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SMR: United against A GLOBAL MEDIA GIANT

Young-Gul Kim, Sanghyeak Yoon, and Hyungjin Kim wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In late fall of 2016, Smart Media Representative Co. Ltd. (SMR), a company that had the authority to distribute television (TV) videos produced by broadcasters, was about to re-contract with platform companies and broadcasters. The platforms wanted to address their disadvantages in the previous contract. The broadcasters, on the other hand, insisted on even more favourable terms and said they would decide whether to renew their alliance with SMR depending on the negotiations. SMR was worried about maintaining a fragile alliance while satisfying those who had different aims.

BACKGROUND

In November 2014, users in Korea visited YouTube as usual only to be unexpectedly disappointed when they attempted to watch a TV show they had missed the day before: a notice informed viewers that the TV video clips that had been provided by Korean broadcasters to YouTube would no longer be available in Korea. As of December 1, 2014, users in Korea were unable to view TV clips from terrestrial broadcasters Seoul Broadcasting System (SBS) and Munhwa Broadcasting Corporation (MBC) on YouTube.[[1]](#footnote-1) Not long after, clips from comprehensive programming channels—JTBC, Channel A, Maeil Broadcasting Network (MBN), and TV Chosun—and from popular Korean cable broadcaster CJ E&M Corporation were blocked from YouTube.[[2]](#footnote-2) It was a sudden and confusing change. Only users in Korea were blocked from viewing local broadcasters’ popular TV clips on YouTube, even though YouTube had not stopped providing its service in Korea.

Eight broadcasters representing Korea’s leading content companies signed a contract entrusting the right to distribute their TV clips to SMR, an online advertising agency established by broadcasters SBS and MBC in June 2014. The contract stipulated that the eight broadcasters would provide SMR with their TV clips, which each broadcaster had previously been distributing individually, and that SMR would maintain those clips. SMR then announced that it would no longer supply the TV clips to YouTube, which had been the main online distribution channel for the broadcasters. Instead, SMR reported that it intended to supply the clips to local platforms, which had a significantly lower number of users than YouTube.

This move indicated the broadcasters were willing to endure a considerable (if perhaps temporary) fall in sales as a result of not distributing their videos on YouTube, the predominant online broadcasting platform in the Korean market. The length of the monthly average visit on the YouTube Korea mobile application (app) had grown approximately 63.7 per cent every year from January 2012 to May 2016.[[3]](#footnote-3) Considering YouTube’s recent rapid growth in Korea, the broadcasters’ decision was astounding.

The Online Content Distribution System

While Korean broadcasters were looking for a new method of distributing their television shows, they risked a considerable drop in sales by denying Koreans the popular option of viewing their favourite TV productions on YouTube, the biggest video platform in the world. The reason for the change was the existing online content distribution structure, which broadcasters deemed unfavourable.

Before SMR came into existence, broadcasters had distributed their TV productions on YouTube in exchange for content fees paid by the online platform. YouTube and other online platforms paid their fees to content producers based on the advertising revenue generated by viewers. Unlike app stores, which paid content producers 70 per cent of the revenue generated by the apps,[[4]](#footnote-4) YouTube paid broadcasters 55 per cent of all advertising revenue generated by users viewing the content.[[5]](#footnote-5) Content producers were also required to grant YouTube a non-exclusive, perpetual worldwide licence to freely distribute, publish, and monetize the content.[[6]](#footnote-6)

YouTube’s structure was especially unfavourable to broadcasters as they expanded their realm of advertising and brought offline advertisements online. The size of the Internet advertising market had already exceeded that of the terrestrial TV market in 2012 and showed no signs of slowing down. Moving the ads online meant moving with a favourable market, but this also meant an immediate 45 per cent drop in revenue for the broadcasters. The advent of smartphones and fourth-generation Long Term Evolution (LTE) wireless was rapidly increasing the demand for online video consumption, and while this led to increased sales for broadcasters, the actual return was below expectations because of the revenue distribution structure. Korean broadcasters were becoming increasingly aware of the danger of handing over advertising for TV content to YouTube and other online platforms.[[7]](#footnote-7)

To tip the distribution structure in their favour, broadcasters SBS and MBC founded SMR, a digital advertising agency that represented the broadcasting companies’ interests in placing online content. SMR, in turn, entered into content supply contracts with online video portals that favoured the broadcasters’ interests. The shift resulted in a competition between SMR’s platforms and YouTube for market share and advertising revenue. However, the Korean broadcasters were eager to restructure their online advertising market. They wanted to avoid the fate suffered by the recording industry and print media, which lost their influence in the distribution of their content with the advent of online media in the early to mid-2000s.[[8]](#footnote-8)

Before SMR was created, Korean broadcasters were unable to respond properly to changes in the global media market and, instead, were subject to the actions of global platforms like YouTube. By forming a consortium, the broadcasters recovered their influence in the local TV video market and were able to negotiate distribution that favoured the creators of the content.

