

**Communications,
media and
internet
concentration in
South Korea,
2019-2021**



Global Media & Internet
Concentration Project

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The Global Media & Internet Concentration Project (GMIC Project) is led by Professor Dwayne Winseck, School of Journalism and Communications, Carleton University. It is funded by the Social Sciences and Humanities Research Council of Canada and aims to provide an independent, long-term analysis of the communications, internet, and media industries in close to forty countries. Its goal is also to better inform research, teaching, and public and policy-related discussions about these issues.

This report has been prepared by:

Dr. Dal Yong Jin

Distinguished Professor, School of Communication, Simon Fraser University
Lead Researcher of the South Korean Research Team

Seoyeon Park

PhD Student, School of Communication, Simon Fraser University
Research Assistant of the South Korean Research Team

Contact author:

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Analyzing the Communications, Internet, and Media Industries

Insights from the Global Media & Internet Concentration Project—**South Korea**

Executive summary

This report investigates media developments and market concentration trends across nearly two dozen communication, internet and media industries that make up the Korean network media economy. We start by studying each of the sectors covered individually before grouping them into three larger mid-range categories of similar types of services: telecoms and internet access sectors, online and traditional media services, and core internet sectors. Ultimately, we bring all these sectors together to give a composite view of the network media economy over the period from 2019 to 2021. In a country where there is little established research on the topic of media concentration and ownership, the goal of this report is to simultaneously examine specific media sectors so that we can understand their unique features, dynamics, and trends and move from there toward a holistic understanding of the Korean network media economy.

Between 2019 and 2021, combined revenue for the South Korean network media economy surged from US\$74.8 billion to US\$90.6 billion. Within this overall pattern of growth, one phenomenon stands out: namely, the significant revenue growth among online media service industries, a trend that was accelerated by a substantial rise in digital media content consumption during the pandemic. While global players like Netflix and YouTube expanded their influence in South Korea, domestic companies, including major telecommunications firms like KT, SK Telecom, and LG U+, platform companies like Kakao and Naver, as well as domestic companies in the music and digital game industries, experienced substantial growth.

As we show in this report, there is considerable variation amongst the industries in terms of growth trajectories (or stagnation and decline, as the case may be) as well as concentration levels. Many of the industries that we cover are, in fact, very highly concentrated (e.g. those within the ‘telecoms and internet access sectors’ group are good

examples of this, as are most 'core internet sectors' such as search, social media, online advertising and app stores). In contrast, many traditional and online media services are remarkably diverse and fall far below the thresholds used to designate a market as being concentrated.

At the most general level, market concentration across the network media economy, as measured by CR4 and HHI (Herfindahl-Hirschman Index), was relatively low and with a slight decline over the three years covered by this report. In 2021, the top four conglomerates—SK, KT, LG & Kakao—accounted for 41% of total revenue across the network media economy (i.e. CR4 = 41), while the HHI score of 542 was at the very low end of the scale by the standards of that measure. In more concrete terms, the top fourteen conglomerates accounted for more than sixty percent of total network media economy revenue in 2021. These companies form the centrepiece of the Korean media landscape (see Figure 13 later in the report for details).

The highlights of this report can be summarized as follows:

- The growing influence of telecom, platform, and entertainment giants in digital media industries: KT, SK Telecom, LG U+, Kakao, NAVER, and CJ ENM play pivotal roles across various sectors, including the music industry, online video services, video production, distribution and sales of digital media content.
- The strong presence of local players competing with global companies: Kakao, GENIE MUSIC (music streaming service), NEXON, Netmarble, NC SOFT (digital games), ONE Store (app distribution), Wavve (online video service).
- Expansion of the market share of the three major telecommunications companies in the multichannel video distribution industry through mergers.
- Rapid revenue growth in online media service industries: digital music, digital games, online video services, video production, app distribution, and internet advertising.
- Significant revenue growth in both online video service and video production industries, but alongside Netflix's rising dominance of the online video services market as well as consolidation amongst domestic online video service companies.
- The impact of the global popularity of K-pop on the Korean music industry: Substantial revenue growth of major market players within the industry.
- Widening revenue disparity between traditional—broadcast TV, newspapers, magazines— and online media service industries.

Considering the ongoing shifts in media usage in the post-COVID-19 era, the rapid expansion of some media industries but stagnation of others, as well as the complex interplay between global flows of cultural goods and online media services and domestic industrial players, there is an urgent need to carefully monitor and assess the impact of these fast-moving developments on the communication and cultural industries in Korea. Doing so also helps to understand contemporary trends in the Korean communication and cultural industries and whether these industries—individually and collectively—are becoming more diverse and pluralistic or consolidated and concentrated in the hands of a relatively small number of domestic and international ownership groups. Moreover, these tasks, and our position within the broader GMIC Project, allow us to compare the Korean case with conditions in other countries and to pinpoint some of the drivers behind the similarities and contrasts that we observe.

Ultimately, our objective—and that of the GMIC Project overall—is to mobilize our research for the purpose of intervening in the often-heated policy, scholarly, and public debates that hover about the communication and cultural industries. These debates, of course, differ depending on the distinctive political institutional arrangements, patterns of state intervention, relationships between markets and states, and political cultures that define different countries. That said, through this common effort, we hope to shed new light on the communication and cultural industries in Korea and to do so in a manner that helps us to compare and contrast conditions here with those in other countries, all with an eye to sharing experience, expertise, and lessons learned.

Introduction

This report delves into revenue and market concentration trends in the Korean network media economy, encompassing telecommunications and internet access, online and traditional media services, and core internet sectors, from 2019 to 2021. Despite the continued prevailing positions of the three major telecommunications companies in the Korean media industry—KT, SK Telecom, and LG U+—concentration levels based on revenue for the total network media economy decreased from 2019 to 2021. This decline is primarily attributed to the general revenue growth among market players within the online media sector driven by a surge in digital content consumption over the past three years, including digital music, digital games, online video services, as well as online advertising and app distribution sectors. Thus, continuous monitoring is essential to assess whether the ongoing surge in digital media content consumption will persist, thus determining the continued growth of South Korea's cultural influence as a powerhouse in global cultural industries. In addition, the growth of the online media service industries overall has been linked to the increased market share of global giants like YouTube and Netflix. While domestic companies maintain a strong presence in their respective sectors, there are concerns about the potential impact of competition with these international players on market diversity, which is reflected in the decline in market share despite revenue increases and the pursuit of mergers among domestic companies.

Meanwhile, it is noteworthy that the three telecommunications companies solidified their market dominance in the telecommunication and internet access sectors by acquiring other market players in the multichannel video distribution industry, leveraging increased revenues from wireless and IPTV services during this period. This shift underscores the evolving patterns in media consumption, with a noticeable decline in the number of cable and DBS/DTH users juxtaposed against a rise in IPTV subscribers. As a result, there is a growing indication that sub-industries within the telecom and internet access sector may gradually fall under the influence of an oligopoly led by the three major telecommunications companies.

Media concentration: What to study, why, and how

Over the past several years, the media and cultural industries in Korea have undergone significant growth and change. In particular, this has taken place in three major areas: local online video services (exclusive to paid subscription services), digital music services, and the digital game industry. Ever since Netflix entered Korea in 2016, Korea has had to develop local digital platforms to compete with global video streaming platforms and social media platforms like YouTube and Netflix. Therefore, Korea has emphasized the importance of these platforms as the major players in the Korean cultural industries.

Media concentration research is important in the Korean context mainly because Korea has rapidly developed its own popular culture and digital technologies/cultures and continuously increased its global reach. It follows that there is considerable interest in how Korea has substantially advanced its media and cultural sectors within such a short period of time. The sudden and rapid growth of media and cultural industry firms implies significant changes in Korean companies' industrial structure and adaptations to emerging business strategies, including corporate integration. Therefore, it is essential to understand whether these developments represent the democratization of media and culture, or national industrial strategies based on corporate growth and market concentration.

Over the past several years, Korea has shown its unique development in the media and cultural sectors. In particular, due to the rapid growth of digital platforms and their influences on the local media and cultural industries, one needs to emphasize the increasing role of global forces. As Netflix and Disney+ have increased their market share in Korea, for example, local online video services based on paid subscription services have had to integrate to become mega giants in order to survive. Several local online video service companies have created an oligopoly market structure by merging, raising concerns about the potential impact on cultural diversity (see below).

Despite the recent surge of media concentration on local platforms, we do not find any significant research other than our own reports at this point. This is mainly because these developments are comparatively recent. However, one particular contribution to media/cultural concentration will be published in a book format by Seongcheol Kim and Dal Yong Jin in 2024.¹

¹ Kim, S., & Jin, D. Y. (Summer 2024). *Korea's Digital Platform Empire: the emerging power in the global platform sphere*. London: Routledge.

For a comprehensive investigation of the Korean network media economy, this report utilizes three mid-range categories: telecoms and internet infrastructure, digital and traditional media services, and core internet sectors. The telecoms and internet infrastructure sector includes the wireline, wireless, internet service providers (ISP), and multichannel video distribution industries. The digital and traditional media service sector encompasses sub-industries such as broadcast TV, pay programming TV services, radio, newspapers, magazines, digital games, digital music, books, film distribution, and video production. The core internet sector covers app distribution, internet advertising, search engines, social media platforms, mobile and desktop OS, and mobile and desktop browsers.

This report relies on white papers and official reports from Korean government agencies on the cultural and ICT industries to gather sector-level data. For firm-level analysis, disclosure data from each corporation is used, as published in the financial reports of publicly traded companies. Based on these data, the study conducts a sector-by-sector analysis based on revenues and investigates market concentration using concentration ratios and the Herfindahl-Hirschman Index (HHI) for each industry, aiming to establish, both, a portrait and analysis of each of the individual sectors we cover, as well as a unified, bird's-eye view of the media landscape as a whole.

