

언택트 시대, 글로벌 영상소비와 신한류

Untact
in the Digital Age,
Global VOD Consumption
and Hallyu to the
Next Level

2020. 9. 17.
Online Forum
세미나 자료집



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VOD Industry Development and Prospects in the COVID Era

John Medeiros

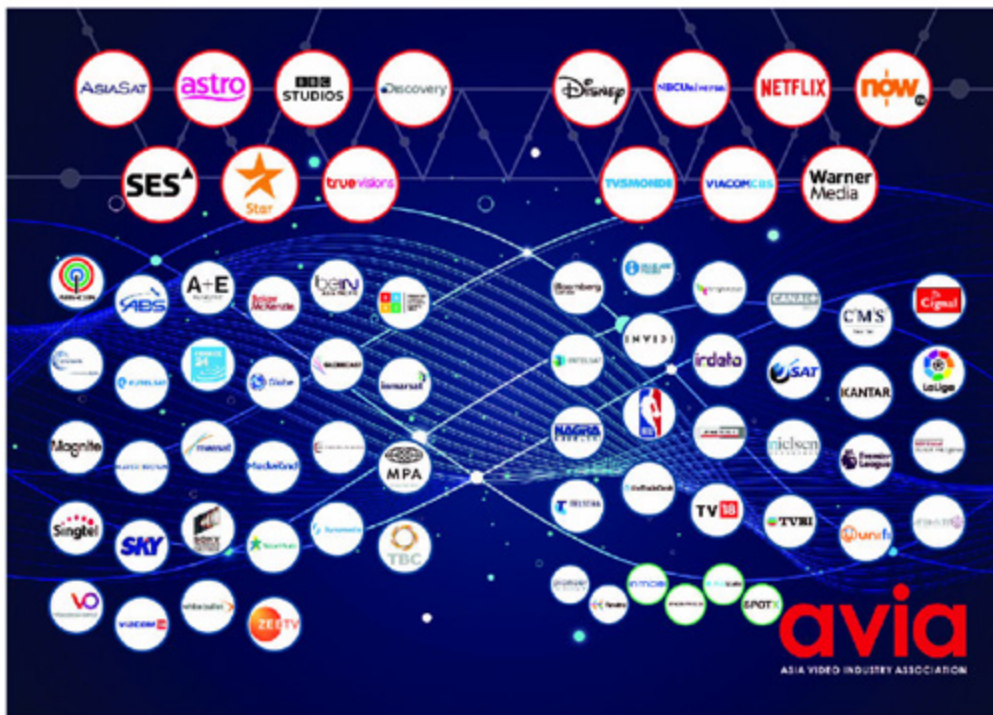
Chief Policy Officer,

Asia Video Industry Association

VOD Industry Development and Prospects in the COVID Era

John Medeiros

Chief Policy Officer,
Asia Video Industry Association
September 27, 2020



avia
ASIA VIDEO INDUSTRY ASSOCIATION

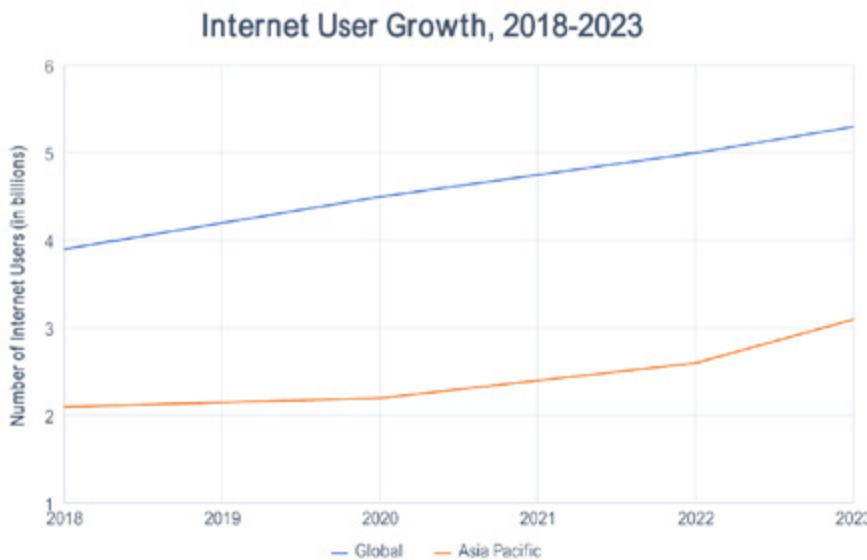
- Is a non-profit multicultural trade association with 90+ members doing business in Asia.
- Represents the industry ecosystem that creates, packages, markets and distributes video content in Asia.
- Covers cable, satellite, mobile, and broadband video delivery.
- Exists to make the video industry in Asia stronger, healthier, more vibrant, and to foster innovation to meet consumers' needs.

Subjects for Today

- Video and its symbiosis with Internet growth.
- What are Asians watching online? OTT, OCC and VOD – definitions and differentiation.
- Impact of the COVID pandemic – good news and bad news.
- Video innovation and consumer reactions.
- Future development of the online video industry.
- Policy issues and regulation.

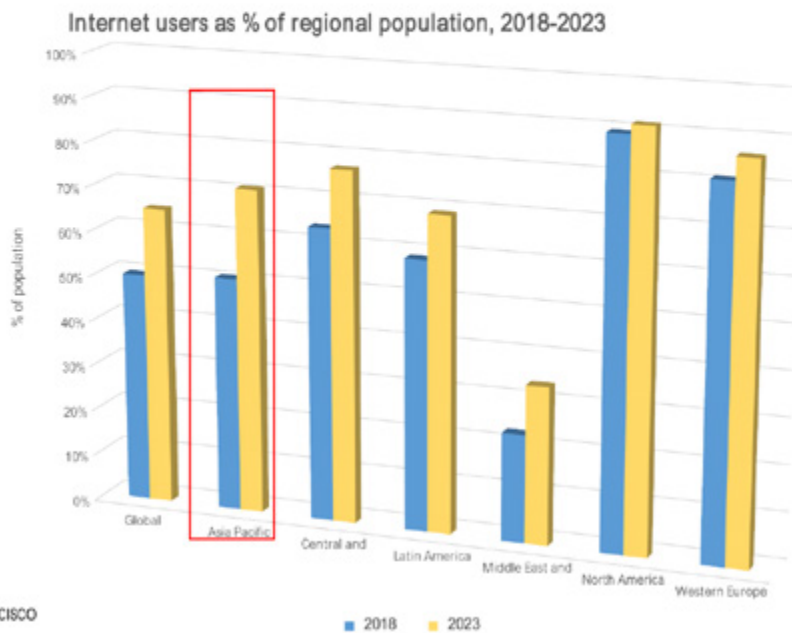
Source: AlphaBeta Strategy and Economics, "Asia on Demand," 2018

Internet Growth: Foundation for TV's Future



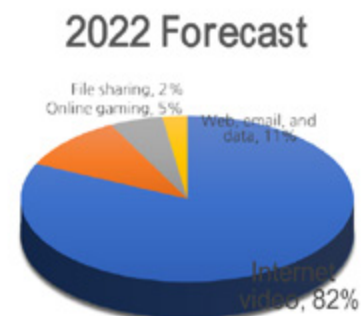
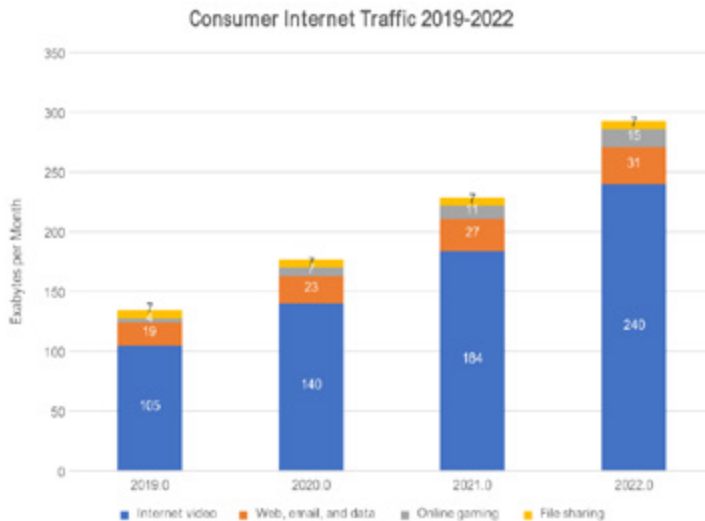
- *Global spread of broadband internet networks has been the key enabler of growth in the VOD industry.*
- *But the growth is uneven – for those parts of Asia which are “mobile first,” the rollout of 5G networks over the next five years will be of key importance.*

Asia is the Most-Growing Region

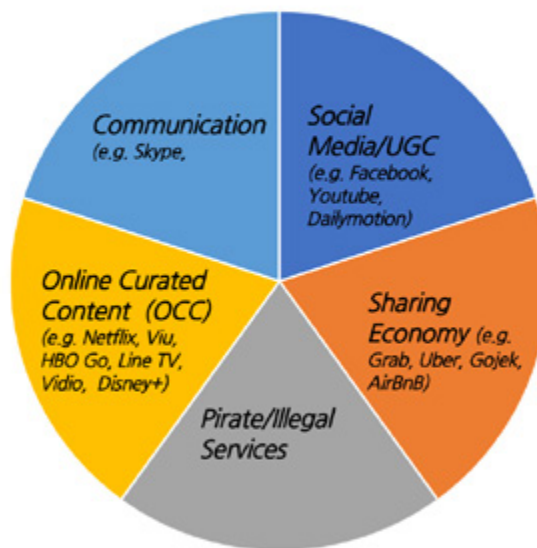


- In the last five years, almost 700 million new internet users came online in Asia - many on the basis of mobile connections.
- Cisco forecasts that an additional 20% of the Asian population will come online in the next 3 years.

Internet Development Rides on Video



The OTT Universe



OCC – Online Curated Content Services A New Business Model

- Curated Content from many countries
- **Copyright Protected**, so in-country creators get fully paid for their work
- **Personalised and consumer-centric**
- **Varied revenue sources** - subscriptions are important, but low-income consumers also like the freemium model and ad-funded services



What do consumers prize?