The broadcasters severed relations with YouTube and arranged to provide their TV clips only through SMR to Korean online platforms Naver TV (Naver) and Kakao TV (Kakao).[[9]](#footnote-9) The profit distribution ratio for advertising was 90 per cent to the broadcasters and 10 per cent for the platforms. Naver and Kakao accepted the contract with SMR despite these terms because they were struggling in the local video distribution market, unable to keep pace with YouTube. The contract with SMR secured premium content from local broadcasters, and although the platforms anticipated a significantly lower advertising profit for broadcasting content, they expected their market share in local broadcasting content to increase exponentially.

The broadcasters and platforms seemed to be mutually developing their strengths despite having opposing interests. In time, however, disagreements could arise either among the broadcasters belonging to the SMR consortium or between these broadcasters and the local platforms that had accepted the disadvantageous terms. New interests could also emerge once the companies secured a stable market share, and expansion of the new “over-the-top” (OTT) market,[[10]](#footnote-10) an overseas market. The introduction of global platform companies such as Netflix were likely to further complicate the relationship among content companies, platforms, and SMR. In this situation, SMR acknowledged the need to establish strategy to prepare for the future.

Birth of SMR

Before SMR was created, broadcasters had individually signed contracts with platforms to supply content; the contract terms and conditions varied with each broadcaster. Once SMR was created, it became the single entity negotiating content prices with platform companies, and this strengthened the bargaining power of the content companies. Previously, platforms acquired the rights to the video content and provided the content to users; under the new system, SMR integrated and maintained the broadcasters’ content, then fed the video content to the platforms that required it. Various combinations of content and advertising strategies could be devised to suit different companies. Further, SMR changed the advertising profit structure, taking the advertising business away from the control of platforms. With SMR, broadcasters had not only strengthened their negotiating power with content prices but had also created a structure that increased their advertising profit.

Business Plan

According to Korean law, broadcasters could only sell broadcast advertising in Korea through the Korean Broadcast Advertising Corporation. To circumvent this restriction and advertise on online and mobile platforms, SMR entered the market as an online media representative (rep) firm, not as a broadcaster. A media rep sold advertising space to advertisers on behalf of media companies (i.e., broadcasters). The media reps received a commission from the advertisers in return for placing the advertisements and providing the advertisers with media materials, such as advertising analyses and advertising techniques.

The advertising structure in television was relatively simple, with its advertiser–agency–media relationship, but online advertising was not so simple. There were a great number of online websites, and advertising areas existed for each. Because agencies could not handle all media and advertising space, media reps stepped in to do the job for them. The reps communicated with the media outlets, consulting and managing advertising exposure, number of clicks, and service areas in place of the agencies. As a result, reps developed a more strategic and analytical online media approach than did agencies. Media reps also developed their own system of analysis, enabling a more scientific media execution. SMR was the online media rep for broadcasters.

Negotiating with Platform Companies

As a united front for powerful content companies, the first thing SMR did was to begin negotiating with YouTube. If SMR could team up with YouTube, it could place its content not only in the local market but also in the overseas market. SMR proposed three conditions to YouTube. First, SMR would secure advertising business rights and distribute content through a platform in platform (PIP) system.[[11]](#footnote-11) Second, SMR would be directly involved in the advertising business for the TV clips, and SMR’s database, not YouTube’s, would be used for uploading videos. The third condition was that SMR would maintain programming rights within the platform in the form of a branded site (see Exhibit 1).

Up until then, YouTube had been selling the online advertisements on the TV clips, dividing the profit with the broadcasters at a certain ratio. With YouTube’s policy of not releasing advertising earnings, however, content companies had no way of knowing how much advertisers had paid. They were only able to confirm the number of hits and advertising earnings allocated to them based on the outcome report provided by YouTube. As an outfit striving to secure influence in the online market, SMR needed to secure the actual business rights, and it also needed accurate statistics on the number of views and data on advertising sales.