Despite well-developed categorization and research methods, the following challenges need attention. First, obtaining revenue data by country for global companies like Google and Meta is a significant challenge. While Netflix has been disclosing revenue data in South Korea since 2021 after the revision of the Act on External Audit of Stock Companies that obligates overseas businesses classified as limited companies to disclose financial statements for domestic operations, the general reluctance of global media companies to provide accurate country-by-country data on their revenues and revenue streams makes it difficult to accurately assess their influence in the Korean media landscape. Second, calculating the HHI score requires data from all companies with over 1 percent market share. However, the difficulty in accessing data on companies not subject to audit data disclosure poses challenges to accurate calculations. Despite the relatively thorough coverage of each sector of the network media economy in official reports and white papers from the Korean government, this presents an obstacle to gaining a more comprehensive understanding of the concentration of each media industry.

Lastly, questions can arise regarding whether the analysis of market share based on the number of users in the core internet sectors accurately reflects the actual influence of companies at the user level. This issue becomes even more problematic if market share by user differs depending on survey companies. For instance, in the search engine sector, it is said that Google reportedly commands the highest user-based market share according to surveys conducted by foreign companies. In contrast, surveys conducted by domestic companies usually suggest that NAVER and Daum maintain a substantial market share. This discrepancy is likely due to the different samples of each survey company. Therefore, it is necessary to consider additional data to complement and refine the method.

Revenue and concentration trends in the Korean media economy

Telecoms and internet infrastructure

From 2019 to 2021, there was a substantial market concentration in the telecommunications and internet access sectors, accompanied by a slight increase in sales, as Figure 1 explains. Overall, the three major Korean telecommunications companies—KT, SK Telecom, and LG U+—continued to maintain their oligopolistic grip on the Korean telecoms and internet infrastructure sector during this period. These companies wield significant influence across all sub-industries, commanding an extensive market share. In the wireless industry, the revenues of SK Telecom, KT, and LG U+ rose from US\$9.8 billion, US\$5.9 billion, and US\$4.7 billion in 2019 to US\$10.6 billion, US\$5.3 billion, and US\$5.3 billion in 2021, respectively. SK Telecom maintained the largest market share in this industry, approximately 48 percent, during the same period. In the ISP industry, KT's revenue reached US\$1.7 billion in 2019 and US\$2 billion in 2021, achieving around 47.5 percent of the market share, while revenues of SK Telecom and LG U+ reached US\$924 million and US\$828 million, respectively, in 2021.

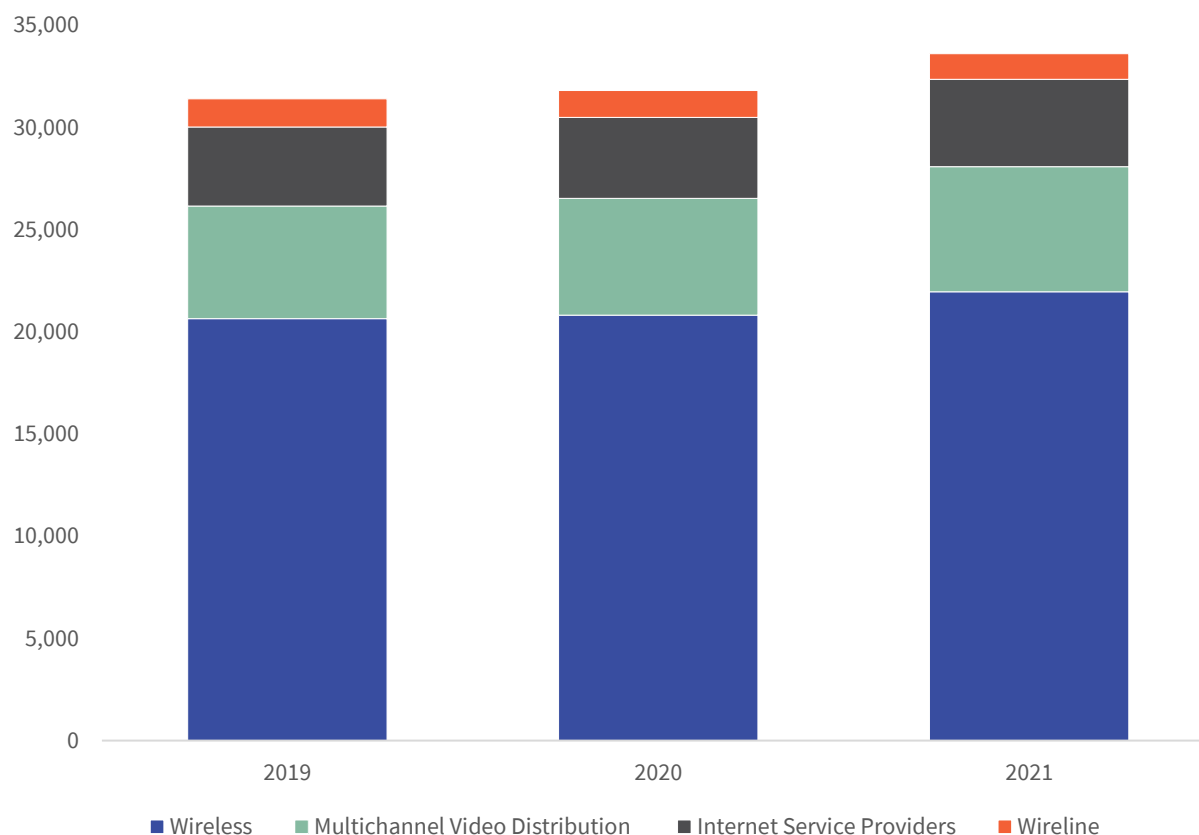
The wireline industry experienced an overall revenue decline from 2019 to 2021, from US\$1.4 billion to US\$1.3 billion, while the number of subscribers also continued to fall. These trends are primarily attributed to the diminishing use of plain old telephone service (POTS), a trend expected to persist, given the ongoing decline in POTS in Korea. Conversely, the wireless industry saw a revenue uptick during the same period, driven by a surge in 5G service subscribers.

The multichannel video distribution industry, encompassing cable, DBS/DTH, and IPTV-based distribution, also witnessed an increase in revenue from US\$5.5 billion in 2019 to US\$6.1 billion in 2021. This growth was fueled mainly by the escalating revenue of IPTV services offered by the three major telecommunications companies. Revenues from IPTV services for KT, SK Telecom, and LG U+ were US\$1.3 billion, US\$1 billion, and US\$913 million in 2019, respectively, increasing to US\$1.6 billion, US\$1.3 billion, and US\$1.1 billion in 2021. Additionally, from the second half of 2018 to the second half of 2021, the number of IPTV service subscribers rose by 4.29 million, reaching around 20 million users, accounting for 55.3 percent of all subscribers in the multichannel video distribution industry in 2021. In contrast, the user-based market share of cable service providers

decreased from 42.7 percent to 36.3 percent, falling to 13 million users over the same period ([Ministry of Science and ICT, 2023](#)).

Figure 1 below illustrates the revenue trends over time for each sector of the telecoms and internet industries.

Figure 1: Revenues for the telecoms and internet access sectors, 2019-2021 (current USD\$, millions)



Overall, revenues of the telecom and internet infrastructure sector demonstrated an increasing trend, climbing from US\$31.4 billion in 2019 to US\$33.6 billion in 2021. Notably, all sub-industries, except for the wireline industry, experienced an increase in revenue during this period. Figure 1 illustrates this growth, with the wireless industry's revenue rising from US\$20.6 billion in 2019 to US\$22 billion in 2021. In contrast, the wireline industry observed a decline in revenue, dropping from US\$1.4 billion in 2019 to US\$1.3 billion in 2021. The internet service provider and multichannel video distribution industries reported revenues of US\$4.3 billion and US\$6.1 billion in 2021, respectively.

Figures 2 and 3, below, illustrate CR4 and HHI scores for the Telecom and internet access sectors.

Figure 2: CR4 scores for the telecom and internet access sectors, 2019-2021 (based on revenue)

