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Media Concentration in Korea

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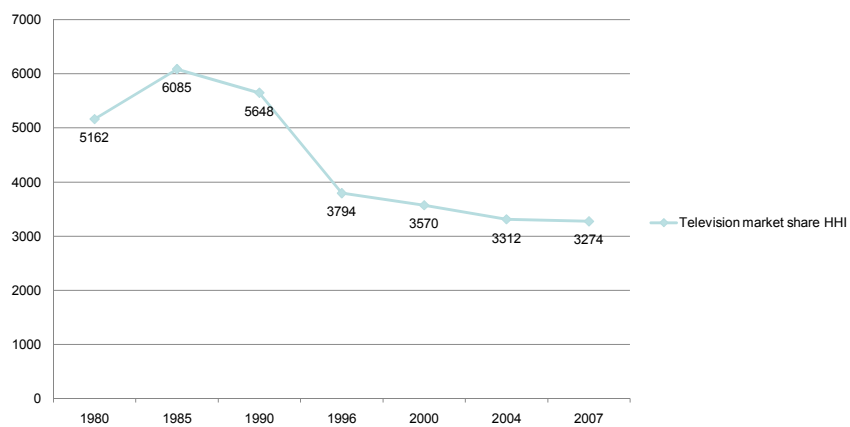
1. Television market share (1980-2007)

Television Studios market share by sales (%)	1980	1985	1990	1996	2000	2004	2007
HHI	5162.0	6085.0	5648.0	3794.0	3570.0	3312.0	3274.0

<source: Broadcasting industry annual report >

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Television market share HHI



- Korean television market is highly concentrated.
 - lower concentration tendency in recent years

- In 1980, Korea has 3 terrestrial broadcasters
 - KBS was a major public service broadcaster.
 - MBC was second PSB with commercial finance.
 - EBS was educational public service broadcaster.

- In 1996, competition was introduced.
 - In 1991, SBS, commercial terrestrial channel was introduced.
 - In 1996, 4 local commercial channels were set up.

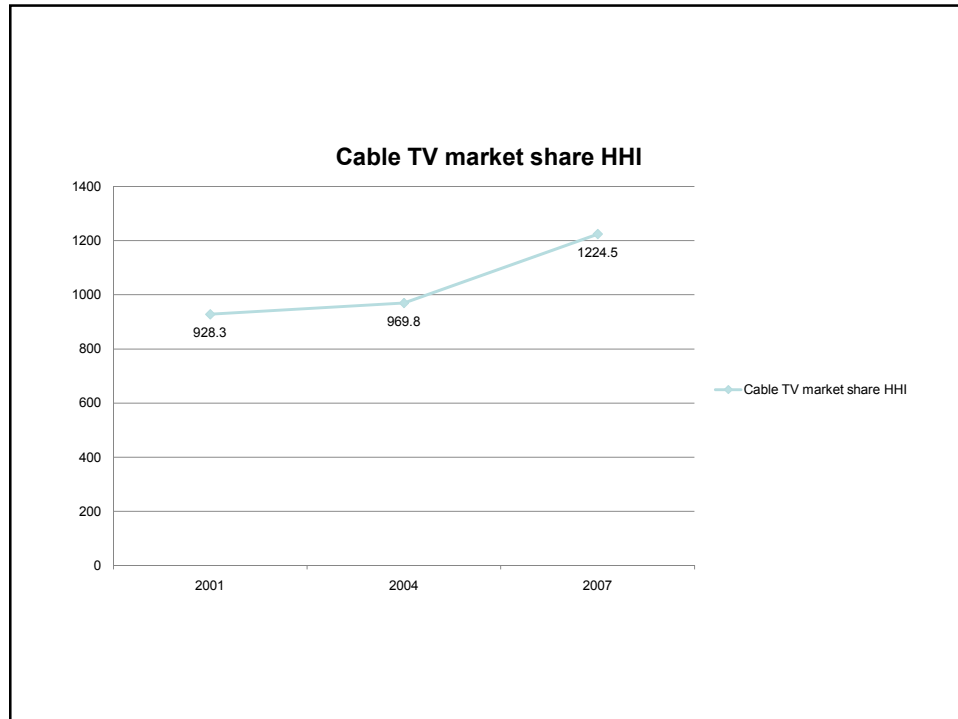
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2. Cable TV market share (2001-2007)

Cable TV operators market share by sales (%)	1984	1988	1992	1996	2001	2004	2007
HHI					928.3	969.8	1224.5

<source: Broadcasting industry annual report >

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- Cable TV market has not been concentrated.
 - But, concentration level is increasing in recent years

- In 1995 the first cable channels were introduced
 - From 1995 to 2000, vertical and horizontal integration were not permitted.
 - : HHI score was low.