YouTube did not accept SMR’s conditions, wanting to maintain consistency in the global market. YouTube, however, needed premium content to maintain its influence in the ever-growing video advertising market; and therefore, it kept trying to contact and negotiate with individual broadcasters after negotiations with SMR broke down. Despite YouTube’s efforts, which included adding incentives and contacting people individually at the broadcasting companies, SMR ended the negotiations with YouTube while encouraging each broadcaster not to break rank.

Subsequently, SMR began negotiating with Korean online content platforms Naver and Kakao. These two platforms were in desperate need of TV video clips to compete with YouTube in the online video market and to increase the length of time users visited the platforms.[[12]](#footnote-12) With premium TV clips, they could expand their user base and generate advertising revenue. Therefore, Naver and Kakao accepted all of the requirements presented by SMR. Later, in November 2015, Gretech-Gom TV, another Korean platform, also entered into a contract with SMR.

The core of the proposal was that the platforms would only provide an online space for viewing videos and the broadcasters would directly maintain the videos and run the business through SMR. This changed the previous structure with platforms providing commission to content companies to a new structure with the content companies paying fees to platforms. Broadcasters recovered their influence over online distribution of their content and were able to increase their advertising revenue. By developing their own advertising products, broadcasters could also reduce the extravagant fees they used to pay ad agencies, thus improving their profitability (see Exhibit 2).

This contract arrangement also expanded the role of broadcasters. Previously, all broadcasters needed to do was to produce and provide content to the platforms. The platforms then contracted with advertisers and allocated a certain percentage of the advertising profit to the broadcasters. Under the new structure created by SMR, broadcasters expanded their role to include programming and direct involvement in advertising through SMR. In exercising its rights to program TV clips, SMR could make decisions about how many clips to produce and which of these to upload and could take the lead in running content and advertisements on a platform based on market response. Further, SMR could directly operate the advertising business and see the statistics on the content played on various platforms. With the statistics and PIP, SMR could target advertising, selecting advertisements for each broadcaster or program.

SMR’s Achievements

Blow to YouTube and Growth for Korean Platforms

As SMR teamed up with Korean platforms instead of YouTube, signs of a serious shift in the Korean online video ecosystem started to show. According to data from Nielsen Koreanclick, a market research outfit, the number of monthly unique visitors to YouTube Korea’s mobile web pages dropped from 5.92 million in October 2014 to 3.78 million in July 2016. Meanwhile, the number of monthly unique visitors to Naver’s mobile web pages, to which SMR provided content, rose from 2.79 million in October 2014 to 5.02 million in July 2016.[[13]](#footnote-13)

There was also a difference in the length of time users visited the platforms. Mobile visits to YouTube Korea grew approximately 72 per cent, from 56,413,000 minutes in July 2014 to 97,028,000 minutes in July 2016. Visits to Naver, on the other hand, grew a whopping 280 per cent, from 30,408,000 minutes in July 2014 to 115,849,000 minutes in July 2016.[[14]](#footnote-14)

The number of hits for videos on the Korean platforms that had contracted with SMR rose significantly as well. In December 2014, when SMR started to supply broadcasters’ videos, the platforms recorded approximately 100 million hits; in July 2016, the number had increased to 780 million hits. YouTube’s exclusive system in the local online video market had crumbled. According to *Korean Digital Media Forecast 2016*, prepared by online media rep NasMedia, advertisers had started to recognize SMR as an advertising medium in the same ranks as YouTube in the online advertising market. NasMedia expected SMR to lead the growth in the local video advertising market.[[15]](#footnote-15)

Growth in SMR’s Sales

Apart from selling advertisements directly, SMR also selected an advertising partner agency and had it sell ads on SMR’s behalf, paying agency fees (about 25–35 per cent) in return. Through the efforts of SMR and its partner firm, sales increased in 2015 when they began conducting business in earnest. The number of advertisers grew each month to approximately 400 contracted advertisers during 2015, increasing advertising income significantly. In December 2015, a year after SMR started selling through Naver’s and Kakao’s video platforms, SMR recorded approximately US$30.16 million[[16]](#footnote-16) in sales—150 per cent of its goal (approximately $19.82 million). SMR’s quarterly sales increased as well: its monthly average sales in the fourth quarter of 2015 recorded a 315 per cent increase over the first quarter of the same year (see Exhibit 3).