- *Choice*
- *Convenience*
- *Family Control*
- *Varied Price Points*

Examples of OCC Services in ASEAN

GLOBAL

NETFLIX

HBO GO

Disney+

amazon
video



iTunes

REGIONAL



iflix

LINE TV



YUPPTV

CATCHPLAY



LOCAL



iW iWant

MAX

astro
GO

my
K+

GO
StarHub Go

trueTV

me
WATCH
Previously Toggle



oona
Beyond Indonesia

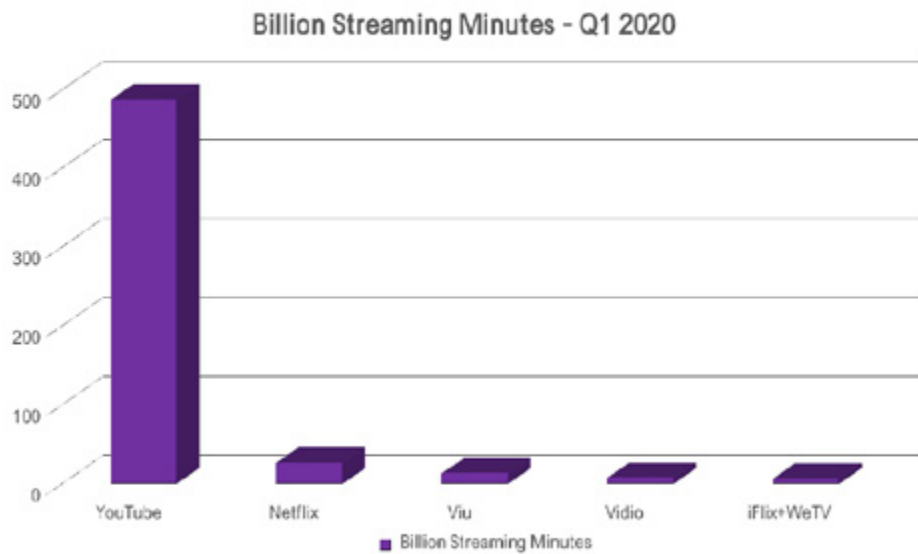
dimsum

Research Results

WHY CONSUMERS CHOOSE CURATED VOD?			
	Indonesia	Malaysia	Thailand
TIME FLEXIBILITY	86%	86%	79%
CONTROL OVER CONTENT	78%	83%	76%
PORTABILITY	81%	79%	75%

Source: AlphaBeta Strategy and Economics, "Asia on Demand," 2018

Order of Magnitude



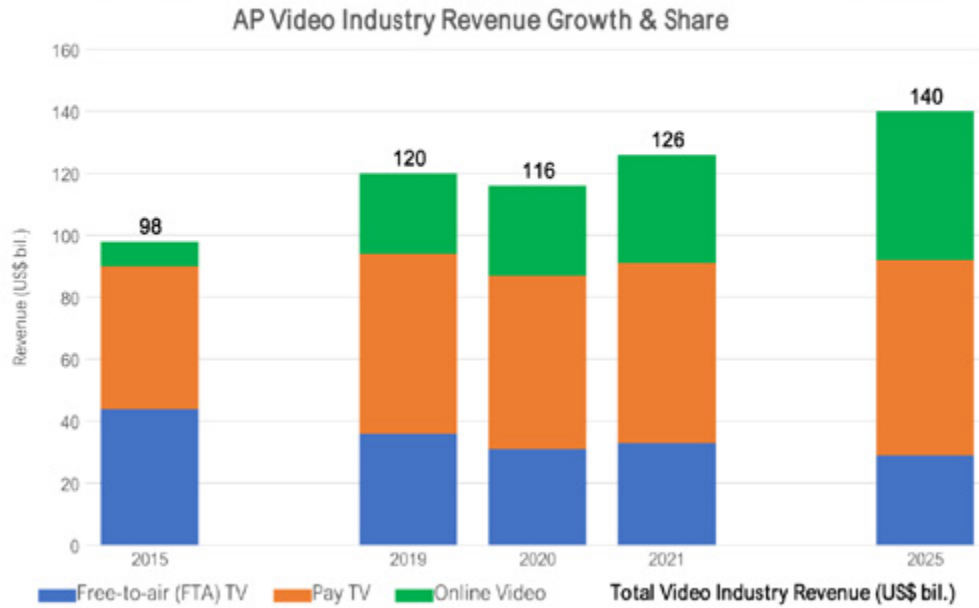
Source: AMPD Research

Data from four countries: IN, PH, SG, and TH

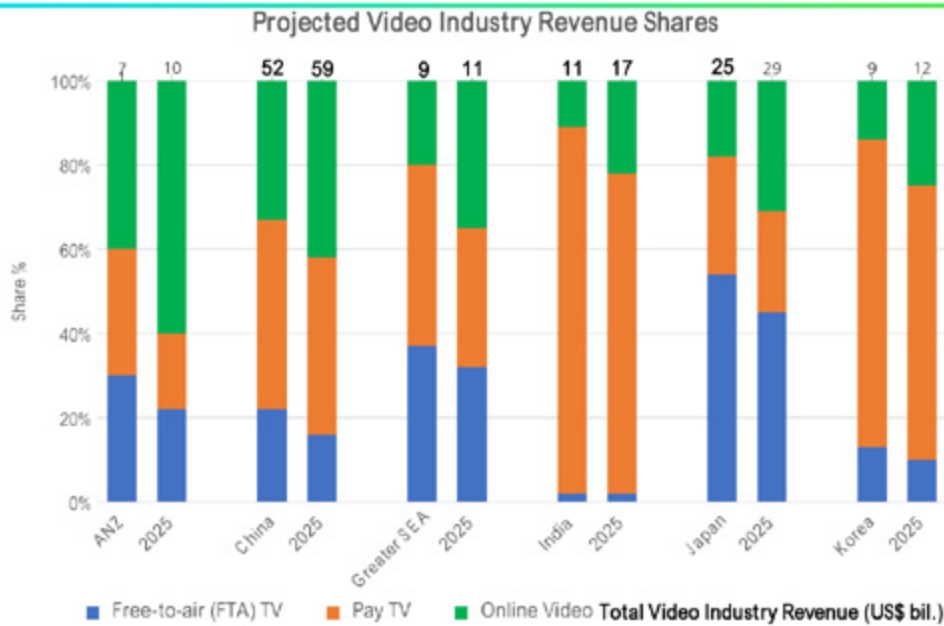
Business Models Coexist

- So when we talk about “online video”, or about “VOD”, it is important to bear in mind that there are some very different components of that category.
- Looking at the growth of “online video” is useful. But in assessing the development of markets for Hallyu content, for example, it is important to bear in mind the different sub-sectors that co-exist in that sector.
- The mix of which consumers to address, and how to address them, is a choice of different business models.

VOD's place in the Industry



Regional Breakdown

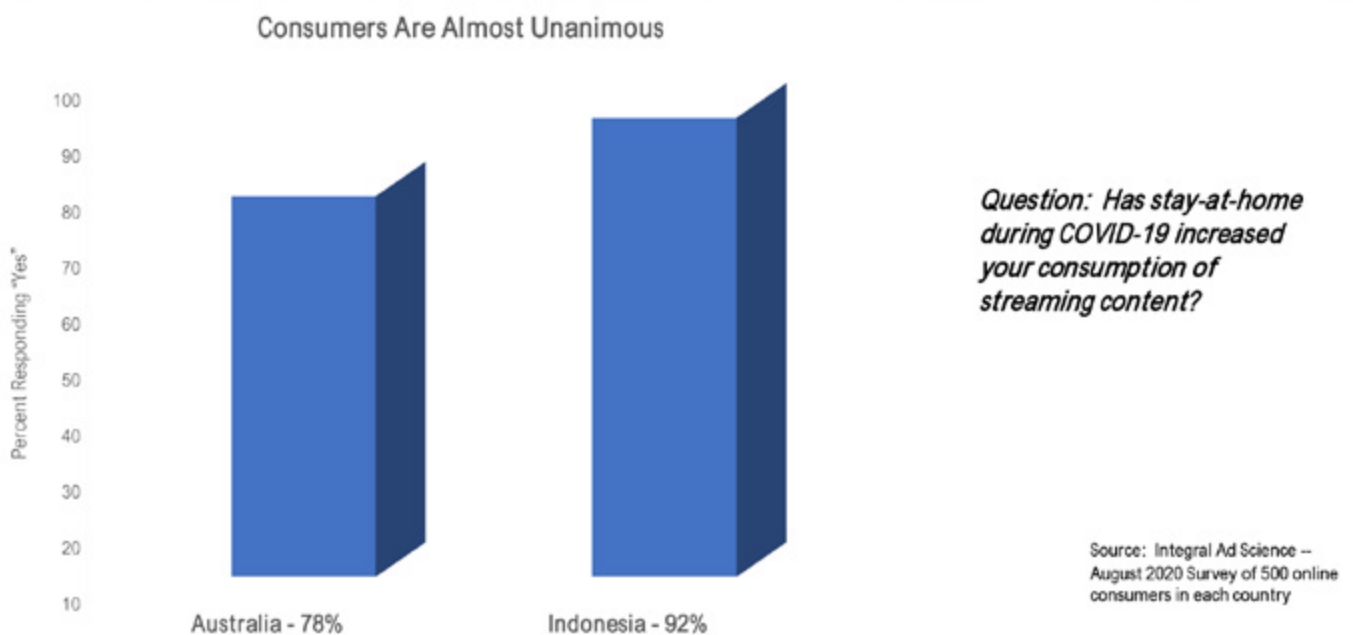


The market share of online video is projected to increase in every Asian region, in the next five years.

The Sudden Storm

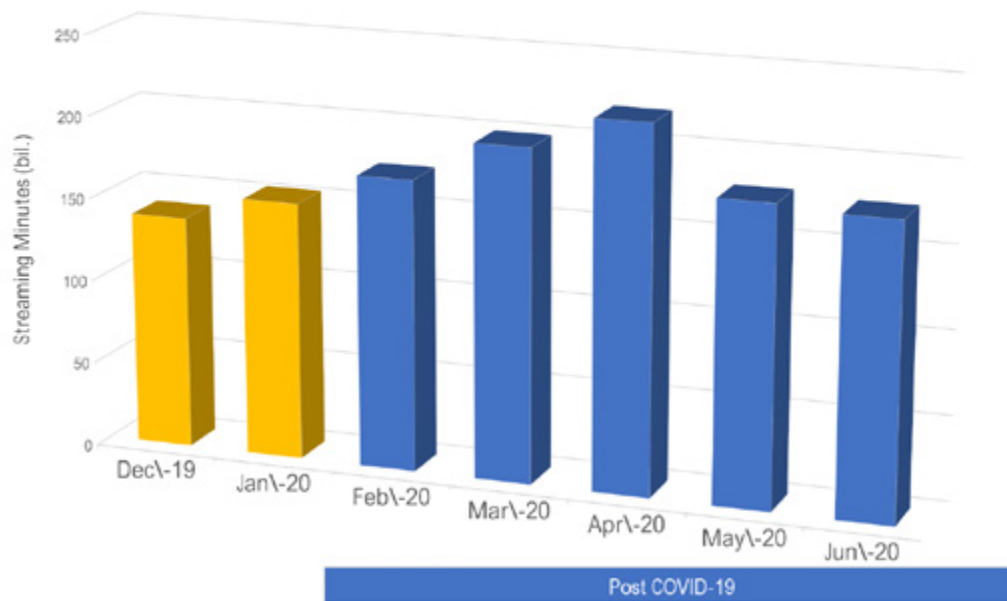
- So, at the beginning of 2020 the secular long-term trends that were determining growth of the VOD sector were well-established:
 - Network development
 - Convenience as a huge selling point
 - Growing content choice for consumers
 - Positive consumer predispositions
- And then 2020 became the Year of the Pandemic.

Impacts of the COVID Pandemic



Impacts of the COVID Epidemic

Total Video Streaming Minutes on Mobile in SE Asia



Source: AMPD Research

Data from four countries: IN, PH, SG, and TH

So Good News for pay services....

