



THE RISE OF JTBC

On October 24, 2016, JTBC Newsroom, a Korean press outlet, reported on the contents of a tablet PC that was crucial to the controversial case of President Park Geun-hye and her old friend and adviser, Choi Soon-sil, after months of suspicion regarding the Park administration's rise to power. Earlier the same day, President Park had announced amendments to the Korean constitution. The revelation of the tablet PC by JTBC turned the country of South Korea upside-down in an explosion of public opinion that led to protests in 2016-2017 calling for President Park's impeachment. On March 10, 2017, for the first time since the formation of Korea's constitutional government, a Korean president was impeached. Koreans expressed outrage about the impartiality of media reporting—some protestors even went so far as to surround press vehicles in order to interfere with their work. However, the one network that remained objective was JTBC. As a result, JTBC was dubbed the “only trustworthy press outlet.” Protesters surrounding the vehicles of other networks cheered and moved out of the way when they saw a JTBC vehicle.

JTBC had gained the position of Korea's most trusted press outlet.¹ This trust came from its unbiased and thorough coverage of the tragic sinking of the MV Sewol in 2014² and the South Korean protests of 2016-2017.³ It earned the top spot for reliability in 2016, a position it continued

¹ Based on data from the Journalist Association of Korea in 2017 and 2018 resulting from an online investigation performed by the Reuters Institute of Korean online news viewers and a study on opinion leaders performed by the Korean weekly journal *Sisa Press*.

² On the morning of April 16, 2014, the passenger ferry MV Sewol overturned and sank while en route from Incheon to Jeju Island. Of the 476 people on board, 304 passengers and crew members either died or went missing. It was the second-largest maritime accident in South Korean history. After the incident, poor management of the crisis and the inability to determine a clear cause of the sinking led to severe public backlash against the Park administration. See, for instance, https://en.wikipedia.org/wiki/Sinking_of_MV_Sewol, and <https://www.nytimes.com/2017/03/22/world/asia/south-korea-ferry-sewol.html>.

³ Also known as “Park Geun-hye-Choi Soon-sil gate.” Evidence of influence peddling included Choi's intervention into government affairs, privatization of the Mir Foundation and the K Sports Foundation, and preferential treatment received by Choi's daughter, Chung Yoora. See, for instance, <https://www.bbc.com/news/world-asia-37971085>.

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to hold; JTBC enjoyed a reputation for creating trustworthy content. JTBC became one of the Big 5 channels in Korea due to its considerable success as not only a media outlet, but also a source of entertainment and drama.

For decades, the Korean broadcasting industry had remained closed due to entry barriers created by an oligopoly, and by oppressive regulations. The unexpected passage of a bill that allowed the creation of general programming networks enabled JTBC to become a new entrant in this industry in December 2011. In the subsequent seven years, myriad events had changed the industry, including the downfall of the oligopoly of the three big terrestrial networks that historically had ruled the Korean broadcasting industry for years. Because of its meteoric rise to the top position in terms of reliability in press coverage, JTBC gained the attention of the public—and expectations from both internal and external stakeholders also continued to rise. The question that remained, though, was whether JTBC would be able to maintain its upward trend and fulfill these expectations.

THE BROADCASTING INDUSTRY IN KOREA

The television broadcasting industry in general included three parts: television networks, local stations, and producers. The main function of all businesses in the broadcasting market was to create and distribute television content. Some networks acted as both creators and distributors of television content, while others solely acted as distributors of purchased content from another source.

The Korean broadcasting industry consisted of terrestrial TV networks, program providers, systems operators, Internet protocol television, and satellite broadcasters. Based on sales reports at the end of 2016, the net worth of the Korean broadcasting industry was \$14 billion. Program providers and system operators often were grouped together and referred to as “cable TV.” The KCC (Korea Communications Commission) oversaw the establishment and operation of channels, with the Ministry of Science and ICT (Information and Communication Technology) following the corresponding statutes. Most channels were established, and operated through a simple process of registration and permission; however, terrestrial networks and program providers needed approved by the KCC in order to create and maintain channels. Although the Korean broadcasting industry covered many institutional regulations and organizations, terrestrial TV networks and multiple program providers made up most of the market.

TERRESTRIAL TV NETWORKS

Terrestrial TV networks in Korea used ground waves through radio stations to broadcast news, entertainment, drama, and various other programs to the public. They can be called “public TV” in that they provided broadcasting to the masses as a public good. These networks provided planning, production, organization, and transmission of content, possessing the characteristics and functions of both program providers and content producers. They were allowed to broadcast programs on the condition that their content coincided with public interests, and received Korean government approval. Due to the plethora of regulations that applied to Korean terrestrial networks, entering the broadcasting industry proved extremely difficult. Korea’s three major terrestrial broadcasting stations had dominated the industry for decades, but the rise of cable stations and general programming networks in recent years posed a moderate threat to this

oligarchy. These three major Korean broadcasting stations included KBS (Korean Broadcasting System), MBC (Munhwa Broadcasting Corporation), and SBS (Seoul Broadcasting System). Both KBS and MBC were public broadcasting stations, while SBS was a private broadcaster. Because terrestrial stations were required to broadcast content that fit the public interest, most broadcasts made by these stations were public.

KBS

The Korean Broadcasting System, a public broadcaster, was Korea's the most extensive broadcasting station. It first began operation in 1961 as a state-owned central broadcasting system located in Seoul and began public broadcasts after gaining independence from the state in 1973. KBS also acquired TBC (Tongyang Broadcasting Company; henceforth TBC)—a South Korean commercial television station which operated from 1964 to 1980—during the 1980 media mergers. KBS operated via ground wave propagation, but also operated cable, satellite, and IPTV (Internet Protocol television) networks through its subsidiaries. Unlike other stations, KBS received financial and human resources input from state agencies, and earned profits from viewer subscription fees. Its views are conservative because of its status as a public broadcasting station, which limits its programs in terms of entertainment content. KBS has achieved the best performance of the three major stations in terms of news reports, maintaining its reputation for reliability earned as a national broadcasting station.

MBC

Munhwa Broadcasting Corporation was founded in 1961 and began television broadcasting in 1969. MBC had some shared characteristics with commercial broadcasting in that it covered all its production costs through advertisements—but also was similar to public broadcasting in that it was managed by government agencies. This was a setup similar to that of England's Channel 4 Television Corporation. MBC enjoyed a reputation for strong entertainment and drama programs, and earned the nickname "entertainment kingdom." As cable television and general programming networks began to generate new and unconventional entertainment, MBC's place at the top of the television entertainment genre became more precarious. MBC also encountered difficulties with its news reporting operations. The network seemed to lose the trust of its viewers by providing partial and distorted press coverage in order to protect the political party in power during the presidencies of Lee and Park (2008-2017). Union strikes and corruption at the executive level have also taken their toll.

SBS

Seoul Broadcasting System was founded in 1990 and began television broadcasts in 1991. SBS was the only private broadcaster of the three major stations in Korea. Before SBS began operations, the Korean broadcasting market was a public, government-run system with two government agencies dominating the market. With the democratization of South Korea in the mid-1980s and the expansion of the advertising market due to the 1988 Seoul Olympics, the need for a private broadcasting station became evident, and talks began, eventually resulting in the establishment of SBS. SBS produced mainstream content in the areas of entertainment and drama, and the company's performance centered on those areas as well. SBS was once criticized for weak press

operations, but after 2010, the quality of its news reports increased to a level comparable to that of the other two major stations. However, SBS still prided itself on the quality of its dramas, and was the preferred station of various drama producers, actors, and actresses.

PROGRAM PROVIDERS (PP)

Korean program providers generally produced and organized television content for presentation to system operators or satellite broadcasters. The common characteristic between Korea's terrestrial networks and general programming networks was that they planned, produced, and distributed their own broadcasting programs and material. In 2016, there were around 160 program providers in South Korea. In 2019, the market was made up of multiple program providers (MPPs) that were aligned with terrestrial networks and conglomerates with large-scale capital. MPPs, in turn, were made up of multiple PPs. Unlike ordinary PPs, MPPs shared a similar organizational structure to that of the major conglomerates of Korea, and those MPPs that possessed system operators or satellite broadcasters enjoyed a clear advantage in the distribution of their content over their PP counterparts.

