Cultural politics of Netflix in local contexts: A case of the Korean media industries

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Abstract
This paper analyzes how stakeholders in the Korean media industries understand the penetration of Netflix and other foreign streaming video-on-demand (SVoD) platforms and how they respond to global SVoD players. Based on interviews with cultural workers and bureaucrats, the findings of this paper explore how stakeholders in the media industries interpret Netflix as both an investor who would enable them to produce a variety of content and introduce their products worldwide and as a competitor that has the potential to threaten domestic media production. Considering structural asymmetries caused by disparities in technologies and financial strength between local and global players in the market, as well as the distribution power which streaming moguls have enjoyed for years, the growing presence of Netflix in the domestic market may reduce the position of Korean media production as mere subcontractors of the platform. The paper’s findings shed light on analyzing the relationship between global streaming platforms and local cultural producers.

Keywords
Korean media industries, Netflix, OTT, over-the-top, streaming video-on-demand (SVoD)

Introduction
In recent years, the rise of streaming video-on-demand (henceforth SVoD) platforms has reorganized the fundamentals of the global media industries. Followed by the increasing number of paid subscribers, Netflix and Amazon’s Prime Video have become a new distribution powerhouse for film and television production. Their successes in the market
introduced a new paid subscription profit model and interrupted the production and distribution structure by providing media content directly to viewers (Herbert et al., 2020). The success of SVoD platforms incentivized incumbent media conglomerates like Comcast (Xfinity), Disney (Disney+), and Warnermedia (HBO Max) to introduce their streaming platforms. The entry of media conglomerates capable of manufacturing original content from private production studios and exclusively distributing numerous films and television series became a significant threat to pioneers in the market.

Meanwhile, the dominance of the SVoD market by a handful of US-based service providers and their penetration into local markets became a major concern for local producers and distributors. With their financial strength and technological advantages, SVoD moguls began to co-produce media content with local studios in return for its exclusive distribution rights (Dwyer et al., 2018; Kim, 2022). Alongside the growth of YouTube and other online media platforms and the penetration of smart devices, the growing market share of SVoD companies became a double-edged sword for traditional players in the local media sphere, including television broadcasters, theaters, and relevant audiovisual businesses. While some consider SVoD as an opportunity for local producers to introduce their content to the global market, others have raised concerns that the penetration of new platforms would lead to further subordination of local production and distribution to the hands of US capital (Cunningham and Scarlata, 2020; Jin, 2021a; Lobato, 2019). For them, the growing presence of US-based SVoD platforms in local markets would further consolidate existing structural asymmetries between local and US players in the market.

That said, it is worth studying how local players interpret the penetration of foreign SVoD platforms and how they respond to these emerging platforms. In this regard, based on interviews with 25 cultural bureaucrats and cultural workers who have experience working in media production for at least 3 years, this study examines how Korean creators and distributors interpret the entry of Netflix, Disney+, and other US-based SVoD platforms into the domestic market and their growing presence in the production of Korean media content. Considering that the Korean media industries are major production clusters in the Global South, the findings of the analysis, which examines how stakeholders in the local production recognize and respond to Netflix, will contribute to understanding the complex relationship between local and global players in cultural production in the era of streaming.

The growing presence of SVoD platforms in Korea

Since launching its service in 2016, Netflix Korea has grown by leaps and bounds over the last 4 years. As of 2020, the company posted a revenue of 356 million USD, which has increased by 123.5% year-on-year (Netflix Services Korea, 2021). In addition to this, the number of paid subscribers surpassed 3.8 million in February 2021 (Sim, 2021). Given that the size of the domestic SVoD market is estimated to be approximately 700 million USD, the rapid growth of Netflix has attracted other streaming platforms such as Disney+ to launch their service in Korea (Shin, 2021).