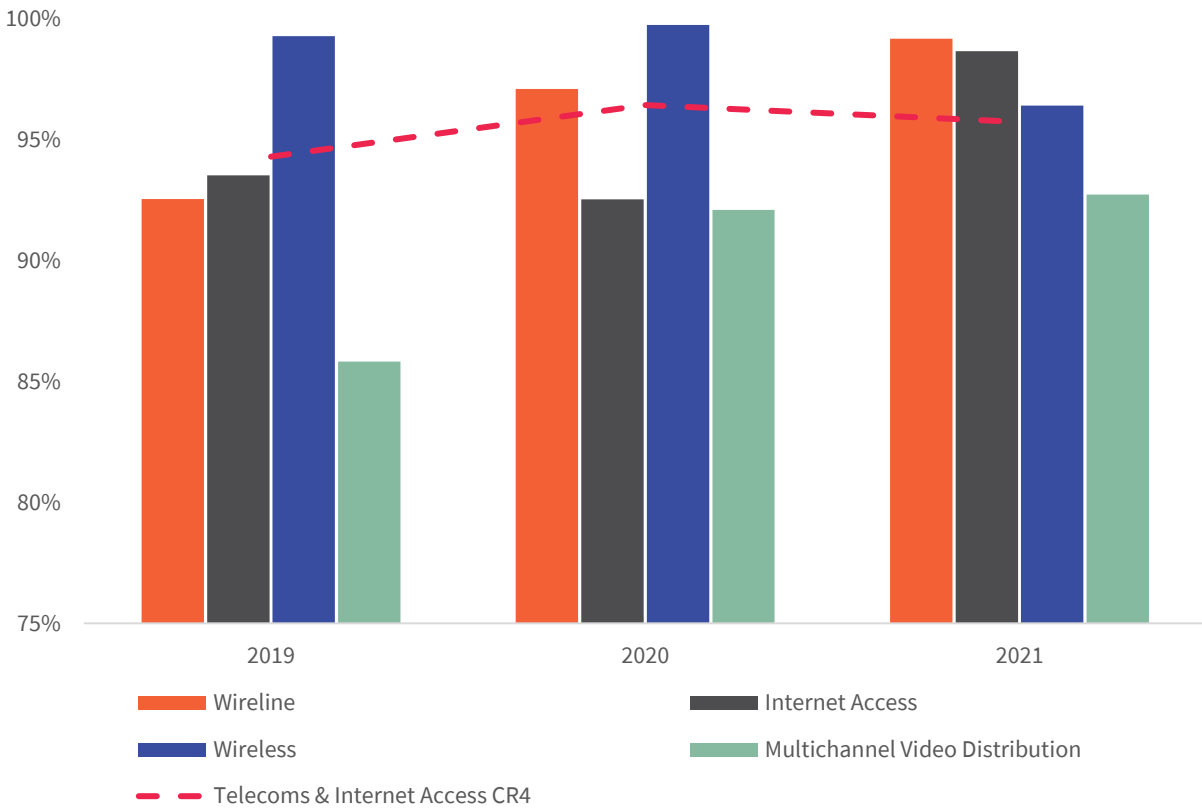
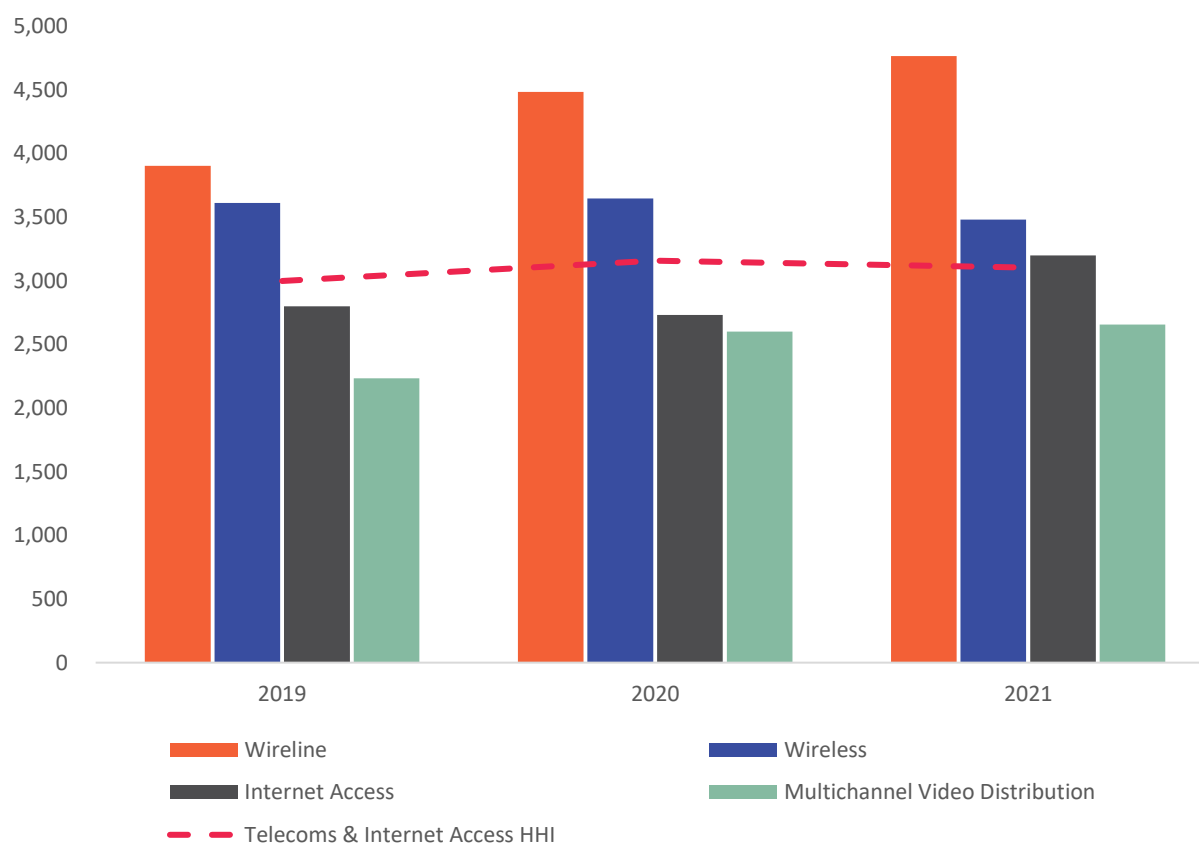


Figure 3: HHI scores for the telecom and internet access sectors, 2019-2021 (based on revenue)



The three major telecommunications companies form an oligopoly across the telecoms and internet access sectors. Consequently, the CR4 score of 95.7 and an HHI score of 3105 in 2021, respectively, designate very high concentration levels for these sectors (as shown in Figures 2 and 3 above). Due to the robust market presence of the three telecom giants, CR4 scores for all the sub-industries in this sector are above 90. In 2021, the HHI score for each of these sub-industries was also higher than 2500, with the wireline industry hitting a substantial 4767. Notably, the multichannel video distribution industry echoes the concentration trend observed in other sub-industries, especially when evaluating market concentration based on ownership rather than individual subsidiaries of the three telecom giants.

In addition to IPTV services, KT, SK Telecom, and LG U+ boast ownership of subsidiaries providing DTS (KT Skylife) and cable (LG HelloVision, SK Btv Cable, and KT HCN) services in this industry. The complexity of this cross-ownership landscape was further intensified by recent acquisitions—LG's takeover of CJ HelloVision in 2019, SK Telecom's acquisition of T-

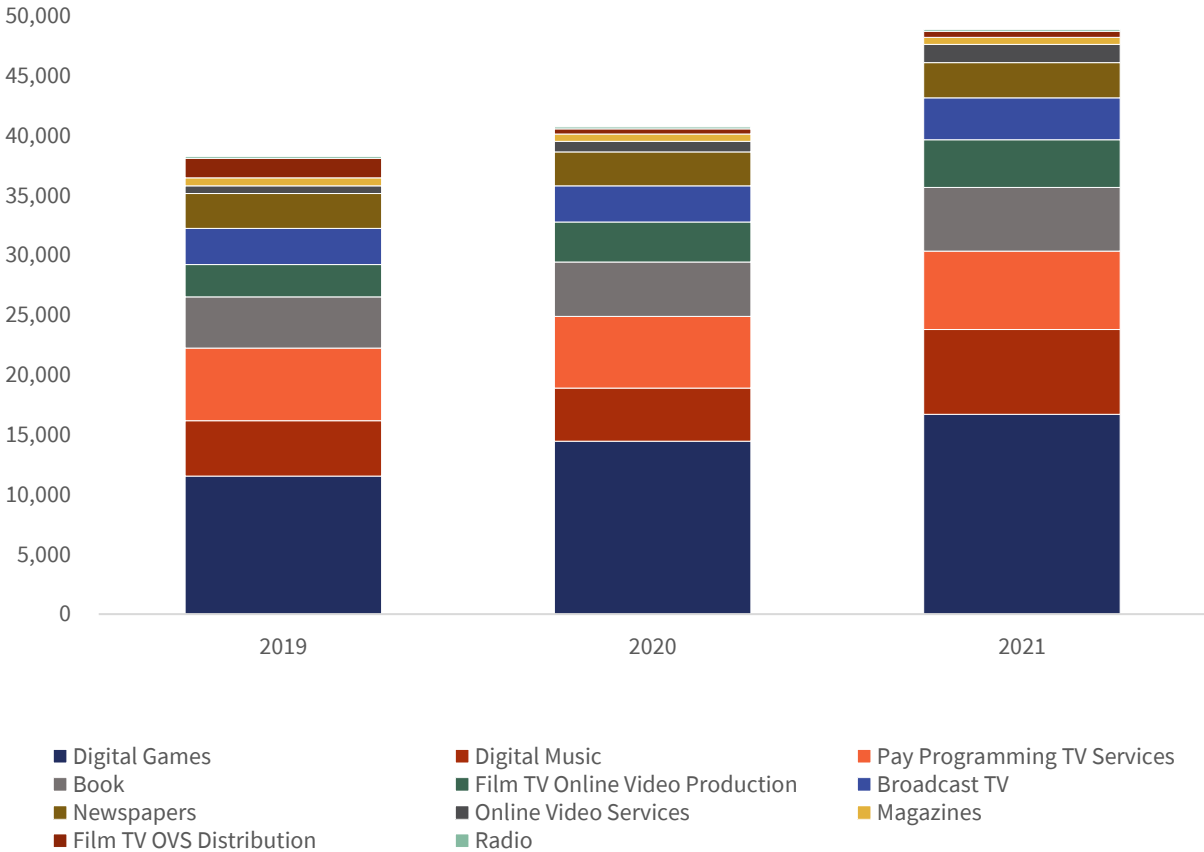
broad in 2020, and KT's acquisition of Hyundai HCN in 2021. The ease of these mergers is attributed to the rising profits of the three major companies stemming from increased IPTV use, coupled with the dwindling profitability of relatively small players in the multichannel video distribution services arena. Given the apparent shift towards an oligopoly in this industry and the concurrent decline in revenue for other cable service providers, such as a continuing decline in revenues of D'LIVE and CMB from 2019 to 2021, there is a pressing need for public discussions on regulatory measures and market competition. These discussions should address concerns surrounding the market share wielded by the three major telecommunications companies and the industry-wide ramifications it may entail.