Monthly SVOD Consumer Spend in SE Asia

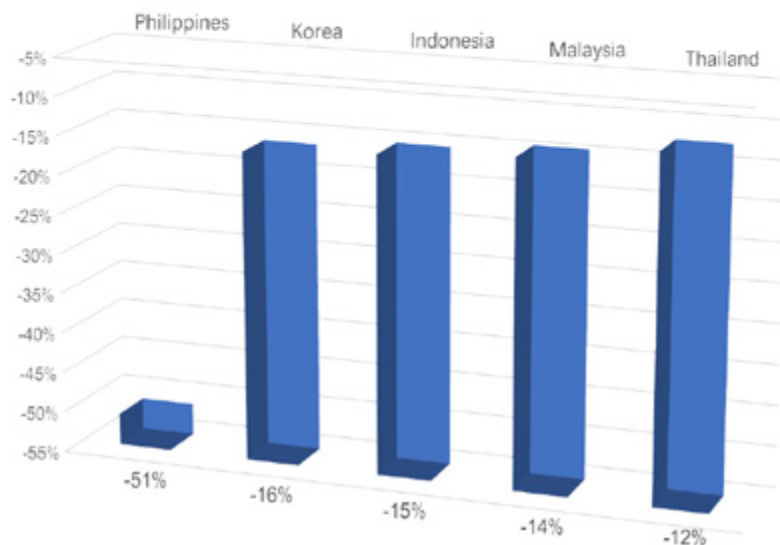


Source: AMPD Research

Data from four countries: IN, PH, SG, and TH

....But Bad News for Ad-Based Services

TV Advertising YoY % Change, 2019-2020 First Half



Source: Media Partners Asia

Winners and Losers after COVID

- Commercial FTA TV



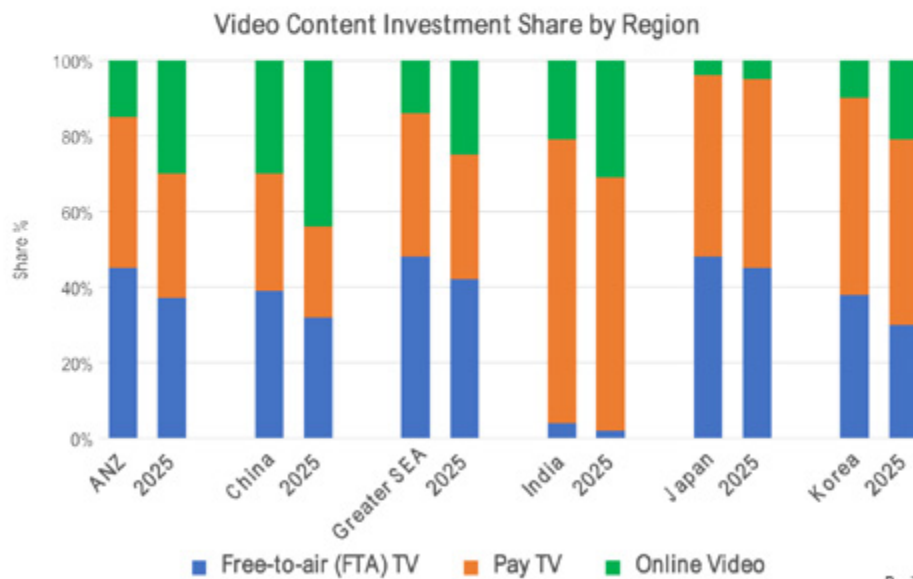
- VOD



- CabSat TV



What Does This Mean for Asian Content?



- *Growing VOD services (both local and int'l) are investing heavily in quality local content to meet consumer desires.*
- *Investment in local-language content industries will depend on local market growth and profitability.*

Projections by Media Partners Asia

OCC Services Enable Asian Content to Travel Globally

- Vietnamese Film Furie: First VN film released in the US market.
- Theatrical release March 2019. On Netflix as of May 2019 - global distribution in many languages.
- Far more people have seen the movie online than in cinemas.



No Vietnamese film has ever penetrated so many global markets simultaneously.

VOD is Changing the TV Industry

- Revolutionizing how consumers think of TV. “Appointment TV” on linear channels is fading fast.
- More choice for consumers:
 - No need to buy a big bundle
 - Focus on what the individual likes
 - Niche services bringing high-quality specialized content everywhere (from cooking to sports to symphonic music)
 - Improved parental control
- New formats (more short-form, especially for “mobile 1st” markets.)
- New bundles of services to keep prices down
- New international trade patterns, with more global content flowing to America and Europe.

A New Kind of TV Needs a New Kind of Regulation

- OCC VOD services are not the same as traditional broadcast TV; they are also not the same as other types of OTT.
- This sector is marked by ongoing innovation and development of new offerings using different business models.
- At the same time, legitimate OCC services are in a life-or-death competitive battle with “the dark side” of the internet.
- Governments should want to see these innovative services succeed! They should avoid hobbling OCC services with burdensome regulatory frameworks.
- Benefits of global markets will accrue to those whose domestic markets remain open and growing.

Global VOD Service Impacts to Hallyu

- Based on Netflix -

Seok-Kyeong Hong

Professor, Department of Communication

Seoul National University

Global VOD Service Impacts to Hallyu

- Based on Netflix -

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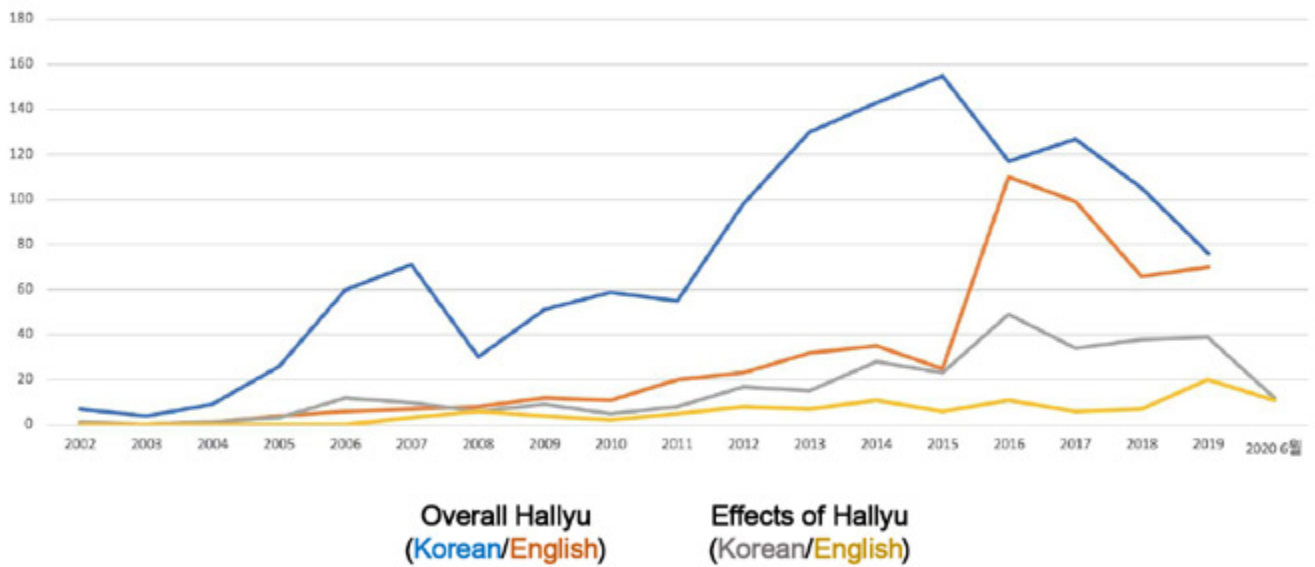


Research Background

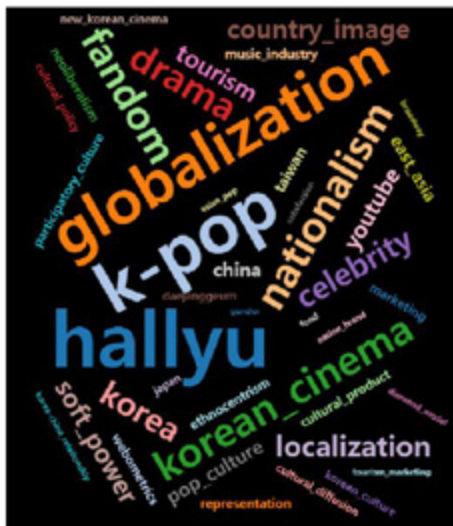
- Rise of new 'Cultural Competition' in the global VOD era
- Korean pop culture & hallyu
- Korea = Content Powerhouse
- Netflix invests to create Korean Netflix Originals



Research Publications: Overall Hallyu & Effects of Hallyu



Hallyu Effects: Existing Hallyu Research



- Tourism
- National Image
- Fashion and Beauty
- Political & Economic effect
- K Food
- Education and language
-  Lack of qualitative research on the reception of Hallyu out of East Asian Countries

Core Contents of Existing Research on Netflix

- Personalization of the streaming experience based on user behavior
- Netflix Recommendation System
- Netflix and its 76,000 of 'Alt-genres'
- Change in viewing experience: Planned flow to 'Binge Watching'

Research Gaps

**Need to explore how global viewers experience
Korean content provided by Netflix**

How do they first encounter K-content in Netflix?

What kind of process do they follow to select the title?

Which titles do they choose and like?

What's the reason of their preference?

**Reception of Korean content through Netflix:
Need to be explored as a Cultural Experience**

Hallyu Content Distribution on Netflix



- Enables **transnational reception of Korean dramas**, even in countries that has no “cultural proximity” with Korea
- Netflix creates and distributes **Korean Originals in 190** countries
- Exclusive/non-exclusive licensed Korean shows are serviced through Netflix

Methodology

1. Subjects



Source: 2019 Economic Impact Research on Hallyu, KOFICE

2. Method

- **32 participants from 4 countries**
 - 6 Females (10s~60s) / 2 Males
 - Users first encountering K-content via Netflix vs. Users with K-content experience before joining Netflix
- Preliminary Survey
- Media Diary
- 2hr in-depth interview via Zoom

Netflix Service Feature Effect

Effect of Netflix's technical features and interfaces on encountering or viewing Korean content, i.e. the mediation effect.

Netflix service features include content delivery methods, viewing history, subtitles, and dubbing.

Users First Encountering K-Content Through Netflix

- Netflix recommendation system enables to **encounter K-content** for the **first time**
- **Expansion of K-content viewing** experience as Netflix recommends variety of K-content after the first encounter
- **Further broadens** K-content experience through **time transcending recommendations**



Users With K-Content Experience Before Joining Netflix

- Netflix **complements and enhances** the existing viewing experience
- Excellence in subtitling and quality
- Ease of viewing through service functions
- **Expanding the range of** enjoyment on Korean content

"If I don't know what to watch Netflix shows me "Korean Dramas", "Trending Now", on the main page. Whereas Viki, you'd have to know where to start."