The largest MPP in the Korean broadcasting industry included the providers aligned with the CJ Group. The CJ E&M PPs owned 19 channels and held a 25 percent market share in the broadcasting industry (based on 2016 data). Notable channels from this MPP included tvN and Mnet—tvN claimed the top spot in terms of capacity to produce high-quality content.

tvN

tvN, one of the major program providers within the CJ E&M conglomerate, was a variety TV channel founded in October 2006. Unlike terrestrial networks and general programming networks, tvN was not authorized to report news, but provided drama, entertainment, cultural, and socio-political programs. Self-produced entertainment and drama programs were its main strengths. tvN struggled during its early years and was largely treated as a third-rate broadcasting network, but saw a steady rise in performance in 2012 after it began scouting talent from the terrestrial networks. Although tvN has produced multiple successful projects in the entertainment department, its true capabilities were most evident in its drama content. It was the only channel (aside from the terrestrial networks) to produce a constant stream of dramas. After 2015, it was able to stand head-to-head with the terrestrial networks when it came to drama production. With this success and improved entertainment content, tvN earned a spot as one of the Korean broadcasting industry's Big 5 Channels, along with the three major broadcasters and JTBC.

GENERAL PROGRAMMING NETWORKS

General programming networks were a specific form of PP. The media law amendment of 2009 provided the basis to establish general programming networks, and the first network came into existence in 2011. General programming networks were a relatively young form of network that had only been introduced in Korea within the past decade. General programming networks were similar to terrestrial networks in that they might include programs of diverse genres, but different in that they transmitted their programs via cable and satellite instead of ground waves. By law, they were considered to be in the broadcaster category; thus, their management and profit structure

were closer to those of terrestrial networks. There were four major general programming network channels in South Korea: JTBC, Channel A, TV Chosun, and MBN.

Before the 2009 media law amendment, which revitalized the broadcasting, journalism, and IPTV (Internet Protocol television) industries, it was impossible to enter the Korean broadcasting industry as a general programming network. One of the most influential bills included in the 2009 amendment allowed conglomerates and newspaper companies to obtain shares in broadcasting networks, making dual management possible for the first time since 1980. Almost immediately, plans for general programming networks were set into motion. On December 31, 2010, the four general programming networks were formed, offering a diverse selection of programs from the news, entertainment, and drama genres. These networks gained a large portion of their profits from advertisements, just as the terrestrial networks did. With the advent of these general programming networks, changes in the market structure that had long been dominated by the three major terrestrial networks (KBS, MBC, SBS) began to occur.

These general programming networks were unique in that all four were founded by newspaper companies. JTBC was founded by JoongAng Daily, TV Chosun by The Chosun Ilbo (Chosun Ilbo), Channel A by The Dong-A Ilbo (Dong-A Daily), and MBN by Maeil Business Newspaper. These four companies were required to muster significant financial resources to accomplish the goal of establishing a general programming network. With limited market capital available and the large amount of resources needed to finance the channels (a minimum of \$300 million), the companies faced difficulties obtaining the required resources. However, they were eventually able to overcome these difficulties. General network operations began on December 1, 2011.

JTBC

JTBC was founded by JoongAng Daily, with the JoongAng Group as the majority shareholder. JoongAng had experience operating TBC before the mass media merging of 1980; JTBC was a successor to TBC. Unlike the other, more conservative general networks, JTBC offered progressive and liberal news reports. This was in contrast to the conservative nature of JoongAng Daily. Unlike the other general networks that offer news and socio-political and cultural programs, JTBC invested in diverse entertainment and drama content. In 2018, JTBC was South Korea's top general network in terms advertisement sales, ratings, and reliability.

TV Chosun

TV Chosun was founded by Chosun Daily and, like its parent newspaper company—the most conservative newspaper company in Korea—TV Chosun was the most conservative of the four general networks. Known for exploiting the base capabilities of its parent company, TV Chosun provided media and socio-economic programs, with its main viewers being the older members of the population. Of the four general networks, TV Chosun gained a reputation for the most biased reporting and least appropriate comments. It was almost stripped of its general programming network status in a review by the Korea Communications Commission in 2017.

Channel A

Founded by Dong-A Daily, Channel A shared its parent company's conservative outlook. Channel A declared itself a successor of DBS (Dong-A Broadcasting System), a radio broadcasting system established under the Donga Company but disbanded in 1980 in the mass media merge. Much like TV Chosun, Channel A specialized in news reporting and socio-political programs. However, while TV Chosun has established itself as a conservative network targeting a conservative audience, Channel A had yet to develop a strong political identity. And in the entertainment field, Channel A had yet to establish a stable presence—or gain a public following.

MBN

MBN was founded by Maeil Business Newspaper. Of the four general networks, Maeil Business was the first; it was already operating in the broadcasting industry before general programming networks came into existence. MBN began operations in 1995 as an economic-focused channel, narrowing its operations to the press in 2005. To be a press-only channel, a network needed KCC approval, and since MBN transformed into a general network, KCC had approved only two other press-only channels. Although MBN benefitted from the experience and long enjoyed the top position in terms of press coverage, it lost its position with the increased quality of press coverage at JTBC. MBN targeted middle-aged and elderly viewers with socio-economic, cultural, and entertainment programs. Like TV Chosun, it also came close to losing its general network status in the KCC's review in 2017.

THE EVOLUTION OF THE KOREAN BROADCASTING INDUSTRY

Before the general networks were introduced, the three major terrestrial networks, known as the “Big 3,” dominated the industry. Following trends in ad revenue in the broadcast advertising market, sales in the terrestrial TV market were increasing even before the introduction of general networks, and accounted for around 60 percent of the advertising market. However, with the entrance of general networks and the growth of cable TV and other businesses, the terrestrial networks were forced into a downturn. In terms of ad revenue, the market share of the Big 3 terrestrial networks declined from 65.4 percent in 2013 to 63.9 percent in 2014, 61.3 percent in 2015, and then 56.8 percent in 2016. Especially in 2016, the ad revenue-based Herfindahl-Hirschman Index recorded a score of 1327, showing a non-intensive market share and a change in the market from the oligopoly of the terrestrial networks to a dynamic and competitive market characterized by various types of networks. In terms of viewing time in 2016, the terrestrial networks claimed 41.6 percent and other channels 58.4 percent; these figures signaled a shift in the content demand of the viewers. The Big 3 networks had increased to the “Big 5”—KBS, MBC, SBS, tvN, and JTBC.

There were many reasons for the dismantling of the oligopoly of the terrestrial networks, one of them being changes in the macro-media environment. Developments in the mobile industry, IPTV, satellite broadcasting, and over-the-top (OTT or OVD) media services resulted in global diversification in broadcasting and content industries, shaking the foundations of traditional TV broadcasters. This resulted in a change in the competitive environment.

Another reason for these changes in the broadcasting industry was the entrance into the market of general programming networks, prior to which the broadcasting industry showed significant inertia due to the oligopoly of the terrestrial networks, even with the growth of mobile entertainment and other forms of media. However, with the unexpected passage of the media law amendment in 2009, the Korean broadcasting industry experienced a shock when four general networks suddenly entered the market. While viewership stayed constant, the sudden increase in the number of competitors increased mutual competition in the broadcasting industry.

The advent of general networks caused a shock in the broadcasting labor market as well. Movement of talent in the broadcasting industry between organizations was almost nonexistent before the emergence of general networks, due to the lower status of cable channels and the disappointing environment in the cable networks in terms of creating content. However, after the general networks came on the scene, scouting and transfer of talent across organizations became so pervasive that it created a whole new labor market. General networks such as JTBC possessed significant capital, and with the rapid growth of the CJ E&M conglomerate's MPPs, these new entrants began luring broadcasting talent from the major terrestrial networks, opening up a new market and significantly affecting similarities and differences in content between channels and broadcasting networks.

JTBC

JTBC was selected as a general programming network after establishing itself as a corporation in March of 2011 and officially began operations December 1, 2011. JTBC provided press coverage and production of dramatic content and other entertainment programs. Various operational and business-support offices assisted the production departments.

JTBC was part of the JoongAng Group and a subsidiary under JoongAng Daily, one of the three largest newspaper companies in South Korea. The JoongAng Group also included a multiplex movie theater franchise, Megabox, and the Phoenix Hotel and Resort. JTBC's ownership structure was different from the other general networks. Although a part of the JoongAng Group, it operated with a degree of independence, while other general networks, such as TV Chosun and Channel A, received investment funding from their parent companies (Chosun Daily, Dong-A Daily).

The JoongAng Group was Korea's only comprehensive content group and the only one of the four general programming networks to have operated a general programming channel. Although Maeil Business Newspaper also operated a channel, MBN, its primary focus was economics and news reports; it did not broadcast other types of content. The JoongAng Group, on the other hand, had experience operating the Tongyang Broadcasting Company (TBC) until it was disbanded due to the forced mass media merging of 1980. It was said that the JoongAng Group retained its ambition and fervor in broadcasting even after the loss of TBC. Almost as if it wanted to prove that point, the JoongAng Group was the first to leap back into the general programming business after the passing of the media law amendment in 2009.

