

APAC MARKET SPOTLIGHT

SOUTH KOREA



Nativex

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FOREWORD

Korea's mobile market, which has grown rapidly based on its excellent internet and technology infrastructure has taken a new turn due to the ramifications of COVID-19.

Mobile users have been more active than ever before, and the market has penetrated every facet of life including communication, work, education and leisure.

Changes in Korean mobile usage have also affected the mobile services landscape. Coupang, Korea's leading eCommerce operator has been listed on the New York Stock Exchange. NAVER and e-mart, Korea's largest distribution company, have announced that they will respond to the growth of their market rivals with strategic alliances. In addition to this, CJ ENM, Korea's largest content provider has formed a strategic partnership with game companies to create an ecosystem of content to compete with Netflix.

With the ongoing effects of the pandemic still being felt, the Korean mobile service industry continues to strive for innovation. Since COVID-19, livestreaming has skyrocketed in popularity by combining home shopping & social commerce. The fierce competition in the OTT market will help consumers enjoy differentiated content, improved experience and integrated memberships with other platforms. The acceptance of new mobile services by Korean users is expected to further spur on new trends and accelerate the innovation of the mobile market.

Our hope is that this report can enlighten Nativex clients with the necessary insights on the Korean mobile market such as a high-level overview of the Korean mobile market, the characteristics and trends of overseas platform in Korea and how to prepare a regional business strategy in the post-COVID-19 era.



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Marketing Communications
Director, APAC

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I. KOREA, A TRULY MOBILE-FIRST COUNTRY

Based on world class mobile infrastructure such as a prevalence of 5G and a fast internet environment, Korea's smartphone ownership rate reached 93%. Along with the acceleration of the online ecosystem caused by COVID-19, a major change took place in the Korean mobile market - the growth in the entertainment sector such as mobile games, mobile commerce and video.



A Country Where All Citizens Are Connected By Mobile

Some quick facts & stats about Korea's mobile internet ecosystem:

46.81+ Million

Total number of internet users in Korea

3.9 Hours / Day

Average time spent online in the region

93%

Rate of smartphone ownership

Source: Internet Usage Survey & Korea Gallup Report, 2020

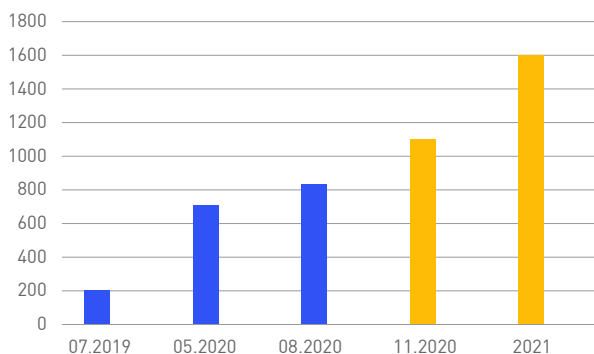
Korea Has Successfully Commercialized 5G

Korea has over **10 million 5G users** as of November 2020.

This is expected to accelerate further in 2021 with Apple and Samsung's release of 5G smartphones.

CURRENT STATUS OF 5G SMARTPHONES IN KOREA

(USERS IN UNIT: 10,000)



Source: Ministry of Science and ICT, Nov 2020

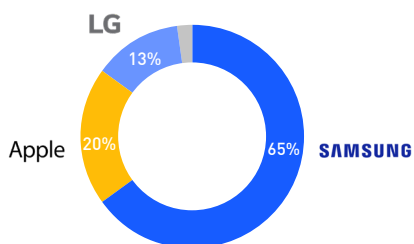
■ 5G Users

Korea's App Store Ecosystem

GOOGLE VS APPLE VS ONE STORE

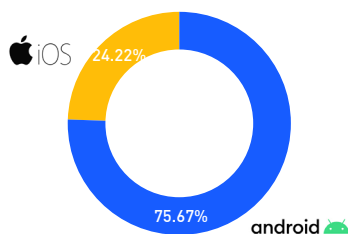
As with many other markets, the Korean mobile app store market has traditionally been dominated by Google Play and the Apple App Store. A new contender, One Store, has however begun to make inroads in the Korean market due to Google's in-app payment fee policy.