“Given the apparent shift towards an oligopoly in this industry and the concurrent decline in revenue for other cable service providers... there is a pressing need for public discussions on regulatory measures and market competition.”

Digital and traditional audiovisual & publishing media (content media)

The digital and traditional media services experienced a notable upswing in overall revenue from 2019 to 2021. This surge can be mainly attributed to the heightened consumption of digital cultural products both domestically and internationally during the COVID-19 pandemic. Sectors like digital music, digital games, online video services, books, and video production saw a substantial boost in revenues during this period. Conversely, the traditional content media industries, including broadcast TV, pay programming TV services, magazines, and newspapers saw their revenues either stagnate or decline from 2019 to 2021. These trends signaled a shift in consumer preferences and behavior, possibly influenced by the changing landscape brought about by the pandemic. Figure 4 below illustrates the revenue trends across each sector included in our definition of "online" and "traditional" media services.

Figure 4: Revenues for online and traditional media services, 2019-2021 (current USD\$, millions)



According to Figure 4, the combined revenue for the sectors make up the traditional and online media industries saw a significant upswing, jumping from US\$38.3 billion in 2019 to US\$48.9 billion in 2021. In the realms of broadcast TV and pay programming TV services, there was a modest uptick from US\$3 billion and US\$6 billion in 2019 to US\$3.5 billion and US\$6.5 billion in 2021, respectively. However, the newspaper industry witnessed a plateau in revenue, holding steady at US\$2.9 billion in 2019 and US\$3 billion in 2021. On the contrary, the magazine and the film, TV, and video distribution industries stand out as the only sub-industries experiencing a decline in revenue. In 2019, their revenues were US\$666 million and US\$1.6 billion; by 2021, they dropped to US\$588 million and US\$510 million, respectively. The dip in revenue for the film, TV, and video distribution industry can be attributed to a substantial downturn in the film sector during the pandemic, impacting overall financial performance.

Revenues across sub-industries in the online media sector experienced a remarkable surge from 2019 to 2021. The music industry, for instance, witnessed a substantial increase, leaping from US\$4.6 billion to an impressive US\$7.1 billion. This surge was underpinned by revenue increases from physical albums, performances, and music streaming services—a notable deviation from the overall trend of declining revenue in physical albums and performances during the pandemic. For instance, in the Korean music service industry, revenues related to music performances totaled US\$548 million in 2020, influenced by the COVID-19 pandemic. However, these figures saw a notable increase, reaching US\$879 million in 2021. Similarly, revenues in music production showed a significant rise, escalating from US\$1.73 billion in 2020 to US\$3.1 billion in 2021, and revenues from physical album sales experienced growth, climbing from US\$289 million in 2020 to US\$687 million in 2021 (Ministry of Culture, Sports and Tourism, 2023).

The global influence of K-pop in recent years and the shift to online performances during the pandemic played pivotal roles, compensating for the sharp drop in performance sales in 2019 and 2020. Similarly, the digital game industry saw a significant uptick in revenue, soaring from US\$11.5 billion in 2019 to US\$16.7 billion in 2021. Given the Korean digital game industry's heavy emphasis on online games, this increase is likely attributed to the surge in online game usage during the pandemic.

The book industry also experienced noteworthy growth, with revenue climbing from US\$4.3 billion in 2019 to US\$5.3 billion in 2021. Traditionally, companies specializing in textbooks and homeschool materials held sway in this industry. However, the recent surge in revenue can be partly ascribed to a growing interest in digital content, including webtoons—digital comics created and distributed on the internet that are mainly tailored for vertical scrolling on smartphones—and web novels—online literature published through digital platforms. This shift is reflected in book industry statistics that now include companies selling these digital products, such as Kakao, NAVER, Ridi, TOPCO, and Lezhin, which accounted for 18 percent of the total revenue of the book industry in 2021.

Moreover, the video production industry saw a surge in revenue, jumping from US\$2.7 billion in 2019 to US\$4 billion in 2021, fueled by increased demand for content production due to the expanding online video service market. The prominent companies in this industry are Contentree Joongang, CJ ENM's StudioDragon, and Kakao Entertainment, which recorded revenues of US\$661 million, US\$425 million, and US\$290 million in 2021, respectively (Jcontentree, 2022; Kako, 2022b; StudioDragon, 2022).

Finally, the online video service industry experienced a remarkable revenue spike, rising from US\$636 million in 2019 to US\$1.5 billion in 2021. This surge can be attributed to Netflix's rapid revenue growth and domestic companies' emergence, underscoring the dynamic penetration of the digital content landscape.

Meanwhile, figures 5 and 6 below show the concentration trends within each of the online and traditional media sectors on a stand-alone basis and according to the CR4 and HHI concentration metrics while also ending in each case with an aggregated score for these sectors on each of these measures.

Figure 5: CR4 scores for online and traditional media services, 2019-2021 (based on revenue)

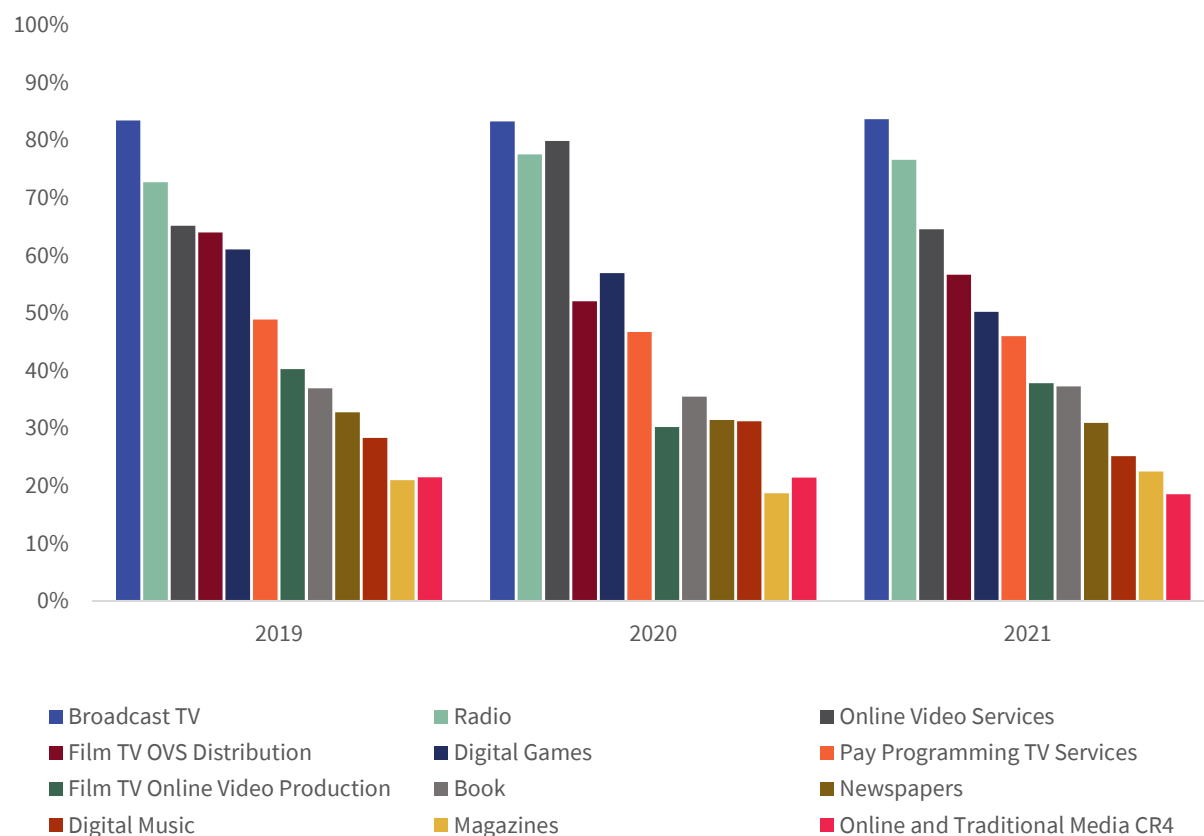
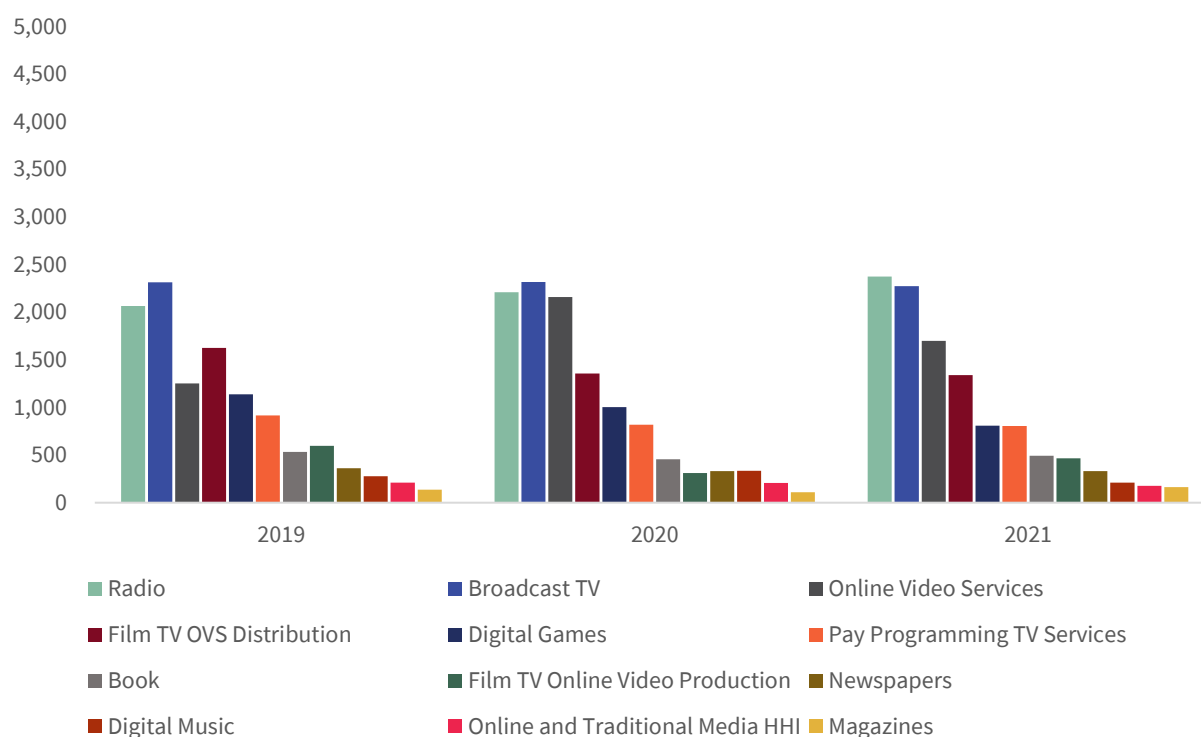