JTBC, along with the other new entrants into the broadcasting industry, experienced extreme obstacles at the beginning of its operations due to the fact that the industry favored the oligopoly of the terrestrial networks, and as a result of the entry barriers and stringent regulations. In its first two years after it entered the broadcasting industry, JTBC experienced losses of \$123 million and \$137 million, respectively. At the time, the public did not have a positive opinion of general

networks, including the celebrities, actors, and musicians who appeared on them, which resulted in difficulties producing various types of content. However, in the third year after its entrance, the company's performance began to increase, especially in the entertainment section. With the successes of unique new types of programs such as *Witch Hunt*⁴ and *Battle of Tongues*⁵, JTBC was able to improve its image in the public eye. Its press section also showed increased performance, with Sohn Suk Hee appointed as president of press operations and the main news program re-named JTBC Newsroom.⁶ As a result, the ratings improved substantially, and the public referred to JTBC press coverage as "fair news," resulting in a tremendous bump in brand image and name recognition.

While receiving praise and experiencing success in both the press and entertainment sections of the market, JTBC also continued to make significant investments in its drama content production, gradually becoming one of Korea's Big 5 Channels. JTBC and tvN played crucial roles in the fracture of the traditional "Big 3" channel framework in Korea. In 2016, JTBC surpassed tvN and began to engage in a more official competition with the three big terrestrial networks. JTBC was a frontrunner in the downfall of the traditional oligopoly that ruled the Korean broadcasting industry for decades. In April of 2016, JTBC was designated the top broadcasting network chosen by viewers in 2015 and won the Korean Media Award in both 2016 and 2017, asserting itself as Korea's top broadcasting network. In 2017, JTBC recorded its first net profit surplus since its inception (see Exhibit 1). In 2018, JTBC continued to experience success in entertainment, press, and drama productions and was considered South Korea's top broadcasting network in terms of reliability and viewership (see Exhibit 2).

Tongyang Broadcasting Company (TBC)

Tongyang Broadcasting Company was founded in 1964 and was successful in the domestic broadcasting industry in Korea until it was forcefully merged with KBS in 1980 as part of the mass media merge. It was considered a predecessor of JTBC since it was part of the same corporate body along with JoongAng Daily.

TBC was a general network that operated a diverse range of programs, and its viewership was centered on entertainment content. However, that did not mean that its press section was weak. TBC took advantage of its synergetic relationship with JoongAng Daily and was one of the first networks to broadcast a style of news similar to that of today. TBC was South Korea's top broadcasting network post mid-1970s and was considered a leader in South Korea's broadcasting industry until it was forcefully and abruptly shut down by the government's media policies. TBC emphasized a strategy of "top talent, top facility, top treatment." The company was known for

⁴ *Witch Hunt* was a popular JTBC television talk shows. It aired from 2013 to 2015, totaling 123 episodes. It centered on "men's women-talk," discussing real-life topics regarding relationships and targeting mature audiences. It attained popularity and fame due to its selection of mature adult topics and subjects unprecedented in the conservative broadcasting industry of South Korea.

⁵ *Battle of Tongues* was one of JTBC's socio-political-cultural programs. It began airing in February of 2013 and continued to air largely as a media criticism program touching upon various social, political, and cultural issues that terrestrial networks found too difficult to handle. A Gallup study placed *Battle of Tongues* 11th in the rankings of TV programs liked by Koreans.

⁶ JTBC Newsroom was JTBC's main news program. It began airing in September of 2014, providing daily news at 8:00 P.M. The program running time was 100 minutes on Mondays through Thursdays, and 1 hour on the weekends. In a Gallup study, JTBC Newsroom was selected as the number one news program preferred by Koreans and the number one news program in terms of reliability.

attempting to improve programming quality by hiring talented individuals from other broadcasting networks. TBC also provided various benefits, resulting in a very close-knit community of dedicated professionals.

The government's rationale for the mass media merge of 1980 was to re-organize the myriad newspaper and broadcasting companies then prevalent in Korea and introduce the public service broadcast system, but this merge actually was implemented for the purpose of increasing control of the broadcasting market by the military government at the time. The merge left many media conglomerates and newspaper companies able to participate in the broadcasting industry, and JoongAng Daily had no choice but to relinquish TBC. As a result, the network was reformed as KBS 2TV.

Even in its final moments, TBC showed fiery determination and passion for its role in the broadcasting industry. At the time of its closing, TBC's Chairman Hong Jin Gi (father of JTBC's first president, Hong Seok Hyun) did not give up his dreams; this passion is believed to have passed down through the family of Hong Jin Gi to the rest of the JoongAng Group. This spirit echoed in the words spoken during the final TBC broadcast on November 30, 1980, and also engraved on a plaque on the executive floor of JTBC: "TBC will be forever." According to Hong Seok Hyun (Ph.D. in Economics from Stanford University), chairman of the JoongAng Group, "JoongAng Daily remains a key part of society, even with the absence of TBC. TBC will always reserve a special place in my heart." These words were spoken during a speech at the 40th anniversary event of TBC's founding in December 2004.

Shaping Identity under Competition

After the media law amendment lifted the barriers and made entrance into the broadcasting industry possible, the first business entity to do so was the JoongAng Group. Even after the loss of TBC, the members of this group did not lose their fervor for broadcasting. Chairman Hong Seok Hyun claimed that in order to be a truly comprehensive media group, the JoongAng Group must engage in broadcasting. However, for decades, due to entry barriers and stringent regulations, entrance into the industry was impossible. With changes in the media law in 2009, a brief but definite opening emerged. While other organizations were contemplating the enormous investment costs and the uncertain market outlook, the JoongAng Group swiftly made the decision to enter the industry. Chairman Hong's thoughts were expressed as follows: "No nitpicking. We do it no matter what. The only way to become a true media group is to broadcast."⁷ This sentiment seems to have had an effect on the strategy of the JoongAng Group. Kim Su Gil, JTBC senior adviser and JTBC president from 2013 to 2018, stated that "From the beginning, we knew that if we were to broadcast, we must do it properly."⁸

The major obstacle for the four selected organizations looking to start their operations in the broadcasting industry as a general network was securing financial resources. The firms each needed at least \$260 million to officially launch their channels, and it was more than a challenge to obtain this much financing in South Korea's limited capital markets. JTBC was able to raise funds more easily than the other groups, primarily due to the strong resolution of Chairman Hong

⁷ Interviews with Chairman Hong Seok Hyun and other JTBC officials, November 13, 2017. Subsequent unattributed quotations are from author interviews, unless otherwise noted.

⁸ Interviews with Kim Su Gil and other JTBC officials, October 24, 2017.

Seok Hyun. The financial power of Chairman Hong and the JoongAng Group proved superior to those of Chosun Daily, Dong-A Daily, and Maeil Business Newspaper, and Chairman Hong was determined to enter the broadcasting industry even if it meant losing everything he owned. Chairman Hong had considerable experience as president of the World Association of Newspapers, bringing with him powerful network connections with foreign media companies. With these resource advantages, not only was JTBC able to raise the necessary funds faster than the other selected groups, it was also the only organization to receive foreign investment funds from Turner Asia Pacific Ventures, Inc. and TV Asahi Holdings.

With the advantage of past experience in broadcasting and the financial prowess of Chairman Hong, JTBC was regarded as the most dangerous new player in the market. However, whether or not JTBC actually continued to excel in the market going forward remained to be seen.

To Boldly Jump: Similarities and Differences

At the end of 2011, the general networks were at an inherent disadvantage for various reasons. The Big 3 terrestrial networks that had dominated the industry for decades viewed the launching of the general networks with skepticism and showed few signs of worry. South Korea's advertisement market was shrinking, and with the diversification of media into online and mobile devices, the broadcasting industry seemed unpromising. Many individuals within the broadcasting industry claimed that the advertisement market was already saturated, and that younger audiences no longer watched the news. Along with these opinions, there were also many doubts regarding the survivability and wellbeing of the new entrants.

As one of these new entrants, JTBC chose a rather unconventional strategy to begin its operations. While TV Chosun, Channel A, and MBN all called themselves "general programming networks" and implemented strategies that received support from their parent newspaper companies, JTBC took a forward-looking approach by positioning itself as a "new broadcasting company." No general programming network channel had existed before that was able to manage a diverse range of content like the Big 3 terrestrial networks using the same method of transmission through cable channels like the big program providers. This was a new, legally defined entry mode. Not surprisingly, the identity of these new general networks was ambiguous to both consumers and workers in the broadcasting industry. Therefore, the other three companies classified general programming networks as separate entities, while JTBC chose not to be tied down to this institutional category but instead compete directly with cable channels and various other players; this stance eventually helped JTBC create its own identity.

