %), 2010

	South Korean Conglomerates	Foreign Ownership	South Korean Print Publishers (Newspapers)
DTT	0–20%	0%	0–20%
General Interest Channels	0–30%	0–20%	0–30%
News Channels	0–49%	0–20%	0–49%
Satellite TV	49–100%	33–49%	33–49%
Cable TV		49%	33–49%
IPTV		49%	49%

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Print publishers (newspapers) are now allowed to hold up to a 20% stake in a terrestrial broadcaster, and publishers can bid for commercial broadcasting licenses. Although several civil society groups contested the decision, the Korean Communications Commission (KCC) stated that it had authorized these measures to promote the development of larger media groups. Regulations governing horizontal and vertical ownership in the cable TV market have also been modified: a cable TV company may now own up to a 33% stake in the national MSO market. The government hopes this will enable the emergence of a larger cable service provider. Foreign ownership and investment rules were also (begrudgingly) relaxed for every sector except terrestrial broadcasting in order to meet the terms of the South Korea–US Free Trade Agreement (FTA) that went into effect in 2012. Finally, the 2010 regulatory changes now require the KCC to review all media ownership laws every two years and propose amendments to them. The KCC has established a Media Diversity Committee whose responsibility is promoting media diversity as well as market competitiveness in order to monitor the effects of mergers and acquisitions of independent media producers.

The more closely regulated audiovisual and telecommunications industries—in which the state still grants licenses—are still more concentrated than the less regulated print and online media sectors. At the same time, the less regulated media sectors are becoming more concentrated overall due to the incentives deregulation has established for them to lead mergers and acquisitions. Though the cable TV market is not as concentrated as broadcast TV, concentration is increasing as cable MSOs move to take advantage of changes in media ownership laws. In the film industry, where there are no legal ownership restrictions, the market shares of the three largest distributors are increasing. And in the similarly unregulated search engine market, NHN's increased dominance has seen concentration rise as well. However, traditional print media markets do not display high concentration levels despite their lack of strict regulations. Both book and magazine publishing are highly fragmented, and concentration in the daily newspaper market is decreasing as more and more titles are establishing themselves (Table 27.13).

**Table 27-13.** Media Concentration and Regulation, 2009–2011

	<b>Strong Regulation</b>	<b>Weak or No Regulation</b>
Concentration Increased (HHI > 1,800)	Multichannel TV platforms (Cable TV)	Film, search engines
Concentration Decreased (HHI < 1,800)	Broadcast TV, radio, wireline telecom, wireless telecom	Newspapers, books, magazines

Media groups formed through mergers and acquisitions among media producers and their holding companies are likely to be the trend in South Korean media markets. Business conglomerates have mostly withdrawn from media ownership: in 1997, Samsung closed its media division during the East Asian financial crisis, and the Hyundai and Daewoo conglomerates soon followed Samsung's lead. Small- and medium-sized enterprises replaced them. The CJ Group expanded its media business through a series of mergers and acquisitions over a 10-year period, and by 2011 the CJ Group's E&M had emerged as a leading media group with stakes in film (CJ CGV), several video channels, and a successful music publishing arm (Mnet Media).

This trend will be helped along by the state, since regulators are focused on deregulation to increase competitiveness. Successive administrations have generally encouraged increased concentration in the media industry in order to increase the global competitiveness of South Korean media producers. In 2011, the KCC and the Ministry of Culture, Tourism, and Sports jointly announced that they would support increased conglomeration by relaxing ownership regulations.



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SOUTH KOREA HAS MADE the transition from substantially state-owned media industries in the 1980s to an almost entirely commercialized market by the 2010s; only broadcast television is still led by public entities, KBS with 37.3% and MBC with 18.3% (Table 27.14). The South Korean national market also has one of the lowest percentages of foreign ownership or participation internationally, partly due to legal restrictions. In telecommunications, the domestic providers KT and the SK and LG industrial groups (the incumbent) dominate the market.

