

Press Release

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bundled sales for local and small and medium-sized
broadcasters**

The Korea Communications Commission (Chairman Kyeong-jae Lee) prepared a public announcement on the 2013 rates of assistance in advertisement bundled sales required to be provided by KOBACO (advertisement sales agency for KBS and MBC) and Media Create (advertisement sales agency for SBS) to local terrestrial broadcasts of network broadcasters and small and medium-sized broadcasters.

Bundled sale of broadcast advertisements refers to the practice wherein, when KOBACO and Media Creative sell advertisements for three major terrestrial broadcasters (KBS, MBC, and SBS), they also sell as a bundle broadcast advertisements for local terrestrial broadcasters of network broadcasters (local MBC stations and local private broadcasters) and small and medium-sized broadcasters (radio broadcasters and OBS, etc.). Such practice was institutionalized last year when the “Act on agency-based sales of broadcast advertisements” was enacted.

According to Article 20 of the “Act on agency-based sales of broadcast advertisements,” the government is required to define and

publicize the average rate of bundled sales for local terrestrial broadcasters of network broadcasters and small and medium-sized terrestrial broadcasters -- out of the advertisement sales of terrestrial broadcasters in the most recent five fiscal years -- and the size of assistance in bundled sales for individual local and small and medium-sized broadcasters.

Accordingly, KCC decided to require KOBACO to assist in 12.2964% of local and small and medium-sized broadcasters' advertisement sales relative to the terrestrial broadcasters' advertisement sales and Media Create to assist in 7.9598% of its advertisement sales. KCC plans to define and publicize the size of minimum assistances to be provided to the respective local and small and medium-sized broadcasters.

According to KCC, it reviewed the records of assistance in bundled sales of advertisements for local and small and medium-sized broadcasters in 2012 and found that both media representatives provided adequate assistance, one that met the legally defined size of assistance.

At the meeting that day, Chairman Lee noted that, with “bundled sale” instituted following the introduction of a new media representative system, both representatives kept their obligation for bundled sales over the past year despite the difficult broadcast advertisement market environment while the goal of providing stable assistance to local and small and medium-sized broadcasters seems to have been achieved. “Going forward, I hope that proper assistance

continues to be provided to small and medium-sized broadcasters through public announcement on assistance in broadcast advertisement bundled sales and consequently help ensure the diversity of broadcasting,” he added.

Chairman Lee also stressed that only when the broadcast advertisement market is galvanized will quality broadcast contents be produced and assistance to smaller broadcasters be provided properly. “I urge the Commission to set up a plan to improve the current broadcast advertisement system drastically,” he said.

To make a public announcement on the rate of assistance in bundled sales for smaller broadcasters for 2013, KCC plans to make an administrative announcement for 20 days from October 4, followed by approval by the commission in early November prior to implementation.

※ Attachment: Average rate of bundled sales by respective media representative, value of assistance for local and small and medium-sized broadcasters

<Attachment>

□ **Average rate of bundled sales by respective media representative, size of assistance for respective broadcasters for 2013**

○ **Average rate of bundled sales by respective media representative:** Rate of total bundled sales posted by the respective media representative in the most recent five fiscal years (2008 ~2012), divided by the overall advertisement sales of terrestrial broadcasters posted by media representatives

Sales agency for terrestrial broadcast advertisements of KBS and MBC (KOBACO)	12.2964%
Sales agency for terrestrial broadcast advertisements of SBS (Media Create)	7.9598%

○ **Size of assistance for respective broadcasters:** Rate of advertisement bundled sales of broadcasters entitled to assistance (local and small and medium-sized broadcasters) in the most recent five fiscal years (2008 ~2012)divided by the total advertisement sales of terrestrial broadcasters posted by media representative

Bundled sales agency	Classification	Broadcasters entitled to assistance	Rate of bundled sales assistance (%)
Sales agency for terrestrial broadcast advertisements of KBS and MBC	Local terrestrial broadcasters of network broadcasters	Busan MBC	0.6154%
		Daegu MBC	0.4518%
		Gwangju MBC	0.3705%
		Daejeon MBC	0.4067%
		Jeonju MBC	0.3809%
		MBC Gyeongnam	0.6425%
		Chuncheon MBC	0.3971%
		Cheongju MBC	0.4759%
		Jeju MBC	0.4473%
		Ulsan MBC	0.3739%
		Mokpo MBC	0.2943%
		Yeosu MBC	0.3030%
		Andong MBC	0.3083%
		Wonju MBC	0.3361%
		Chungju MBC	0.3327%
		Samcheok MBC	0.3352%
		Pohang MBC	0.3251%
Gangneung MBC	0.3988%		
Small and medium-sized		EBS	1.3773%
		OBS	0.1559%

	broadcasters	Kyungki Broadcast CBS BBS PBC KCC WBS YTN Radio TBS Busan English Broadcasting Foundation Gwangju English Broadcasting Foundation	0.2554% 1.7437% 0.5268% 0.4444% 0.2184% 0.2329% 0.1689% 0.0532% 0.0066% 0.0125%
Sales agency for terrestrial broadcast advertisements of SBS	Local terrestrial broadcasters of network broadcasters	KNN TBC KBC TJB UBC JTV CJB G1 KC TV	1.1368% 0.8896% 0.7421% 0.6226% 0.4148% 0.4132% 0.4280% 0.5644% 0.4035%
	Small and medium-sized broadcasters	OBS TV	3.4870%