In the meantime, major SVoD platforms recognize Korea as a major hub for producing original content aimed at both Korea and the Asian market. For instance, based on the
popularity of Korean television and film in the region, Netflix announced its intent to invest approximately 491 million USD in producing Korean content in 2021 alone (Kim, 2021a). Furthermore, noting the success of several Netflix original series, including *Sweet Home* (2020) – an apocalyptic television series that reached 22 million views within 4 weeks worldwide – as well as television melodrama *Crash Landing on You* (2019) and sci-fi film *Space Sweepers* (2021), the company expected that successful Korean media products would attract not only Korean but also foreign audiences to its streaming service (Sim, 2021). Such a strategy, where Netflix invests in local production studios to acquire new original series, can be understood as a means of enlarging both local and global markets (Khan, 2020). Besides, as the production cost of the Netflix series *Squid Game* (2021) – which cost approximately 2.4 million USD per episode, much less than that of *Stranger Things* (2016–present, 8 million USD per episode) and *The Crown* (2016–present, 10 million USD per episode) – exemplifies, Korean companies have been recognized as producing cost-effective content compared to Hollywood (Kim, 2021e). Needless to say, this became another reason for global SVoD platforms to invest in Korean media.

The growing presence of Netflix and the advancing entry of other foreign streaming services such as Apple TV+, Disney+, and HBO Max into the domestic market kept the existing major broadcasters on their toes. As an outcome, in 2019, the nation’s terrestrial broadcasters – Korean Broadcasting System (KBS), Munhwa Broadcasting Company (MBC), and Seoul Broadcasting System (SBS) – introduced Wavve in collaboration with SK Telecom, the largest wireless carrier in the nation. For these broadcasters, which had dominated the production and distribution of television content for decades, the entry of foreign streaming platforms would become another threat, alongside the launch of four generalist pay television networks in 2011 and the conglomeration of cable television broadcasters by CJ ENM in the early-2010s. In relation to this, JTBC, the largest generalist pay television network owned by JoongAng Ilbo – a prominent nationwide newspaper outlet, joined Tving, a streaming platform owned by CJ ENM, in 2020. The alliance of JTBC and CJ ENM, major television production studios with multiple popular drama and entertainment programs, was a mutual response to secure shares in the broadcasting market, which was being transformed by over-the-top media services – the delivery of media content directly to audiences via the Internet unlike the traditional television distribution system managed by different players in cable, satellite, and terrestrial broadcasters.

While major broadcasters launched their streaming platforms to counter the penetration of foreign streaming platforms, they also strove to distribute their content on major SVoD platforms. In recent years, JTBC and CJ ENM signed distribution contracts with Netflix and exported their content to its streaming service worldwide. JTBC exported television series such as *Private Lives* (2020), *Itaewon Class* (2020), and *Nevertheless* (2021). The broadcaster also launched a handful of entertainment programs like *Men on a Mission* (2015–present) and *Don’t Be the First One* (2021–) on Netflix. Meanwhile, CJ ENM released its television series *Crash Landing on You* (2019–2020), *Hospital Playlist* (2020–2021), and *Hometown Cha-Cha-Cha* (2021) on its streaming service. In addition, Studio Dragon, a production studio of CJ ENM, signed a contract with Skydance Production to produce an Apple TV original television series *Big Door Prize* (Kim,
Following CJ ENM and JTBC, terrestrial broadcasters – which had been reluctant to cooperate with foreign streaming services to keep their influence in check – began distributing their content on Netflix. For instance, they sold the right to broadcast overseas of their television series, including *King’s Affection* (2021, broadcast by KBS), *Tomorrow* (2022, broadcast by MBC), and *Business Proposal* (2022, broadcast by SBS) to Netflix. For broadcasters, collaboration with Netflix became an important financial source to recoup production costs and provided opportunities to introduce their content worldwide.

In the aftermath of the pandemic, Netflix has become a breakthrough for the nation’s film industry. As most theaters have been closed due to COVID-19 restrictions, film producers have strived to find places to distribute their films, and Netflix has become an alternative channel. Indeed, a handful of Korean movies, including a thriller film *Time to Hunt* (2020), a sci-fi film *Space Sweepers* (2021), and a romantic comedy film *Sweet and Sour* (2021), were distributed by Netflix. Hence, despite concerns about market erosion, Netflix and other foreign SVoD services have become more critical for Korean television and film industries to raise their production costs and distribute their content worldwide. The following section analyzes how major stakeholders in media production understand the growing presence of Netflix and other streaming platforms.

