

Mobile/Wireless Internet in South Korea

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Internet in Korea: “Broadband Nation”

- 14,441,657 broadband internet subscribers (june 2007)
- 34,120,000 users (74.8% of total population)
- third largest Internet population in the world.

“Broadband Nation”

- Korean culture treats social media as very personal, relational
- Users to form a network with their friends and colleagues or make new online buddies
- Form dynamic,online communities with high degree of trust
- High degree of collectivism prevalent on online communities.
- Motivated by desire to maintain harmony but younger Koreans tend to be more vocal and opinionated
- web users blog more about social/entertainment issues rather than business/tech.
 - Due to the more younger users compared to countries such as US?

Heavy Social Media Usage

Frequency of Social Activities

| Activity | % |
|---|-----|
| Used instant messengers in past 3 months | 49% |
| Used Web-based email services in past 3 months | 66% |
| Visited blogging/social networking Web sites in past 3 months | 33% |

(Source: Synovate AskBUS Dec 2006 Survey commissioned by Microsoft Digital Advertising Solutions. All people aged 15-64)

Frequency of Blogging Activities Amongst South Korea's Users

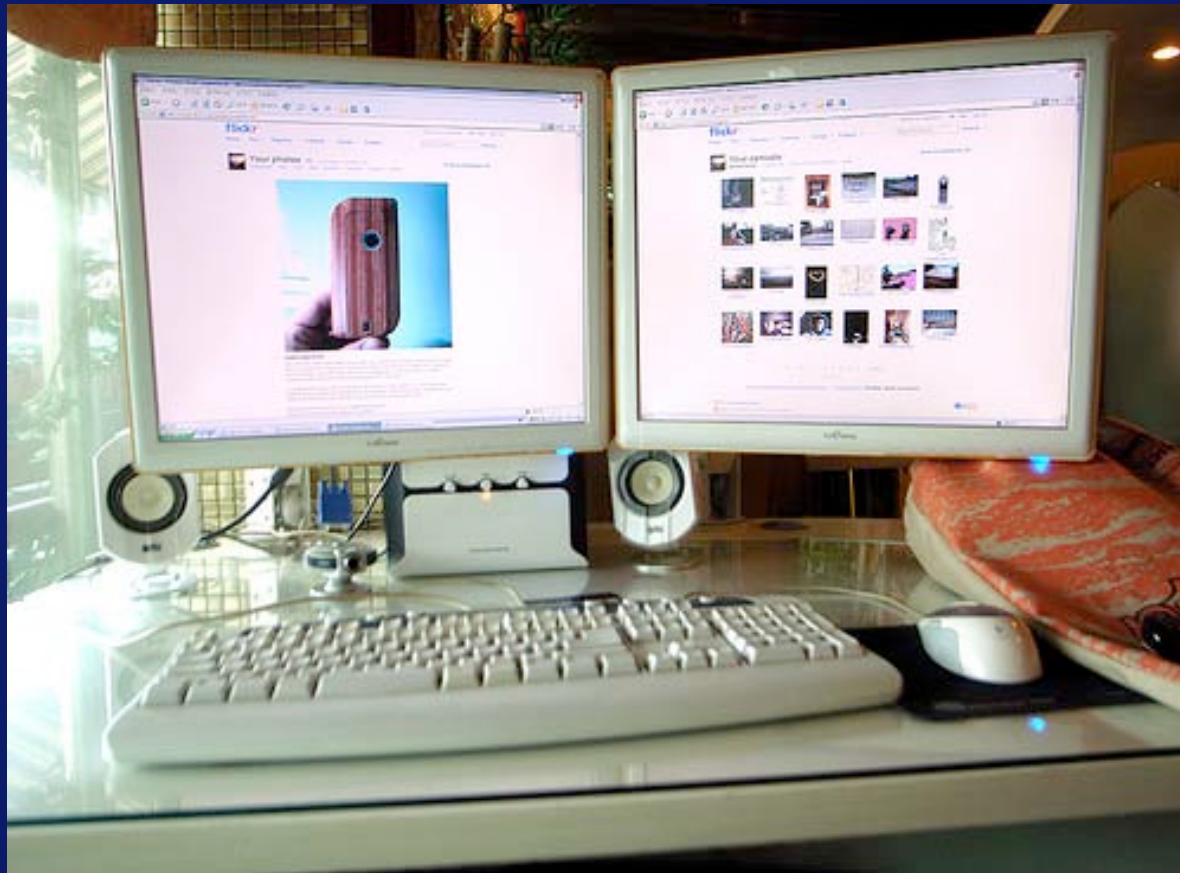
| | |
|--|-----|
| Write a blog or contribute to other people's blogs | 72% |
| - Several times a day | 2% |
| - Once a day | 7% |
| - Several times a week | 11% |
| - Once a week | 7% |
| - 2-3 times a month | 14% |
| - Once a month | 6% |
| - Once every 2 months | 1% |
| - Less often | 3% |