- In 2000, deregulation policy was applied to cable TV sector with allowance of vertical and horizontal integration
 - : Since 2000, HHI score increased.

- This shift is due to the Korean government policy
- Policy changed to allow concentration in cable TV industry
 - It is to bring about big player in cable TV industry to compete with terrestrial broadcasters and IPTV.

* Three terrestrial broadcasters (KBS, MBC, SBS) dominate TV production market.

* Three IPTV services (KT mega TV, SK broadband TV, LG my TV) are all operated by major telecommunications operators

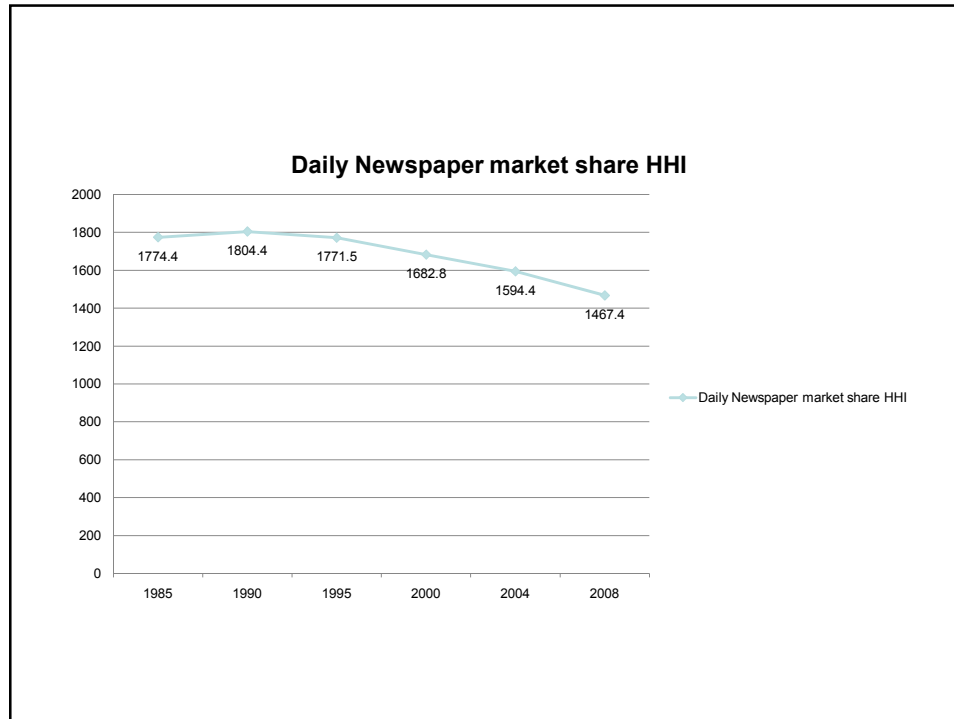
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3. Daily Newspaper market share (1985-2008)

	1985	1990	1995	2000	2004	2008
Chosun Ilbo	18.9	22.9	22.9	25.1	24.9	24.0
JoongAng Ilbo	22.8	23.8	23.6	20.3	21.6	19.7
Dong-A Ilbo	19.3	14.1	18.7	18.9	18.6	17.1
Kyunghang	10.1	-	-	4.3	4.7	8.8
Seoul Newspaper	12.7	14.1	9.4	5.5	5.3	6.2
Hankook Ilbo	16.2	17.1	15.0	14.0	6.8	5.5
The Hankyoreh		2.6	2.8	4.5	5.0	4.9
Munhwa Ilbo		-	3.2	3.2	3.9	4.5
Kukmin Ilbo		2.2	1.8	2.2	2.6	3.6
Naeil Newspaper		-	-	-	2.1	3.4
Segye Ilbo		3.2	2.6	2.1	4.6	2.2
C4 Ratio	77.2	78.0	80.2	78.3	71.8	69.7
HHI	1774.4	1804.4	1771.5	1682.8	1594.4	1467.4

<source: Korean Newspaper and Broadcasting Annual Report 1985~2007>

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Daily newspaper market has been concentrated modestly.

- Concentration level is decreasing in recent years

- In 1980s, 6 daily national newspapers were operated.

- Since 1990, newcomers came in the market, which decreases concentration level.