**Methods**

This study explores how stakeholders of Korean media production recognize the penetration of foreign streaming platforms into the domestic market and how they respond to global streaming moguls through a case study of Netflix’s entrance into the market. Much of this research is based on the tradition of production studies, which examine “specific sites and fabrics of media production as distinct interpretative communities, each with its own organizational structures, professional practices, and power dynamics (Banks et al., 2016: x)” by analyzing “media makers’ experiences, observations, conversations, and interactions (Banks et al., 2016: x).” By investigating stakeholders’ roles in producing cultural products, the tradition of production studies contributes to exploring the nature of various ever-changing experiences and structures of cultural production (Druick and Deveau, 2015). In this regard, expecting that the voices of cultural producers can shed light on understanding the larger contexts of industrial changes, this research is based on semi-structured and in-depth interviews with cultural bureaucrats and cultural workers in the field (Lee and Jin, 2018). Interviews are useful for requesting people’s knowledge which resides in their minds in an invisible and undefined manner (Brinkman and Kvale, 2015). Considering that much of the production and distribution process of cultural products remains invisible, the findings of interviews can provide insights into understanding the nature of media production through the exploration of experiences and perspectives held by individuals who have been involved in the field.

Based on the above explanation, this study is based on interviews with 15 bureaucrats who have experience designing and implementing cultural industry policies. Considering the Korean government’s contribution to developing media industries as an important patron and its persistence in the current nature of cultural production, it is crucial to examine how cultural bureaucrats recognize the influx of streaming platforms
and the changes in the media environment (Lee, 2018). In addition to interviews with policymakers, the study includes 10 industry insiders who work in film, music, and television businesses. All participants, both bureaucrats and staff in cultural production, have at least 3 years of experience in cultural production. Interviews were conducted between December 2019 and September 2020 and were an hour-length on average. The findings of these interviews with 25 research participants provide insights into how players in Korean media industries recognize and respond to Netflix and other foreign streaming platforms whose presence in the domestic market continues to grow stronger.

**Netflix as a double-edged sword in media production**

*Netflix as an opportunity to realize tent-pole media products and exercise creativity*

When being asked about challenges in the Korean media industries, many participants discussed the need for producing *tent-pole* media products – mega-budgeted content in which production involves casting A-list actors and actresses, screenwriters, and producers as a means of recouping production costs and gaining revenues so that they contribute to the financial performance of producers (Chaffin-Qulray, 2014; Stevens, 2017). To compete with blockbuster products made by foreign competitors, they explained that Korean television producers would produce more *tent-pole* television and films in which production costs would exceed more than 10 billion KRW (about 8.8 million USD). Indeed, CJ ENM spent more than 50 billion KRW (about 44 million USD) on producing a fantasy series *Arthdal Chronicles* (2019), and 20 billion KRW (about 17.7 million USD) on making *Vincenzo* (2021). Similarly, JTBC invested 20 billion KRW in producing a sci-fi television series *Sisyphus: The Myth* (2021) (Kim, 2021a).

However, given the small size of the domestic market, it is difficult for most production studios to produce *tent-pole* media content. On average, the production cost of a television series broadcast by terrestrial broadcasters is about 450 million KRW (approximately 0.4 million USD) per episode, which is much lower than the amount Netflix spends on producing its original series, up to 2 billion KRW (1.76 million USD) per episode (Yoo, 2021). Furthermore, Disney+ has invested 50 billion KRW (44 million USD) in dramatizing *Moving*, a Korean webcomic series, gearing up for launching the streaming service in Korea later this year (Kim, 2021c, 2021d).

For many producers in the field, Netflix and foreign streaming platforms have become essential to manufacturing mega-budgeted content. In effect, all *tent-pole* television series mentioned above are invested by Netflix and distributed on its streaming platforms original series worldwide. In response to this, Participant A, a producer who works at a terrestrial broadcaster, said that “co-financing [from foreign investors] is an inevitable part of producing Korean television because the domestic market is small and production studios are shoestring.” In a similar vein, Participant B, an executive producer at a production company, noted, “Netflix is the only supplier for creators that can afford funding production costs. Without it, they would not have been able to produce [tent-pole] content.” Combined with the export-oriented nature of Korean television, in which production and distribution have been highly subject to the demands of foreign markets,
Participant C, a television producer, emphasized Netflix by explaining how producers raise funds and take profit as follows.