SMARTPHONE BRAND PENETRATION IN KOREA



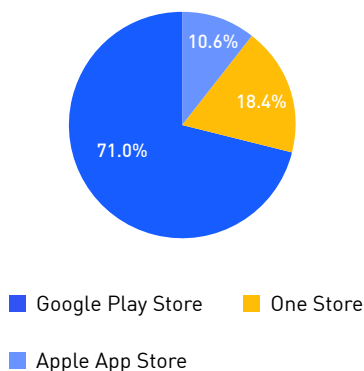
Source: Counterpoint Technology Market Research, 2020

MOBILE OS IN KOREA



Source: statcounter, July 2020

KOREAN APP STORE MARKET SHARE

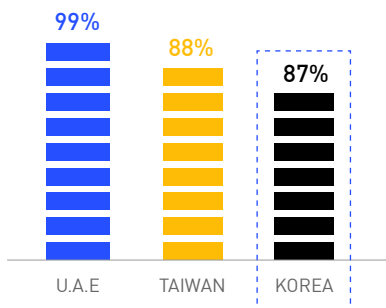


One Store is a native Android-based app store created by Korean mobile telecommunication companies SKT, KT, LGU+ and NAVER.

In response to Google's in-app payment fee policy, domestic app developers, OTT and music platforms are now entering the One Store.

Source: IGAWorks, August 2020

The 3rd Highest SNS Usage Rate In The World



Korea's SNS usage rate is approximately 1.8 times higher than the global average (49%).

Source: DMC MEDIA, 2020

SOCIAL MEDIA PREFERENCES BY AGE

	Teenagers	20+	30+	40+	50+
1	50.8%	52.5%	51.5%	32.7%	34.7%
2	37.7%	31.0%	33.3%	32.7%	34.2%
3	30.2%	25.5%	29.8%	28.6%	30.1%



Instagram 10s~30s

It is the most preferred social media among teenagers (50.8%), 20s (52.5%), and 30s (51.5%).



Naver Blog 40s

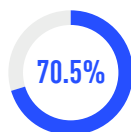
Naver blog has no limit on content format or number of characters, and it has high penetration due to the NAVER search engine.



BAND 50s

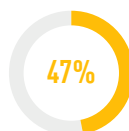
Band is a closed SNS launched by NAVER that meets the needs of middle-aged and elderly people who need an online space for meetings such as group associations and social clubs.

A Robust Mobile Gaming Market



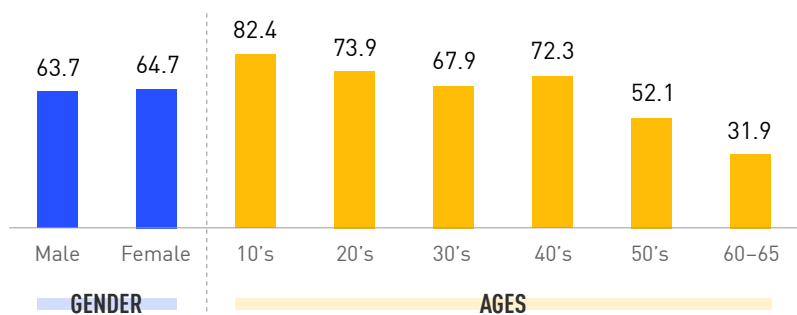
70.5% of Koreans play games of these users,
91.1% actively play mobile games

47% of mobile game users have increased their
mobile game usage time since COVID-19



Distribution of Mobile Game Users

Source: KOCCA 'Game users Research', 2020



TOP 3 MOBILE GAMES IN KOREA

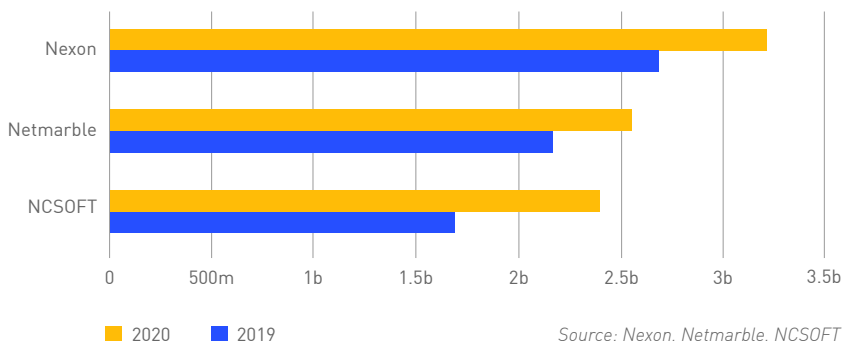
TOP APP INSTALLS			TOTAL APP USAGE TIME	
1	KartRider Rush+	9.19 Million	Lineage M	327 Million (hr)
2	Among US!	7.86 Million	Lineage 2M	260 Million (hr)
3	PUBG MOBILE	6.05 Million	PUBG MOBILE	220 Million (hr)

Source: IGA works 'Mobile game market Overview', 2020

South Korea's 'Big 3' Mobile Game Companies

The 'Big 3' or '3N' consists of Nexon, Netmarble and NCSoft. The 3N have traditionally developed PC games but have recently shifted focus to mobile gaming. Together, the Big 3 have achieved \$6.2 billion in annual sales.

