

A Study on OTT Support Project and Policy Improvement Plan in Korea to Revitalize K-Drama; Focusing on France and Canada

YOUN-SUNG KIM¹

Abstract

With the recent development of Internet technology and the rapid evolution of digital networks, various types of video content distribution platforms have emerged.[1] In particular, in the era of COVID-19, video contents such as Korean movies and dramas are growing with worldwide attention through the global OTT platform.[1] However, after COVID-19, the Korean media and content industries are experiencing more difficulties than ever in 2024, as they have not been able to cope with the global environment compared to the Korean media and content industries. Therefore, in preparation for the media and content industry environment, which has many variables and is constantly changing under the global environment, we would like to once again check the drama-related support policy currently implemented by the government and propose a plan to revitalize the K-drama industry.

Keywords: Korean OTT, OTT Support Policy, OTT, Drama, Media, Content

INTRODUCTION

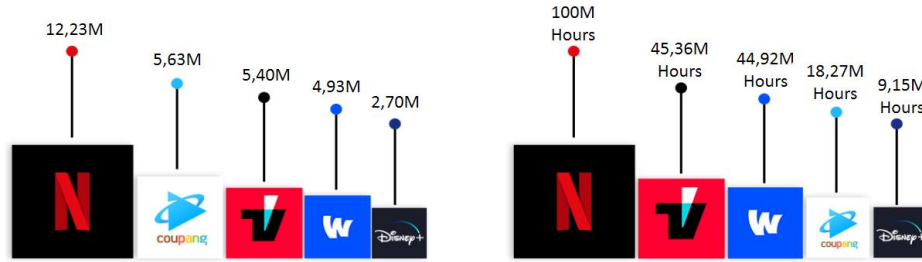
As the development of digital networks has advanced, various new media platforms have emerged in the video industry, which has caused changes in traditional distribution methods.[1] Social network services such as YouTube, Instagram, and TikTok have become more common, serving as platforms for consuming video content. Since the emergence of OTT service platforms such as Netflix, Disney+, Wavve, Tving, and Watcha, the number of subscribers has exploded due to the COVID-19 pandemic, which has had a significant impact on the structure of the video-related industry.[1]

Squid Game, which aired on Netflix in 2021, was recognized for its completeness and popularity by winning three categories at the Emmy Awards, the prestigious American awards ceremony, in 2022, as well as being the No. 1 hit of all time.[1] In addition, after Squid Game, Netflix's <Sweet Home>, <Hellbound>, and <All of us are dead> are proving that the popularity of Korean dramas is not >a product of temporary coincidences, as they remain at the top of Netflix's global rankings.

As mentioned above, with the development of digital networks and the emergence of various types of new media platforms, the distribution environment changes, and unpredictable and forceful events such as the COVID-19 pandemic occur, the Korean drama industry is recognized for its workability and popularity worldwide.[1] Unfortunately, however, most Korean dramas are being broadcast through global OTT platforms such as Netflix and Disney+, not through domestic OTT platforms. In the end, the development of digital networks and the emergence of online streaming services such as Netflix, Amazon Prime Video, Disney+, and YouTube have fundamentally changed the structure of the media industry as well as the approach to content.[2]

Korean contents such as Squid Game and Hellbound, which have become issues around the world, have become global box office works through global OTT Netflix.[2] As of March 2023, Netflix's Korean market share is 47%. On the other hand, Korean OTT operators' market share in Korea is 19% for Wavve, 14% for Tving, 8% for Season, and 6% for Watcha, which is similar to Netflix's Korean market share.[2]

¹ Adjunct Professor, Department of Media Communication, Daejin University



Korea OTT usage ranking (as of August 2023)