“In terms of raising funds, about 5 percent comes from product placement, the distribution in the domestic market consists of 50 percent, and the rest comes from selling the distribution rights to foreign markets. If a broadcaster spent 10 billion KRW purchasing the producer’s intellectual property, they should earn more than 10 billion KRW to gain profit. How are they going to get the money? Foreign markets are the only sources for the broadcaster... Its revenues from advertising have been in decline because many people no longer watch television. Then, it must recoup the cost by selling the distribution rights [to foreign stakeholders]...And Netflix is our largest client.”

In addition to this, following the shifting media environment and new trends driven by digital technologies, many creators understand collaboration with Netflix as an opportunity to use their creativity (Jin, 2021b). For instance, Kim Eun-hee, a playwright who wrote the script of *Kingdom* (2019–2021), a horror streaming television series distributed exclusively by Netflix, recalled, “some violent scenes in the series, such as beheading characters, would not be possible without Netflix because broadcasters would refuse to broadcast them (Kim, 2021c)” when she initially mapped out the series in 2016. Also, Shin Ae Yoon, the producer of *Extracurricular* (2020), a streaming television series about the life of a teenage vice racketeer, noted that Netflix would provide opportunities for producers to try new approaches to diversify television genres (Kim, 2021c, 2021d).

Combined with funding power and technological advantages that overwhelm domestic competitors, many research participants understood Netflix as a platform that would enable them to try something different. For example, Participant D, the chief executive officer of a film production studio, expected that “Netflix and other streaming services opened a new prospect to creators who wanted to make new lines of movies that had not been suitable to be released in theaters.” The Participant’s anticipation also implies that the entry of foreign streaming services would strengthen the bargaining power of creators when they deal with incumbent broadcasters and film distributors as they have alternative ways to distribute their content (Korea Creative Content Agency, 2020). In a similar vein, Participant B expected that “[by] spending an enormous amount of money, Netflix could encourage [producers] to try out new genres that we might have never dreamed of [due to restrictions in the production environment].” Concerning what both participants said, Participant E, a staff at a film studio, demonstrated how the streaming platform would benefit Korean cultural production.

“The best advantage of working with Netflix is that it guarantees profits. [If Netflix purchases our content], we do not have to worry about the possibilities of not becoming popular or failing in the market. Once we can recoup the production costs and gain profits, we can concentrate on producing content that we want to make.”

Lastly, the volatile nature of the media market in East Asia, which is highly subject to political conflicts, also contributed to making Korean producers more dependent on Netflix and other US streaming platforms. For instance, as an outcome of the Chinese
government’s sanction against Korean media products to retaliate against the Korean government’s decision to deploy Terminal High Altitude Area Defense (THAAD) – an US anti-ballistic missile defense system – to cope with threats from North Korea, the sales of Korean films and television to China fell by 55% and 75% respectively in 2017 (Korean Foundation for International Cultural Exchange, 2018, 2019). Moreover, due to frictions over history, the escalating trade and political disputes between Korea and Japan became unfavorable factors for cultural creators to export their products to Japan in the mid-2010s (Kwon, 2019). In response to the highly sensitive nature of the content market, Participant C explained as follows,

“When Japan imposed trade sanctions against exporting core materials for manufacturing semiconductors and display devices to Korea in 2019, [Japanese broadcasters] became reluctant to purchase Korean television anymore. The content market is susceptible to public sentiment. Unlike clothing and foods, which are the necessities of life, people do not need content because it is for their leisure.”

