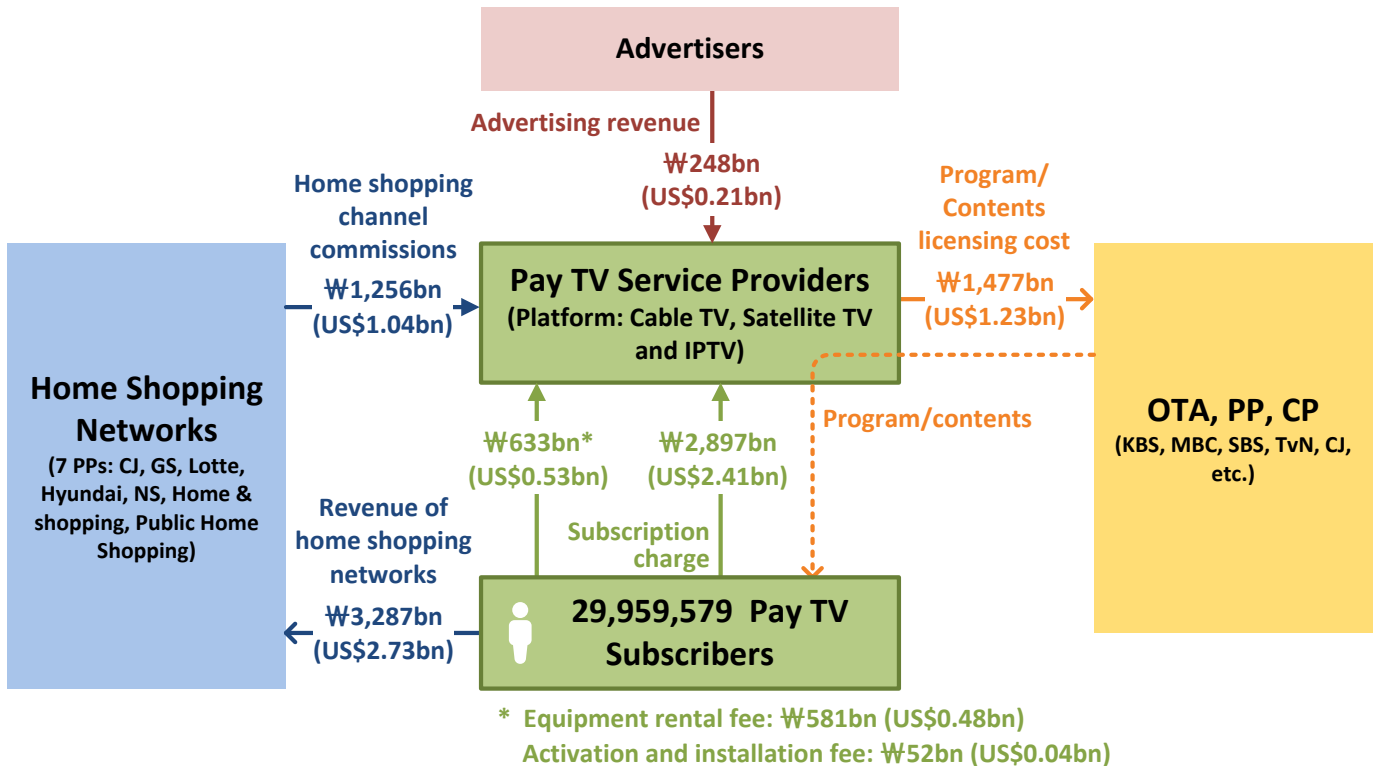


Pay TV market in South Korea

IPTV, Cable TV and Satellite TV



December 14, 2017

Author: Dr. Harrison J. Son son@netmanias.com

www.netmanias.com

NMC Consulting Group (tech@netmanias.com)

About NMC Consulting Group/Netmanias

NMC Consulting Group/Netmanias is an advanced and professional network consulting company, specializing in IP network areas (e.g., FTTH, Metro Ethernet, IP/MPLS and SDN/NFV), service areas (e.g., IPTV, IMS, CDN and IoT), and wireless network areas (e.g., 4G LTE, 5G and Wi-Fi) since 2002.