SALES GROWTH OF THE THREE MAJOR DOMESTIC
GAME DEVELOPERS (UNIT: DOLLAR)



The 3N's Most Popular Games

Nexon

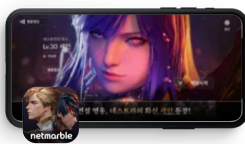


The Kingdom of the Winds

Vertical: (MMORPG)

MAU: 147K

Netmarble



Seven nights 2

Vertical: (MMORPG)

MAU: 706K

NCSoft



Lineage M

Vertical: (MMORPG)

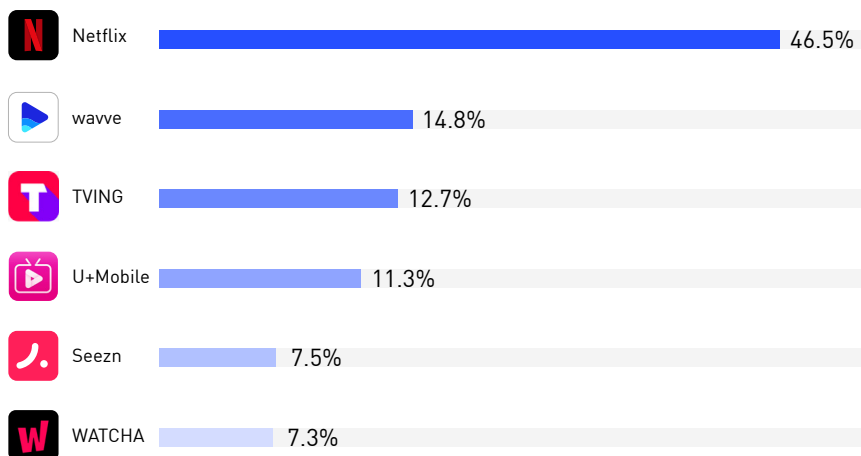
MAU: 144K

How COVID-19 Has Changed Mobile Usage

Video content usage has increased significantly with the size of the Korean OTT market in 2020 at around \$700 million, 1.5 times larger than in 2018. Streaming giant, Netflix accounts for nearly half of the market share. Several Korean companies have also gained traction and are looking to strengthen their breadth of services in order to prevent Netflix from dominating the market.

OTT Market Share

Source: Wise App, Based on Korean Android, Feb 2021



Korean OTT Platforms That Are Closing in On Netflix



Wavve is a joint venture between three terrestrial broadcasters and the telecommunications company, SKT. Wavve excels where Netflix cannot - at streaming linear Korean television. Wavve has recently started to develop original content to compete directly with Netflix.



Originally founded by content giant, CJ E&M, TVING recently partnered with NAVER to help boost membership. TVING members will then have access to over 39 networks.

A Rise in Remote Work & Study Services

Source: KOCCA 'Covid-19 and Content Use: Changes and Prospects', 2020



59.2%

The growth rate of children's educational app usage after social distancing.







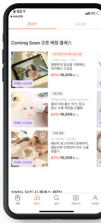





78%

Korea's top 100 companies have implemented telecommuting.

Users Are Looking for New Hobbies

Various platforms that support at home activities, such as interior design, handmade markets, online classes and ebooks, are gaining more attention.

Ohou.se	Idus	RIDI Books	Millie	Class101
				
				
Interior Design	Handmade Goods	E-book Platform	E-book Platform	Online Learning Platform
MAU 2.96M	MAU 1.87M	MAU 745K	MAU 334K	MAU 81K

MAU: Google Android & iOS, Mar 2021

Growth of Interior Design Apps

As The Home Economy Grows: Ohou.se

VERTICAL	LAUNCHED	MAU	DOWNLOADS
Community-based Interior Design	July, 2014	2.96 M	17 M

Similar to Pinterest, Ohou.se is a social media platform that offers a variety of services related to interior design, from interior information to in-app product purchasing. Ohou.se has grown very rapidly due to the continued remote work and study policies that have been implemented nationwide.

Ohou.se is currently the only Korean app to surpass 17 million downloads on the Google Play Store and is on the verge of attaining unicorn status. Ohou.se has a wide user base with about 30% of users in their 20s and 30s as well as a large 40+ user base.