As of August 2023, the number of Korean OTT users was in the order of Netflix (12.23 million), Coupang Play(5.63 million), Tving(5.4 million), Wavve(4.39 million), and Disney+(2.7 million). Korean OTT operators are struggling amid the strength of global OTT platform companies.[2] In order to compete with global OTT, which is dominating the market with strong capital, the government's OTT platform-related support policy is very important. In order to create a stable production environment that can produce works that are recognized at home and abroad through Korean OTT platforms, such as strengthening the competitiveness of Korean OTT operators and expanding overseas expansion, it is necessary to check the OTT platform support policies currently implemented by the government and improve them to provide more systematic support.[1][2]

Therefore, in this study, global OTT platforms such as Netflix and Disney+s, which are currently serviced in Korea, only invest in their own production works, but there is no reinvestment for the promotion of the industry itself, so we want to find a basis for efficient implementation within the OTT platform support policy and suggest ways to contribute to the Korean OTT platform industry based on this.[1]

Current Status of Government Support Policy for OTT Platform in Korea

Government-affiliated organizations and local governments are implementing government-affiliated policies for Korea's OTT platform. Korea Creative Content Agency (KOCCA), Korea Radio Promotion Association(RAPA), Korea Communication Agency(KCA) are three government-affiliated organizations and Gwangju Information and Content Agency(GICON) is conducting OTT-related support projects under local governments. The OTT-related support projects implemented by these institutions as of April 2024 were briefly summarized and analyzed based on the contents posted on each website to examine the current status of Korea's OTT-related support policy.

Current Status of OTT Support Project for Korean Content-Related Institutions in 2024

Institution	Support project
KOCCA (2 businesses)	2024 OTT-specific content production support (IP secured type) 2024 OTT-specific content production support (OTT platform linked type)
RAPA	Not applicable business
KCA (2 businesses)	2024 Cannes Series-linked broadcasting and OTT overseas distribution support 2024 Broadcasting Program of the Ministry of Science and ICT (Production support for broadcasting and OTT contents Production support)
GICON (4 businesses)	2024 OTT platform content production support (long story) 2024 OTT platform content production support (designated, autonomous) 2024 OTT Platform Content Planning and Development (OTT Platform Source Story Creation Support) 2024 OTT Platform Content Planning and Development (Development of OTT platform story completion)

Gwangju Information and Content Agency(GICON) has been conducting four projects every year since 2022, with two support projects for the main production stage and two projects for OTT platform content planning and development this year as support for OTT platform content production. In the case of Korea Radio Promotion Association(RAPA) 2023 International OTT Festival and Broadcasting PD, selection of trainees to strengthen their ability to enter the OTT platform were conducted, but no OTT-related support policy has been implemented until 2024. In the case of Korea Creative Content Agency(KOCCA), the support project is

carried out with two tracks: IP secured and IP linked, and in particular, efforts are being made to revitalize the Korean OTT industry and secure IP for small and medium-sized jet producers.

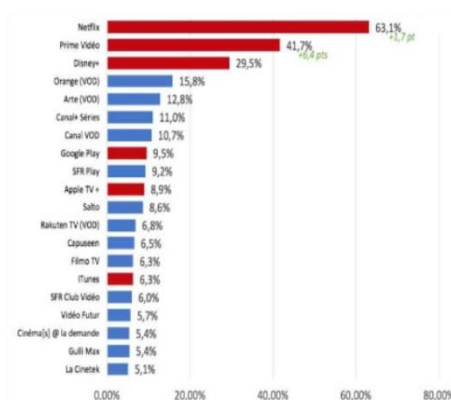
Necessity of Korean OTT Support Policy and Supplementation

As mentioned earlier, it can be seen that most of the OTT support projects implemented by each institution in Korea are focused on supporting the main production stage, that is, the stage after the planning stage has been completed and the actual production has begun.[1] Despite the fact that the planning and development stage is the most important stage in content production, there is a lack of support projects at this stage.[1] Additionally, the rapid rise of the OTT service platform due to COVID-19 has had a significant impact on the structure of the media and content industry, and some movements have begun to place responsibility for the development of related industries in the country as it earns a large amount of money worldwide through OTT services, but in Korea, unlike the popularity of K-dramas, they are still weak.[1]