For many creators in the broadcasting industry who in the last few years had suffered a decline in Chinese and Japanese markets – which have previously been the largest markets for Korean media industries – streaming platforms were believed to be a breakthrough. Emphasizing the export-oriented nature of Korean media production, many participants explained that the collaboration with SVoDs would be a new path for them to pioneer new markets and recoup the production costs. With this, Participant F, a government official who works at a public institution, responded that the distribution of Korean media products through SVoDs platforms would be “a great opportunity for companies because SVoDs would enable them to distribute Korean content worldwide simultaneously.” Furthermore, for the Participant, the collaboration with Netflix and other streaming platforms would be crucial for creators from “a non-West and non-English-speaking country” to introduce their content and compete with other players in the global market.

In summary, many interviewees considered that the entry of Netflix and other foreign streaming platforms into domestic media production would provide opportunities for many creators in the field. Thanks to their funding and distribution power as overwhelming players in the domestic market, several participants expected that their investment would enable cultural workers to realize the production of tent-pole content and diversify the genres of media products. Also, expecting the rapid growth of SVoDs players in the global distribution market, they anticipated that the co-production and distribution of Korean content through streaming services would allow the Korean media industries to introduce their outcomes globally. However, despite all the benefits and expectations of the entry of streaming platforms into the domestic market and co-production between Korean producers and Netflix and other SVoDs players, there have been concerns about the growing presence of SVoDs in media production.

**Netflix as a major threat to demote media production to a subcontractor**

While many research participants emphasized both technical advantages and financial strengths of Netflix, Disney+, and other foreign streaming platforms, there is widespread concern that foreign SVoD platforms would bring Korean creators under their
control. Several participants noted that selling the distribution rights of content to Netflix was shortsighted because this would restrict the ability of producers and broadcasters to exercise their intellectual property rights, impacting such endeavors as merchandising. In other words, once producers sell the rights to the streaming platform, it means giving up extra income if the content becomes popular. This might result in Korean producers becoming mere subcontractors of global streaming giants, only producing audiovisual materials. With this, Participant B expressed concerns as follows,

“As the case of Avengers shows, [Disney] do this and do that with the same intellectual property. By doing so, it generates additional revenues. We can make profits from distributing content itself and utilizing intellectual properties such as selling merchandise. This is the strategy that major production studios have done. Keeping the popularity of media products is important because it guarantees sustainable revenue [after the original release] . . . We say Netflix and other [foreign streaming platforms] are dangerous because we only gain revenues from the audiovisual product itself. But this is not the way Disney and other major conglomerates operate.”

In response to Netflix’s massive investment in producing Korean content, major domestic players mapped out their investment plans to secure domestic television and films. CJ ENM announced an investment plan worth 5 trillion KRW (about 4.4 billion USD) for the next 5 years. In particular, Rhee Myung-han, who serves as both the chief executive officer of Tving and the chief producer of CJ ENM, explained that more than half of its investment in producing original content would be spent on franchising the company’s existing intellectual properties, including the Reply (2012, 2013, 2015–2016) and Playbook (2017–2018, 2020–2021) series, both of which are the company’s signature drama franchises, as well as the entertainment program New Journey to the West (2015–present) (Kang, 2021). In addition to this, Wavve, a domestic streaming platform run by the joint venture of SK Telecom and three terrestrial broadcasters, decided to invest 1 trillion KRW (0.88 billion USD) in making original content for the same period (Cho, 2021).

Despite all this, Korean broadcasters recognize them as a major export outlet. For instance, Studio Dragon, a drama production studio under CJ ENM that has produced many television series broadcast by TVN, has produced a series of streaming television series for Netflix, including Love Alarm (2019, 2021), Kingdom (2019–2021, co-produced with AStory and Baram Pictures), My Holo Love (2020), and Sweet Home (2020, co-produced with Studio N), etc. Furthermore, Netflix became the third-largest stakeholder of the company (4.99%), followed by CJ ENM (54.48%) and Naver (6.26%) – the nation’s largest online platform company. In addition to TVN’s contract to export its television series through Netflix, the relationship between CJ ENM and Netflix exemplifies CJ ENM’s growing dependence on Netflix and how it understands Netflix as a major patron.