Future of SMR

Significance of the Birth of SMR

Korean broadcasters believed that profit distribution between themselves and previous platforms such as YouTube was unfair. Meanwhile, local platforms were eager to take some of YouTube’s share in the online video market. Local broadcasters and major portal companies, which used to fight among themselves for profits, formed an alliance to compete with the global platform giant, YouTube. Korean platforms gave up their advertising business rights and made the difficult decision to collaborate with SMR despite the undesirable advertising profit distribution, if only to break YouTube’s monopoly.

This decision completely changed the landscape of the Korean online video advertising market within a year. When platforms were taking the lead, the advertising unit price for TV clips was $5–7 per thousand views or clicks (see Exhibit 4), but after the birth of SMR, the unit price rose to $15–30. The amount of money a content company could receive increased more than twofold in little over a year. The advertising unit price for TV clips was expected to increase even more as the broadcasters continued to maintain their regained hold over content distribution.

The creation of SMR also changed the Korean online advertising ecosystem. Prior to SMR’s appearance, TV clip advertisements had to be purchased individually for each online broadcasting platform, such as Naver, YouTube, and Facebook. After SMR came into existence, purchasing an SMR advertising product, regardless of platform, meant the advertisement appeared on all platforms. The previous platform-based advertising market had changed to a content-based advertising market.

Changes in content distribution and the advertising inventory sales structure enabled content-targeted advertising on online and mobile video platforms. For instance, advertisers could place their advertisements with certain TV programs or clips as they chose. When platform-based ad inventories were previously purchased, what mattered was identifying the platform the content was viewed on; with the switch to content-targeted advertising, the focus was on identifying the primary content viewed. By targeting the content, advertisements were guaranteed to appear on every platform that hosted the content (see Exhibit 5).

SMR in Future

The alliance contract among the broadcasters was expected to come to an end, at which time each broadcaster would have to consider the kind of digital platform strategy to take in the mid to long term. Broadcasters would likely base their decisions on the success of SMR’s efforts. YouTube held control initially, then the power shifted to the broadcasters with SMR. The new OTT market expansion and local emergence of global platforms such as Netflix—considered to be the third phase of development in the online media market—was going to change the dynamics again.

Globally, the broadcasting content market was experiencing a collapse of boundaries between territories. Platforms wanted to seize control of territory dominated by content companies, while content companies strove to secure the upper hand against platforms. This collapse of boundaries was influencing the outcome of the third phase in developing the online content market and was expected to raise new issues.

As they continued their streak of success, the broadcast members of SMR had to remain attuned to the market trends that could upend their leading position. Would SMR’s strategy of working with the platforms continue to be successful in the future? Would working with the platforms, whose goal was to take over content from the broadcasting industry and make it platform based, be sustainable? When the contracts between SMR and the broadcasters, and between SMR and the platforms, came to an end, would it be possible to renew them? Would a third party endeavour to integrate content and platform, and if so, would it be content companies or platforms that would lead this integration process? How should SMR prepare for the future?

Exhibit 1: Platform in Platform (PIP) Structure



Source: Company documents.

Exhibit 2: Fee Rate Change



Note: Rep. = media representative.

Source: Company documents.

Exhibit 3: Continuous Growth of SMR



Note: Currency is USD; Q = quarter.

Source: Company documents.

Exhibit 4: Structural Change of Advertising Market



Source: Created by the case writers.

Exhibit 5: Glossary

**Comprehensive Programming Channel**—A channel broadcasting all genres, including news, drama, culture, entertainment, and sports. While a comprehensive programming channel might seem no different from a terrestrial television channel in the respect that both offered all genres, a comprehensive programming channel could only be watched on cable or satellite TV. (Because more than 80 per cent of the people in Korea watched cable or satellite TV, these two services could have as much influence as terrestrial TV.) Further, unlike terrestrial TV, which was limited to 19 hours of broadcasting each day, a comprehensive programming channel was free to broadcast 24 hours a day. A comprehensive programming channel was allowed to add mid-program advertising, which was prohibited on terrestrial TV. Korean broadcasting networks for comprehensive programming channels included Channel A, JTBC, MBN, and TV Chosun.

**Content Company**—The person or business operator owning the rights to created content. A broadcaster was a typical example. SMR only provided premium TV content produced by Korea’s three terrestrial television broadcasters, four broadcasting networks for comprehensive programming channels, and CJ E&M. General video platforms, including YouTube, supplied not only premium content but also an unlimited amount of user-created content (UCC) and individually created and posted (“me-media”) broadcasting.