Figure 6: HHI scores for online and traditional media services, 2019-2021 (based on revenue)



Figures 5 and 6 reveal that concentration levels for the online and traditional media service sectors—individually and altogether—are quite low. Average CR4 scores, for instance, declined from 21.5 to 18.5 between 2019 and 2021, while the average HHI score also slid from 210 to 177 over the same period. The broadcast TV and radio industries had the highest concentration rates compared to others. Their CR4 and HHI scores remained consistent from 2019 to 2021, with the broadcast TV sector reaching 83.6 and 2,271 in 2021 and the radio industry recording 76.6 and 2,374, respectively. This stability can be attributed to the structured nature of these industries, centered around major broadcasters.

In contrast, the newspaper industry, a traditional media sector, exhibits relatively low concentration. This is underscored by the fact that the revenues of the top five newspaper ownership groups show no significant differences between them.

The HHI and CR4 scores for the digital music, digital game, and video production industries experienced a decrease from 2019 to 2021.

The digital music industry, as indicated by CR4 and HHI scores, currently does not show significant concentration. However, the market structure has been more entrenched

around major music agencies and companies operating music distribution and streaming services, many of which are owned by telecommunications and platform companies. With the global popularity of K-pop, several major music agencies like HYBE, SM Entertainment, YG Entertainment, and JYP Entertainment continue to experience growth. Their combined sales have risen from US\$649 million in 2019 to US\$1.1 billion in 2021 ([HYBE, 2022](#); [JYP Entertainment, 2022](#); [SM Entertainment, 2022](#); [YG Entertainment, 2022](#)).

In addition, since the widespread adoption of smartphones in the 2010s, the three major telecommunication companies, along with NAVER and Kakao, have competed in the music streaming services sector. Currently, Kakao, KT, and SK Telecom continue to maintain their robust presence in music distribution and streaming services. In 2021, despite the increasing market share of YouTube Music, Melon operated by Kakao reported US\$674 million in revenue, GENIE MUSIC owned by KT posted US\$205 million, and FLO operated by Dreamus company, a subsidiary of SK Telecom, reported US\$174 million ([Dreamus Company, 2021](#); [GENIE MUSIC, 2021](#); [Kakao, 2022a](#)). This suggests that the music industry is likely to become more centered around these influential companies, although the market concentration is low due to fierce competition between them.

The market concentration of the online video service industry is relatively moderate from 2019 to 2021. However, there are indications that market concentration may be consolidating, given the increasing market share of global online video streaming services such as Netflix and Disney+ in the Korean market over the past several years. For instance, Netflix's estimated subscriber revenue in Korea increased from US\$126 million in 2019 to US\$552 million in 2021. This drove a surge in its share of the online video services market from 25% in 2019 to 36% in 2021 (Netflix, 2022). However, the market share of the second-largest player, Wavve—a joint venture operated by SK Telecom and major broadcasters KBS, MBC, and SBS since 2019—dropped from 17% in 2020 to 13% in 2021, although its revenue increased from US\$152.7 million in 2020 to US\$201 million in 2021 (Content Wavve, 2022). In addition, the revenue of the third largest market player, TVING owned by CJ ENM, was only US\$115 million in 2021, accounting for 7.6% of the market.

Despite the expansion of the market size and their revenue increase, Korean online video service companies such as Wavve, Tving, and Watcha have faced losses due to rising production costs driven by competitors like Netflix. While this has contributed to increased revenue in the video production industry (Sun, 2022), it may also lead to diminished diversity as Korean online video services see their positions in the market retreat. Consequently, these trends have driven some mergers among domestic online video service companies, which are underway, aiming to secure market share and turn a surplus.²

² At the end of 2022, Tving operated by CJ ENM merged with Seezen run by KT and in December 2023, Tving and Wavve signed an MOU for merger (Lee, 2022; Yoon, 2023).

The decline in concentration levels reflects the expansion of these industries driven by increased digital content consumption. In other words, as the markets for these sectors grew rapidly, so did the revenue for individual firms. The net result was a decrease in concentration across the online and traditional media sectors. This suggests active competition within each industry, indicating a dynamic landscape amid ongoing market expansion.

There is a pressing need to scrutinize whether the revenue surge in the content media industries from 2019 to 2021 is a temporary effect of COVID-19 or if this growth trajectory is sustainable in the long term. This examination becomes crucial in understanding changes in consumer behavior using media services and industry dynamics. Simultaneously, it is essential to explore how the expansion of this sector is influencing market concentration. The intensified dominance of a few major players within sub-industries raises questions about the overall competition and diversity of the market. Moreover, delving into whether the expansion of the overall content media industries is primarily driven by increased domestic revenue or the global popularity of Korean content is crucial. This investigation can illuminate shifts in the global flow of cultural production and consumption and the broader implications for international market competition in this sector.-This is work that we will pursue in future iterations of this report and in other publications.

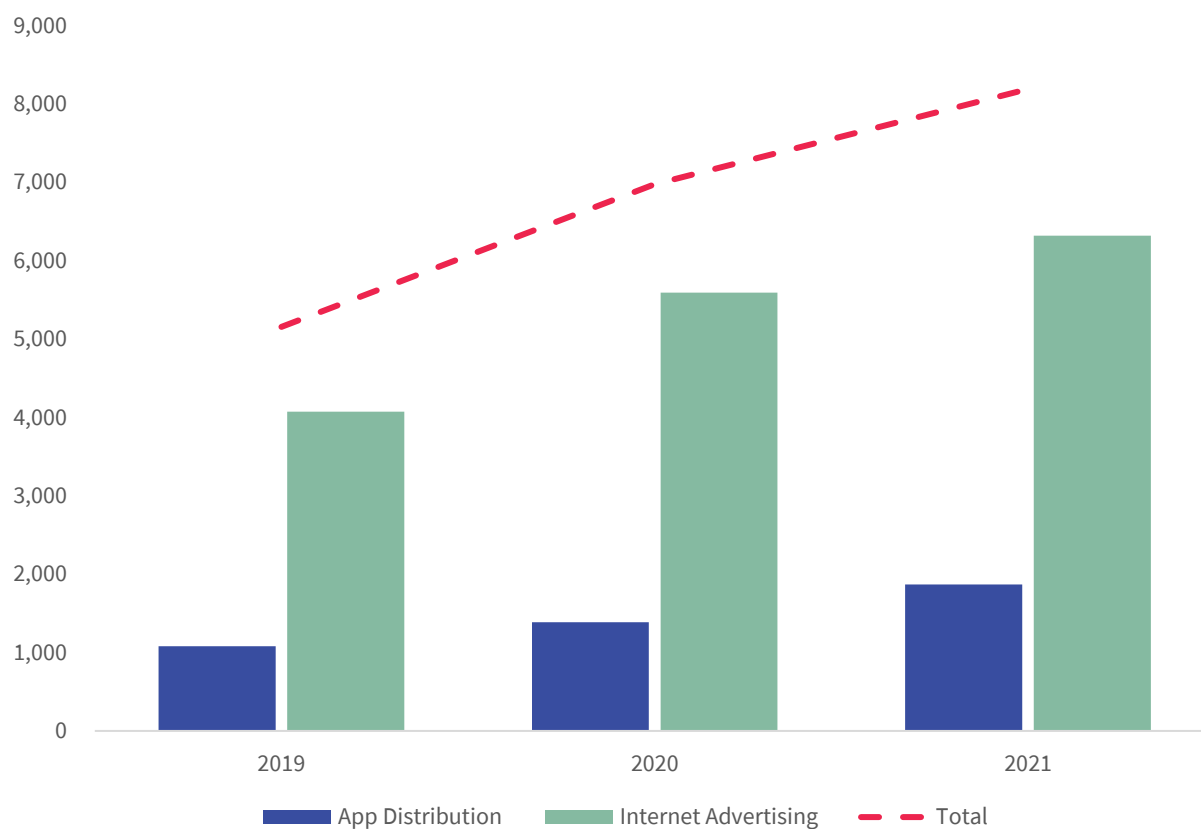
“The intensified dominance of a few major players within sub-industries raises questions about the overall competition and diversity of the market.”