Copyright © 2002-2017 NMC Consulting Group. All rights reserved.

"Pay TV market in South Korea: IPTV, Cable TV and Satellite TV" was written by Netmanias.

Entire contents are copyrighted by Netmanias, Inc. ("Netmanias")

Netmanias retains exclusive and sole ownership of all its reports. Unauthorized redistribution, electronic or otherwise, reproduction or publication without prior written approval of Netmanias, is prohibited by law. The information and opinions contained the report have been based on information believed to be reliable, but the accuracy or completeness for a particular purpose of the report cannot be warranted. All views and analysis expressed are the opinions of Netmanias and all opinions expressed are subject to change without notice.

Table of Contents

1	Summary: Pay TV market overview in South Korea	5
1.1	Overview	5
1.2	Highlights	6
2	Pay TV services by provider in South Korea	9
3	Pay TV subscription in South Korea	11
3.1	Pay TV penetration - Pay TV subscription by individual and household	11
3.2	Pay TV subscription by platform - Cable TV, IPTV and Satellite TV	15
3.3	Pay TV subscription by provider	19
3.4	Pay TV subscribers of KT group (OTV, OTS and Satellite-only)	20
3.5	Analog vs. Digital subscribers	22
3.6	Pay TV + phone/Internet bundles subscription	25
3.7	Business customers	31
3.8	UHD subscription	31
4	Pay TV revenue in South Korea	35
4.1	Pay TV market	35
4.2	Pay TV revenue breakdown - by source	38
4.2.1	<i>Revenue from subscription charges</i>	40
4.2.2	<i>Revenue from home shopping channel commissions</i>	41
4.2.3	<i>B2C revenue vs. B2B revenue</i>	42
4.2.4	<i>Pay TV ARPU</i>	43
4.3	Pay TV revenue breakdown - by platform	44
4.3.1	<i>Cable TV</i>	44
4.3.2	<i>IPTV</i>	47
4.3.3	<i>Satellite TV</i>	50
4.3.4	<i>Basic channel subscription revenue by platform</i>	51
4.3.5	<i>VoD revenues by platform</i>	55
4.3.6	<i>Home shopping channel commission revenue by platform</i>	59
5	Appendix	62
5.1	Revenue breakdown by provider	62
5.2	USD to Korean Won(₩) exchange rate	65