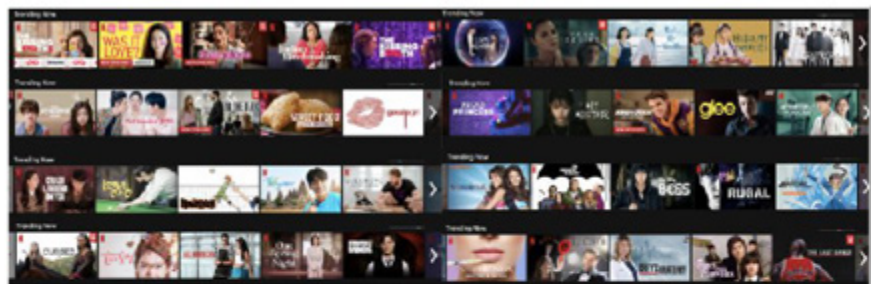
"Netflix, it's signed in all the time. I don't even remember the last time I had to sign out."

(KA, USA, 25, female)

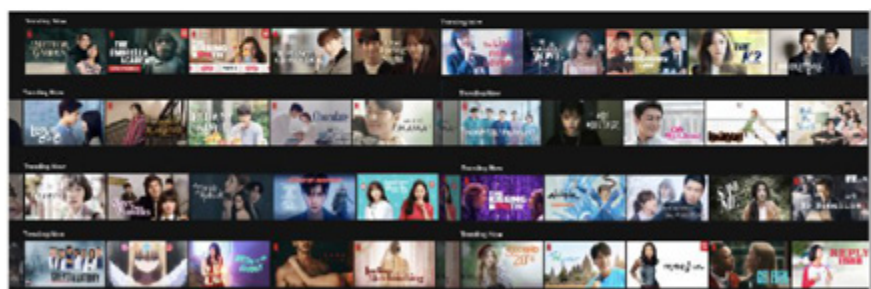
"I think I have seen <Strong Girl Bong-Soon> about 14 times since 2017. I watched 14 times from beginning to the end, and then later, I started watching scenes that I like or made me laugh. It's because it is such a funny drama. It is a drama that relieves stress."

(WE, Brazil, 33, male)

Screenshot of
"Trending Now"
provided by an
interviewee (U.S.)



7 days after the 1st day
(upper screenshot),
16 new Korean dramas
were added.



Upper: First day of Media Diary

Below: Last day of Media Diary

Netflix Content Effect

Aspect of reception by which users form a specific perception of Korea and Korean content, by watching Korean content provided by Netflix.

In particular, 'Netflix Original' means content produced by Netflix in a narrow sense, but exclusively licensed Korean titles released via Netflix are also branded and recognized to global viewers as Netflix Original.

Netflix Original Effect [1]

: Users First Encountering K-Content Through Netflix

Lowers the entry barriers of other K-content

- "I watched it because it was Netflix Original"
- Breaking the stereotype

"I thought that Korean drama always had happy ending, but I learned that there are dark stories too. [...] Japanese who aren't familiar with Korean dramas will think that K-drama is all about romance.

(TA, Japan, 36, male)

- Dubbing



Netflix Original Effect [1]

: Users First Encountering K-Content Through Netflix

Creates initial awareness
of Korea and K-dramas

*"I believe **Korean drama has been established as one of genres**, such as foreign drama, American drama, Korean drama, etc. I think it has risen to a level similar to American and other foreign dramas in terms of genre."
(TA, Japan, 36, male)*

Viewers recognize the unique aesthetics of Korean content

*"Korean Netflix Originals are less cold in filming than American series. The way actors express their emotions is also very different".
(SY, France, 58, female)*

*"When I watch Korean drama, **I feel like I am inside the drama**, while I usually feel like watching other countries' contents from the outside. That's the difference. That you feel like one of those characters, not an observer."
(NAD, France, 45, female)*

Netflix Original Effect [2]

: Users With K-Content Experience Before Joining Netflix

Netflix presents
higher quality K-content

*"In French series, if it is a suspense content, it continues to be a suspense, and if it is a police story, it only covers the story about a police. However, a K-drama addresses many elements in a balanced way."
(ISA, France, 55, female)*



Netflix Original Effect [2]

: Users With K-Content Experience Before Joining Netflix

Experiencing the **production excellence**

- Outstanding visuals and production skills
- Differentiated from other East Asian content

"Korean dramas have more freedom of expression. They are ahead of those of other Asian countries."

(BE, France, 27, female)



Limitations: Netflix K-Originals Perceived by Hallyu Fans

'Betraying' the typical Korean drama

"Love Alarm is not a typical K-drama in my opinion. It seems like it is one of science-fiction stories, as many Netflix shows are like. It was different than what I usually see from K-dramas. Same with My First First Love. Think those are more westernized compared to other Korean dramas."

(KA, USA, 25, female)



Korea in Korean Dramas

(1) Similar Assessment vs. Previous Studies

The sense of **place** specific to **Hallyu**

- Place you want to visit
- Place of romantic encounter
- Beautiful scenery
- "A whole new world"



"I see a lot of bad news in the TV news. If you want to watch a movie where people shoot each other, you can just turn on the news in Brazil. [...] So, I want to see a lighter romance story. Korean drama is a light series, and I feel refreshed and happy when I finish it."

(DE, Brazil, 54, female)

"Korea is a country where good changes happen. I doubted and thought 'Will it really happen?' but it actually takes place in Korea. [...] Watching Korean dramas is like a peek into a whole new world"

(SA, Japan, 50, female)

Korea in Korean Dramas

(1) Similar Assessment vs. Previous Studies

Relationship specific to **Hallyu**

- Respect
- Strict in hierarchy
- Romantic relationship

"I can feel the in-depth relationship between old and young."

(SY, France, 58, female)



Korea in Korean Dramas

(2) New Aspects

Political effect of Hallyu

- Contributes to improving the awareness on Asians
- Korea = Open society with diversity
- Empowering female audience vs. showing gender violence
- Forms historical and political curiosity
- Provides an opportunity to reflect on the relationship between Korea vs. their own country (especially for Japanese)

Aesthetics of Hallyu

"I love listening to Korean. In Korean, you can feel that the linguistic expression is quite dramatic. To describe in adjectives, it is dramatic, reactions are strong, and mimetic/onomatopoeic words go well with the sound of Korean."

(ME, France, 30, female)

"I wouldn't say it's (beauty of Korean actors) necessarily physical, but again that delicateness of characters. If something dramatic happens, it's like very genuine and delicate response."

(JU, USA, 18, female)

Conclusion

Netflix Service Feature Effect

- Across **place, time, and genre**
- Making of a genre : "**Korean Content**"

Netflix Content Effect

- generating **new audience and values**

Conclusion

Mediation and Reception of Hallyu in the Era of Global VOD: Prospects

Hallyu 1.0 (2000-2010)

#regional phenomenon #trans-Asian commercial trade of TV #terrestrial & satellite broadcasting # Legacy media #Winter Sonata #Dae Jang Geum

Hallyu 2.0 (2005-2015)

#Internet #streaming #worldwide #fandom #K-pop #Gangnam Style

Hallyu 3.0 (2016-Today)

#global SVOD #recommendation system #K-content reception via Netflix #K-genre #further observation #Korean Contents as Global Popular Culture #Kingdom

Distribution Strategies of VOD Services and Their Performances

Bum Soo Chon

Professor, Department of Media and Social Informatics

Hanyang University

Distribution Strategies of VOD Services and Their Performances

Bum Soo Chon

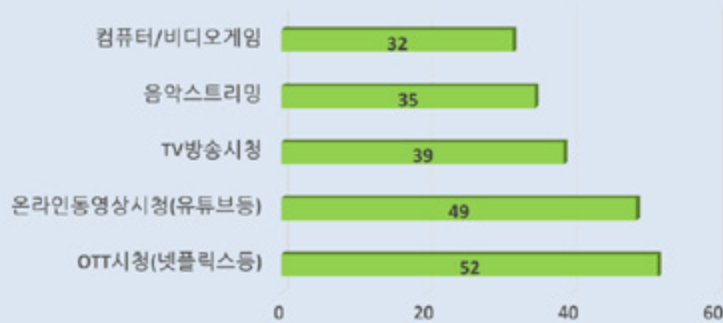
Professor, Department of
Media and Social Informatics
Hanyang University



The Changing Digital Media Landscape: Streaming, VOD & OTT

Streaming Media

코로나 이후 이용시간 증가 엔터테인먼트 서비스(글로벌 4차 조사 기준)

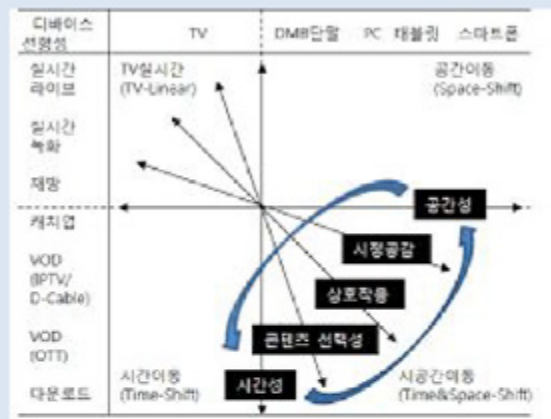


<https://home.kpmg/content/dam/kpmg/kz/pdf/2020/kr-covid-19-game-media-entertainment-20200713.pdf>

- 코로나 이후 비대면 콘텐츠 이용 증가 추세
- 넷플릭스와 같은 OTT 서비스 시청, 유튜브와 같은 온라인동영상 시청을 선택하는 빈도가 증가하는 추세임
- 이 같은 환경에서 새롭고 다양한 콘텐츠 수요 확대 가능성

3

Streaming: Non-Linear/Linear



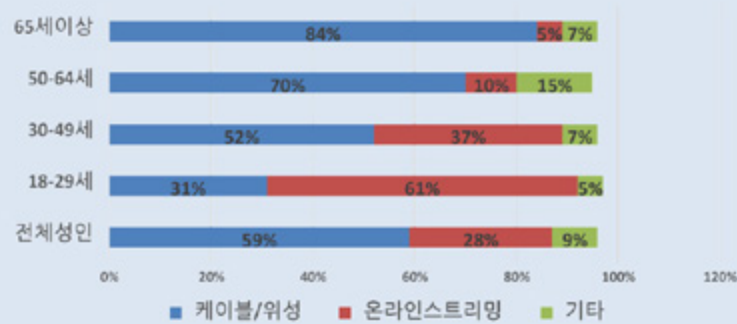
<https://pdfs.semanticscholar.org/68dd/dfa0f03ffa847f4d7aeb380d1115daa67c5.pdf> 황주성(2014)

- 스트리밍 서비스는 기존의 Linear TV 이용 패턴에서 시간 제약을 극복, VOD 방식으로 확대
- 기존 Linear TV 서비스 역시 OTT를 통해 서비스 대체 추세
- 서비스 이용은 공간적 제약을 확대한 디지털 단말기로 연계
- 콘텐츠 선택은 General/Niche 시장으로 구분한 뒤, 일부 흥행 콘텐츠로 집중 추세 가능성

4

From MVPDs to Streaming

미국 내 기존 TV 시청 방식



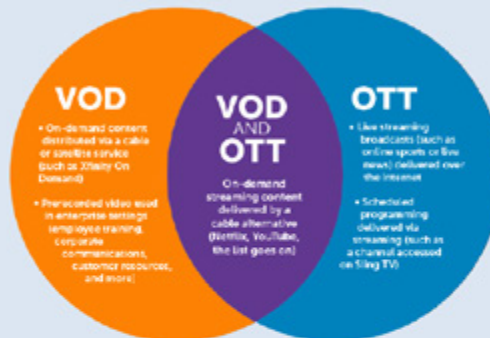
www.research-center.com/https://zixi.com/2018/04/24/streaming-101-the-difference-between-live-streaming-linear-video-and-video-on-demand/