In the early days of the service, Ohou.se saw growth through organic content sharing, and later developed into a fully-fledged eCommerce platform where users could purchase the featured products. Ohou.se are also actively utilizing O2O by mediating online users and offline interior construction companies.



Interior Design
Ideas



In-app
purchasing



O2O mediation
to assist with construction
and contracting

II. MOBILE COMMERCE TRENDS IN KOREA



Mobile Shopping at A Glance



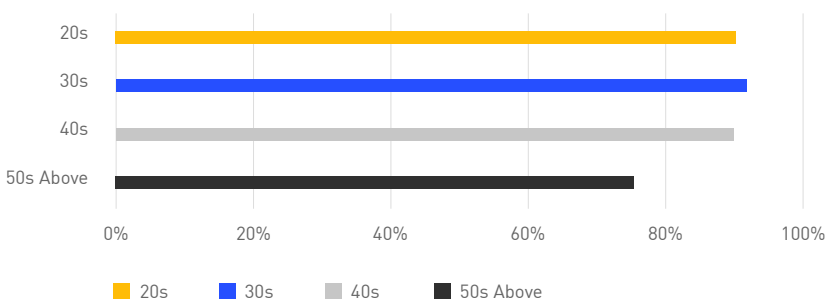
Mobile shopping is one of the most familiar mobile services for Koreans.

Mobile Shopping Users by Gender



Age Distribution of Users Using Mobile Shopping

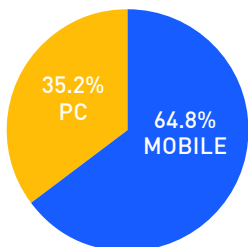
Mobile shopping rates for users in their 50s and older were lower than other age groups.



Source: Open Survey 'Mobile Shopping Trend Report', 2020

KSIDI 'Middle-Aged People's Trend of Possession and Utilization of Smart Media', 2020

How Mcommerce is Shaping Up in Korea



Mobile outpaces PC for online shopping transactions.

Source: DMC, '2020 Internet Shopping Market Status and Prospect, 2020



\$7.523M

November 2019



21.9%



\$91.69B

November 2020

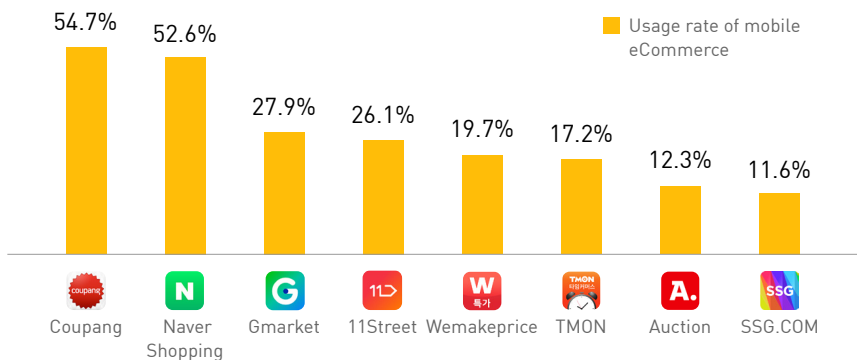
COVID-19 drove mobile shopping transactions up 21.9% YoY.

Source: Statistics Korea 'Online Shopping Trends', Nov 2020

Coupage & NAVER, Korea's Most Popular Ecommerce Apps

Source: Open Survey 'Mobile Shopping Trend Report', 2020

Coupage holds a stronghold on expedited delivery services due to its vast logistics and delivery infrastructure. Naver Shopping is equally as popular and seamlessly integrates search and payment services. Wemakeprice, TMON, and 11Street on the other hand excel at providing highly discounted prices.



Delivery & Online Grocery Apps Skyrocket after COVID-19

Food delivery services and online food markets grew rapidly throughout 2020. Many previously offline restaurants jumped on the opportunity for delivery only services and many franchise brands have introduced their own delivery apps to cope with demand.

Food Delivery App Payments

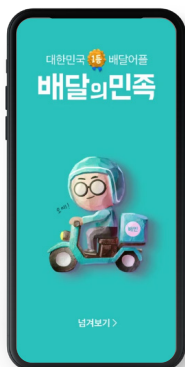


(Unit: dollars)

Source: WiseApp / Wise Retail, 2020

Korea's Most Popular Delivery Apps

MAU: Google Android & iOS, Mar 2021



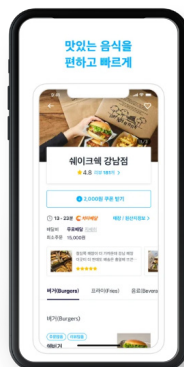
BAEMIN

12.65M



Yogiyo

5.39M



Coupang Eats

3.35M

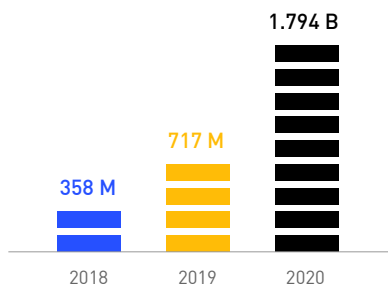
The Heyday of Online Grocery Malls

Social distancing measures increased the demand for online shopping and consumers' online grocery purchases averaged 5.4 per month, an increase in frequency compared to the previous year.