In order to strengthen its basic position and set bold goals, JTBC actively utilized the experience of the JoongAng Group's past subsidiary, TBC. Since its inception, JTBC established itself as the successor of TBC, which was evident in the name of the channel. After its approval as a general network, JTBC appointed the former president of TBC, Hong Doo Pyo, as chairman in order to carry on TBC's mindset. Hong Jeong Do (MBA from the Stanford Graduate School of Business), CEO and president of JTBC in 2018, reminisced: "There was pride in TBC. When TBC closed, it was Chairman Hong Doo Pyo who took down the flag. To have that group of people at that time reunite and raise a new flag under JTBC had significant meaning."⁹ Oh Byung Sang, executive editor of JTBC and JoongAng Ilbo, described the company's identity: "In the beginning, we

⁹ Interviews with President Hong Jeong Do and other JTBC officials, September 19, 2018.

focused on entertainment and drama, because those areas were TBC's main strengths. That mindset was already laid out. JTBC had not yet established a clear identity at the time."¹⁰

The fact that JTBC claimed to have inherited TBC's mindset was a huge help in goal-setting for the firm as a new entrant, which was no easy feat. The reasons for JTBC's success can be at least partially attributed to its reference to the experiences of TBC. However, it could not stop there; according to Kim Pil Gyu, JTBC political news senior reporter, "It seemed as if we set a floor of expectations as 'forming a broadcasting station greater than TBC no matter what.' Then, naturally we felt the need to create pioneering contents."¹¹

Preparing for Competition through Bold Investments

Since its inception, JTBC made bold investments and differentiated itself from the other market entrants in the general programming network arena. While the other networks sought to lower risk through limited investment, JTBC did not hold back in investing, but sought to build a strong foundation. During the first year of operations, it spent \$40 million on broadcasting systems and \$27 million on facilities in order to establish a strong base for its operations. It also spent \$16 million on scouting production talent from terrestrial networks. This received much attention within the South Korean broadcasting industry, largely due to the fact that such spending was unprecedented during the industry's history.

Prior to these events, the Korean broadcasting industry's labor market was very closed. Each station would conduct open recruitment for its production personnel, and it was difficult to move between stations once someone got hired to a certain station. The dominant role of the terrestrial networks made it extremely rare to see employees leave their jobs for cable networks or PPs. However, that began to change once the four general networks entered the industry. JTBC, in particular, boldly scouted talent from terrestrial networks, especially well-performing production personnel. This was not an easy feat, however, as the general networks' public image was low, reflecting their lack of a concrete identity. In the case of JTBC, its very best management team dedicated considerable efforts to employing superior talent. A handful of producers contemplated transferring to another station, and the freedom to create new content. Though a sizable investment was needed in order to recruit multiple renowned producers at once, JTBC was not stingy; the network spent \$16 million in order to secure superior talent from the beginning. A broadcasting station that recruited the top talent from the Big 3 terrestrial networks even before beginning its operations was unheard of at the time. JTBC's considerable investment into the scouting for talented producers was not only related to the desire to create leading content, but also intended to show that the network would focus on entertainment. The other general networks, on the other hand, were reluctant to invest in recruiting talent and eventually failed to accumulate sufficiently skilled producers. The difference in the scouting process between JTBC and other general networks was one of the primary reasons for JTBC's fundamental advantage in securing greater organizational capability than the other companies, and creating the gap in performance between them.

¹⁰ Interview with Oh Byung Sang, May 11, 2018.

¹¹ Interview with Kim Pil Gyu, September 6, 2018.

Frontal Competition, Differentiated Strategy

TBC chose to compete head-on with existing players in the broadcasting industry but, on the other hand, it wanted to establish its uniqueness with a differentiated strategy. In the early days of operations, the company selected its main competitors as the three terrestrial broadcasters with the idea of differentiating itself from the three, and surpassing them. “From the beginning, we thought, ‘We’ll do our own broadcasting,’ so we never selected a specific competitor. However, when preparing for opening, we benchmarked a private broadcasting company in SBS for cost analysis,”¹² stated Kim Su Gil, JTBC senior adviser and former JTBC president.

Broadcasting was a highly capitalized business, so all the general networks had similar challenges early on. General networks, like terrestrial broadcasters, were able to organize programs of various genres, but they had a duty to distribute the programs evenly in a situation where they had not accumulated nearly enough resources to produce and televise content. In the end, most of the new agencies were forced to focus on news reports and current affairs programs. All four of them relied heavily on the resources of their parent newspaper companies (JTBC: JoongAng Daily, TV Chosun: Chosun Daily, Channel A: Dong-A Daily, MBN: Maeil Business Newspaper). However, JTBC’s strategy was somewhat different. JTBC thoroughly prepared for all genres of reporting, entertainment, and drama from the beginning. Broadcasting officials who attended the JTBC briefing session held a month before JTBC’s opening were also shocked by the new network’s weekly production schedule and compilation of several dramas and entertainment programs. It was a sharp contrast to the criticism that TV Chosun, tvN, and MBN’s presentations received at their briefing sessions of their content as being “hollow.”

For a long time, the general networks were stuck in an awkward position. One of the main reasons for criticism was the evidence of biased operations within these networks. External sources outside the industry consistently pointed out that a high proportion of the channels’ news reports was based on the resources of their parent newspaper companies. Compared to terrestrial broadcasters, who tended to devote 20 to 30 percent of programming time to news report and press coverage, the ratio of news reporting on the general network channels remained consistently around 40 percent for two years after their opening. According to the 2013 Performance Test of the Korea Communications Commission (KCC), the ratio of news reporting programs by TV Chosun was 48.2 percent, Channel A 43.2 percent, MBN 39.9 percent, and JTBC 14.2 percent. The other general networks tried to reduce the news and press coverage ratio, but JTBC was the only channel that was geared toward having a similar ratio to those of the terrestrial networks. JTBC’s news coverage ratio from 2011 to 2018 remained steadily between 14.22 percent and 23.67 percent. When other general networks were heavily reliant on news reporting based on their parent newspaper companies’ resources, only JTBC was implementing strategies similar to those of the terrestrial broadcasters. The number of movies, animations, and music programs run by this network made a big difference. From 2014 to 2017, only JTBC offered film, animation, and music programs, which helped make it superior to the other general networks and offer programming comparable to the terrestrial networks. JTBC was the only network to fulfill its promise to the public in compiling the required amount of content for the public good. In doing so, the identity of this unique broadcasting channel was formed. Not surprisingly, of the four new entrants into the broadcasting industry, only JTBC showed progress that matched the standard of the terrestrial channels (see Exhibits 3 and 4).

¹² Interviews with Kim Su Gil and other JTBC officials, October 24, 2017.

Although it made headway as the most promising of the new entrants, JTBC could not escape the early struggles of establishing itself. Even with large investments and recruitment of excellent personnel, it was difficult to overcome the barriers of the existing oligopoly created by the terrestrial networks. Some changes in management were in order. Hong Jeong Do (president and CEO of the JoongAng Group in 2019), who was considered the heir to the JoongAng Group, planned drastic changes as he joined JTBC in January 2012 and took over its management in 2013. Just because JTBC chose to compete against existing players in the industry did not mean it could simply follow the path paved by other broadcasting companies. Hong Jeong Do decided to adopt a somewhat different approach with the slogan “Different channel JTBC,” the pursuit of differentiated strategies, and the establishment and implementation of JTBC’s core capabilities. The goal was not simply to increase ratings, but to show “something different but meaningful.” Hong Jeong Do stated, “If we did the same thing as everyone else even with inferior production personnel, capital, and recognition, we lose. That’s why we emphasized differentiation.”¹³ To achieve this differentiation, JTBC modified its key indicators, coordinating them with its vision and goals. First, the “2049 ratings”¹⁴ were identified as a key indicator of decision-making. At that time, JTBC advocated a “young channel,” targeting viewers in the 20 to 49 age range. Ratings in this age range were more meaningful than overall ratings, given the purchasing habits of this group. Later, President Hong Jeong Do developed and applied a “signal system,” which involved decisions made based on the 2049 demographic, the main target of the JTBC organization. Broadcasters with a variety of programs such as entertainment, drama, and production of news reports had outside noise in their decision-making processes, but with the introduction of an agreed-upon signal system, the standards of the decision-making process were normalized. Major decisions such as approval of program production and budget maintenance all revolved around the target 2049 audience. As the signal system was established, communication and decision-making between support departments became more efficient and contributed to the emergence of JTBC’s virtuous cycle structure. According to Hong Jeong Do, “We were going to base everything on 2049. It was a sort of a promise. Seniority did not matter. When the red lights came on, it was time to take down the program. Once the virtuous circle was set into motion, nothing was rough after that.”¹⁵

Strategic Experiments and Organizational Culture

There were two cases in which the Korean public strongly acknowledged JTBC. The first was the sinking of the Sewol ferry; the second the 2016 South Korean political scandal¹⁶ that eventually led to the impeachment of President Park Geun-hye.¹⁷ Both of these two incidents provoked public anger, and JTBC received accolades for its fair and detailed reporting. In particular, JTBC earned

¹³ Interviews with President Hong Jeong Do and other JTBC officials, September 19, 2018.