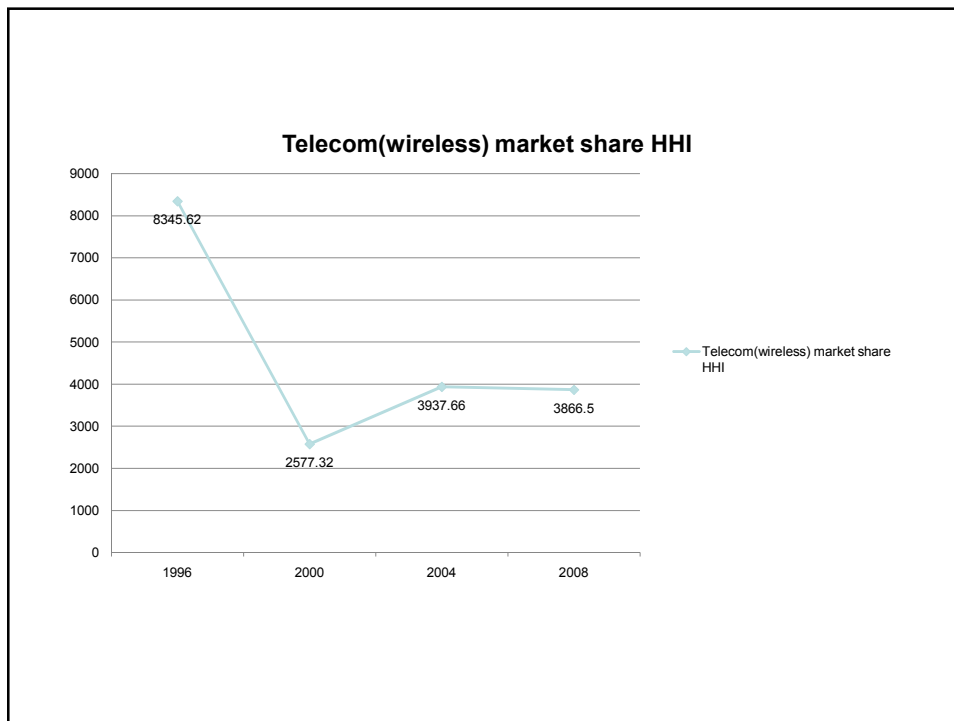
- Three major newspapers still occupy more than 60% of the market.

4. Wireless communications market share (1996-2008)

Telecom(wireless) market share (%)	1984	1988	1992	1996	2000	2004	2008
HHI				8345. 62	2577. 32	3937. 66	3866. 5

<source: Annual reports>

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Wireless communications market has been highly concentrated.

- Concentration level is decreasing in recent years

- In 1990s, Korea's wireless market was nearly monopoly

- In 1997, 3 mobile (PCS) service providers got licenses.

- In 2000, M&S policy of government made the then five players merge into three.

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Three service providers compete fiercely in the market.

Market share in 2008 (%)

SK Telecom	50.5
KT	31.5
LG Telecom	18.0

MVNO is allowed in the market

- Several firms including cable TV operators are preparing for MVNO service.

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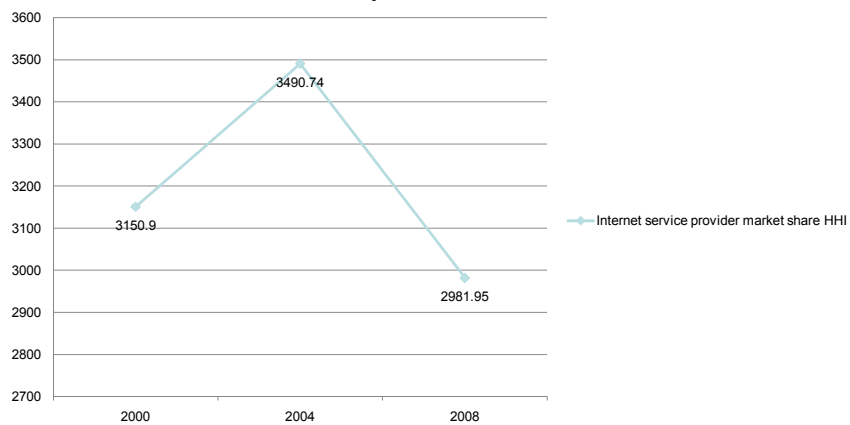
5. Internet market share (2000-2008)

Internet service provider market share (%)	1984	1988	1992	1996	2000	2004	2008
HHI					3150.9	3490.74	2981.95

<source: Annual reports>

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Internet service provider market share HHI



□ Internet market has been highly concentrated.
- Concentration level is decreasing in recent years due to newcomers entering in the market.

○ In later 1990s, internet service was provided by a few telcos.
- In the 2000s, cable TV operators began to provide internet service.
- With competition between telco and cable SO, concentration level reduced.

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6. Characteristics of Media Concentration in Korea

1. Korea's media industry is generally concentrated.
2. However, concentration level has been decreasing in all media sectors except cable TV.
3. Cable TV firms has shifted towards more concentrated as they seek to be big players in the market.
4. Another trend will happen in the near future as M&A in media and information industry is expected to happen significantly.

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