

Korea – A Window on the Future

Context

ICM Technology has conducted several projects in South Korea in the very recent past

This paper sets out in brief some of the ways in which the Korean experience can be investigated to deliver insights to our clients

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Technology research is about understanding the future

- Much of our work focuses on helping clients to develop, position, trial and launch new products
Time is of the essence...
- Technology markets move exceptionally quickly, and products have ever shorter lifecycles
- The greatest challenge we face with our clients is completing critical research in the brief windows of opportunity available
Wouldn't it be nice to jump several years ahead?
- Ideally we would like to get a clear steer on the role of our clients' proposed products and services in one or two years time when markets have evolved
- Or in wishing to compare product appeal in markets which are at different stages of evolution, we may need to include a market which is already well ahead of the EU, the USA and other first ports of call



In many cases South Korea can meet this need

- The way the Korean people interact with technology has moved ahead of the rest of the world in a whole range of ways
- The country increasingly operates as a de facto test-bed for next generation technology products and services
- It is also extremely cost-effective for our clients. Research costs tend to be well below those of the largest EU markets or Japan

Some examples of how South Korea is ahead

- All households have access to broadband
- More than half of the population pay for products and services using their mobile phones
- More than two fifths of South Koreans maintain a homepage on Cyworld, a web 2.0 site which combines elements of MySpace, Facebook, Youtube and Second Life
- A quarter of the population have participated in Kart Rider, an online multiplayer game
- Close to one fifth of South Koreans have access to TV on their mobile phone



About South Korea:

- **Population:** 49 million (UK = 61 million)*
 - **GDP Per Capita:** \$24,600 (UK = \$35,300)*
 - Forty years ago, key indicators for South Korea were comparable to those for the poorest countries of Africa and Asia.
 - It is now the world's 14th largest economy with leading positions in the semiconductor, telecommunications equipment, computer, motor and shipbuilding industries (amongst others)
 - This transformation is all the more remarkable given that much of the country lay in ruins following the 1950-53 Korean War
- *Source: The World Factbook



What is Different About Mobile Telecoms in South Korea?

- The vast majority of connections are 3G. Users take for granted the ability to upload pictures and video to their blogs.
- Mobile TV is mainstream and more or less standard on high end and mid range handsets.



- In 2006 Business Week stated that 63% of Koreans now pay by mobile phone.
- Plastic credit cards are now more or less a thing of the past as most Koreans prefer to use their mobile phone as a contact-less card substitute transferring information either by infrared or radio frequency.
- And the innovations keep coming: a recent development is a major Korean airline offering mobile check-in.

What Does A Mass Market Web 2.0 Environment Look Like?



- Cyworld, owned by mobile giant SK Telecom, incorporates social networking, photo and video sharing, music downloads and a peer to peer marketplace.
- Also central to Cyworld's appeal are personalised avatars and virtual environments - better known outside Korea as key elements of Second Life.
- But there is general consensus that Cyworld has many more users within Korea alone than Second Life has worldwide.
- The unique successes of Cyworld, which make it the benchmark for Web 2.0, are not only its high profile in Korean society, but also the way in which it:
 - Integrates functions associated with single purpose sites in the Western world
 - Generates advertising revenues (no major consumer brand in Korea can afford not to be there)
 - Delivers mobile ARPU (it has been estimated that around 9/10 picture messages are uploads to Cyworld).



What Are The Realities Of A High Speed Broadband Environment?

- 90% of South Korean homes have access to advertised speeds of between 50-100 MB/s, with gigabyte speeds being trialled and prepared for launch (In the UK, the maximum speed currently advertised is 24 MB/s)
- The BBC reported that some rural South Korean homes can "only" really access speeds of 3.6 MB/s. But this remains years ahead of large parts of the EU and the USA which still rely on narrowband connections
- WiBro, the Korean variant of mobile wireless broadband, was launched by the two biggest mobile network operators in 2007, offering maximum speeds on the move of up to 20 MB/s. By comparison in the UK, speeds are typically 2 MB/s with 7.2 MB/s being the maximum available.

How Does A Mobile Network Operator Diversify In A Market Like South Korea?

- SK Telecom is the market leader in the Korean mobile market with a share of a little over half.
- Its growth has taken place both along familiar lines - by developing operations outside Korea and by buying a major stake in domestic broadband service provision - but also in ways which might surprise those familiar with the dominant networks in the EU.
- Apart from owning Cyworld, SKT has a major position as a content provider, owning the following (all leading players on the domestic scene):
 - A record label and a music portal
 - A mobile TV service provider
 - A talent agency / management company
 - An online gaming company
 - A cable TV channel
 - A major movie studio
 - An internet bookstore

Research Options In South Korea

- To understand the experiences of Korean consumers, prosumers and businesses, ICM Technology offers a full range of secondary research options in South Korea, both on and offline
- In addition we can provide high quality up-to-the-minute desk research, examining the latest developments in the market and providing the view from the supply side