**Table 27-14.** National Media Industries Concentration in South Korea

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)
KT	2,372	39.8	1,851	35.7	-3.1	-0.6
SK Group	1,228	26.4	1,184	26.3	-0.5	-0.02
Government of Korea	614	8.2	413	6.1	-4.7	-0.3
<i>KBS (public)</i>	204	4.5	110	3.0	-6.6	-0.2
<i>MBC (public)</i>	47	2.2	27	1.5	-6.06	-0.1
<i>EBS (public)</i>	3	0.6	0.8	0.2	-11.15	-0.05
LG Group	142	9.7	191	11.9	4.95	0.3
NHN	12	0.3	131	1.9	144.1	0.2
CJ Group	20	1.1	66	2.4	34.1	0.2
Tbroad	23	1.1	43	1.7	12.9	0.08
SBS	47	2.2	27	1.5	-6.06	-0.1
Chosun Ilbo	30	1.2	19	0.8	-5.05	-0.06
C&M	16	0.9	22	1.2	5.3	0.04
Jmnet (JoongAng Ilbo)	22	1.0	16	0.7	-4.4	-0.05
Dong-A-Ilbo	17	0.9	11	0.6	-4.9	-0.04
Daum	8	0.2	14	0.6	11.3	0.05
Showbox	8	0.5	2	0.2	-10.4	-0.03
<b>Media Concentration Index</b>						
			<b>2004/5</b>	<b>2011 or Most Recent</b>	<b>% Change Annual Average</b>	
Total Revenue: Nat'l Media Industry (mil US\$)			28,933	40,558	5.74%	
Total Voices ( <i>n</i> )			45	48	0.95%	
Net Voices ( <i>n</i> )			40	43	1.07%	
Public Ownership (%)			8.2	6.1	-0.35%	
Foreign Ownership (%)			0.9	0.9	0.0%	
C4 Average—Weighted			95	94	-0.17%	
HHI Average—Weighted			4,588	4,036	-2%	
C1 Average—Weighted			58	54	-1%	
Noam Index Average—Weighted			1,861	1,726	-1.03%	
Pooled Overall Sector C4			84.1	79.9	-0.6%	
Pooled Overall Sector HHI			2,452	2,162	-1.69%	

Pooled Overall Sector Noam Index	282	185	-4.92%
Market Share of Top Ten Companies: Nat'l Media Industry (%) (Pooled C10)	91.6	89.4	-0.3%
National Power Index	4,565	3,997	-1.78%

Market concentration in South Korea is quite high. The pooled overall sector C4 is 79.9% and the Weighted C4 Average is 94%. The four largest national media companies control three quarters of the market: KT, SK Group, LG Group, and KBS. Of these, KT, SK, and LG are the three largest platform media companies, controlling 43.8%, 32.5%, and 14.7% of the platform market, respectively (Table 27.16).

**Table 27-16.** Top Platform Media Companies in South Korea

Article II	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)
KT	2,963	49.3	2,288	43.8	-3.25	-0.78
SK Group	1,539	33.1	1,467	32.5	-0.7	-0.08
LG Group	178	12.2	237	14.7	4.7	0.36
Tbroad	19	0.9	36	1.4	12.6	0.07
CJ Group	4	0.4	27	1.2	93.5	0.12

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	0	0	0%
Foreign Ownership (%)	0	0	0%
C4 Average—Weighted	98	96	-0.16%
HHI Average—Weighted	4,736	4,110	-2%
C1 Average—Weighted	60	54	-1%
National Power Index	4,716	4,073	-1.95%

p. 842 KBS holds 15.4% of the content market, making it the largest media producer in the country, followed by the other two TV broadcasters, MBC (a second public broadcaster, with 7.8% share of content media) and the commercial SBS (also with 7.8%) (Table 27.15). ↵

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**Table 27-15.** Top Content Media Companies in South Korea

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)
Government of Korea	3,032	30.4	2,135	30.5	-4.2	-1.3
<i>KBS (public)</i>	1,007	22.2	568	15.4	-6.2	-0.97
<i>MBC (public)</i>	231	10.7	140	7.8	-5.7	-0.4
<i>EBS (public)</i>	17	2.8	4	1.3	-11.01	-0.2
CJ Group	82	3.9	229	7.4	25.5	0.5
NHN	58	1.4	677	9.8	151.5	1.2
SBS	232	10.7	140	7.8	-5.7	-0.4
Chosun Ilbo	148	5.9	100	4.1	-4.6	-0.3
Jmnet (JoongAng Ilbo)	111	5.1	80	3.7	-3.9	-0.2
Tbroad	37	1.8	74	2.9	14.2	0.2
Dong-A Ilbo	82	4.4	57	3.1	-4.5	-0.2
C&M	26	1.5	37	2.1	6.3	0.08
DAUM	37	1.2	70	3.2	-12.5	0.3
SK Group	1	0.2	0.8	0.3	-3.4	0.02
Showbox	41	2.3	12	1.3	-10.2	-0.15

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	39.4	30.5	-1.48%
Foreign Ownership (%)	4.5	4.9	0.05%
C4 Average—Weighted	85	83	-0.3%
HHI Average—Weighted	4,004	3,726	-0.99%
C1 Average—Weighted	39.4	30.5	-1.3%
National Power Index	3,960	3,668	-1.05%