A Case Analysis of Overseas OTT Service Platform-Related Support Policies and Legal Systems

Starting with Netflix's entry into the Korean market in 2015, along with COVID-19 in 2020, OTT platforms have become mainstream media worldwide, but there is still no legislation to protect the Korean content industry ecosystem and foster the content industry by institutionalizing measures to promote content production and distribution by Korean OTT service platform operators. France and Canada, on the other hand, are among the first major countries to preemptively push for legislation to protect their cultural industries and to supplement the production and consumption of media content in line with rapidly changing viewing trends.[1]

(1) France



December 2021 France OTT Market User Share (Units:%)

The influence of American OTT service platforms in France can be said to be absolute for viewers over the age of 15. According to statistics from the Centre National du Cinéma (CNC) in December 2021, more than 60% of French citizens over the age of 15 have watched Netflix.[1][3] Following Netflix, American OTT service platforms such as Amazon Prime Video and Disney+ dominate the French media market.[1] Accordingly, a demand to regulate American OTT service platforms based on huge capital and various media contents has emerged across the French media industry.[1]

France, which traditionally has a strong tendency to protect its cultural contents, was the first in Europe to propose a regulatory bill on OTT service platforms in the United States. Based on the "Audio Visual Media Services Directive" prepared by the European Union in 2018, the bill introduced OTT-related laws and regulations to mandate reinvestment in the French content industry and grant broadcasting station status.[1]

First, when looking at the mandatory reinvestment of the French content industry, 20-25% of the annual profits earned in France by OTT service platforms are reinvested in French content.[1] 80% of the reinvestment amount is allocated to series, and 20% is allocated to theaters. In the case of theaters, as a condition of

reinvestment, the French government reduced the holdback period for purchasing OTT re-run rights from 36 months to 12 months after the end of the theater screening of domestic films screened in the country.[1] As a result, Netflix and Amazon Prime agreed with the French government in December 2021, and as a result of this bill, Netflix is expected to reinvest 300 million euros in French content in 2022.[1]

Second, looking at the OTT service platform's status as a broadcasting station before entering Netflix, the French Ministry of Culture was implementing legal institutionalization on mandatory investment in domestic content by broadcasting stations.[1] However, it was not able to respond quickly to the global OTT service platform that quickly occupied the media market. These global OTT service platforms did not have a corporation in France, it was difficult to determine the exact number of subscribers, and above all, there was a lack of legal basis for applying the definition of 'broadcasting' to video streaming services. However, the French government was able to include OTT service platforms within the scope of broadcasting based on the European Union's 'Guidelines on Audible Media'. Therefore, like existing broadcasting stations, OTT service platforms must fulfill their obligations to invest in French content, and if they do not fulfill their reinvestment obligations, a regulatory plan has been prepared to prevent them from providing services in France.[1] These regulations related to the activation of domestic content, including the obligation to reinvest, strengthened French creators, and at the same time gradually resolved the unfair copyright ownership problem.[1] The existing OTT platform's original work investment structure is a method of paying a certain production fee to the production company after investing in the entire production cost, and the production company was not allowed to own the copyright.[1] However, there are increasing cases of acknowledging the IP rights of French creators as a positive effect of French law revisions and regulations.[1] The French government has limited the exclusive period of Netflix's investment content to three years, and accordingly, in the case of *Call My Agent*, a French Netflix series remade under the title *Surviving as a Celebrity Manager* in Korea, the production company will have the authority to remake it on other platforms by returning the IP to the original production company three years after the first installation of Netflix.[1]

France's OTT regulation has also affected other European Union countries.[1] A number of European countries are proposing similar bills based on the new guidelines of the European Union and the cases of France, with Switzerland mandating 4% of its sales in the Swiss video industry, and Portugal, Denmark, and Spain preparing or implementing similar forms of legislation.[1] This move affects more countries and is expected to expand further in the future.[1]