¹⁴ Network ratings derived from people aged between 20 and 49 with high purchasing power and intent. Advertisers generally preferred programs with high viewing rates in the “2049” age range. High ratings in general, however, did not mean high ratings in the 2049 group. In order to increase viewership, a completely different approach was needed, such as focusing on supporting cast members and organizing and editing content to target younger audiences.

¹⁵ Interviews with President Hong Jeong Do and other JTBC officials, September 19, 2018.

¹⁶ Madison Park, “Growing South Korean protests demand President Park’s resignation,” CNN, November 26, 2016, <https://edition.cnn.com/2016/11/26/asia/south-korea-mass-protests/index.html> (January 30, 2019). Also see Wikipedia report, https://en.wikipedia.org/wiki/2016_South_Korean_political_scandal (January 30, 2019).

¹⁷ Choe Sang-Hun, “South Korea Removes President Park Geun-hye,” *The New York Times*, March 9, 2017, <https://www.nytimes.com/2017/03/09/world/asia/park-geun-hye-impeached-south-korea.html> (January 30, 2019).

widespread praise for revealing Choi Soon-sil's tablet PC—which provided critical evidence in the case against South Korea's president.

Not only in the press department, but also in the production department, JTBC executives stressed “what they could do at JTBC.” Reporters of news agencies, who were the main agents in the scandal, and producers who shook the Korean broadcasting industry with their new forms of entertainment all gathered to emphasize what was possible at JTBC. Differentiating itself from other broadcasters and other organizations, JTBC had established an organizational culture that tolerated drastic devolution and reaction to failure that enabled rapid decision-making.

Aggressive Devolution and Rapid Decision-making

JTBC was known for its ability to make faster decisions than other broadcasters. Despite its membership in the JoongAng Group, this speedier decision-making than other cable broadcasters can be attributed to a culture of continuous communication and authority transfer. CEO Hong Jeong Do and other executives fostered a culture that enabled them to emphasize the importance of quick decision-making. As a result, the network had created a horizontal organizational culture of which the executives and employees could be proud. From top executives to entry-level employees, smooth communication was a priority. In the words of the president and CEO, “It's a changing market. If we aren't quick to decide there is no meaning. If we're slow, we lose.”¹⁸ Kim Sok Yun, the managing director of production for JTBC, noted that “JTBC's decision-making is fast. Even with the existence of an organizational system, the decision-making is faster than other broadcasters.”¹⁹ Kwak Joon Seok, senior manager of the JTBC management planning team, put it this way: “We have pride in our horizontal culture. I don't think there is anything similar in other organizations that breaks down the hierarchy of positions and allows the discussion of the future together.”²⁰

Although JTBC pursued devolution and rapid decision-making from the beginning, the official implementation of these strategies really began with Sohn Suk Hee's²¹ inauguration in May 2013. Sohn Suk Hee was ranked as Korea's top, most trusted journalist by the Korean public for 12 consecutive years, from 2007 to 2018. A high-profile figure, Sohn became the hot topic of discussion when he joined JTBC.²² Chairman Hong Seok Hyun was known to have recruited Sohn aggressively for more than a year, reportedly promising Sohn that management would not interfere with news reporting. The Chairman promised to transfer his authority in the news sector, a promise which was kept well after Sohn joined JTBC. This rather drastic move to trust Sohn and leave him in charge of making decisions in the reporting sector was reciprocated with trust and transfer of authority to members of the news sector, which went a long way toward making JTBC the most trusted media player in South Korea.

The ability to make decisions rapidly was based on the devolution of authority in JTBC; this strategy paid off during the time of the 2016 South Korean political scandal. The scandal was

¹⁸ Interviews with President Hong Jeong Do and other JTBC officials, September 19, 2018.

¹⁹ Interview with Kim Sok Yun, May 2, 2018.

²⁰ Interviews with Kwak Joon Seok and other JTBC officials, April 10, 2018.

²¹ Sohn Suk-hee, Wikipedia entry, https://en.wikipedia.org/wiki/Sohn_Suk-hee (January 30, 2019).

²² Sandip Kumar Mishra, “Sohn Suk-hee's return as anchor,” *Korea Times*, October 14, 2013, http://www.koreatimes.co.kr/www/news/opinion/2013/10/197_144285.html (January 30, 2019).

considered the worst in Korea's constitutional history, as it led to the impeachment of former President Park Geun-hye. Choi Soon-sil, who shared a close personal relationship with Park, held secretive power over the president and intervened in various state affairs and decisions without proper legal procedures. In July of 2016, suspicions of Choi's manipulation of state affairs were first aired, but despite many suspicions, the lack of conclusive evidence seemed to bury the case. However, on October 24, 2016, JTBC acquired a tablet PC that was believed to belong to Choi—a PC that held various state secrets. After revelation of the tablet PC on JTBC Newsroom, public opinion exploded, which led to the 2016-2017 South Korean protests¹¹ and a movement to have President Park impeached. Park ended up being convicted of various illegal activities and, for the first time in the constitutional history of the Republic of Korea, a president was impeached on March 10, 2017.²³

JTBC's Choi Soon-sil tablet PC report was not only politically sensitive, but also risky enough to play a critical role in the national crisis. JTBC alone acquired and brought to light that tablet PC through coverage of the scandal. As part of this coverage, the network quickly created a task force that worked together for several days, analyzed the device, and issued a press release. The transfer of substantive authority to this task force, which is a form of devolution, facilitated quick decision-making. Until the day the report was aired, the top executives of the JoongAng Group and JTBC knew nothing about the tablet revelation, and even when they heard the news on that fateful morning, they simply "trusted their news team." According to Jeon Jin Bae, political news editor for JTBC, "It would have been bad if President Sohn and Director Oh had not trusted us 100 percent. If it was any other organization, I would not have been able to write the article."²⁴

Experimentation and Failure

JTBC was known for introducing new broadcasting formats regardless of the segment. It offered the first Korean evening news program that aired for 100 minutes, and produced and distributed entertainment and dramas in new and exciting formats. Although it was a new entrant, JTBC was successful. What was the driving force behind the creation and distribution of new content, despite limited resources compared to terrestrial broadcasters?

Production Sector: Entertainment, Drama

JTBC's production department consisted of employees recruited from the three terrestrial companies (KBS, MBC, SBS) and cable networks. One of the characteristics of the Korean broadcasting labor market was that terrestrial broadcasters remained highly conformist, whereas JTBC attracted a diverse workforce. This diversity was a stumbling block to JTBC early on. Confusion continued for a period of time when JTBC was preparing for its opening, as people from different organizations had different cultural norms and technical language. However, this diversity was sublimated to the advantage of the network as people from various backgrounds gathered together to coordinate various systems. Lim Jung Ah, director of JTBC's second production team, described it thus: "There was a lot of difficulty caused by diversity and room availability, desk layout, and editor type. Because various cultures are mixed... At first, I tried to

²³ "South Korea Removes President Park Geun-hye," *The New York Times*, March 9, 2017, <https://www.nytimes.com/2017/03/09/world/asia/park-geun-hye-impeached-south-korea.html> (January 30, 2019).

²⁴ Interview with Jeon Jin Bae, May 2, 2018

create a unique style of JTBC through constant communication.”²⁵ The area in which JTBC placed most emphasis in the early years of its operation was entertainment. Although it boldly hired 16 producers from terrestrial broadcasters and invested steadily for two years, these efforts did not produce any tangible results. According to one JTBC producer, for the first two years, the number of failed programs was “over the limit of one’s life.” After two years, the program *Battle of Tongues*²⁶ proved to be successful in 2013, after which JTBC started to pump out hit show after hit show. The distinctive feature of JTBC’s entertainment success was not just based on viewer ratings and program popularity, but also on innovative program formats never before seen in the Korean broadcasting industry.