Table of Figures

Figure 2-1 Pay TV monthly charge paid by household (2016)	10
Figure 3-1 Pay TV penetration rate in South Korea (2008-2017Q2).....	11
Figure 3-2 How MSIT calculates pay TV subscriber count (calculated based on outlets/STBs)	13
Figure 3-3 Pay TV subscription by household (2016)	14
Figure 3-4 Pay TV subscription and market share by platform in South Korea (2001-2016)	16
Figure 3-5 Pay TV bundled service subscription by provider (2013-2015) ['0,000]	18
Figure 3-6 Pay TV subscription and market share by provider (2008-2016).....	19
Figure 3-7 Pay TV services of KT group (OTV, OTS and Satellite-only)	20
Figure 3-8 Pay TV subscribers of KT and SkyLife.....	21
Figure 3-9 Cable TV subscriber breakdown: Analog vs. Digital (2008-2016)	22
Figure 3-10 Cable TV subscriber breakdown: Analog vs. Digital - by Cable TV provider (2008-2016).....	22
Figure 3-11 Mobile, Internet and pay TV subscription: Telco vs. Cable (2009-2016)	25
Figure 3-12 Pay TV + phone/Internet bundle subscription (2010-2016).....	27
Figure 3-13 Bundle (Pay TV + phone/Internet) subscription by provider (2013-2015)	30
Figure 3-14 UHD pay TV subscription (2015-2017).....	32
Figure 4-1 Total pay TV revenue in South Korea - by platform (2006-2016)	35
Figure 4-2 Market share of South Korean pay TV providers in revenue (2006-2016)	36
Figure 4-3 Pay TV revenue by provider (2008-2016)	37
Figure 4-4 Pay TV market - Money flow (2016)	38
Figure 4-5 Pay TV revenue breakdown by source (2011-2016).....	39
Figure 4-6 Subscription revenue breakdown (2012-2016)	40
Figure 4-7 Revenue from home shopping channel commissions (2007-2016).....	41
Figure 4-8 Pay TV ARPU breakdown by source (2011-2016)	43
Figure 4-9 Cable TV revenue breakdown - by source (2011-2016)	45
Figure 4-10 Cable TV ARPU breakdown - by source (2011-2016)	46
Figure 4-11 IPTV revenue breakdown - by source (2008-2016)	47
Figure 4-12 Home shopping channel commission (2014-2016)	48
Figure 4-13 IPTV ARPU breakdown - by source (2008-2016).....	49
Figure 4-14 Satellite TV revenue breakdown - by source (2011-2016).....	50
Figure 4-15 Basic channel subscription revenue market share - by platform (2012-2016)	51
Figure 4-16 Basic channel subscription revenue ARPU - by platform (2011-2016)	52
Figure 4-17 Basic channel subscription revenue market share - by provider (2012-2016)	53
Figure 4-18 Basic channel subscription revenue ARPU - by provider (2012-2016)	53
Figure 4-19 Basic channel subscription revenue, % of total revenue - by provider (2016).....	54
Figure 4-20 Paid VoD revenue market share - by platform (2012-2016)	55
Figure 4-21 VoD revenue ARPU - by platform (2011-2016).....	56
Figure 4-22 VoD revenue market share - by provider (2012-2016)	57
Figure 4-23 VoD ARPU - by provider (2012-2016)	57
Figure 4-24 VoD revenue, % of total revenue - by provider (2016)	58
Figure 4-25 Market share of home shopping channel commission revenue - by platform (2012-2016).....	59
Figure 4-26 Market share of home shopping channel commission revenue - by provider (2016)	61
Figure 4-27 Home shopping channel commission revenue, % of total revenue - by provider (2016)	61

List of Tables

Table 1-1 Overview of pay TV market in South Korea (2017Q2)	5
Table 2-1 Pay TV services by provider in South Korea (2017Q3)	9
Table 3-1 Percentage of households that subscribe to more than one pay TV	14
Table 3-2 Bundled service (Pay TV + phone/Internet) subscribers by platform (2015)	17
Table 3-3 Pay TV subscription by bundling type (2015)	29
Table 3-4 Pay TV subscription of business customers (2015)	31
Table 3-5 UHD TV subscription charge by pay TV provider (as of Nov. 2017)	34
Table 4-1 B2C revenue vs. B2B revenue (2014-2016)	42
Table 4-2 Home shopping channel commission by platform (2012-2016)	60

Abbreviations

8VSB	8-level Vestigial Sideband Modulation
ARPU	Average Revenue Per User
B2B	Business-to-Business
B2C	Business-to-Customer
CAGR	Compound Annual Growth Rate
CP	Content Provider
DPS	Double Play Service
IGMP	Internet Group Management Protocol
IPTV	Internet Protocol Television
KCC	Korea Communication Commission
MOIS	Ministry of the Interior and Safety
MSIT	Ministry of Science and ICT
MSO	Multiple System Operator
MVNO	Mobile Virtual Network Operator
OTA	Over-The-Air broadcasters (terrestrial broadcasters)
OTS	Olleh TV Skylife
OTV	Olleh TV
PIM	Protocol-Independent Multicast
PP	Program Provider
PVR	Personal Video Recorder
QAM	Quadrature Amplitude Modulation
QPS	Quadruple Play Service
RTSP	Real Time Streaming Protocol
SO	System Operator
STB	Set-top box
TPS	Triple Play Service
UHD	Ultra High Definition
VoD	Video on Demand