As both JTBC and CJ ENM have produced big-budget television series with the investment of Netflix in return for distribution rights, and their tent-pole television programs such as the historic series Mister Sunshine (2018, CJ ENM) and My Country: The New Age (2019, JTBC) became successful in the market, terrestrial broadcasters that had
been vigilant at the entry of foreign SVoD services arguing “selling intellectual property rights to Netflix would destroy themselves (Participant G, the head of a production company)” changed their attitudes toward Netflix. Indeed, KBS, MBC, and SBS signed an unofficial agreement that each broadcaster would release “two series per year (Participant G)” on Netflix as its original series. As a result, SBS could afford to broadcast Vagabond (2019), an action blockbuster series produced by Celltrion Entertainment with a production budget was 25 billion KRW (about 22 million USD), as Netflix paid half of the production costs (Kim, 2019).5 Given that many international audiences enjoy Korean media products through SVoDs, terrestrial broadcasters’ about-face toward Netflix suggests that this US-based streaming platform is becoming increasingly influential in the market and implies Netflix’s initiative in strategies of introducing Korean content worldwide (Jin, 2021b).

However, some participants expressed anxiety over the growing dependence on Netflix’s money, which has the potential to put pressure on creators to “produce content that matches the SVoD’s taste (Participant B)” which would standardize outcomes of media production. Furthermore, regarding the issue of recouping production costs, which have been understood as Netflix’s greatest strength in the domestic market alongside its distribution platform, there has been skepticism about the sustainability of Netflix’s major investment in producing Korean content once Netflix consolidates its presence in distributing Korean media products.

Such concerns about the standardization of Korean content and the potential subordination of Korean producers to foreign SVoD reflect power imbalances between a global media distributor and local creators. Contrary to some expectations that the dissemination of new media technologies – including social media and platform technologies – would bring equal access to various media products worldwide, both new powerhouses and incumbent media conglomerates seem to perpetuate the structural asymmetry in the global market (Jin, 2015). For decades, US media industries have enjoyed their distribution power worldwide because distributors play decisive roles in deciding which content would be delivered to audiences (Garnham, 1990; Wasko, 2003). Similarly, major SVoD players enjoy their distribution power in the market thanks to platform technologies and enormous financial firepower. Along with the digitalization of global media distribution – exemplified by the rapid growth of streaming platforms worldwide, both the investment and distribution power of Netflix and other US-based streaming platforms have become an important consideration for many local producers (Jin, 2021a). In relation to this, following the enactment of the so-called ‘Anti-Google Law’ which would prohibit both Apple and Google from forcing developers to use their in-app billing systems, the government and legislature introduced several bills that would require foreign streaming services to pay fees to the Internet service providers in return for generating traffic and network usage– bills which are currently under review as of 2021 (Lee, 2021).

In short, while there are expectations of Netflix, Apple TV, Disney+, and other foreign streaming platforms to provide more opportunities for players in the domestic market, there are downsides regarding their growing presence in domestic production. Backboned by financial resources and advanced technologies that overwhelm competitors in the domestic market, Netflix has become a major investor in domestic production. In particular, the investment of foreign streaming platforms is necessary for creators to
produce *tent-pole* content, which has high export potential because domestic players do not have enough capital. However, this leads to Korean producers relinquishing much of their intellectual right to the streaming platform. Despite some benefits, selling content to Netflix restricts producers and broadcasters from gaining additional revenues by utilizing the content’s intellectual property. Also, this undermines the competitive advantage of domestic streaming platforms in the regional market as Netflix, and other foreign streaming platforms have the exclusive distribution right of *tent-pole* content they invested in. Finally, the growing dependence on foreign SVoDs might undermine the entire production environment in the long term, in the form of producing content agreeable to Netflix’s preferences. Combined with existing asymmetries between local players and global SVoD players in the market, participants’ concerns imply the potential subjugation of Korean media production to global SVoD giants.

**Discussion and conclusion**

For years, Netflix has strived to internationalize its catalog by co-producing local content with local producers to expand its markets and secure original content. In retrospect, when Netflix first announced its plans for developing original Korean content, streaming platforms were considered niche markets compared to terrestrial and cable broadcasts (Kim et al., 2016). However, as the SVoD mogul recognized Korean producers as outposts for the Asian market, it executed major investments in producing the Korean Netflix original series (Ju, 2020). In addition to restructuring the media distribution system with platform technologies, their investment in content production attracted more A-list actors, actresses, producers, and playwrights to work with Netflix and other foreign SVoDs.