Core internet applications

The total revenue of the core internet sector witnessed a remarkable surge, escalating from US\$5.2 billion in 2019 to an impressive US\$8.2 billion in 2021. This upward trajectory, akin to the digital content media industries, can be attributed to the expanding consumption of digital content, evidenced by the increased exposure to internet advertisements and the revenue generated by smartphone apps.

Figure 7, below, illustrates the revenue trends of app distribution and internet advertising sectors.

Figure 7: Revenues for core internet sectors, 2019-2021 (current USD\$, millions)



“Global platform companies such as Google and Meta do not disclose their advertising revenues country-by-country. This lack of transparency makes it challenging to assess the extent of these global companies' influence in the local market.”

Figure 7 illustrates the growth in revenue from the app distribution sector, which rose from US\$1.1 billion in 2019 to US\$1.9 billion in 2021.³ Notably, the three market players in this industry, Google, Apple, and ONE Store, an integrated app market between the three major telecommunications companies and NAVER, experienced revenue growth.⁴ Google Play's revenue climbed from US\$685 million in 2019 to US\$1.2 billion in 2021, Apple App Store's revenue increased from US\$301 million to US\$482 million, and ONE Store's revenue surged from US\$92 million to US\$165 million (Korea Mobile Internet Business Association, 2021).

Simultaneously, the revenue of the internet advertising sector also soared, reaching US\$6.3 billion in 2021 from US\$4.1 billion in 2019. This growth was predominantly driven by two Korean platform giants, NAVER and Kakao (Kakao, 2022b; NAVER, 2022). However, one

³ The revenue data is the total commission fees paid to the three major app markets in South Korea by 246 companies surveyed by the Korea Mobile Internet Business Association in 2020, and data for 2021 is an estimate (Korea Mobile Internet Business Association, 2021).

⁴ ONE Store was launched in 2016 as a Korean app market aimed at competing with Google and Apple's dominance in the mobile app market. It was established by integrating independent app stores operated by the three major Korean telecommunications companies—KT, SK Telecom, and LG U+— and NAVER for their customers. ONE Store is operated by a separate entity, ONE Store Corp., which was spun off from SK Telecom, holding the third-highest market share after Google and Apple in the app distribution sector.

needs to be careful when interpreting this data because global platform companies such as Google and Meta do not disclose their advertising revenues country-by-country. This lack of transparency makes it challenging to assess the extent of these global companies' influence in the local market. For instance, delving into Google's advertising revenue is extremely difficult because it only released very limited information on its operations in Korea. Alternative, reliable sources of information are also lacking. Even Google's Korean subsidiary only discloses fees for selling Google Asia Pacific's advertisements in South Korea as an agent rather than the online behemoth's total advertising revenue in the country. This lack of transparency surrounding Google's revenues has remained controversial in South Korea.

Figures 8 and 9 below illustrate the CR4 and HHI scores for the core internet sector from 2019 to 2021.

Figure 8: CR4 scores for core internet sectors, 2019-2021

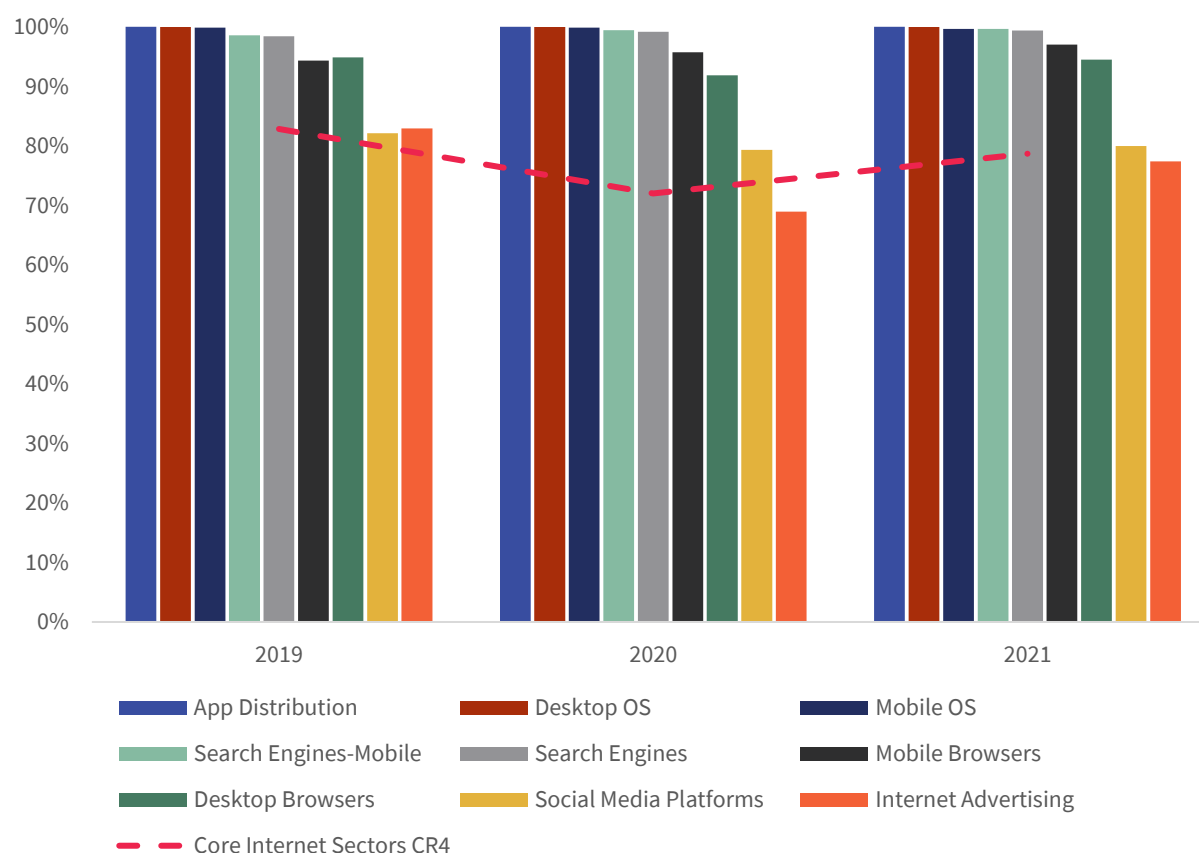
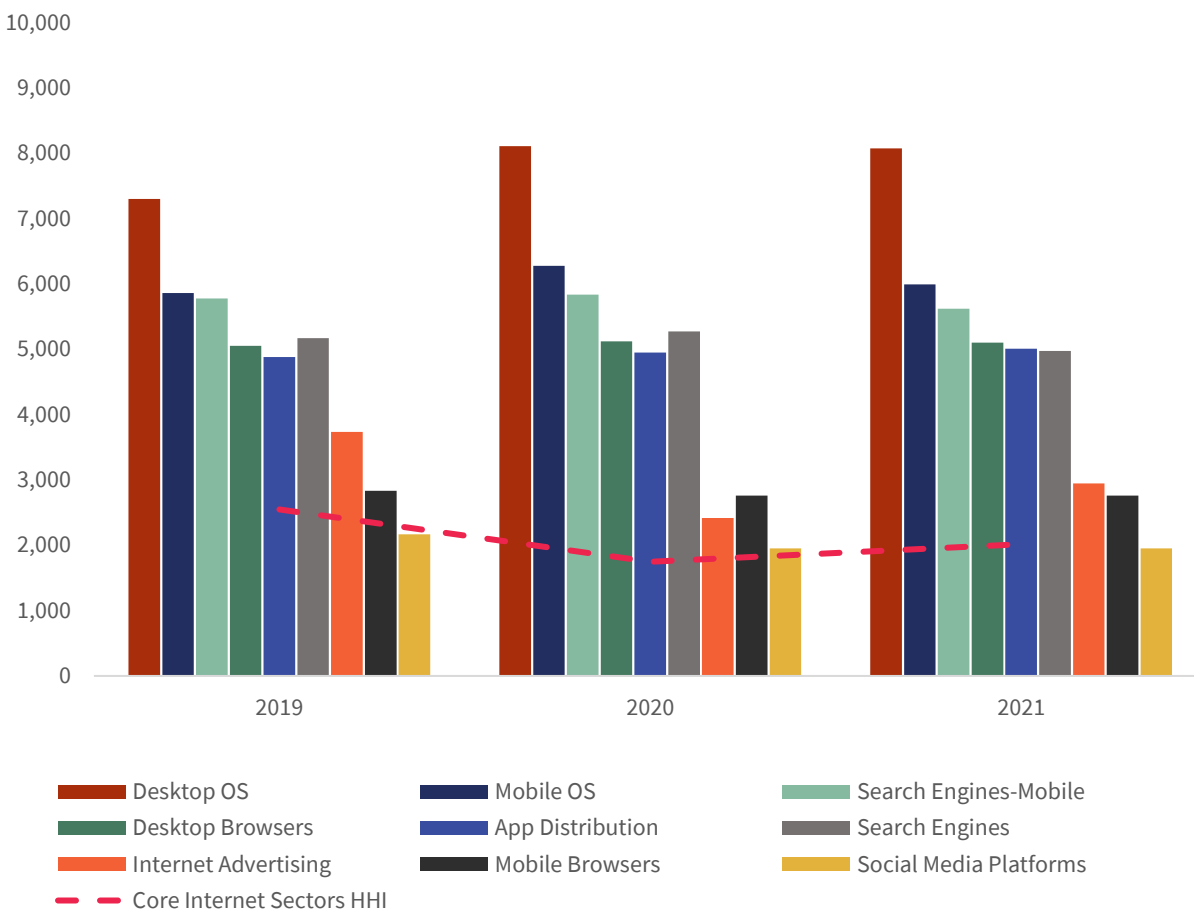


Figure 9: HHI scores for core internet sectors, 2019-2021



Figures 8 and 9 show the high levels of concentration observed in every one of the core internet sectors, except for the social media platform sector, which exhibits relatively moderate concentration with an HHI score of 1954 in 2021. The overall CR4 and HHI scores of app distribution and internet advertising sectors based on revenues are 78.7 and 2014 in 2021, respectively. These figures resonate with the extremely high CR4 and HHI scores found for other core internet sectors. These extremely high concentration levels reflect that fact that just a few global and domestic big tech and platform behemoths dominate the app distribution, search, operating systems (OS), and internet browsers sectors. This consolidation has been evident since the widespread adoption of the internet and smartphones, but has also become more pronounced over time. In other words, the high levels of concentration just described are an entrenched feature of the core internet sectors in Korea and have generally become even higher over time. What stands out is the prevalence of monopolies, rather than oligopolies or duopolies, in these sub-sectors. For instance, Microsoft Windows has been a dominant force in the desktop OS sector, securing

84.8 percent of the market share by users in 2019 and further increasing to 89.57 percent in 2021. Apple's Mac OS, in contrast, accounted for only 5.87 percent in 2021 (Statcounter, n.b.b., n.b.c.). In the mobile OS sector, Google's Android secured a substantial user-based market share of 72.48 percent in 2021, with Apple's iOS following at 27.17 percent (Statcounter, n.d.e.).