Kim Si Kyoo, the executive director of production for JTBC, referred to another important feature of the organizational culture of this network: “Simple. We continued to fund our talented producers and waited.”²⁷ A patient waiting culture was at the heart of the JTBC production team. A show’s low performance did not cause it to be cancelled; instead, JTBC gave the program a chance to redeem itself, thereby enabling the production of successful entertainment. Producer Cho Seung Wook of the entertainment agency, one of the production staff who was recruited from KBS, knew first-hand how this played out. Cho Seung Wook’s first production at JTBC was called *Made in U*,²⁸ an audition program designed to discover the next generation of Hallyu idols—the artists, actors, and other celebrities who were leading the Korean Wave movement, which described Korean-produced dramas and music spreading to Asia and beyond. A significant amount of resources was devoted to the production of the program, but in the end, it failed to produce results. Producer Cho Seung Wook himself declared it “a pretty bad failure.” Nevertheless, JTBC believed in this employee and gave him another chance. Cho Seung Wook’s next entertainment program, *Hidden Singer*, became one of JTBC’s most popular shows.²⁹ In addition, the music entertainment format has earned much attention from other countries, not just Korea. A remake version was broadcast in Thailand, and the company made a big profit by signing a copyright agreement with NBC Universal on formatting. Cho Seung Wook followed his success with the launching of *Phantom Singer*,³⁰ which also became a big hit.

It took less than a year for Cho Seung Wook to produce *Hidden Singer* after the failure of *Made in U*. JTBC’s signature entertainment programs might not have been born if the company had not trusted the producer and given him another opportunity for redemption.

JTBC was the only drama producer among the four entrants as of 2018. JTBC repeatedly failed in the drama sector in the early days of its operation, when actors and actresses hesitated to make appearances due to the poor image of the general networks, which led to casting difficulties. Making profits was also difficult because its content distribution infrastructure was not properly formed. Because of the many potential losses, the other general networks gave up producing dramas, but JTBC did not give up its investments in the drama sector despite its failures. As a

²⁵ Interview with Lim Jung Ah, May 2, 2018.

²⁶ *Battle of Tongues*, op. cit.

²⁷ Interview with Kim Si Kyoo, May 11, 2018.

²⁸ *Made in U*, a JTBC audition program, aired every Sunday from December 2011 to May 2012.

²⁹ *Hidden Singer*, one of JTBC’s entertainment programs, aired its first season in 2012, and season 5 aired in 2018. Original singers and songwriters took turns singing behind a curtain. It became popular as a music show as well as a survival game in which the audience tried to recognize the voice of the singer.

³⁰ *Phantom Singer*, a JTBC music entertainment program, was an audition program for male quartets. Unlike other K-Pop-oriented auditions, this program featured crossover music. It was first aired in 2016 and finished broadcasting with great success until season 2.

result of its accumulated capacity, JTBC Drama was able to become a casting power comparable to the terrestrial TV channels. The drama group expected to launch additional successful projects in the future.

News Sector: Most Reliable News in South Korea

JTBC's reporting division began to emerge when Sohn Suk Hee became the president of the news agency in May 2013. Sohn Suk Hee, one of the most trusted journalists in South Korea, was among Korea's best journalists in terms of recognition and status. Sohn Suk Hee was given independence when it came to news reporting when he took office as the chief news officer. This meant that journalists could freely write and report articles they wanted to write, without outside pressure. At the time, the industry was in chaos, with TV channels competing for ratings through sensational "blunt remark" news. President Sohn declared the following four key values of JTBC News on the day of his inauguration: actuality, fairness, balance, and dignity. JTBC News continued to rely on these key values, earning a reputation as the most reliable media company in Korea since 2016.

Under Sohn Suk Hee, JTBC News 9³¹ made a large number of changes. First, as of September 2013, Sohn Suk Hee became the main anchor. Sohn's brand power, which was great in the Korean media community, played a part in the success of JTBC News. In addition, JTBC made fundamental changes to the format and content of the news, moving away from the "department store style" news that was stale and predictable. Sohn emphasized a "choose and focus" slogan in presenting the news. For breaking news, JTBC blocked news editing and encouraged exploration.

One of the most notable features of JTBC News under Sohn Suk Hee's regime was the live progress of the news. South Korea's news coverage commonly was pre-recorded, but much of JTBC News was broadcast live. Despite the criticism that it was a harsh, uncut way to present the news, JTBC made the decision to maximize the reality of the news. This process had not previously been seen in Korea; despite the claims that it was a fresh approach to the news, there were some negative reactions. In the Korean news industry, there had always been a strong sense of rejection of anchors and journalists who made mistakes during live broadcasts, although it was natural for journalists unfamiliar with live broadcasts to make mistakes. However, JTBC insisted on live coverage, which increased the popularity of JTBC News among viewers. Press executives under Sohn Suk Hee did not penalize reporters for making a mistake during a live broadcast. This culture of allowing reporters to keep trying through trial and error gave them confidence.

While JTBC News 9 was establishing its position, the JTBC reporting division planned a drastic change, reorganizing its main news program as of September 2014. It changed the title to JTBC Newsroom³² and broadcast main news for 100 minutes. This was unprecedented in South Korean broadcasting history. With fewer and fewer viewers watching the news on TV, the allocation of 100 minutes to prime time news seemed bold and dangerous. However, it was consistent with the spirit of JTBC News, and its determination in news reporting. The format of the news also changed. First, the news was divided into two sections, with the first section delivering the main news and the second section going into more depth about the news reported during the first section. New

³¹ JTBC's former news program broadcast for 60 minutes during weekdays and 30 minutes on the weekends.

³² JTBC Newsroom was JTBC's main news program. It broadcast every night since September 22, 2014, with 100 minutes in the program during weekdays and 60 minutes on weekends.

segments such as Anchor's Briefing³³ and Fact Check³⁴ offered different opinions and looked at the news from different angles. Viewers flooded the newly rejuvenated JTBC Newsroom with positive responses, and the network was rewarded with the trust of the Korean people in reporting news events (see Exhibits 5 and 6).

Another feature of JTBC News was the brand power of its journalists, a trait uniquely applicable to JTBC in the Korean broadcasting community, and one that could be attributed to Sohn Suk Hee's strategy of creating an identity for each reporter and increasing the program's credibility. For example, JTBC did not replace two reporters who were stationed at Jindo Port, which was the accident point and base camp during the Sewol ferry incident. Despite the fact that several other reporters were available, Sohn was able to form a relationship between the issues and the journalists, not only to enhance the reliability of JTBC reporting, but also to foster the growth of the reporters. As a result of this journalist-branding strategy, JTBC cultivated several "star reporters." These reporters became a valuable asset to JTBC press—though there were questions about the best way to pursue this strategy for the future.

2018 AND BEYOND

In the seven years since its opening in December 2011, JTBC had achieved much as a new entrant in the broadcasting industry. Its bold reports led public opinion amid the biggest political scandal in Korea's history, and it was responsible for increasing the broadcasting oligopoly from the Big 3 to the Big 5 in an industry that had remained stagnant for decades. In 2017, the company achieved its first operating profit surplus since opening; it was the most trusted media outlet in Korea as of 2018.

However, there were challenges that JTBC would have to address as it continued to grow. As a fledgling broadcasting company, which had only been operating for eight years, it would need to consider how to respond to macro-environmental changes as a player in the rapidly changing broadcasting and media industries.

JTBC's Internal Challenges

How could JTBC continue to innovate in the process of growing and maturing as an organization? JTBC's production department may have been able to gain popularity by producing new forms of entertainment and drama because of its organizational culture, quick decision-making, smooth communication, and continued attempts through trial and error. However, as JTBC grew, would it lose its unique diversity and agility? It would need to look for ways to grow while maintaining the current organizational structure and culture that fostered experimentation and innovation (see Exhibit 6). As one JTBC employee noted, "There is a fear that the organizational growth of JTBC will cause the company to become more bureaucratic and lose the unique advantage of JTBC." Another asserted: "To be successful in content, diversity has to be supported. Success may

³³ One of the "corners" in the JTBC Newsroom, run by Sohn Suk Hee. The briefing's purpose was to view and explain issues from the viewpoint of the anchor. The personality of the anchor became known to the audience.

³⁴ Another one of the JTBC Newsroom "corners." Fact Check focused on reaffirming whether a report is true or not. The format, which was developed in the early 2000s in the United States, aimed at verifying the remarks of politicians. Its news reporting was similar to that of the U.S. website, "POLITIFACT" (www.politifact.com).

decrease diversity and experimentation, and if that happens, we will not be successful in terms of contents.”³⁵

It was also necessary to think about the future when President Sohn was no longer in the top position in the news sector. Many reports on the sinking of the ferry Sewol and the scandals related to former President Park would not have been aired at all (let alone revealed to the public) if President Sohn had not independently sought editorial rights. Some even believed that Sohn was the sole reason that JTBC emerged as a successful broadcaster. However, Sohn would not be able to remain as the president of JTBC News forever. There was speculation about how the JTBC news agency would perform after his departure. JTBC would need to contemplate how to manage its news sector once Sohn was no longer president and anchor. One employee expressed this concern: “The dependence on Sohn Suk Hee is too high. Therefore, the risk from Sohn is also high. Through which system and format do we continue after Sohn’s departure is the problem.” President Sohn himself gave this advice: “JTBC, without Sohn Suk Hee, should establish its own character, but I think that character will be protected because there is something that we have built so far. If the present value continues, I don’t think it will be a problem whether I am here or not.”