(2) Canada

Netflix accounts for more than 40% of the OTT platform market in Canada, and other U.S. OTT service platforms such as Amazon Prime Video, Hulu, and Disney+ account for the majority.[1][4]

Canada, which is directly affected by the U.S. entertainment industry, proposed Bill C-10, an amendment to the Broadcasting Act, in November 2020, 30 years after the Broadcasting Act was amended in 1991, to include OTT service platforms within the category of broadcasting and to cope with the rapidly changing media environment, but failed to pass the Senate in August 2021.[1] However, in February 2022, a new bill, Bill-C11, was proposed that supplemented this, called the Online Streaming Act, is including OTT service platforms within the scope of broadcasting by giving them the same legal status as broadcasting stations.[1] If the bill is enacted into law, the Canadian Radio and Television Communications Commission(CRTC), a Canadian broadcasting regulator, can manage OTT service platforms with authority.[1] Under the bill, SVOD operators such as Netflix and Amazon Prime Video, as well as AVOD such as YouTube and Spotify, a sound source streaming service, are included in the scope of OTT service platforms.[1]

If an OTT service platform is granted the same status as an existing broadcaster serving in Canada, it must contribute to the investment and distribution of Canadian content as well as to foster support for Canadian content creators in order to carry out the platform service business in Canada.[1] However, unlike the French bill, there has been a lot of controversy within the Canadian government over whether the bill will pass.[1] Some pointed out that it is questionable whether the activation of domestic content can violate the right to choose consumers and bring great benefits to the traditional media industry, which has distributed and consumed various global content, including American content.[1] However, it is significant to include the OTT

service platform in the scope of broadcasting to induce competition in the fair media market and to reorganize the virtuous cycle system of the ecosystem.[1]

CONCLUSION

The Korean OTT support policy and legal system faced COVID-19 and are constantly being discussed to change the environment of the media and content markets and strengthen the competitiveness of the industry. Focusing on Korea Creative Content Agency(KOCCA), various support policies are being developed and implemented to foster the Korean OTT industry in order to capture the two rabbits of strengthening the competitiveness of domestic OTT service platform operators and securing IPs for small and medium-sized production companies.[1][5] In addition, Korea Communications Commission is working hard to establish an audiovisual media service right by holding public hearings. Unfortunately, however, the domestic OTT service platform has not been able to keep up with the new OTT media market demand trend that has changed during COVID-19. There are also negative opinions on the ownership of rights based on investments in Korean OTT service platforms and global OTT service platforms that have entered Korea. However, when comparing overseas cases in France and Canada, this is an initial monopoly due to a temporary imbalance in supply and demand, and there is room for sufficient improvement.

With global OTT companies such as Netflix, Disney+ and Amazon Prime Video dominating the OTT platform market in France, France is implementing various regulations and policies to revitalize the local OTT industry as a check and response strategy to their high market share.[1],[2] As previously analyzed, France's OTT platform policy is contributing significantly to strengthening the competitiveness of French OTT content providers, along with market revitalization. Therefore, it is necessary to actively review whether it can be introduced in Korea among France's OTT policies, such as domestic content protection systems, tax collection, investment attraction, and tax credits related to video content production costs. These policies can be used to revitalize the Korean OTT platform industry.[1][2] However, it is necessary to prevent reverse discrimination that may arise from content competition between Korean OTT platform operators and global OTT platform operators.[1][2] Furthermore, measures to strengthen the institutional structure of public support are also required. In other words, in order to revitalize the Korean OTT platform industry and strengthen competitiveness, the government's policy of expanding the scale of OTT industry support and providing effective support is urgently needed.[2] Through this, it is possible to establish a virtuous cycle structure system for the OTT platform industry by securing stability and increasing investment value in the Korean OTT platform industry, thereby attracting domestic and foreign private investment.[1][2]

In France, the period of exclusive possession of Netflix and others was limited through the improvement of OTT-related legal systems, and as a result, producers recovered their copyrights and created secondary works such as remakes, enabling additional profits to be generated.[1][2] In Japan, for another example, the popularity of Netflix's Anime section has activated the production of original works, which has rapidly revived the animation industry, which has been stagnant since the late 1990s. However, dissatisfaction with the unfair structure in which Netflix invests all of its production costs and owns the rights has increased, and Netflix is recognizing Japanese producers with the authority to use secondary creations as well as the full authority to create works. In the end, depending on the work, there are more and more cases of taking only the exclusive right to air the work or sharing the right to use secondary works.