(Source: Synovate AskBUS Dec 2006 Survey commissioned by Microsoft Digital Advertising Solutions. Those who have visited/used a blogging/social networking Web site in the past 3 months)

- Korean online social network Cyworld: 80-90% of 20somethings use Cyworld.
 - 90,000hits/day
- MMPORGs/Online Gaming: Gamers are Rock Stars!
- Mobile Cyworld, social networking tools, all optimized for mobile phone access and updating.
- ENTERTAINMENT and INTERACTIVITY are key.

Why not WiFi?

Social & Cultural Considerations



Why not WiFi?

Social & Cultural Considerations

- Korea Telecom, "NE-Spot" blankets metropolitan Seoul, and most major Korean cities. Access cost: \$18/month, unlimited.
- 20,000 PC Bangs (internet cafes) in Seoul. Approx. \$1.50/hour for high speed fixed-line broadband access.
- Almost 50% of total Korean population lives in Seoul (approx. 24 million people)
- Social behaviors do not necessarily complement/demand wireless internet access.

Why Not WiFi?

Policy Considerations

- Massive government/state investment into alternate infrastructure (HSDPA, WiBro)
- Part of larger context of industrial techno-nationalism

Mobile Phones Dominate



Mobile Phones Dominate



Mobile Phones Dominate

- Use of the WCDMA third-generation mobile phone service is growing rapidly in Korea, with the number of subscribers reaching the four million mark eight months after the service was launched in March.
- WCDMA (wideband code division multiple access), is known for fast data transmission and video calling.
- The combined number of subscribers to the two mobile giants' SKTelecom and KTF 3G services accounts for 9.2 percent of Korea's mobile phone subscribers (42.99 million people).
- the number of 3G users is expected to exceed five million within this year (2007).

Why Mobile Phones Dominate: Existing Infrastructure, Policy

- Massive government investment into (W)CDMA infrastructure in late 1990s
- Today's dominant wireless infrastructure (HSDPA, WiBro) are built upon existing standards and structures

HSDPA

- High-Speed Downlink Packet Access (HSDPA)
- Known as 3G
- A technical standard based on CDMA, which was adopted in Korea, 1996.

WiBro

- WiBro rides on the 2.3 GHz spectrum band. Users theoretically can attain downstream bandwidth rates of up to about 3 Mb/s
- Launched in March 2006
- Known as 3.5G

Numbers vs. Actual Use

- Remember! Numbers don't reflect actual usage rates.
- For example, 4.5M is the stated # of HSDPA phone users - but it does not necessarily equal the actual number of HSDPA data services users
- Wibro is not commonly used by the average user in Korea, almost a year after the commercial deployment.
- There are about 67,000 Wibro subscribers, versus 4.5M HSDPA phone users, in Korea.
- Carriers often mandate HSDPA data service for several months, for those customers who buy HSDPA handsets on subsidy.