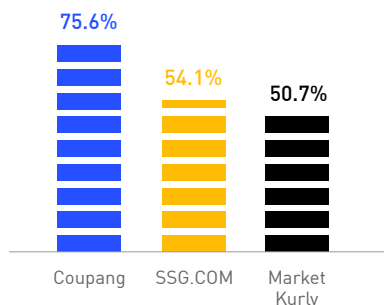


Next Day Delivery Leads The Online Food Market

NEXT DAY DELIVERY MARKET GROWTH
(UNIT: DOLLAR)



PURCHASING RATE FOR ONLINE
GROCERY BRANDS



Source: Open Survey 'Mobile Shopping Trend Report', 2020

The next day delivery market grew rapidly to **\$1.794 billion** in 2020. Korea's Amazon "Coupang", SSG.com which has a large distribution network with a large company in the background. And "Market Kurly," which started as a startup company became the aid of following morning delivery are leading the online grocery purchase market.

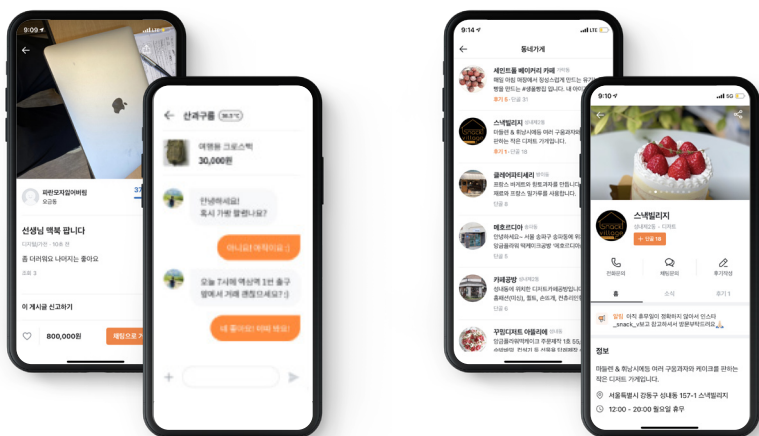
A New Power in Mcommerce: Second-Hand Goods And 'Daangn Market'

VERTICAL	LAUNCHED	MAU	DOWNLOADS
Secondhand marketplace	July, 2015	15M	20M

'Daangn Market' is a community based secondhand marketplace that has grown rapidly in recent years with one in five Koreans using the app more than once a week.

Emphasizing a hyperlocal eco-friendly economy by narrowing the transaction range to a radius of 6km. Recently, Daangn Market announced plans to introduce a payment service to make it easy and safe to trade through 'Daangn Pay' instead of cash.

The growth of the Daangn Market was influenced by the spread of COVID-19 and Millennials / Gen Z which are more cost and eco conscious.