**Cost per Mille** (CPM)—The cost of delivering advertising messages to 1,000 people or households through an advertising medium; in other words, the relative price of advertisements exposed to the public media. For online ads, CPM referred to the cost to receive 1,000 views on a webpage or video.

**Inventory**—The number of advertisements remaining and available for sale within a certain period. Calculated by deducting the number of advertisements already sold from the total number of advertisements that could be sold during the period.

**Platform**—YouTube and similar business operators that provided online services accessed by users to watch linear or non-linear video content. Naver, Kakao, and Gretech were examples of Korean platforms.

**Programming**—The program management plan and policy for delivering broadcasting objectives. Programming involved developing and establishing program materials that catered to viewers’ dispositions and combining them efficiently into a schedule to provide consistent service.

**Terrestrial TV**—Also known as public TV; a type of broadcasting that used radio waves in the air, delivered from an earth-based station. KBS and MBC, public broadcasters, and SBS, a private broadcaster, were examples of terrestrial TV in Korea. While it was possible to watch terrestrial TV with an antenna, KBS collected a licence fee from audiences.

**Targeted Ad**—An advertisement chosen to be shown with specific content to maximize effect.

Source: Created by case authors based on Doopedia (electronic Korean language encyclopaedia), s.v. “comprehensive programming channel,” “programming,” “terrestrial TV,” “platform,” accessed December 21, 2015, www.doopedia.co.kr; Youngdon Lee, “Inventory, cost per mille,” in *Video Content Production Dictionary* (Seoul: Communication Books, 2014); and Bloter, s.v. “targeted ad,” “content company,” accessed November 28, 2015, www.bloter.net.

1. Terrestial broadcasters sent television signals by radio waves from an earth-based transmitter. [↑](#footnote-ref-1)
2. Smart Media Representative, *2015 SMR Report (4th*), April 28, 2015, accessed December 23, 2016, www.slideshare.net/