- 미국 내 기존 TV를 시청하는 방식이 케이블TV나 위성방송에서 온라인 스트리밍 방식으로 바뀌는 비율이 증가하는 추세임

5

Between VOD and OTT



<https://www.wowza.com/blog/vod-streaming-what-it-is-and-how-it-relates-to-ott>

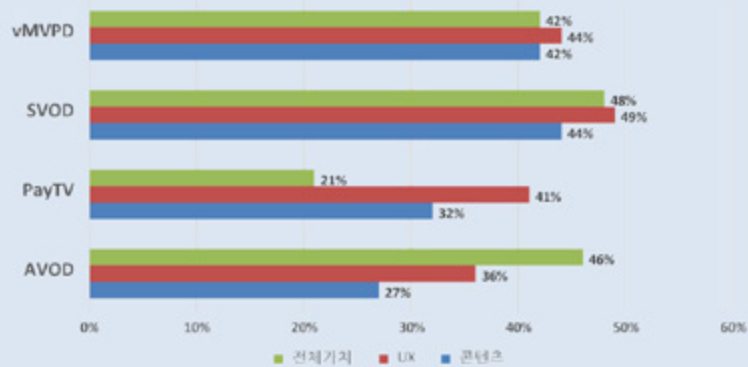


- 영화, TV 드라마, 스포츠 등의 장르 중심으로 스트리밍 사업자들의 시장 점유 확대 추세
- 이들은 글로벌 콘텐츠, 상거래, 정보, 검색 시장 등을 조합해 상품 판매
- 기존 거대 콘텐츠 기업들의 스트리밍 시장 진입 가속화
- 영상 인덱싱(Video Indexing)이나 딥 페이크(Deepfakes) 등의 기술 도입
- 프리미엄 콘텐츠 + 낮은 요금 및 탄력성 + 이용자 경험 및 몰입 극대화

6

VOD Values

미국 내 VOD 유형별 가치



<https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/streaming-ahead.html>

- VOD 플랫폼 중에서 VOD 가치를 전체 가치, UX, 콘텐츠 측면에서 살펴볼 때 SVOD 가치가 가장 높게 나타남

7

Platform Shift: OTT

국내 OTT 서비스 이용률(2019년)



방송통신위원회(2019) 방송매체 이용행태 조사 보고서 자료 재구성

- 국내 OTT 서비스 이용률은 유튜브를 중심으로 단일 서비스 집중 추세가 나타남
- 네이버TV 등은 일부 온라인 이용자의 동영상 콘텐츠 이용 수요 흡수
- 유료 서비스는 넷플릭스의 지배력 확대 추세

8

The OTT Market

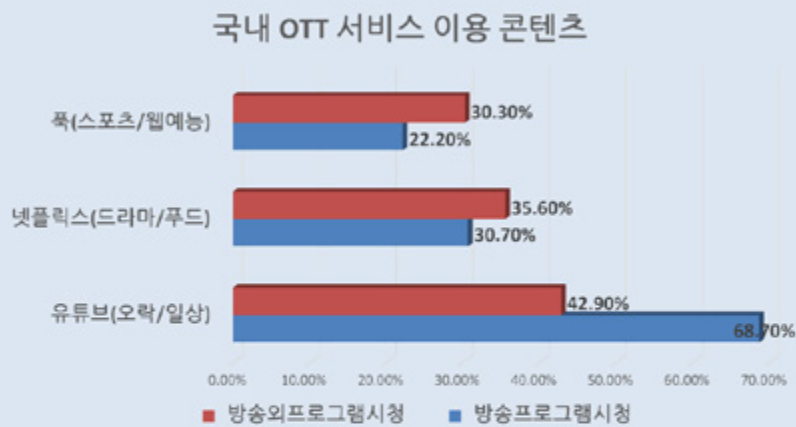


<http://www.mactimes.com/news/article/view.html?id=mcn:2025>

- 국내 및 글로벌 OTT 시장 규모는 계속 높은 증가세를 나타내고 있음

9

Concentration of Content Uses: OTT



[방송통신위원회\(2019\), 방송매체 이용행태 조사 보고서](#) 자료 재구성

- OTT 서비스 플랫폼별로 선호 콘텐츠 집중 특성
- 방송 프로그램 시청의 경우, 유튜브는 오락 프로그램, 넷플릭스는 드라마 프로그램, 폭은 스포츠 프로그램 중계 시청 빈도가 높았음

10

OTT: Spatial Change and Entertaining Home

국내 OTT 서비스 이용 장소



방송통신위원회(2019) 방송매체 이용행태 조사 보고서 자료 재구성

- OTT 서비스 이용 장소는 주중이나 주말 모두 집이 가장 높게 나타남
- 미디어 콘텐츠 이용 장소가 집으로 집중되는 추세임

11

Recommendations for OTT Services

OTT 서비스 추천 이유
(역순)



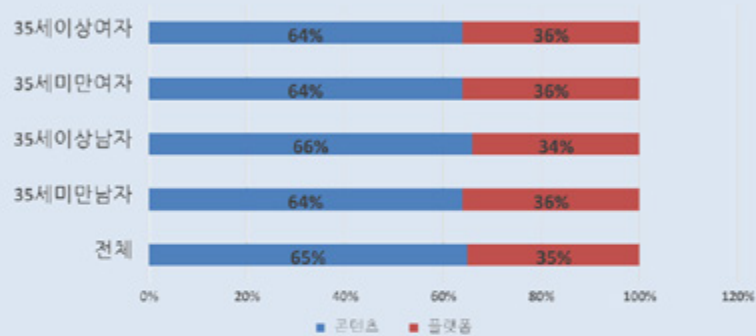
<https://www.parksassociates.com/blog/article/uncertainty-in-the-future-of-ott-and-original-programming>

- OTT 서비스 추천 이유는 프로그램 다양성임
- 다음으로 독점 콘텐츠 등 콘텐츠 다양성과 독점 콘텐츠 확보가 핵심 요인임

12

Content > Platform

미국 내 OTT 선택 시 결정 요인



<https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/streaming-ahead.html>

- 미국 내 OTT 선택 시 결정 요인은 플랫폼이 아니라 콘텐츠라는 응답비율이 60%를 초과하고 있음

13

Ad or Pay for Content

Video On-Demand Revenue Models

Video on Demand (VoD) - system of individual delivery of television programs and films to a subscriber via a digital cable, satellite or terrestrial television network from a multimedia server in various multimedia containers.

TVoD	Transactional Video on Demand	Access to the video is provided at the expense of paying a certain amount, while the video is limited either in the number of views or in the time period in which it needs to be viewed.	Google Play iTunes
SVoD	Subscription Video on Demand	Access to video is provided through the purchase of a periodic subscription.	NETFLIX HBO GO
AVoD	Advertising Video on Demand	Access to the video is provided along with advertising, which is shown in the video at regular intervals.	hulu CRACKLE
MIX	Hybrid Video on Demand	Mixed model.	YouTube vixy

<https://telebreeze.com/blog/avod>

- OTT VOD 수익 모델은 콘텐츠 다양성, 독점성 등에 따라 광고 모델 또는 구독 모델로 결정되는 특성이 있음

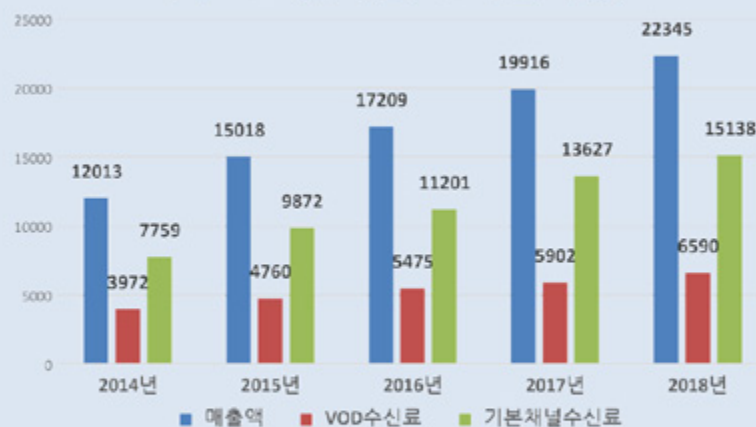
14

The VOD-Platform Models

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The IPTV Model

국내 IPTV 매출액 및 VOD 매출(억 원)



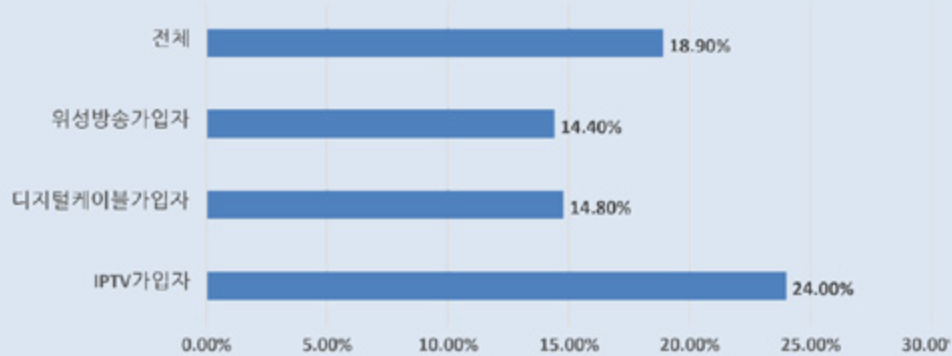
유료방송 사업자(SO, IPTV, 위성)의 방송매출 추이와 매출분류 [www.kisdire.kr/kisdire-common-premium](http://www.kisdire.kr/kisdire/common-premium)

- 국내 IPTV 사업자의 VOD 매출은 2018년 기준으로 6500억 대로 총 매출액의 30% 이상을 차지하는 것으로 나타남

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The IPTV Model

국내 유료방송 VOD 서비스 이용률(최근 1주)



[방송통신위원회\(2019\) 방송매체 이용행태 조사 보고서](#) 자료 재구성

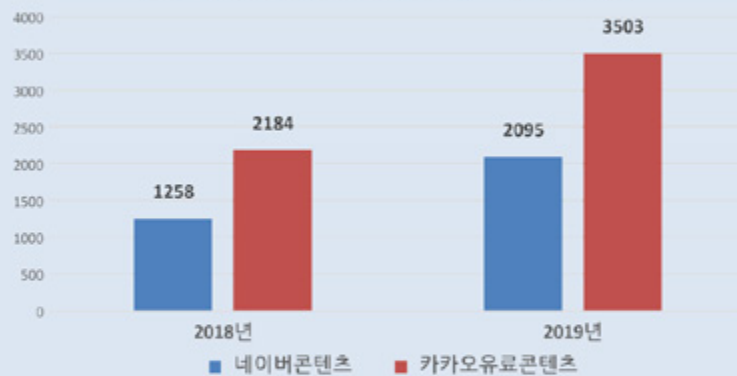


- 유료방송 서비스 중에 IPTV 가입자의 VOD 서비스 이용률이 24%로 가장 높게 나타남

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The OTT Model2 (The Portal/Web Model)