Secondhand C2C deals

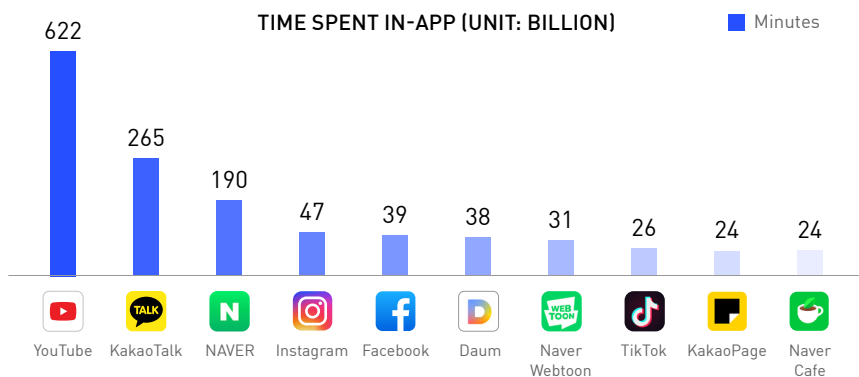
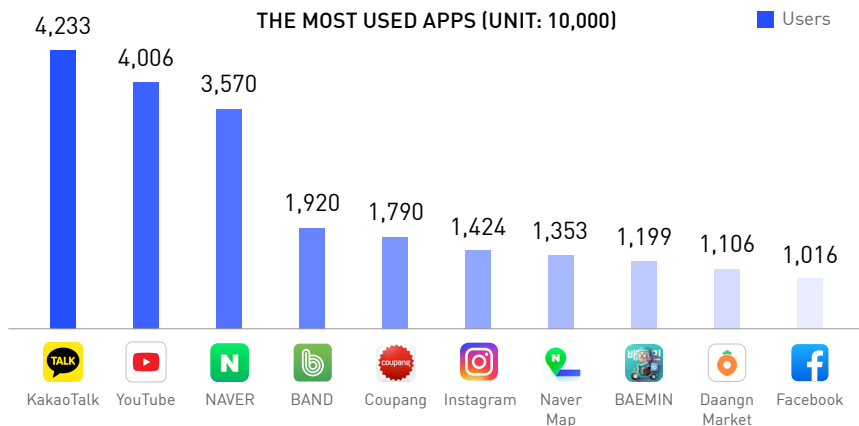
Local recommendations

III. TOP MEDIA PLATFORMS IN KOREA

Korean mobile messenger, KakaoTalk, and Korea's largest search engine, NAVER, are ubiquitous in the Korean market. Delivery apps, Coupang and BAEMIN, have recently gained traction due to the lingering effects of COVID-19. In addition to this, secondhand marketplace, Daangn Market has began evolving into a more comprehensive community-based local economy.



The Top 10 Most Used Apps









NAME	VERTICAL	NAME	VERTICAL
KakaoTalk	Mobile messaging	Naver Webtoon	NAVER's webtoon platform
KakaoPage	Kakao's webtoons, web novels, etc. Mobile content platform	BAND	Closed SNS launched by NAVER
Daum	Kakao's search engine	Coupang	eCommerce platform
NAVER	Search engine	BAEMIN	Delivery service
Naver Map	NAVER's map service	Daangn Market	Secondhand marketplace
Naver Cafe	NAVER's open social community		

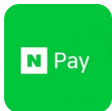





NAVER: Beyond The Search Engine

Starting in 1999 as a search engine, NAVER, has since strengthened its commerce business with forays into livestreaming commerce and brand stores.

NAVER recently laid the foundation for its entry into Japan with the merger of its subsidiaries Line and Softbank Z Holdings in 2020. In addition to this, NAVER is also trying to secure a foothold in North America by bringing Naver Webtoon to the US market.

NAVER Platform App Services

NAVER	Naver Blog	Naver Cafe	BAND	Naver TV	Naver Shopping
					
Korea's largest search engine	Blog service	Open social community	Closed SNS	Live broadcasting Web entertainment and drama	eCommerce platform

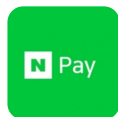
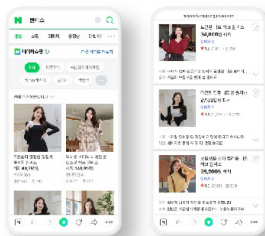
Naver Pay	Naver Webtoon	SERIES	NAVER VIBE	V LIVE	SNOW
					
Payment services	Webtoon platform	Integrated platform for web novels, webtoons and ebooks	Music platform	Livestreaming	AR Camera App

NAVER's Major Affiliates And Services



Naver Shopping

Naver Shopping is a shopping portal that provides product search, pricing comparison, and shopping content. Similar to Google Shopping, traffic is driven through NAVER search results and purchase can be made directly on the NAVER apps or web browser.



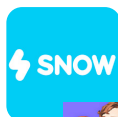
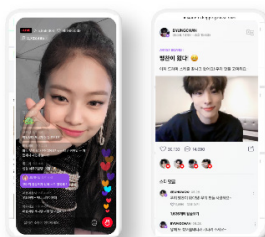
Naver Pay

Naver Pay is a fintech service provided by NAVER Financial and is a simple payment service similar to Apple Pay or WeChat Pay. It is provided as a payment method in many Korean mobile apps and as well as Naver shopping.



V LIVE

V LIVE, is a South Korean live video streaming service that allows celebrities based in the country to broadcast live videos such as live chat sessions with fans, performances, reality shows and award shows on the internet.



SNOW







SNOW is an image messaging and multimedia mobile application created by Camp Mobile, a subsidiary of NAVER. It features virtual stickers using augmented reality and photographic filters. Pictures and messages sent through Snow are only accessible for a short time.