The leading desktop browser in South Korea was Google's Chrome with 69.64 percent of the market share in 2021; Microsoft Edge and Explorer held a combined share of 19.40 percent. NAVER Whale accounted for 5.46 percent, and Apple's Safari had 2.50 percent (Statcounter, n.d.a.). In the mobile browser sector, an oligopoly is evident from 2019 to 2021, with Chrome securing 38.5 percent of the user-based market share in 2021, Samsung Internet holding 25 percent, and Apple Safari accounting for 23.12 percent (Statcounter, n.d.d.).

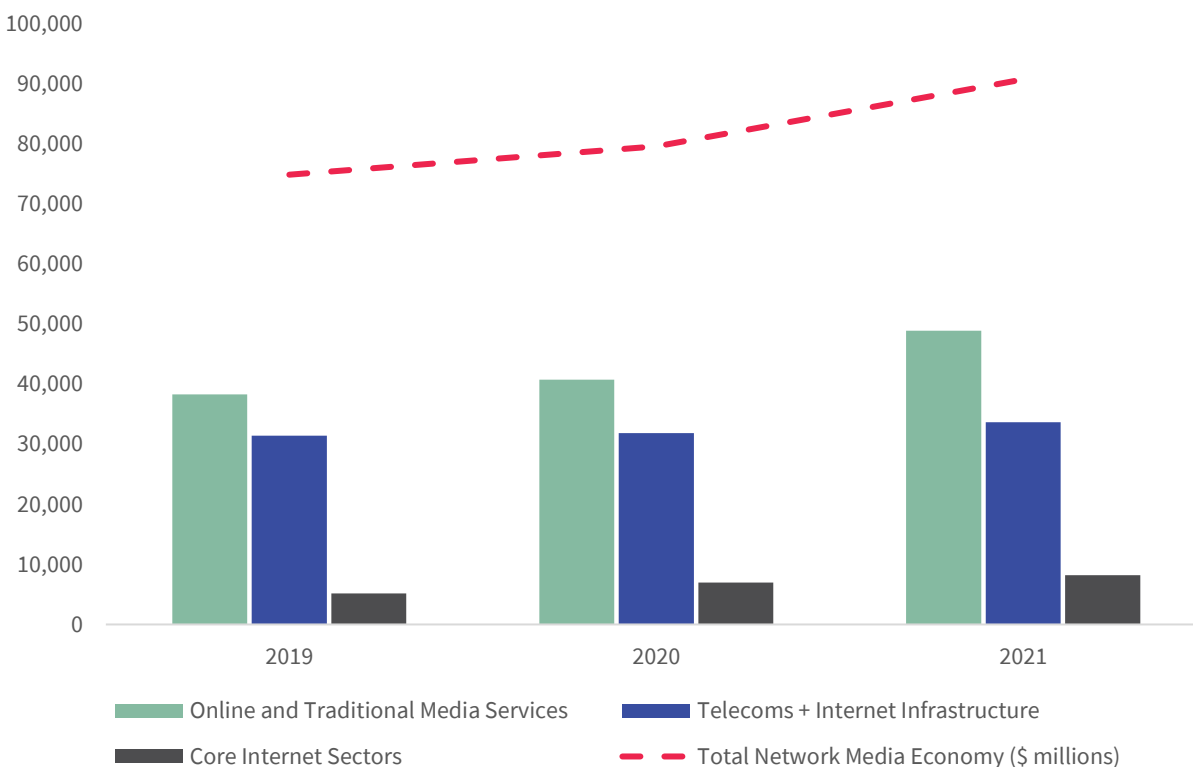
A noteworthy exception is found in the search engine sector, where Naver maintained a leading position with a commanding 68.6 percent of the market share by users in 2019 and a still substantial 64.6 percent in 2021. This is especially remarkable given Google's market share growth, which increased from 19.1 percent in 2019 to 27.4 percent in 2021 (Dighty, n.d.). This unique phenomenon, where a domestic search engine significantly surpasses Google's market share, underscores the considerable influence of NAVER on the digital landscape in South Korea, as seen in this platform giant's advertising revenue.

“This unique phenomenon, where a domestic search engine significantly surpasses Google's market share, underscores the considerable influence of NAVER on the digital landscape in South Korea”

Development and concentration trends across the communication, internet and media

The Korean network media economy experienced robust growth from 2019 to 2021, primarily fueled by a surge in revenues within the media service and core internet sectors. As illustrated in Figure 10, the total revenue of the Korean network media economy rose significantly from US\$74.8 billion in 2019 to US\$90.7 billion in 2021. Notably, a substantial portion of this uptick—amounting to US\$15.8 billion—is attributed to the significant increase of US\$13.6 billion in total sales between the media services and the core internet sectors over the three years. This was mainly driven by the rapid rise of US\$7.6 billion in total sales between the media services and the core internet sectors over the three years. This was mainly driven by the rapid rise of US\$7.6 billion in total sales between the media services and the core internet sectors over the three years. These revenue trends are depicted in Figure 10 below.

Figure 10: Development of media industries, 2019-2021 (current USD\$, millions)



Figures 11 and 12 below illustrate the CR4 and HHI scores for each of the mid-range market groupings that make up the Korean network media economy from 2019 to 2021. The CR4 across the telecoms and internet access sectors, for instance, has remained relatively stable at approximately 95 percent. Shifting our focus to the HHI, it reveals similar stability, with the high HHI scores consistently in the 2999 to 3105 range over the period from 2019 to 2021. In the online and traditional media sector, concentration levels measured by both CR4 and HHI are notably lower compared to the telecom and internet access sectors. Market concentration in these sectors remains low, with CR4 scores ranging from 19 to 22 and HHI scores from 177 to 210 from 2019 to 2021. However, in the core internet sectors, market concentration levels are sky high, with CR4 scores ranging from 72 to 83 and HHI scores in the range of 1750 to 2500 over the same period, which is primarily attributed to the presence of global and local big tech behemoths in this sector and the influence of powerful economies of scale and scope as well as network effects.

In the final analysis, the overall market concentration of the Korean network media economy saw a decline over the three years of our study. At this, the broadest level of our analysis which considers all market players within the network media economy, the market share of the top four firms—SK, KT, LG, and Kakao—slid from 43.4 in 2019 to 40.9 in 2021, while the HHI fell from 632 to 542 over the same period. This decline in concentration levels is primarily due to the significant revenue upswing observed across various sub-industries within the online and traditional media service and network media economy sectors.