네이버/카카오 콘텐츠 매출 비교(억 원)



<http://news.bizwatch.co.kr/article/mobile/2020/02/14/0022>



- OTT 서비스 중 국내 네이버와 카카오 역시 콘텐츠 매출이 점차 증가하는 추세임
- 네이버는 V 라이브와 웹툰 매출 증가 추세
- 카카오는 웹툰, 이모티콘 매출 중심

18

Korean Wave Strategies in the OTT & VOD Environment

19

Distributing Contents



https://biz.chosun.com/site/data/html_dir/2020/04/12/2020041200758.html

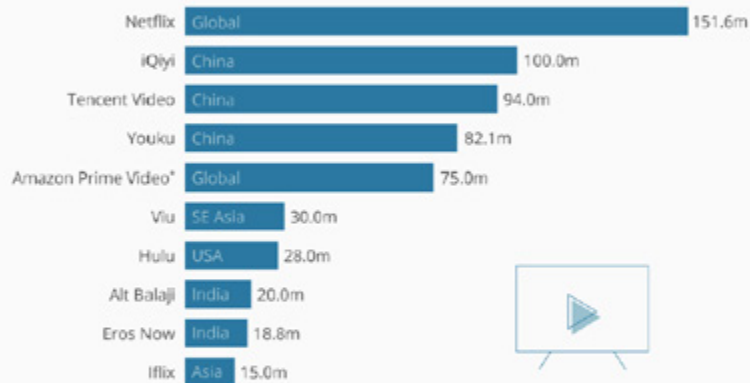
- 국내 콘텐츠를 해외로 유통시키기 위한 OTT 플랫폼으로 미국 NBC 소유 피코크와 국내 OTT 사업자인 웨이브가 전략적 제휴를 체결함
- 그러나 글로벌 OTT 시장을 과점하고 있는 Big Companies와의 전략적 제휴 필요

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Sourcing Contents

The world's most popular video streaming services

Video streaming services with the most subscribers as of November 2019



* Estimate

Source: FIPP Global Digital Subscription Snapshot



<https://www.fipp.com/news/chart-week-worlds-most-popular-video-streaming-services/#>

- 글로벌 BIG4 OTT 플랫폼(플릭스, 유튜브, 아마존 프라임 비디오, 훌루) 콘텐츠 소싱 연계 및 강화 필요성

21

Selling Contents & JV

스튜디오드래곤 해외매출비중



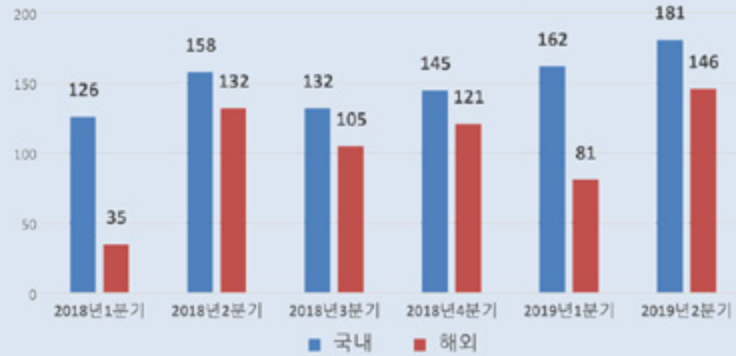
<https://www.mk.co.kr/news/economy/view/2018/12/808366/>

- 넷플릭스- CJENM 소유 스튜디오드래곤 지분 5% 인수, 3년간 21편의 콘텐츠 제작 합의
- 거대 OTT 사업자들과의 공동투자, 콘텐츠 제작비 파이낸싱 활성화 추세

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Selling Contents

제이콘텐츠리 방송 유통 매출(억 원)



<https://www.thebell.co.kr/free/content/ArticleView.asp?key=201909060100012340000772&lcode=00>

- 제이콘텐츠리도 세계 10여 개국에 콘텐츠 유통 판로 확보
- 넷플릭스와도 드라마 제작 협력 추진 중임

23

Investing Contents

	2016년	2017년	2018년	2019년	2020년
네이버	YG 지분 투자				SM투자
카카오	로엔 인수			BH인수	매니지먼트 숲 인수
				제이와이드컴퍼니 인수	

<https://www.hankyung.com/finance/article/2020072092131>



<https://www.edaily.co.kr/news/read?newsId=01315286625803688&mediaCodeNo=E>

- 네이버는 V라이브(글로벌 라이브 커뮤니티 플랫폼)를 통해 음악 기반 한류 콘텐츠 유통 시장 개척 집중, 콘텐츠 소싱에서 직접 제작 확대
- 카카오 역시 음악 및 영상 콘텐츠 분야 인수합병 및 투자 확대 추세, 콘텐츠 제작의 수직계열화

24

Making Alliances

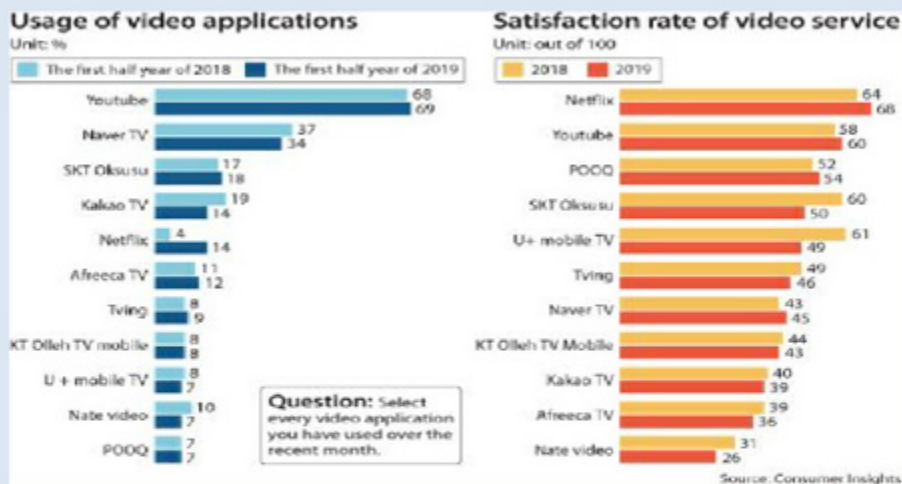


<https://post.naver.com/viewer/postView.nhn?volumeNo=29131385&memberNo=531618&searchKeyword=%EA%B8%B0%EB%A1%9D%EC%BD%98%ED%85%90%EC%B8%A0&searchRank=117>

- 빅히트, 쏘쏘뮤직+플레딕 합병 인수
- SM과 JYP는 온라인 전용 콘서트 브랜드 Beyond LIVE 설립

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Usage < Satisfaction



<https://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3065130>

- OTT 동영상 서비스는 이용자 이용시간을 늘리는 것보다 이용자 서비스 만족도를 높이는 것이 더 중요함

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Some Possible Directions for the Korean Wave

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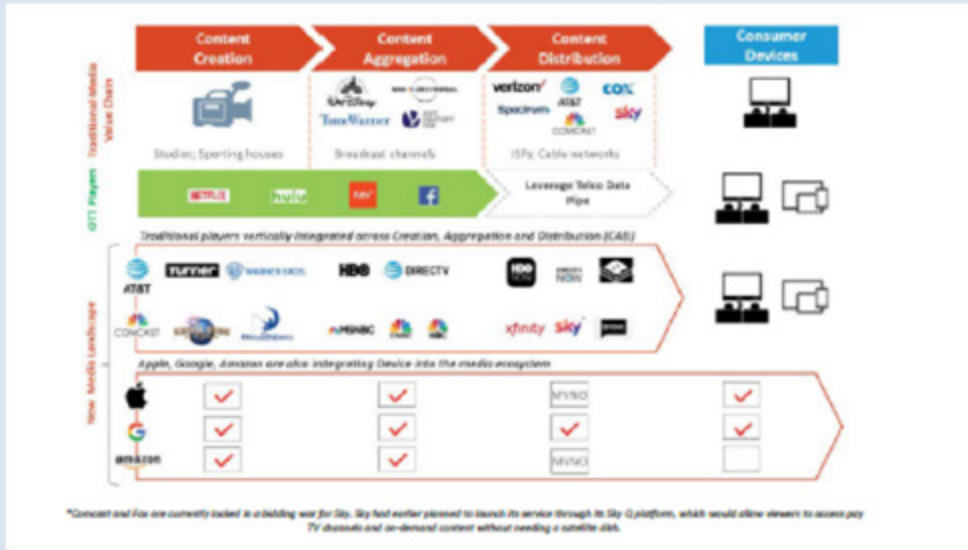
Making Strategic Alliances



- 플랫폼 사업자, 콘텐츠사업자, 콘텐츠플랫폼 수직 결합 사업자들은 전략적 제휴를 통해 새로운 가치를 창출해야 할 것임
- 이미 글로벌 시장은 미국계 스트리밍 사업자들의 과점화 급속히 진행 중임

28

Making Mergers & Acquisitions Work



<https://www.virtusa.com/documents/telecom-media-win-the-ott-war-virtusa-whitepaper.pdf>

- 콘텐츠 제작, 취합, 유통 등 가치 사슬 단계 내에서 인수합병을 통해 강력한 자산 구축 필요
- 콘텐츠+플랫폼 수직 결합, 콘텐츠+콘텐츠 또는 플랫폼+플랫폼 수평 결합 증가 가능성
- 글로벌 시장 경쟁력을 높이기 위해서는 결과적으로 다양한 콘텐츠 라이브러리 확보 필요

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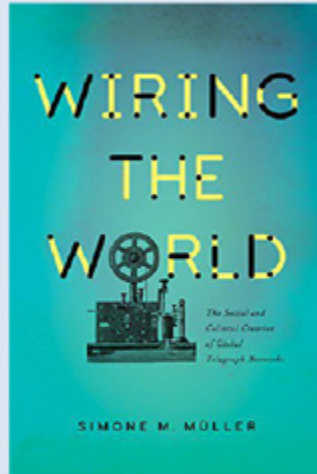


<https://kto.visitkorea.or.kr/eng/overview/About/bi.kto>

- 다양한 콘텐츠 장르들을 결합, 새로운 가치를 창출하는 창조적 기획이 이루어질 시점임
- 이를 통해 글로벌 이용자 경험을 확대하고 이용 관습을 창출할 수 있음
- 가령, 드라마, 웹툰, 음악 등의 장르 결합 또는 패션, 음식, 콘텐츠 장르 결합 등이 가능함

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Coordinating Global Network: Culture, Politics, Economy and Society



<https://www.amazon.com/Wiring-World-Cultural-Telegraph-International-ebook/dp/B01CC338M4>



- 세계를 연결하는 힘은 국지적으로 이루어지기 보다는 문화, 정치, 경제, 사회적 관계와 역사의 함수로 창출되며 유지되고 해체될 수 있음
- 한류 콘텐츠의 VOD 판매나 OTT 유통 역시 국가 간 다양한 관계 함수로 이해할 필요가 있음 -통합적 해안 필요

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Policy Recommendations for Korean Media Ecosystem