SNOW Corp. also created social avatar app, ZEPETO. This app allows users to personalize avatars with millions of items, from trending clothing, hairstyles, and makeup to branded collabs.

Kakao: A Complete Mobile Ecosystem

In addition to its wildly popular messaging service, Kakao has formed a fully-fledged mobile ecosystem by providing various lifestyle services such as shopping, transportation, photography and music. By expanding its business into finance, content, commerce and gaming sectors, it has successfully built a 'Kakao Universe'. Recently, we have acquired Zigzag, a fashion commerce platform loved by the MZ generation and are challenging the global fashion commerce market.

Kakao Platform App Services

KakaoTalk	KakaoStory	KakaoPage	KakaoTV	KakaoBank	KakaoPay
					
Korea's No. 1 mobile messenger	Social network platform	Content platform for webtoons, novels, etc.	Comprehensive video service for OTT, personal internet broadcasting, etc.	Internet banking	Payment services

KakaoGames	KakaoMap	Kakao T	Daum	Brunch	Melon
					
Kakao's mobile game service	Maps	Mobility service app	Web portal	Closed blog services	Korea's largest music streaming service

Kakao's Major Affiliates And Services



KakaoPage

KakaoPage is a monetized content platform optimized for mobile devices. It started its first service on April 9, 2013, and in 2021 it merged KakaoPage with about 8,500 intellectual property (IP) powers and Kakao M with drama/film production companies to establish 'Kakao Entertainment'.



KakaoBank

KakaoBank is a Korean internet banking service that started in 2017 and operates exclusively for mobile devices. As of November 2020, KakaoBank app has more than 10 million active users per month. It is a mobile only bank that utilizes the characteristics of mobile services such as transferring accounts without an account number through Kakao Talk and being able to do banking without visiting a branch.



KakaoGames

KakaoGames Corp. is a South Korean video game publisher and a subsidiary of Kakao. It specializes in developing and publishing games on PC, mobile, and VR platforms.



Kakao T

Starting with Kakao Taxi in 2015, Kakao Mobility provides online taxi-hailing and parking services. Kakao Mobility brands include Kakao Taxi, Kakao Driver, and Kakao Navi.



Melon

Melon is Korea's largest music streaming service which merged with Kakao in 2016. Melon comprises of domestic companies, including NAVER's Vibe and SKT's Flo and is fiercely competitive with Spotify which was recently released in Korea.

Global Platforms in Korea: Key Features & Trends

MAU: Google Android, Mar 2021



YouTube MAU 25.3M

As YouTube's influence continues to grow, traditional media, including terrestrial broadcasters are also using YouTube to secure digital subscribers. As the influx of global K-pop fans movies and dramas continue to grow globally, broadcasters' have begun to offer a variety of content such as K-pop movies and dramas.



Instagram MAU 7.79M

Instagram has long been the most popular social media for Millennials and has been a boon for brand marketers looking to collaborate with influencers. In addition to this, influencers have also been creating their own brands and products. Collaborating with micro and nano influencers is also effective as audiences become increasingly more niche and fragmented.



Facebook MAU 6.41M

Facebook consistently ranks as one of the most widely used apps globally and Korea is no exception. Facebook Korea has also deployed Marketplaces and other eCommerce tools into the app.



Twitter MAU 2.12M

Whilst Twitter is not as popular in Korea, K-Pop idols such as BTS, EXO, and GOT7 use Twitter as a channel to communicate with global fans.



LinkedIn MAU 85.2K

While the usage rate is lower than that of other countries with 2.6 million domestic subscribers (as of January 2019), it is gradually drawing attention as a corporate branding channel due to changes in the corporate recruitment system centered on high-quality content and experienced workers.



Tinder MAU 77.7K

Tinder was first introduced to Korea as a dating app, but a new approach was needed in Korean culture, where casual dating through dating apps was not widely popular. In response, Tinder attempted to redefine it into a 'social discovery app. In addition, it provides a new place for communication where you can meet "mentor-mentee" relationships or friends who share common interests and hobbies.



TikTok MAU 16.0K

TikTok is one of the platforms that have been successful in localizing towards the Korean market. In particular, 'Challenge' content, which started with the influence of Zico's 'Any Song Challenge', has formed numerous memes and has also developed as a means of promoting music market trends and corporate brands.