Preparations for Change in the Media Industry

As various forms of media continued to develop, the broadcasting industry was rapidly changing. The TV broadcasting industry, including JTBC, was based on television, which was a relatively old media form. Boundaries between different forms of media were collapsing, which meant players in the broadcasting industry needed to prepare themselves for macro-level changes.

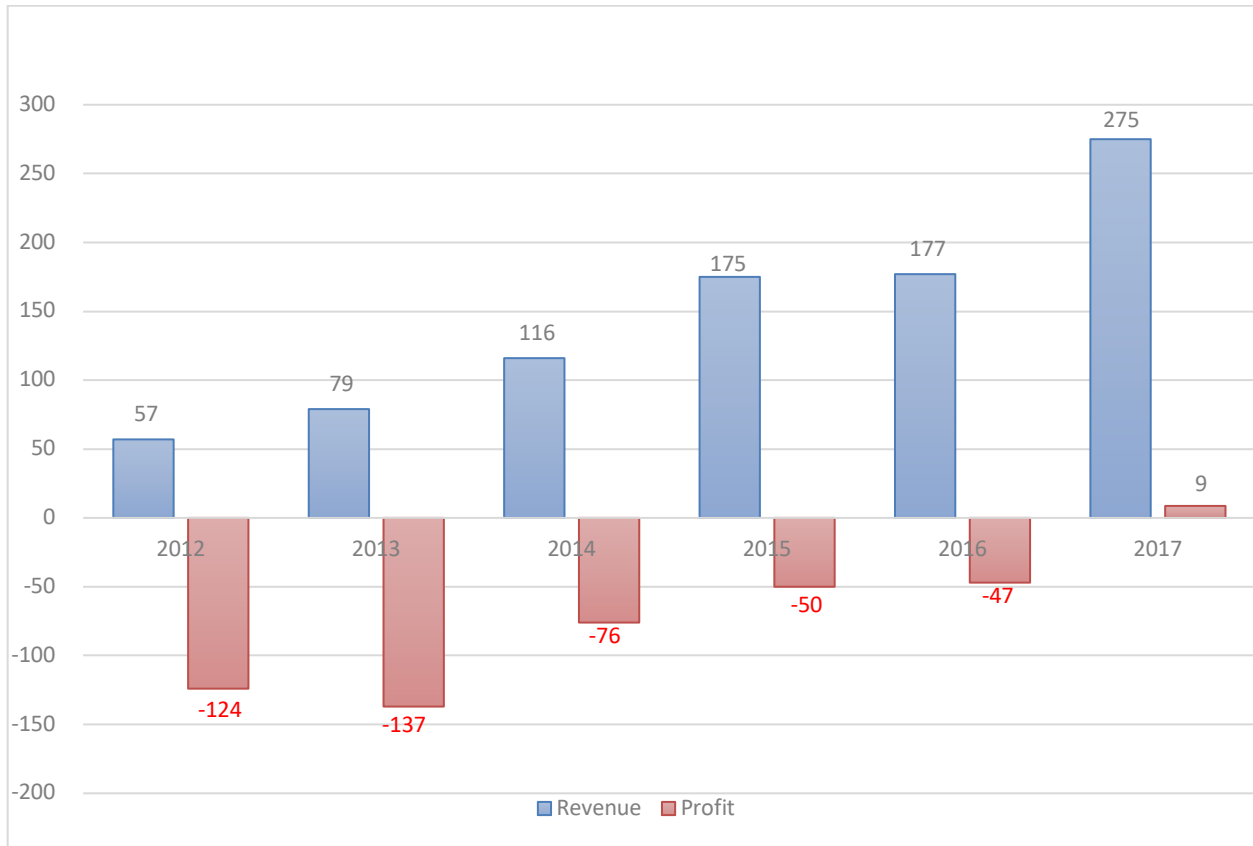
The existing broadcasting industry had relied mainly on advertising sales, as most of its profits were generated from advertising revenue. In the future, it was likely to expect to see fewer television commercials, and more revenue coming from the distribution of content. The distribution market in the Korean broadcasting industry had expanded due to the availability of various platforms, the emergence of global OTT (over-the-top) providers, and the increased value of Korean content. OTT providers, primarily represented by Netflix, had become major players in the global content industry. As a result of this trend, JTBC also signed a global broadcasting contract with Netflix for entertainment and drama-oriented content in 2017. As the industry reorganized, content would continue to increase in value, emphasizing the importance of the content-creating capabilities of broadcasters.

JTBC was preparing to become a global production house in line with these types of changes in the broadcasting environment. Its goal was to become a business that could produce excellent content to export through various platforms and channels. One popular business model, content intelligent property (IP), might be helpful to JTBC. Content IP encompassed a set of related intellectual property portfolios that enabled diverse genre expansion and development of additional businesses based on content. Sales could be increased by diversifying revenue sources based on its content IP. JTBC planned to maximize profits by combining the current core broadcasting channel business model and the content IP business model in a global production house. What would the JTBC production house be like? How could JTBC, which used to be a business model for other broadcasting channels, build a content IP model and still provide award-winning

³⁵ Interviews with JTBC officials, May 2, 2018.

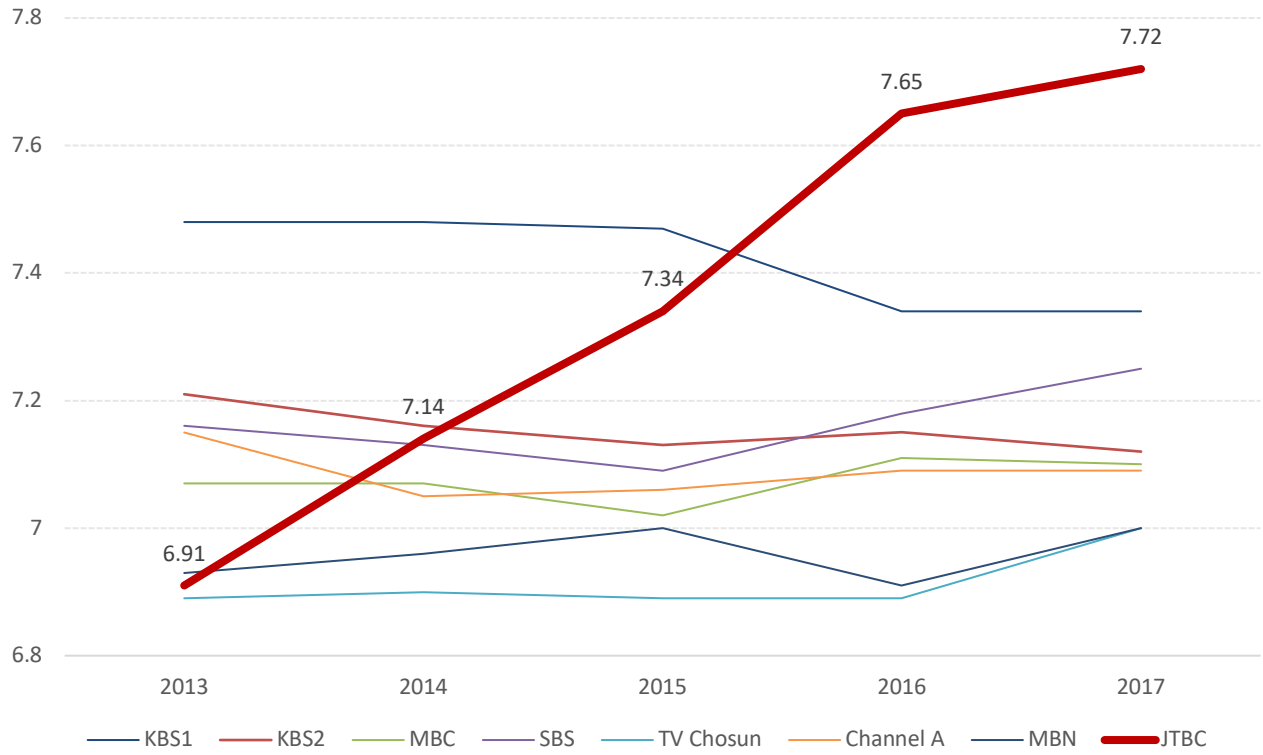
programming? In order to keep pace with changes in the broadcasting industry, in order to become a better JTBC, the company would need to contemplate a plethora of factors.