Min Ho Ryu

Department of Management Information Systems,
Dong-a University

Policy Recommendations for Korean Media Ecosystem

Min Ho Ryu

Dong-A University

ryumh12@dau.ac.kr



Agenda for Today

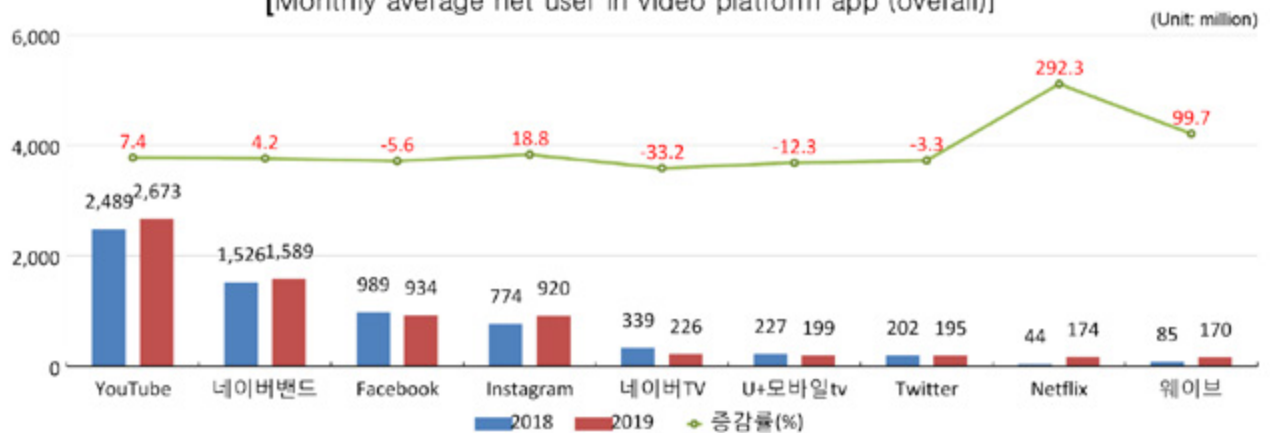
- Overview of Korean Video Market
- Key regulatory issues and cases
- Regulatory Recommendations

Overview of Korean Video Market

Market Overview

- [Video platform users] Global platform↑ , Local platform↓
 - YouTube is outstanding
 - The top growth rate is Netflix, and the top reduction rate is Naver TV

[Monthly average net user in video platform app (overall)]

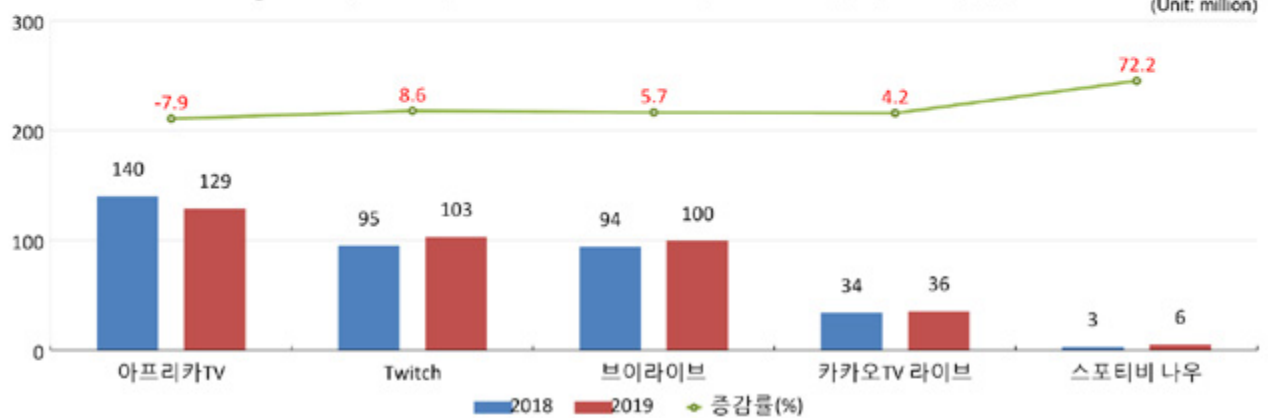


자료: 인크로스, 인크로스 미디어 데이터 클리핑, 2020.4.

Market Overview – Live streaming app

- Twitch and Vlive are on the rise and AfricaTV is on the decline
 - "Africa TV" is the one has number one net user, but also has 1st reduction rate.
 - "Spotv Now" is the number one growth rate

[Monthly average net user in video platform app (Live app)]

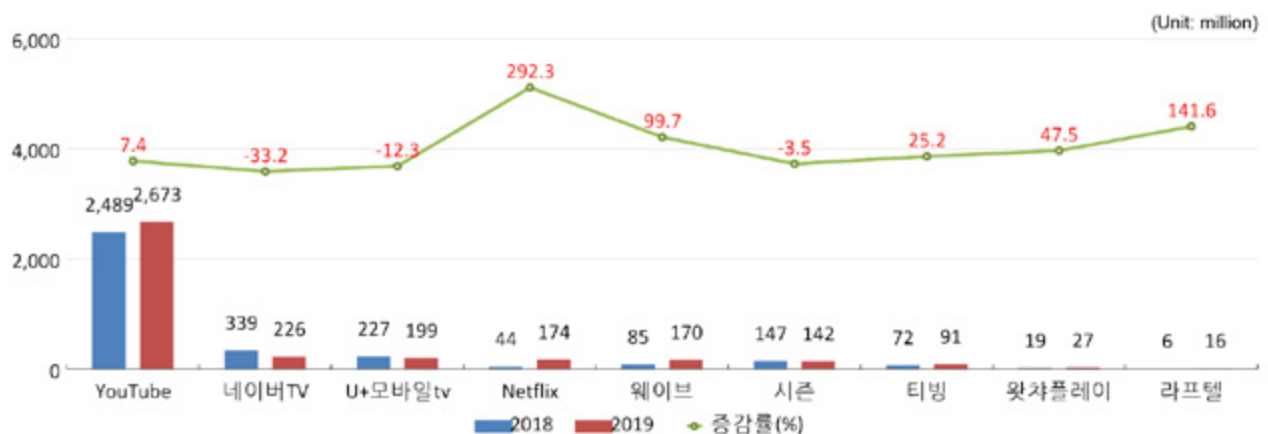


자료: 인크로스, 인크로스 미디어 데이터 클리핑, 2020.4.

Market Overview – OTT APP

- No. 1 growth rate is Netflix

[Monthly average net user in video platform app (OTT APP)]

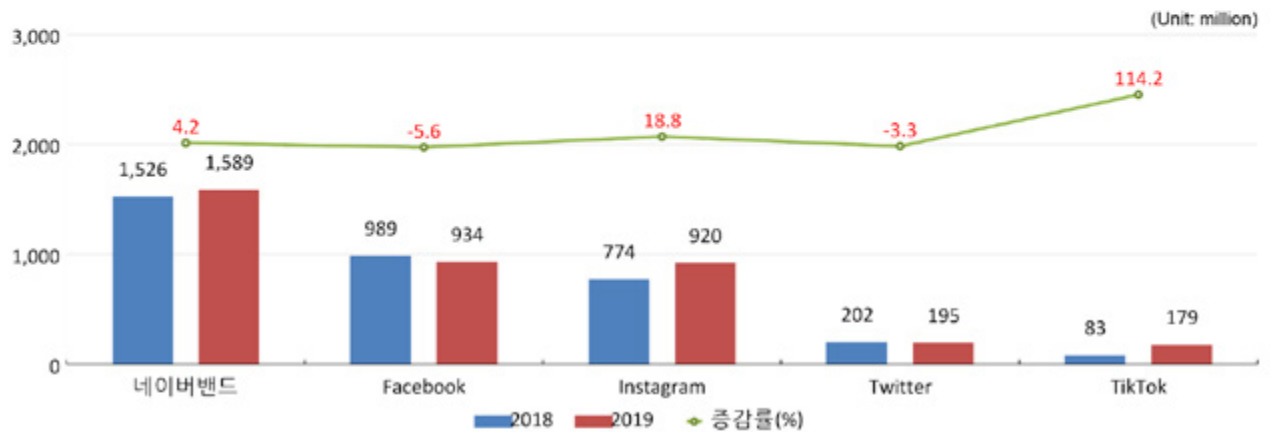


자료: 인크로스, 인크로스 미디어 데이터 클리핑, 2020.4.

Market Overview – Social Media

- Facebook user is decreasing and Instagram and TikTok's growth rate have increased

[Monthly average net user in video platform app (Social Media)]



자료: 인크로스, 인크로스 미디어 데이터 클리핑, 2020.4.

Key players-1

- NAVER TV is a video streaming site that allows users to share videos and looks similar to YouTube

서비스 명	NAVER TV  NAVER TV
서비스 유형	실시간 채널 및 영화 등 VOD 제공
주요 목표 고객	일반 이용자
이용 기기	스마트폰, PC, 태블릿PC
월 가격	-
콘텐츠 전략	SMR을 통해 지상파 콘텐츠 독점 공급 계약 진행한 바 있음

Key players-2

- Leverage loyalty to CJ ENM content
- Focus on securing more film and series content than existing competitors

서비스 명	TVING TVING
서비스 유형	실시간 방송, 방송 다시보기, 영화 및 시리즈 등 VOD 제공
주요 목표 고객	일반 이용자
이용 기기	스마트폰, 태블릿PC, 스마트TV
월 가격	5,900 W ~
콘텐츠 전략	CJ ENM 콘텐츠에 대한 충성도 활용 기존의 경쟁자들 보다 많은 영화 및 시리즈 콘텐츠 확보에 주력

Key players-3

- WATCHA is called Korean Netflix and has drawn attention
- Focuses on expanding film and series archives and strengthens recommended algorithms

서비스 명	WATCHA WATCHA
서비스 유형	실시간 채널 및 영화 등 VOD 제공
주요 목표 고객	일반 이용자
이용 기기	모바일, 태블릿, PC, 스마트TV
월 가격	7,500 W ~
콘텐츠 전략	독점 콘텐츠 보유 및 AI 활용 콘텐츠 큐레이션

WATCHA **olleh tv**

Key players-4

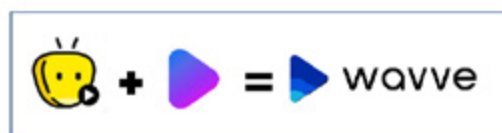
- Seezn is KT's OTT service, which has a variety of contents and AI curation in ultra-high-definition and supersonic quality

서비스 명	SEEZN seezn
서비스 유형	실시간 채널 및 영화 등 VOD 제공
주요 목표 고객	일반 이용자
이용 기기	모바일, 태블릿, PC, 스마트TV
월 가격	14,000 W ~
콘텐츠 전략	리얼4K UHD & 슈퍼 사운드

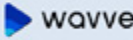
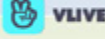
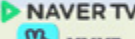
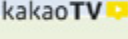
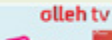
Key players-5

WAVVE is a service that combines SK Telecom's corn and poq operated by three terrestrial broadcasters, providing real-time channel and terrestrial-oriented VOD services

