Korea Digital Signage Industry: Current State and Use Cases

Youyoung Lee
Manager KT Digital Signage Team

2011.12.14
CONTENTS

KT's Digital Signage Business in Korea
KT's Strategies
1. **Digital Signage**

   Provides various types of multimedia contents interactively. Delivers customized ads to target customers and grows market share.

### Characteristics

**As New Media**

- Delivers various multimedia contents including videos
- Provides interactive contents and messages which can be changed easily
- Conforms to the trends of digital visual generation: prefers visual information and images accustomed with up-to-date displays

**As a Business Model**

- High ROI: low operation expenses once installed
- Growing share of new media in ad market while traditional media's share is falling

**As Media of Advertisement**

- Customized ads for target customers
- Real-time measurement and analysis of ad effects
- Communicates in connection with mobile, IPTV, and internet.

### Market Environments

- The increasing demand for information service
- The decrease in print media's share
- The growth in internet, mobile, and IPTV services
I. Market Environments

<table>
<thead>
<tr>
<th>Threats</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Burden of heavy initial investments</td>
<td>1. Decreasing effectiveness of traditional media</td>
</tr>
<tr>
<td>2. Lack of professionalism</td>
<td>2. Falling price of display</td>
</tr>
<tr>
<td>3. Less awareness of advertisers</td>
<td>3. Development of interactive interface</td>
</tr>
</tbody>
</table>
Global digital signage market volume amounts to 8 billion dollars.
Annual market growth rate reaches 14% in the period of 2007~2012.
Major telcos are entering the DS market: AT&T, NTT, etc.

Growth rate of the contents market for digital signage is extraordinarily high:
- Growth of system investments: 6% per year
- Growth of related contents: 30% per year
Digital Signage to New Media & No. 1 Global Leader, KT

- Global digitalsignage market volume amounts to 8 billion dollars
- Annual market growth rate reaches 14% in the period of 2007~2012
- Major telcos are entering DS market: AT&T, NTT, etc.
- Growth rate of contents market for digital signage is extraordinarily high
  - Growth of system investments: 6% per year
  - Growth of related contents: 30% per year

I. Market Environments

2. Global Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Ads (Unit: Million Dollar)</th>
<th>Contents (Unit: Million Dollar)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>5400</td>
<td>1600</td>
</tr>
<tr>
<td>2008</td>
<td>3800</td>
<td>3500</td>
</tr>
<tr>
<td>2009</td>
<td>2700</td>
<td>4500</td>
</tr>
<tr>
<td>2010</td>
<td>2100</td>
<td>4300</td>
</tr>
<tr>
<td>2011</td>
<td>2000</td>
<td>4100</td>
</tr>
<tr>
<td>2012</td>
<td>1500</td>
<td>3800</td>
</tr>
</tbody>
</table>

The global digital signage industry is growing 14% annually. Focus Media in China is listed in Nasdaq and global telcos such as AT&T, NTT are expanding in the market.
Digital Signage to New Media: No. 1 Global Leader KT

- **Expansion of new media and growth of related market**
- Korean DS market size expected to reach $300 million USD in 2015
- 19% annual growth rate
- Korean major companies entering the market
- New market entrants being changed to major local companies from SMBs
- Major advertisers' awareness of digital media is on continuous increase

**Korea Market**

Digital Signage industry is growing by 19% annually in Korea.

Technological developments in fields of IT and media are facilitating the high rate of growth.

**I. Market Environments**

<table>
<thead>
<tr>
<th>Year</th>
<th>100</th>
<th>120</th>
<th>140</th>
<th>160</th>
<th>180</th>
<th>200</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>280</td>
<td>70</td>
<td>55</td>
<td>60</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>2010</td>
<td>300</td>
<td>90</td>
<td>80</td>
<td>65</td>
<td>50</td>
<td>30</td>
</tr>
<tr>
<td>2015</td>
<td>400</td>
<td>190</td>
<td>180</td>
<td>160</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

**H/W**
Digital Signage to New Media & No. 1 Global Leader KT

- Expansion of new media and growth of related market
  - Korea DS market size expected to reach 280 million US dollars in 2015
  - 19% of annual growth rate
  - Korea major companies are entering the market
  - New market entrants being changed to major local companies from SMBs
  - Major advertisers’ awareness of digital media is on continuous increase

---

**[Digital Signage Market in Korea]**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size (Million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>200</td>
</tr>
<tr>
<td>2010</td>
<td>300</td>
</tr>
<tr>
<td>2012</td>
<td>400</td>
</tr>
<tr>
<td>2015</td>
<td>500</td>
</tr>
</tbody>
</table>

---

**KT Market Share**

- KT: 70%
- Others: 30%

---

**KT Digimore Research Center**
II. Digital Signage Business in Korea

1. Key Players

- KT
- CJ Powercast
- Daum
- LG U+
- Etc: GS25, 7eleven, DigitalChosun..
II. Digital Signage Business in Korea

- KT owns multiple service brands for Digital Signage: Building Elevator, University Campus, Kimpo International Airport, Convenience Store, Metro, AED-Signage, and Media Pole.
II. Digital Signage Business in Korea