The growing importance of SVoD platforms in the media industries has made the Korean government engage deeply in developing domestic streaming platforms. In 2018, the government announced a project to establish a ‘Grand OTT’ with all terrestrial broadcasters and telecommunications operators, including SK Telecom, KT, and LG U+. Since then, it has played an intermediary role in developing and implementing collaborative plans between Wavve and Tving and pressured the merger of Wavve and Tving (Kim, 2020). Participant H, a government official working at a public organization, explained that “the government set up the macro plan for [establishing domestic streaming] platforms and ask market players to take the direction based on its plan.” In a similar vein, the newly elected Yoon Suk-yeol administration (2022–2027) announced his intention to introduce more interventionist measures, including a ‘Korean version of Netflix’ by establishing promotion agencies overseas, introducing public-private funds to produce streaming content, and investing in infrastructures (Lee, 2022). Combined with its strong influence on major stakeholders in the streaming business, the government’s position in the streaming business reflects the legacies of state-interventionist measures in developing the nation’s media and telecommunications industries (Jin, 2011; Lee, 2018).

In this regard, interviews with cultural workers and cultural bureaucrats show that SVoD platforms are understood as double-edged swords for Korean media industries. On the one hand, they allow many television producers, film studios, and broadcasters to export their content and recoup production costs. Considering the low production
cost, which had been a significant obstacle for cultural creators to try new genres and caused a series of structural issues in the production field, many research participants expected that investment from Netflix and Disney+ would contribute to diversifying Korean television and film genres and improve the production environment. In detail, the production cost of a television series broadcast by terrestrial broadcasters is approximately 450 million KRW (about 400,000 USD) per episode, which is much lower than that of a Netflix original series which can be as much as 1.76 million USD per episode (Yoo, 2021). Several participants explained that the production of *Kingdom*, a television thriller series about the fictional lives of zombies in the medieval ages, could be viable only because Netflix financed its production. In addition to this, a few participants noted that Netflix and other streaming services gave opportunities for creators to try different genres that had not been allowed in mainstream media. For instance, *Extracurricular* (2020), a television series about the life of a teenage vice racketeer, would not have been possible without the investment from and distribution through Netflix. Also, new powerhouses of the nation’s television industry, notably JTBC and TVN (an affiliation of CJ ENM), recouped the production cost of their television series from Netflix in return for worldwide distribution rights.

On the other hand, some research participants expressed concerns about the entry of foreign streaming services into domestic media production, arguing it would make producers and distributors subcontractors of the global capital. Considering that major broadcasters have their own streaming platforms, such as Wavve and Tving, which compete with Netflix in the domestic and Asian markets, their collaboration with Netflix seems paradoxical. Although it is a desperate countermeasure for broadcasters to overcome financial difficulties due to limited revenues in advertising, their decision to sell worldwide distribution rights to Netflix in return for raising production costs might worsen their distribution power in the market (Kim, 2019). As both Wavve and Tving plan to operate their streaming services in the Asian market with Korean content, their decision means excluding *tent-pole*, Netflix-invested content from their catalogs. Combined with both technological advantages and the amount of content Netflix provides, this will weaken the competitive position of Korean platforms in the international market. Also, there are issues of ‘Netflixization’ of Korean content, where creators concentrate on producing content that might satisfy what Netflix wants, which will further standardization of media production.

This analysis shows that it is crucial to critically examine the entry of Netflix and other streaming platforms and their investment in Korean media production. Although some understand the collaboration between domestic producers and broadcasters and foreign SVoDs as opportunities to recoup increasing production costs and introduce Korean media products worldwide, some threats may undermine the fundamentals of the nation’s media industries. Combined with existing power imbalances – resulting from technology gaps, the size of companies, and the number of financial resources between global SVoD moguls and domestic players – both the restructuring of the media distribution system led by streaming platforms and their investment in Korean media production would put Korean producers and broadcasters at risk of becoming subcontractors of global SVoD giants. Considering the growing number of co-production projects between local producers and global SVoD companies in many regions, which reflects various
state strategies of securing original content and appealing to local audiences, the ways in which stakeholders in Korean media production recognize and approach streaming services can be applied to different media industries worldwide.