서비스 명	wavve  wavve
서비스 유형	실시간 채널 및 영화 등 VOD 제공
주요 목표 고객	일반 이용자
이용 기기	모바일, 태블릿, PC, 스마트TV
월 가격	7,900 W ~
콘텐츠 전략	지상파 유명 예능을 24시간 실시간 제공



Market overview- Korean online Video market

	SVOD	TVOD	AVOD
C			
P	 WATCHA	  	 
N		    	
D		 	

Key regulatory issues and cases

- Content regulation
- Competition related regulation

Cache Server issues

2 Network fee debate continues due to increased video traffic

- Global CPs such as YouTube and Facebook (67.5%) generate twice as much traffic as domestic CPs (32.5%)
- Average Daily Traffic: [Global CP] 5,485TB / [Local CP] 2642TB

[Average daily LTE traffic by top 10 CPs (Local vs. Global)]

(Unit: #, TB(%))

	SKT			KT			LGU+			Total		
	Local	Global	Total	Local	Global	Total	Local	Global	Total	Local	Global	Total
Top CPs	5	5	10	5	5	10	4	6	10	-	-	-
Traffic	1,503 (36.6)	2,606 (63.4)	4,109 (100)	418 (29.4)	1,006 (70.6)	1,424 (100)	721 (27.8)	1,873 (72.2)	2,594 (100)	2,642 (32.5)	5,485 (67.5)	8,127 (100)

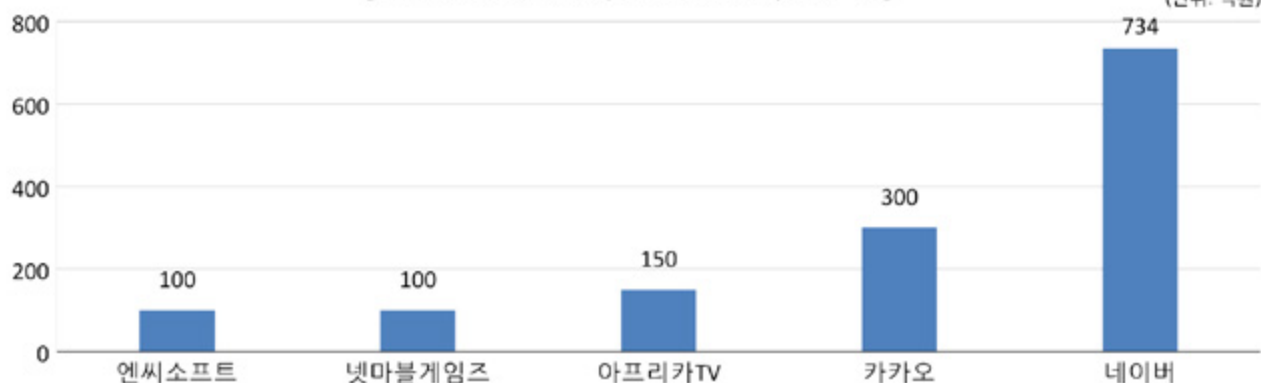
자료: 과학기술정보통신부, 국회제출자료, 2019.

Network fee – Local CPs

- In 2016, domestic CPs pay network usage fees ranging from 10 billion won to 70 billion won per year*
 - * Private Line access fee, Usage based fee etc. & the exact figure is not disclosed as the terms of the transaction have been determined through individual negotiations between operators.

[Network cost of Major Local CPs(as of '16)]

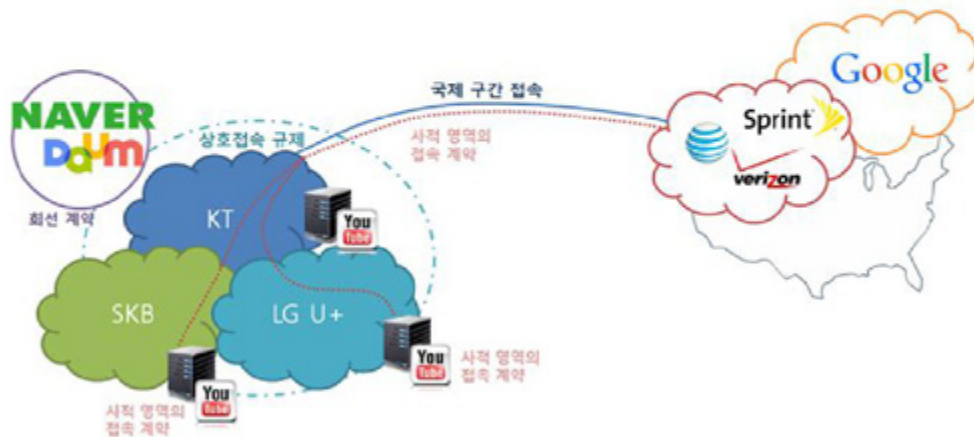
(단위: 억원)



자료: 이데일리, 구글은 공짜, 네이버 700억, 카카오 300억.. 망대가 역차별 해소법은?, 2019.9.9.; 비즈니스with, 인터넷기업 망사용료 얼마일까, 2017.11.29.

Cache Server issues

- 2 Network fee debate continues due to increased video traffic



Case – Google(YouTube)

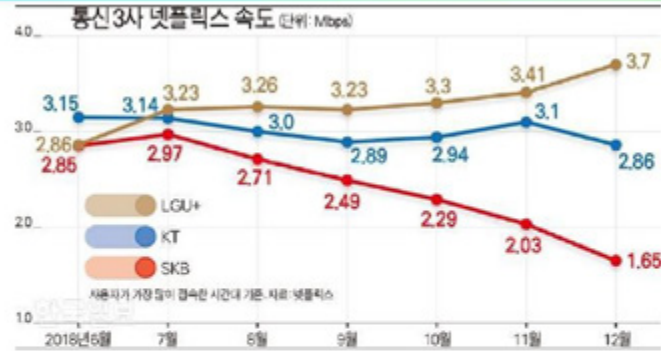
- Google doesn't pay for network fee, even though it generates heavy traffic (e.g. YouTube)
- Telecommunications companies will bear all of their data center space, electricity bills, and interconnection fees between domestic carriers.

[Google Global Cache (GGC)]



자료: 아시아경제, 구글의 망 사용료 '무임승차' 딜레마... "받고 싶어도 못 받아요", 2019.2.7.

Case – Netflix



- SKB's request to the Korea Communications Commission to arbitrate negotiations with Netflix on network usage fees in November 2019.
(연합뉴스, "SKB, '넷플릭스의 망사용료 중재' 방통위에 재정신청", 2019.11.18.)
- In April 2020, SKB filed a lawsuit with the Seoul Central District Court to confirm the absence of debt
(전자신문, "넷플릭스 "SK브로드밴드에 망 이용대가 지불의무 없다" 소송", 2020.4.14.)

Implementation of 'Network Service Agreement Guidelines' by the Korea Communications Commission(20.1.27)

- Implementation of 'Network Service Agreement Guidelines' on January 27, 2020 to ease conflicts between telecom operators and CPs
- Specifying the principles and procedures that the telecommunication business operator and CP should follow when signing a network service contract, and clarifying the types of unfair practices
 - 계약의 원칙(\$4)
 - 전기통신사업법 등 관련 법령 준수, 우월적 지위를 이용한 부당거래 금지, 비차별적 계약 체결
 - 불공정행위 유형(\$8)
 - 정당한 사유 없이 우월적 지위를 이용하여 특정 계약내용 만을 수용할 것을 강요하는 경우
 - 상대방이 제시한 안에 대해 불합리한 사유를 들어 계약을 지연·거부하는 경우 등
 - 이용자 보호 의무(제4장)
 - 인터넷서비스제공사업자(\$10) : 이용자와 CP에 지속적이고 안정적인 인터넷 서비스 제공 조치
 - 콘텐츠제공사업자(\$11) : 트래픽 경로 변경, 급증 등 부정적 영향 예상 시 사전에 ISP에 정보 제공

so-called 'Netflix law' controversy

- Revised Telecommunications Business Act
- Appointing CPs with obligation to secure network stability
 - ✓ CP with more than 1 million users and more than 1% of all traffic from the three carriers

https://newsis.com/view/?id=NI SX20200902_0001151835&cid=13001&pid=13000



OTT providers as special additional telecommunication service provider ('20.8.31)

- 과학기술정보통신부 공고 제2020-511호(2020. 8. 31.) 법률(일부개정)
 - OTT is categorized as a special type of additional communication project, but maintaining the existing reporting system
- It abolished market share regulations that were applied to paid broadcasting services such as Internet TV (IPTV) and cable TV, and gave legal status to online video service (OTT) operators to support tax deductions

<https://www.hankyung.com/it/article/202008316148i>

Suggestions for Korean Video Market

Conventional vs Emerging - Conflict against existing laws

Conflict with existing legal systems, such as Telecommunications Business Act, Broadcasting Act, IPTV Act, etc.

"If the new technology does not fit the regulatory framework of the existing technology and the resulting competitive imbalance occurs, the answer is deregulation of the existing technology."

FCC는 1997년 '인터넷과 통신 정책에 관한 백서(Werbach, 1997)'에서도 새로운 기술이 기존 기술에 적용되던 규제의 틀에 맞지 않고 그 결과 경쟁적 불균형이 발생한다면 그에 대한 답은 **기존 기술에 대한 규제 완화**라는 점을 분명히 하고 있음

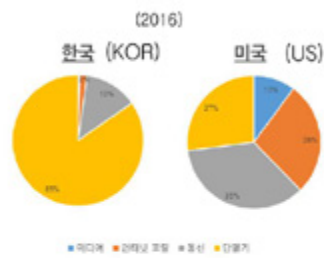
Werbach, 1997): "Government policy approaches toward the internet should therefore start from two basic principles: avoid unnecessary regulation, and question the applicability of traditional rules." (p. 2)

"If a competitive imbalance exists because a new technology is not subject to the same regulatory constraints as a competing older technology, the answer should be reduced regulation of the older technology. The ultimate objective, should be less regulation for all, rather than more regulation for some." (p47)

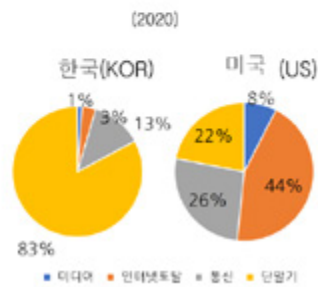
Werbach, K. (1997). Digital Tornado: The Internet and Telecommunications Policy. FCC OPP Working Paper Series, 29. <http://www.fcc.gov/working-papers/digital-tornado-internet-and-telecommunications-policy>

Balanced vs imbalanced

구분	한국	미국
미디어	CJ E&M, SBS	Disney, 21 st century Fox
인터넷 포털	Naver, Kakao	Google, Amazon
통신	SK텔레콤, KT	AT&T, Verizon
단말기	삼성전자, LG전자	Apple, Motorola



구분	한국	미국
미디어	CJ E&M, SBS	Disney, Netflix
인터넷 포털	Naver, Kakao	Google, Amazon
통신	SK 텔레콤, KT	AT&T, Verizon
단말기	삼성전자, LG전자	Apple, Motorola



Local vs Global

- Naver and Kakao are trying to enter overseas markets, focusing on Asian markets



David vs Goliath

Compared to global platform operators, the corporate value of local platform operators is very low, making it difficult to play a money game or M&A