<Reference: CJ powercast website>

- **Key Player Biz Model**
  - **Major Business Areas since 2009**
    - Contents creation, Broadcasting, Management, and Digital Ads
  - Owns multiple operations solutions applicable to various models
  - Covering 3,000 media in shopping malls and etc.: COEX-Mall Live, E-mart Live, and CGV, Media poles, Inchon Int'l Airport, Seoul Metro Line #9, and Digital Cinema
2. Key Player

- **Biz Model**
  - Major business areas since 2010
    - Secured advertisement license and supplying geographic information-related contents
  - Outsourcing development of new business and systems set up to Tubecom
  - Investments for 1,000 units of "DigitalView" - a directory kiosk located in subway stations
  - Outsourcing ad sale to media reps: Nasmedia and Incross
  - Acquired the joint venture company: FingerTouch
Digital Signage to New Media & No.1 Global Leader KT

- Major business areas since 2011
  - Outdoor display advertisements, promotion, system set-up
  - Expanding network-based business as telco
  - Outsourcing content development and service operation: CJ Powercast
  - LCDs in apartment elevators and "U+ medialife"
    - 5,000 elevators in Seoul Metropolitan area
    - "U+ medialife": monitors, coupon vending machine + AED

2. Key Player Biz Model

II. Digital Signage Business in Korea
KT is leading Korea’s Digital Signage industry and provides total solutions for DS

- KT has largest number of digital signage installation references
  - 25,000 installations nationwide
- KT owns multiple service brands for Digital Signage
Digital Signage to New Media & No. 1 Global Leader

- Residential Area
- Transportation Work Area
- Leisure

- Shopping

Building Elevator

- Digital media installed inside elevators in key apartments & buildings nationwide
- Unique promotional, advertising, video media
- Currently, 22,000 units in operation
- Advertising (80%), Community information (20%)
- All in digital media
- Advertising revenue generated

Service Cases

III. KT's Digital Signage Business
Targeting waiting and moving population in the city center.

Currently, 319 units in operation.
Until 2012, adding 2,000 units.

Targeting visitors and transit passengers.
Currently, 48 units in operation.

Targeting transit passengers.
Currently, 2,600 units in operation.

Meets needs for Low-Carbon Green Growth.
Getting permits from local gov't and servicing ads.
### Service Cases

- **Transportation Work Area**
  - Targeting public institutions, enterprises and public housing
  - Obligation to install AED / related training, promotions, announcements, etc.
- **Leisure**
  - Targeting waiting passengers
  - Plays personalized medical contents
- **Shopping**
  - 426 units in 21 major hospitals in Korea
  - Targeting government offices and enterprises
  - Brand / Company / Product / City PR, announcements, training, etc.
- **Students**
  - 800 units sold
  - Targeting students
  - 650 units in 40 major universities in Korea

### KT's Digital Signage Business
Service Cases

- Targeting public institutions, enterprises and public housing
- Obligation to install AED / related training, promotions, announcements, etc.
- Targeting people outside the store
- Currently, 2,000 units in metropolitan stores

III. KT's Digital Signage Business
IV. KT's Strategies

- Ubiquitous
  - Covers all daily life spaces
  - Regardless of location, people are able to communicate with Digital Signage

Windows All Around
APT (Elevators) 21,000 Monitors
E/V Inside Road-Center Bus shelters 319 Units
Song-pa, Shinchon, Seoul Station Kimpointl. Airport 48 Units
Digital + Analog Kang-nam St Media-Pole 22 (Outdoor) ART, Kiosks
Electric Banners LED (Street-side) Dae-gu Hospital 426 Units
21 Univ. Hospitals University 650 Units
Seoul Univ & 40 Univ. Commercial and Office Bldg. 600 Units
Mega-frame Dept. of Labor 200 Units AED - Signage
Mega-frame Convenience Stores (GS25) 1,800 Units
46 LCD Malls, Mart .. Lotte, ShinSaege AED - S, DID - F Street Bus Shelter 1,800 Shelters
Seoul Residential Area (00:00~07:00) Transportation (07:00~09:00) Work Area (09:00~18:00)
leisure/Shopping (18:00~23:59)
Subway 102 Units (Incheon) Subway (New Bundang way) 5,454
4. Diversity of Business Models

- Creating new revenue models
- Development of diverse media and application fields
  - Not only ad-focused business model, but also adopting new media and convergence-oriented models
- Increasing values
3. Platform

III. KT's Strategies

3. Enhancement of Platform-based business

- Aiming platform-based business and securing critical technologies with high added value
- Building platform connected with diverse networks including cellphone
- Establishment and enhancement of new business models: online sales through platform
IV. KT's Strategies

- Developing differentiated contents for target spaces
- Introducing new contents
  - Introducing interactive contents able to communicate with customers
    - Ex. connection with mobile and provision of user experience

Meet consumer's need
High interests & Participation
New Experience
(Information)
Thank You

"Digital Signage Windows All Around"