

## A Web of Stakeholders and Strategies in the Digital TV Transition:

### The Switchover to Digital Broadcasting in Korea

POLICY BRIEF

This study investigates the Korean digital TV transition by analysing various perspectives at different developmental stages and by examining the dynamic interactions among the stakeholders in the switchover to digital broadcasting. A structural-equation model examines the perceptions and expectations of digital TV consumers in Korea. Consumers' perspectives and expectations suggest the factors that will lead them to adopt digital TV, as well as the barriers to adoption. The overall findings show that Korean digital TV transition is the outcome of a proactive strategy by industry players and the Korean government's top-down policy of supporting such a transition. It is argued that the policy of a top-down transition, which overlooks coordination among stakeholders, harms consumers and hinders effective and sustainable development. The case of Korea has implications for other countries that are pursuing digital transition strategies.

#### SUMMARY OF FINDINGS/RECOMMENDATIONS

1. Ensure that the policy interventions carried out to secure and accelerate the digital switchover are transparent, justified, proportionate, and non-
2. Establish an independent organization for conflict coordination and for maintaining communication channels with diverse stakeholders.
3. Gain consumer trust by mapping out and implementing consistent policies
4. Fully prepare for the digital switchover plans by devising methods of fundraising while actively conducting public relation work and persuading people to make the switch
5. Utilize a pilot program to apprise consumers of the digital transition

#### THE RESEARCH

The rapid implementation of a transition program characterized by top-down and pro-competitive industry restructuring reflects Korea's political-economic arrangements and the legacies of its industrial policy. Despite several initiatives, there is currently no overarching national policy on the transition to DTV. This developmental process leaves much to consider. The market and consumer aspects, in particular, have been neglected in the digital transition. Viewers, who may be the most important stakeholders in the transition, are left out of the loop, which raises a significant problem. Despite what seems like the near-ubiquity of digital services in Korea, viewer ignorance of the DTV transition is quite striking. This kind of viewer apathy contrasts sharply with the high momentum of the industry. The main reason for the digital transition according to industry players has been to generate new revenue sources and increase profits for the industry. Thus, the needs of the prospective market and consumers tend to be distorted because of underestimating or failing to

recognize certain problems. It is unclear whether digital broadcasting will significantly increase employment or impact economic development as the government forecasts. In fact, there seem to be more barriers than positive factors. Technically, digital broadcasting may be close to being a critical application, although it has not achieved this potential with respect to public needs and market assessment, and it has not solved real user problems more effectively than have any other competing convergence devices. From this perspective, Korea may need to reconsider a market-driven approach instead of pursuing a switchover plan with specific target dates for the transition. It must be recognized that a precipitous and radical change could impose substantial harm to the public. The government should not rush the process of developing a digital migration action plan. For example, KCC may reconsider not to enforce a fixed termination date for analogue transmission and single date for conversion to DTV, opting to let the society decide when the switchover will occur.

The analyses reveal another challenge, namely, the relationship between regulation and industry. Current regulation on digital switchover has not yet been established. Instead, a solid framework and a provisional case-by-case approach have been used. Regulation does not reflect the turbulent changes in the digital environment and industry interactions. This might result in a waste of resources and overregulation in emerging DTV. The use of multiple policy procedures by different governmental bodies in a somewhat uncoordinated manner, partly because consecutive failures have led to constant reevaluations of the KCC's plan, has only aggravated the coordination problems inherent to the transition, and, most ironically, has even created incentives for certain market actors to retard the success of the system.

## AUTHORS

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