   parkgun19/2015-smr-4150428f; Due to contractual issues with YouTube, the Korean Broadcasting System (KBS) subsequently blocked its TV content from YouTube in December 2015. [↑](#footnote-ref-2)
3. NasMedia, *Media Issue Report 2016: The First Half*, July 13, 2016, 35, accessed October 19, 2016, http://www.nasmedia.co.kr/user/filedownload.do?idx=1594. [↑](#footnote-ref-3)
4. Biz Carson, “Apple is Making a Major Change to the Way It Splits Money with App Creators,” Business Insider, June 8, 2016, accessed April 9, 2018, www.businessinsider.com/apple-changes-app-store-revenue-split-2016-6. [↑](#footnote-ref-4)
5. Jim Edwards, “The Biggest Stars on YouTube Make Huge Incomes … Yet They Can’t Keep the Vast Majority of It,” Business Insider, August 3, 2015, accessed April 9, 2018, www.businessinsider.com/money-youtube-stars-actually-make-2014-2. [↑](#footnote-ref-5)
6. “Terms of Service,” YouTube, para. 6 (c), accessed April 9, 2018, www.youtube.com/t/terms. [↑](#footnote-ref-6)
7. The Internet accounted for 19.9 per cent of total advertising sales in 2015, surpassing terrestrial broadcasting at 17.9 per cent. While the rate of advertising sales in traditional media, such as terrestrial TV and newspaper, was going down, mobile advertising sales were showing an upward trend every year. As more videos were watched on mobile devices, in particular, the mobile advertising market centred on videos grew rapidly worldwide. The size of the global market for video advertising on mobile devices was projected to reach approximately US$9.5 billion in 2017. MezzoMedia, Mobile Video Market Trends, November 17, 2015, accessed May 15, 2016, www.slideshare.net/MezzoMedia/mobile-video-market-trends; According to a 2016 survey of 360 marketers and agency staff conducted by the Interactive Advertising Bureau (IAB), an average of US$10 million would be used in digital and mobile online advertising in 2016. This would be an 85 per cent increase over the US$5.5 million that the respondents reported in 2014. IAB, 2016 IAB Video Ad Spend Study, April 2016, accessed May 15, 2016, www.iab.com/wp-content/uploads/2016/04/2016-IAB-Video-Ad-Spend-Study.pdf; The trend was similar in the Korean online and video advertising market. According to the Korean Broadcast Advertising Corporation (KOBACO), sales in the online market grew more than 5 per cent each year: US$2,628.18 million in 2014, US$2,953.73 million in 2015, and US$2,994.40 million in 2016. Sales in mobile advertising were recorded as US$1,309.00 million—approximately 81.03 per cent higher than that in 2014. Of all online advertising sales, mobile advertising saw an exceptional increase. KOBACO, *2016 Broadcast Advertising Expenditure Survey* [in Korean], January 2, 2017, accessed May 1, 2017, https://adstat.kobaco.co.kr; The percentage of mobile advertising sales in the online advertising market was anticipated to increase from 29.8 per cent in 2012 to 34.1 per cent in 2016. Moreover, the video advertising market was growing, and the Korea Online Ad Association announced that online video advertising sales in 2014 were approximately US$78.41 million. The association anticipated the sales would increase by 30 per cent in 2015 to reach US$101.94 million. Based on the current trend, the online video advertising market was expected to continue to grow significantly. Korea Online ad Association, *2014 Online Advertising Market Size Survey* [in Korean], July 3, 2015, accessed May 1, 2017, www.slideshare.net/wonsushin/2014-50144761. [↑](#footnote-ref-7)
8. Ik-hyun Kim, “The Changes and Prospects of News Ecosystems between Portals and Media Companies [in Korean],” *Newspaper and Broadcasting* 537 (September 2015): 6–9, accessed March 20, 2016, www.kpf.or.kr/site/kpf/research/selectNewsPaperView.do?seq=571458. [↑](#footnote-ref-8)
9. The platform partnership later expanded to include Gretech-Gom TV. [↑](#footnote-ref-9)
10. Over-the-top (OTT) service provided direct delivery of film and television content over the Internet to viewers without the need for a subscription to traditional cable or satellite television. [↑](#footnote-ref-10)
11. PIP was a system that collected video files and related metadata from each broadcaster and transmitted them to a platform in real time. SMR’s metadata referred to information that revealed the characteristics of the content; for example, broadcaster information, broadcasting channel, genre, cast, keyword, broadcasting hours, and length of video. Using PIP, TV clips from all broadcasters could be put in one place without the broadcasters having to supply the clips themselves to the platform companies (see Exhibit 1). PIP offered the following advantages to content companies: First, it was possible to check transparently how many views a TV clip had received. Previously, the number of hits could be confirmed through the statistics page provided by each platform company, but with PIP, the broadcasters could confirm the numbers directly. Second, the content companies could select a genre and content of their liking and insert advertisements. In the TV advertising market, broadcasters used their rights to program advertisements to sell products for each program; advertisers purchased the inventories of TV programs that their targets primarily watched to expose their advertisements. This concept for TV advertising had been applied to the online market. On previous platforms, products were sold per page; in the same vein, PIP enabled content-targeted advertising where advertisers added advertisements to the front of the content of their choice. Accordingly, advertising sales could more than double the previous unit price. In fact, the basic cost per mille (CPM)—the unit price for every 1,000 times an advertisement was exposed—was US$15 in 2015, but US$30 for a content-targeted product. From the broadcasters’ position, they were able to increase the economic value of the content significantly through PIP. Finally, control over the content was tightened. Because the content companies maintained the physical file and metadata of their content, instead of saving them in a platform’s database, the content companies could add, change, or delete the content at any time. When content companies uploaded their content on SMR’s PIP system, the platform companies only needed to summon the videos through the URL provided by SMR to provide the TV clips for users to view. Therefore, content companies came to a position where they could make autonomous decisions regarding content provision at any time. With their control over the online video market through SMR, content companies could only be in a better position for negotiating with platform companies. [↑](#footnote-ref-11)
12. Until 2014, 70 per cent of online video consumption took place on YouTube. In contrast, Naver and Kakao accounted for more than 90 per cent of the market in the search category, but their market share in the video category was less than 10 per cent. [↑](#footnote-ref-12)
13. Jisun Kim, “Daum Kakao Released ‘Kakao TV’ Followed by Naver’s ‘Naver TV,’ [in Korean]” *Digital Times*, June 16, 2015, accessed December 20, 2015, www.dt.co.kr/contents.html?article\_no=2015061702100931746001. [↑](#footnote-ref-13)
14. Smart Media Representative, *SMR Report 2016 for the First Half Year (internal report)*, August 20, 2016. [↑](#footnote-ref-14)
15. NasMedia, *Korean Digital Media Forecast 2016*, December 31 2015, accessed March 23, 2016, www.nasmedia.co.kr/user/filedownload.do?idx=1456. [↑](#footnote-ref-15)
16. All dollar amounts are in USD unless otherwise stated. [↑](#footnote-ref-16)