



ICT

South Korea

A world leading ICT industry

By June of 2013, the number of Korean smartphone users exceeded 35 million, with 65% subscribing to LTE services. The paradigm is quickly shifting from the wired Internet to the wireless Internet.

In the domestic mobile communication market, smartphones were introduced in late 2009 and the focus of the market quickly changed to the mobile internet. In Korea LTE was first launched in July 2011 and saw a rapid rise: by June 2013, 65% of all smartphone subscribers were using LTE. The national LTE network was installed in major rural communities, and LTE coverage was extended to many islands and offshore areas.

The rapid increase of smartphones is affecting competition throughout the entire internet industry. *Naver's* domination of the Korean mobile

market continues, but the rapid progress of *Kakao* stands out. The company not only provides messaging services, but platforms for games, shopping and social networking.

To implement more smartphone based services, the Ministry of Science, ICT and Future Planning enforces its policies for enhancing the wireless network infrastructure, and fosters a supporting a system for new app development. There are stronger support programmes from the government than ever for entrepreneurs and startups in the market.

It is clear that more companies are utilising social media to create

business opportunities. Large and small corporations are embracing channels such as Youtube, Twitter and Facebook to promote their business and communicate with their customers. A market research institute has forecasted that OTT (Over The Top) which uses the internet to deliver broadcasts and movies will dominate the communications market.

Mobile OS in Korea is very much imbalanced. Android holds around an 89% market share. Therefore, any British companies who are interested in the Korean market should be ready to provide Android based services.



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Big data, Social media, Cloud computing and the Creative Economy

South Korea



The 'Future Internet' is forecast to evolve from being a hardware-oriented infrastructure to software as a result of the appearance of new technologies like SDN and NFV.

KISA (Korea Internet & Security Agency)

Cloud Computing

As the centre of ICT mega trends, such as smart devices, big data, and social media, cloud computing is unquestionably the driving force behind the evolution of ICT.

Korean firms are increasing their use of cloud services to utilize their IT resources more efficiently, and are quickly embracing Cloud Computing.

Big Data

Korea's market for Big Data is growing rapidly, and it is expected that domestic market for big data will be KRW 301.8 billion by 2015.

The high speed internet market is expected to grow from KRW 37.7 trillion in 2012 to KRW 45.35 trillion in 2016.

The Creative Economy

President Park announced at the start of her term her policy to strengthen Korea's 'creative economy'. This entails the utilisation of science, technology and ICT, areas of strength in Korea already, and inter-industrial convergence and between industry and culture.

There has been a strong focus on developing startups and venture firms, cooperative enterprises, intellectual properties, knowledge buildup/expansion, internet and ICT, and creating of the ecosystem for new business.



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E-Commerce, Online shopping and Gaming South Korea

» e-Commerce transaction volume

(Unit: KRW 1 billion, %)

Type	2011		2012*		Annual	
		Component ratio		Component ratio	Growth amount	Growth rate
B2B	912,883	91.3	1,050,985	91.8	138,103	15.1
B2G	58,378	5.8	62,259	5.4	3,880	6.6
B2C	18,533	1.9	19,641	1.7	1,108	6.0
C2C	9,788	1.0	11,804	1.0	2,016	20.6
Total	999,582	100	1,144,689	100	145,107	14.5

* p: preliminary

Statistics Korea, 2012 Annual and Q4 e-Commerce and Online Shopping Trend, 2013

» Online shopping transaction volume

(Unit: KRW 1 billion, %)

Type		2011		2012*		Annual	
			Component ratio		Component ratio	Growth amount	Growth rate
Product Range	Total Store	21,836	75.1	24,145	74.6	2,309	10.6
	Specialty Store	7,237	24.9	8,203	25.4	966	13.3
Operation Type	Online	18,991	65.3	20,417	63.1	1,426	7.5
	On-Offline	10,081	34.7	11,930	36.9	1,849	18.3
Total		29,072	100	32,347	100	3,275	11.3

* p: preliminary

Statistics Korea, 2012 Annual and Q4 e-Commerce and Online Shopping Trend, 2013

Total e-Commerce transaction volume in 2012 was KRW 1,144,689 billion, which was an increase of 14% on the previous year.

B2B accounted for 91.8% of the total volume, followed by B2G, and C2C. 2012 B2B market volume was KRW 1,050,985 billion (growth of 15.1%).

Now more products are being sold online than offline. Mobile commerce is growing rapidly in Korea thanks to high speed mobile broadband and high usage of smartphones. HTML5 is currently being promoted to small and medium mobile companies, so this market will likely continue to grow.

A wide range of mobile app markets are active in Korea, including Google Play, T store, Amazon, Naver's Nstore, and Apple's Appstore. Local Mobile operators also run app market, e.g. SK Planet's 'T Store', KT's 'Olleh Market', and LG U+'s 'U+ App Market'. The three mobile carriers in Korea account for 1.5% (USD 230 million) of app market revenue.

The gaming market in Korea is still growing even with strong regulations from the government to protect children from addiction problems. In 2011, the number of companies in the domestic game industry was 17,344 employing more than 95,000 people.

According to 2012 industry statistics, sales were KRW 8.8 million with added value of about KRW 4.2 million, a ratio of 47.5%.

Over the previous 5 years, the number of game companies was cut by half, but sales increased on average 3.4% per year. Exports increased by 23.8% on average. UKTI is working closely with the KiDEA (Korea Internet & Digital Entertainment Association), to help support UK and Korean gaming development partnerships.

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