Figure 11: CR4 scores for the network media economy, 2019-2021

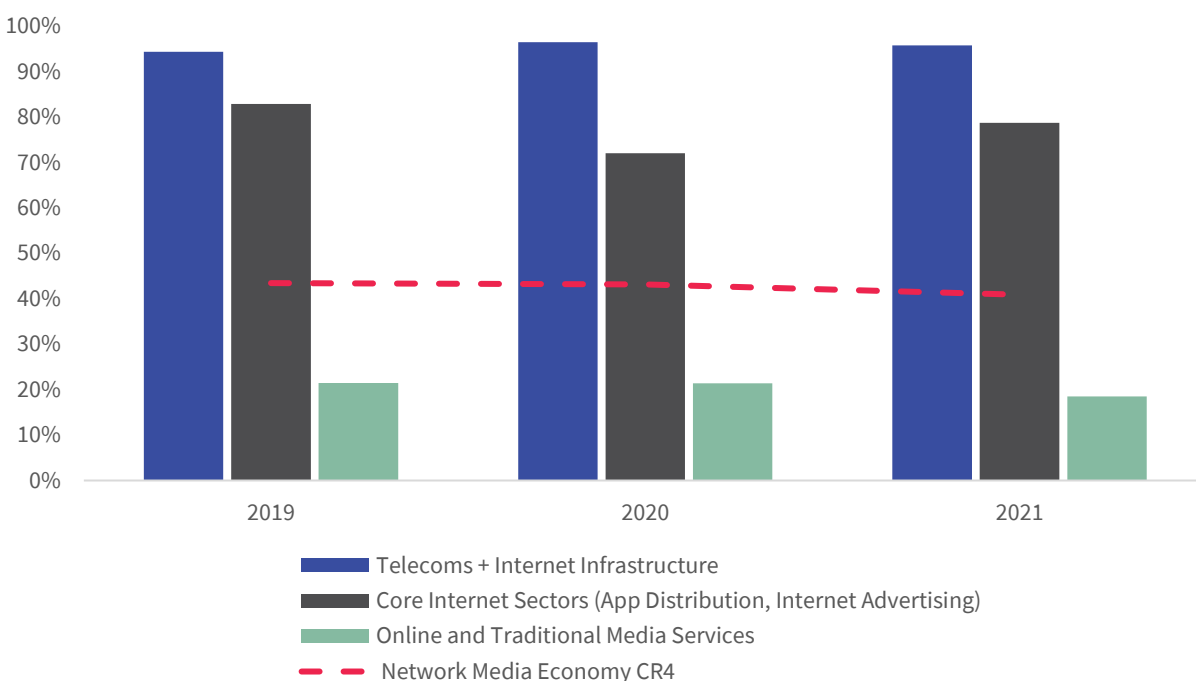


Figure 12: HHI scores for the network media economy, 2019-2021

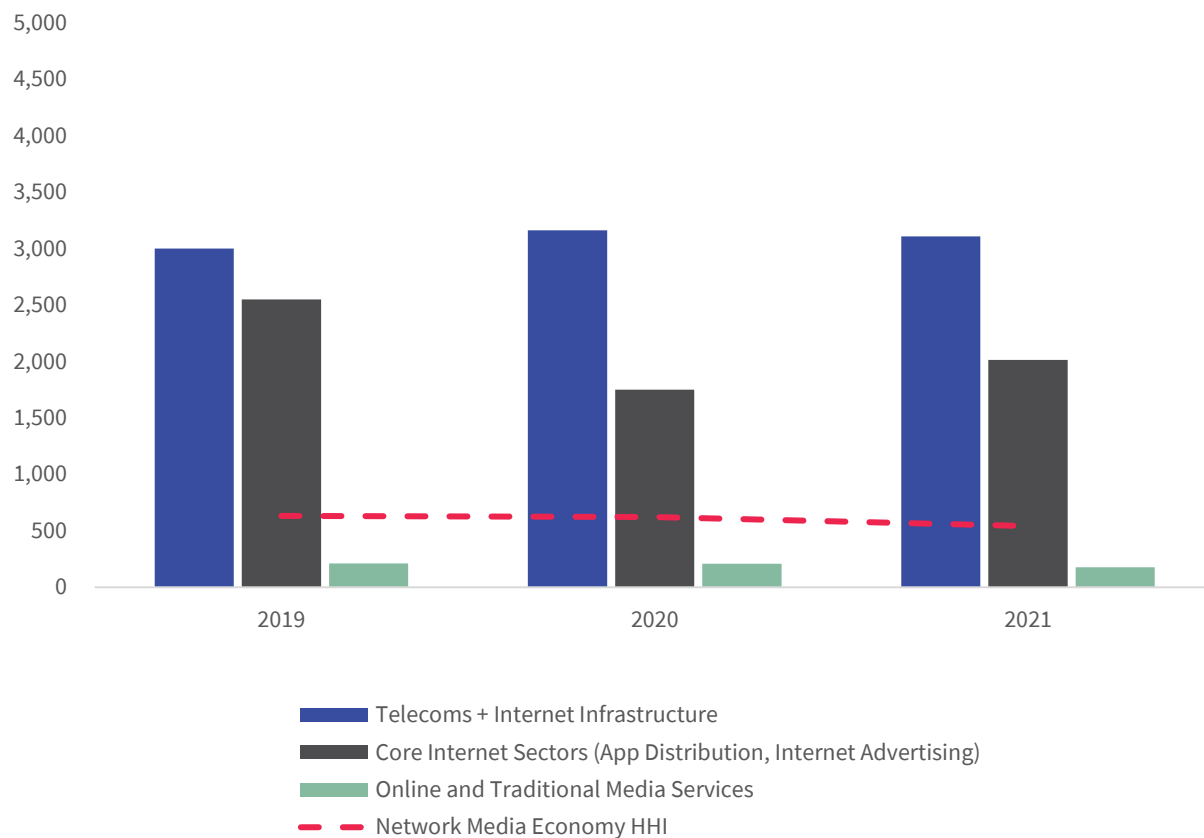
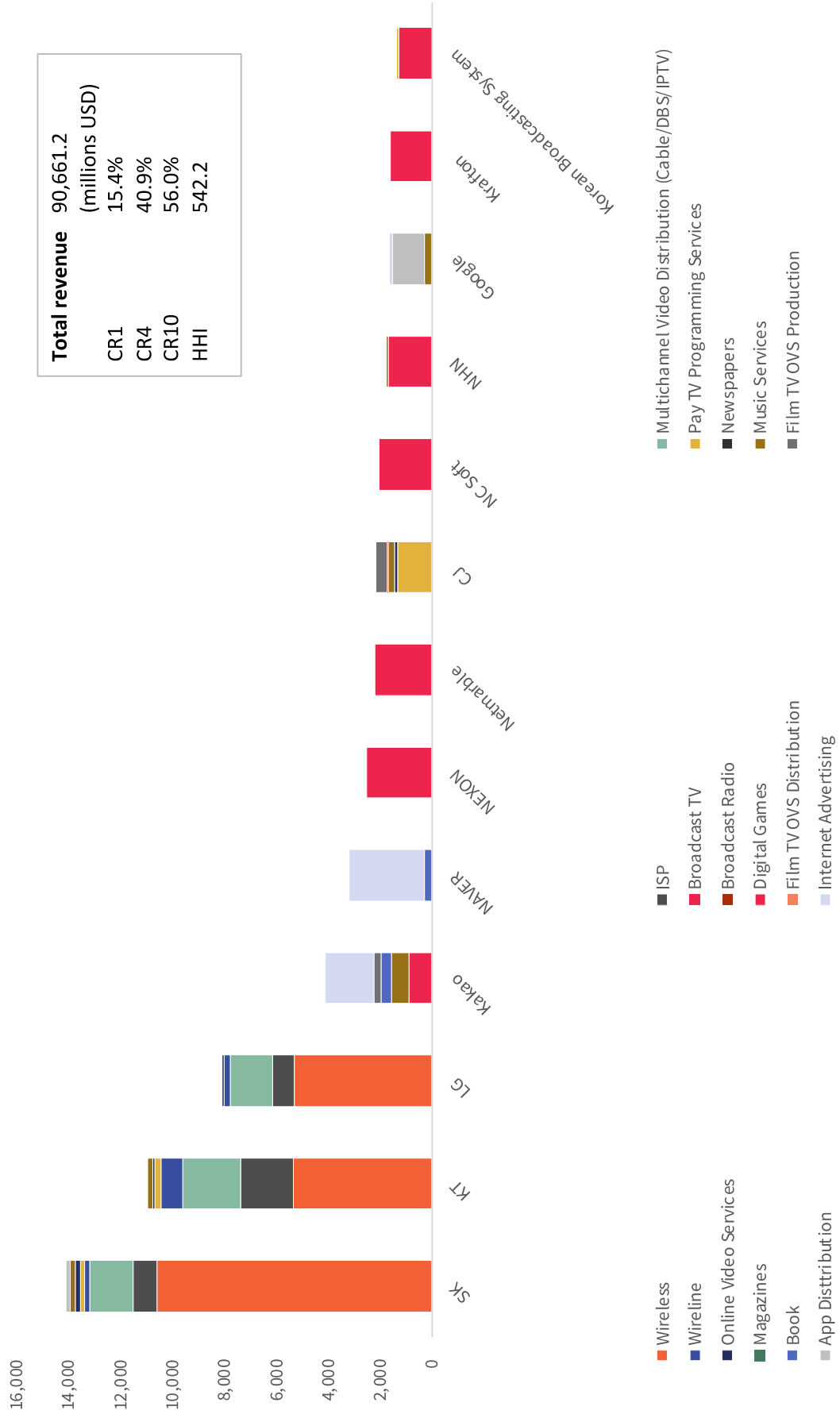


Figure 13 below illustrates the fourteen largest communication, internet and media companies and conglomerates in the Korean network media economy, each boasting revenues exceeding US\$1 billion. The revenues of these companies are estimated to account for 63 percent of the total revenues of the Korean network and media economy. Indeed, the influence of these major companies extends far beyond the media economy in that their business portfolios encompass not only the communications-internet and media sectors but also B2B (business-to-business), service industries, and the platform industry. For the last decade, these telecommunications and media giants have expanded into the content media industries through mergers, equity investments, and business partnerships based on their market dominance in their key businesses. The result has been a substantial increase of their influence within the media economy. Consequently, it has now become crucial to closely examine whether their increasing dominance will lead to the consolidation of market concentration across the entire media economy and how this trend might impact market competition and diversity.

Figure 13: Leading communications-internet and media companies in South Korea, 2021



Conclusion

The surge in revenues within the media service and core internet sectors, fueled by the uptick in digital content consumption from 2019 to 2021, has played a crucial role in expanding the Korean network media economy. Major players such as KT, SK Telecom, LG U+, NAVER, Kakao, and CJ solidified their dominance across various sub-industries through horizontal and vertical integration, evident in multichannel video distribution, digital music, video production, and online video service industries. Ongoing scrutiny of concentration levels within specific sectors and across the network media economy, particularly in those domains where these large companies have acquired significant stakes in recent years, remains essential. Additionally, it is important to monitor the impact of market expansion, especially with the robust presence of global giants such as Netflix, on domestic online video service and video production industries. Meanwhile, the divergence in revenue trends between online media service industries and traditional media service industries, such as newspapers, broadcast TV, and magazines, has become more apparent. Faced with the continuous rise in digital content consumption, broadcasters and newspapers need to think carefully about their sustainability in the years ahead.

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