Exhibit 1
JTBC's Financial Performance (2012 – 2017)
(\$ millions)



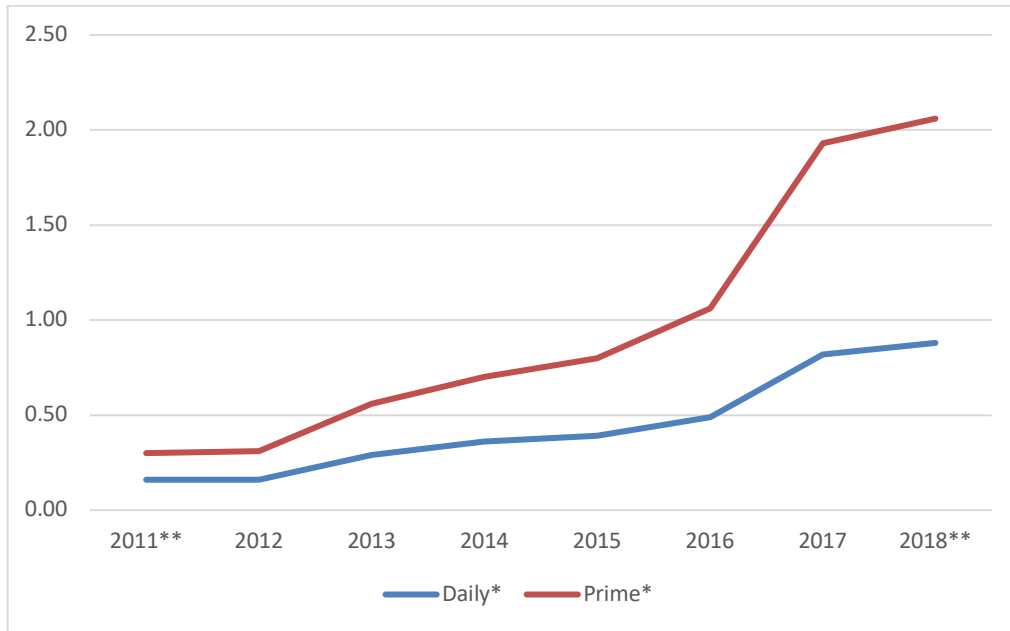
Source: JTBC.

Exhibit 2
Korean Audience Evaluation Rating (KI)



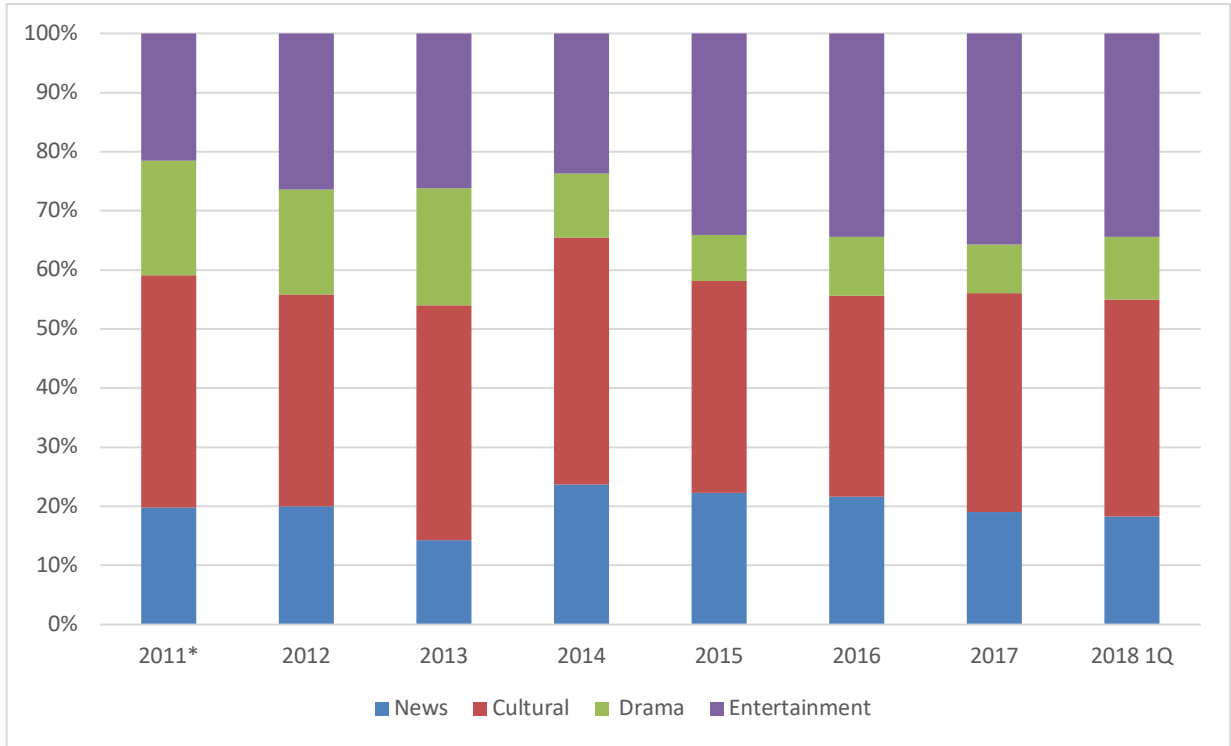
Source: Korea Information Society Development Institute.

Exhibit 3
JTBC Average Ratings (2011 – 2018)



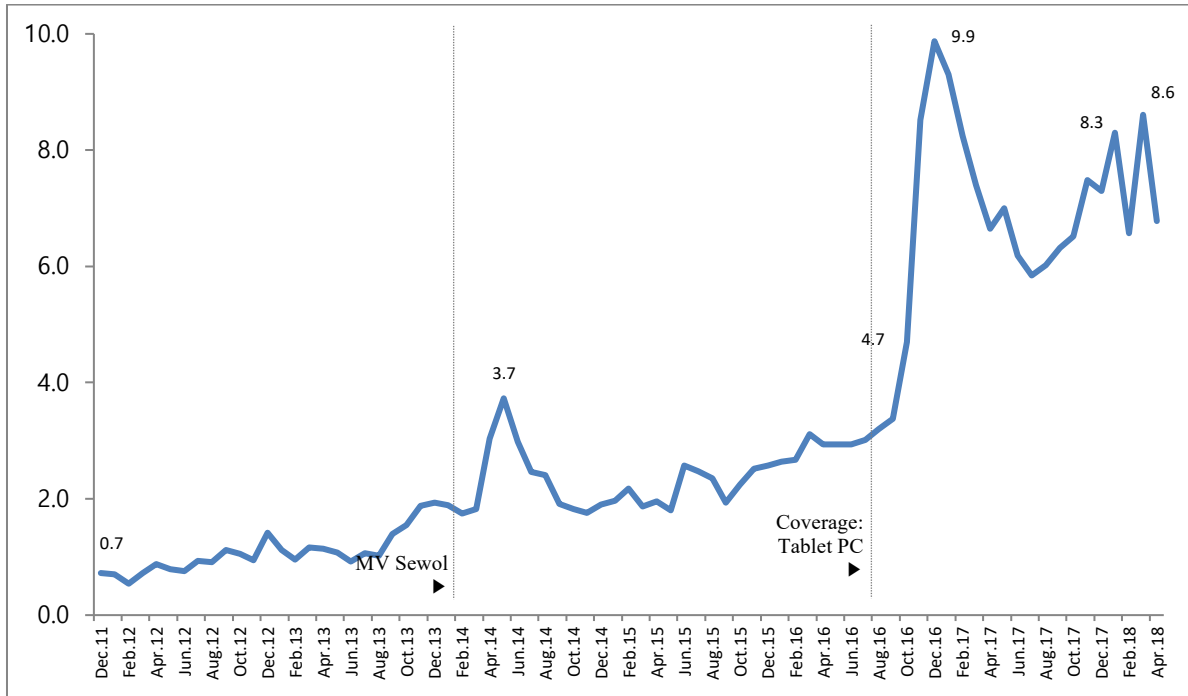
Source: JTBC.

Exhibit 4
JTBC Programming by Genre (2011 – 2018)



Source: JTBC.

Exhibit 5 JTBC Main News Ratings (2011 – 2018)



Source: JTBC.

Exhibit 6 Rating: Inter-Korean Summit in 2018

	JTBC	MBC	SBS	KBS1
Main News Rating	8.4	6.3	6.0	11.0
Prime Time Rating	7.1	4.4	6.6	8.0
Breaking News Rating	4.3	3.7	4.2	6.9

Source: JTBC.