Appendix (1) **NAVER** Advertising Products

Platform	Categories	Advertising type	Details	Characteristics
NAVER	Search Ads (SA)	Site Search Advertising	Exposure to search results screens and search content	Increase traffic over site links
		Shopping Search Advertising	Provide advertising in native format to shopping search results	Offer rewards to customers
		Content Search Advertising	Provide reliable information to deep-intention of keywords	News, blogs, etc.
		Brand search	Expose advertising at the top according to related keywords when searching for a brand	
		Click Choice Advertising	Expose links to corresponding industry areas	CPC
	Display Advertising (DA)	Main Advertising	Send messages in banner format on mobile first screen, top of edition (news, entertainment, sports)	Increase brand exposure and awareness
		Sub Advertising	Forward messages in native and video advertising formats	Various advertising types, including webtoons and mobile news
		Theme edition advertising	Target to the visitors according to their preference	
		Video Advertising	Advertising played on major video services such as Naver TV and V LIVE	Increase brand awareness
		Search-type ads	Expose information when searching for brand keywords such as banners, native, reviews, etc.	Increase brand exposure
		Band Advertising	Full-screen advertising and feed advertising in BAND	Performance-driven targeting options
		Webtoon Advertising	Video, images, slides, etc.	
		Influencer Advertising	Influencer Ads Exposed to Home, Power Blogs, and More	

Appendix (2) kakao Advertising Products

Platform	Categories	Format	Details	Characteristics
Kakao	Search Ads	Keywords	Expose in content recommendation form when searching keywords	Operate systematic advertisements such as advertising exposure areas and material exposure methods
		Shopping	Provide information included in the shopping search list	Increase brand awareness and drive purchase transition
		Brand search	Advertising exposed when searching for brand keywords	
	Display Ads	Display	Optimized advertising with prospect targeting technology	Set the audience using customer data
		Kakao Biz board	Providing optimal advertising efficiency using megatraffic such as KakaoTalk, Daum, etc.	Provide optimal advertising based on setting advertising objectives such as transition, visit and reach
		Messaging	Advertising through KakaoTalk messages	Set ads based on Kakao user's current location and activity tendency
		Kakao TV (Video)	Expose video ads to Kakao TV content	High target coverage, brand safety guaranteed
	Kakaostory Ads	Banner	Periodically expose banner-type ads to app feeds	Expose only one ad with the highest bid to optimization accounts, charge per click
		App Feed	Periodically expose advertisements in the form of posts in the app feed	Charge per exposure

We Are Nativex

At Nativex, our mission is to deliver sustainable growth and ROI to our clients through transparent and reliable solutions. With a wide range of mobile marketing solutions available, our team can help global brands and advertisers reach their audiences in Southeast Asia and other key markets around the world.

If you're looking to achieve success in Southeast Asia's mobile market and beyond, then [contact the Nativex team today.](#)

Our DNA



Our approach combines global expertise with local execution: Glocalization.



We think like our customers.



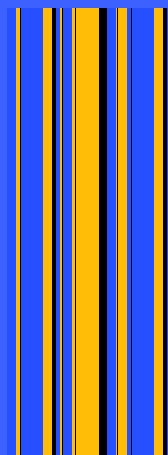
Our approach is dataled, powered by human intelligence.



We secure and protect data.



We ensure sustainable returns.





Nativex Mobile Marketing Solutions

XPLORE_{CHINA} YOUR GATEWAY TO CHINA'S MOBILE MARKET

Successfully run your advertising campaigns in China with a team to bridge the gap. As a global team with roots in China, Nativex has the cross-cultural fluency required to successfully navigate any challenges and ensure your campaigns are relevant, accurate, and appropriate. [Learn more about XploreChina.](#)

TopWorks CREATIVE EXCELLENCE, VISIBLE RETURNS

TopWorks Creative Studios is a global creative network. With 14 teams established in over 30 countries across the world, TopWorks connects you with 200+ creative studios worldwide. Our mission is to empower advertisers with excellent creatives, that drive performance and enable visible returns. With this in mind, we've built a global creative resources network, and equipped it with data and insights from local. [Learn more about TopWorks.](#)



Nativex Trading Desk

MEDIA BUYING MADE EASY

XMP by Nativex is the first multi-channel media buying tool that connects top channels across China and the West. Built by the Nativex media buying experts for media buyers, XMP allows you to streamline complex campaign workflows across platforms like TikTok, Snapchat, Douyin, WeChat, Kuaishou, and more. [Learn more about XMP.](#)



ADVERTISE ON THE WORLD'S FASTEST-GROWING SOCIAL APP

As one of the top global TikTok performance ad agencies and an official TikTok Marketing Partner, we have the access and experience to help you expand your advertising channels, grow your business and bring awareness to a whole new segment of mobile users. [Learn more about our TikTok solution.](#)

ENABLE VISIBLE RETURNS

Nativex

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