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**Notes**

1. Before the entry of Netflix, three terrestrial broadcasters established a joint venture called Content Alliance Platform and introduced a streaming service called POOQ in 2012. Meanwhile, SK Telecom launched its own streaming service Oksusu in 2016. Based on the agreement between terrestrial broadcasters and SK Telecom, POOQ, and Oksusu merged into Wavve.

2. Until 2011, the nation’s public authorities restricted pay television networks to produce news programs except for two news channels Yonhap Television News (YTN) and Maeil Broadcasting Network (MBN). However, following the amendment of the nation’s Broadcasting Act and other broadcasting regulations in 2009, the Korean government allowed major newspaper companies to launch generalist pay television networks in which programming would consist of all genres, including television news, drama, entertainment programs and documentaries in 2011. The entry of generalist pay-television networks in 2011 unleashed competitions between broadcasters. In the meantime, CJ E&M (currently CJ ENM), a major media conglomerate that owned several pay-television networks, bought On-media, another pay-television conglomerate owned by Orion, in 2010. The merger and acquisition of Onmade CJ as the market-dominant enterprise in the cable television industry. The conglomerate’s financial strength and dominance in the broadcasting market attracted many creators to its pay television networks.

3. It is worth noting that a handful of Chinese SVoD platforms, including iQiyi and Tencent Video, had been major investors in Korean television production before the entry of Netflix. For instance, iQiyi, a streaming platform owned by the Chinese search engine Baidu, paid 1.5 million CNY (about 0.23 million USD) per episode to Next Entertainment World (NEW), a Korean media production company, for the distribution rights of NEW’s television melodrama Descendants of the Sun (2016) in China. The contract with iQiyi was vital for NEW to recoup the production cost of the series (about 13 billion KRW, equivalent to 11.4 million USD) (Ko, 2016). Although the leverage of Chinese SVoD platforms waned in the aftermath of the Chinese authority’s unofficial sanction against Korean cultural imports in 2017, they recently began to increase investment in Korean television. For instance, iQiyi invested more than 20 billion KRW (17.7 million USD) in a mystery series, Cliffhanger (2021), for exclusive distribution rights worldwide except the Korean market. Also, Tencent invested 100 billion KRW (88.3 million USD) in JTBC Studio, the main production subsidiary of JTBC, in 2021 (Choi, 2021).

4. Streaming television series and films produced and distributed on Netflix and other streaming platforms are exempted from the rating systems managed by the Korean Communications Standards Commission (Television) and the Korea Media Rating Board (motion pictures). Despite controversies over reverse discrimination against existing media companies, there have been few discussions about how to regulate SVoDs in the nation’s legislature (Kang, 2019).
5. Before 2019, terrestrial broadcasters exported a series of television dramas – including *The Inheritors* (also known as *The Heirs*, 2013, broadcast by SBS), *That Winter, the Wind Blows* (2013, broadcast by SBS), and *President* (2010–2011, broadcast by KBS) to Netflix that had been already on air previously. However, the release of these television series on Netflix was far from co-production or the broadcaster’s efforts of recouping the production costs because both the production and distribution of those series and the reimbursement had been completed. Furthermore, broadcasters only sold the broadcasting right of archives to Netflix before it entered the Korean market (Lim, 2021).

6. Apart from the Korean Broadcasting System, the nation’s public broadcaster, the Korean government is the majority shareholder of MBC. Also, as the company’s largest stakeholder (11.68% owned by the National Pension Service), it continues exerting a strong influence on the business activities of KT, which had been a state-owned enterprise before its privatization in 2002. In addition to this, the Korea Teachers’ Credit Union, the nation’s second-largest public fund, invested 100 billion KRW (about 88 million USD) in 2019 (Cho, 2019).

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