In the current media environment where OTT service platforms are in the position of absolute power, it is necessary to give OTT service platforms appropriate responsibilities. Therefore, the Korean OTT industry must lay a new foundation to attract investment from various OTT service platforms and secure the status of sole or co-ownership of copyright and secondary copyright writing rights.

As in the case of France and Canada, domestic OTT service platform operators should be required to invest in the development of domestic content through legal system maintenance, and after a certain monopoly period, the production company should have the right to hold the copyright and profit from secondary works.[1][5] Using this to maximize the advantages of the Korean market, discovering the original webtoons and web novels that lead the K-story, and producing unique OTT content is also an important task that can lead the market.

REFERENCES

- Jae-Woo Park, Min-Jung Kim. A Study on the Reformation of Government Support Policies and Regulations in Response to the Changes in the Korean Animation Industry; Focusing on OTT Platform Animation. *The Korean Journal of animation*. 2023. 19(1). 7-23. DOI: <https://doi.org/10.51467/ASKO.2023.03.19.1.7>
- Hyun-hee Kim. A plan to activate Korean OTT platform through French OTT platform policy analysis. *Cultural Industry Research*. 2022. 22(3). 127-135. DOI: <http://dx.doi.org/10.35174/JKCI.2022.09.22.3.127>
- Hyo-Jin Ju, Bong Jin Jang. A Study on Tools to Secure Culture and Arts Promotion Fund. *Korean Journal of Autonomous Administration*. 2017. 31(2). 303-318. DOI: <https://doi.org/10.18398/kjlgas.2017.31.2.303>
- Seon-Young Jhee, Sang-Lin Han. The Effect of OTT Service Characteristics on Flow, Satisfaction and Brand Loyalty of MZ Generation Users; Focusing on Netflix Users in South Korea. *Journal of Service Research and Studies*. *Journal of Service Science*. 2022. 12(4). 30-49. DOI: <https://doi.org/10.18807/jsrs.2022.12.4.030>
- Tae-Hoon Jang, Sung-Tae Kim. An Exploratory Study on Strengthening the Competitiveness of Korean OTT Service Industry; Focusing on the Scenario Analysis. *Korean Journal of Communication Studies*. 2024. 32(2). 87-120. DOI: <https://doi.org/10.23875/kca.32.2.4>
- Chang-won Son, Joo-yeun Park. Global vs Local OTT Competitive Status in South Korea: A Scenario Analysis. *International Telecommunications Policy Review*. 2021, 28(2). 1-32. DOI: <https://doi.org/10.37793/ITPR.28.2.1>
- Ye-Jin Jo. The Effect of Characteristics of OTT on Image, Satisfaction and Repurchase Intention of OTT service. *The Korea Journal of Sport*. 2024, 22.3: 99-110. DOI: <https://doi.org/10.46669/kss.2024.22.3.010>
- Yong-ho Lee. Case studies of OTT utilization in the original Korean webtoon and suggestions for expanding the world view of Webtoon Intellectual Property(IP). *Korea and World Review*. 2024. 6(2). 187-216. DOI: <http://dx.doi.org/10.22743/kwr.2024.20..187>
- Korean Film Council. OTT Platform Industry and Policy in the UK. KOFIC Correspondent Report. 2021(44). 1-19.
- Korean Film Council. France's OTT platform operator-related laws, systems, and policies; focusing on French content investment obligations. KOFIC Issue Paper. 2022(5). 1-33.