

# Advertising Regulations in Media Convergence Environment by IT; Focusing on Broadcast and Internet Advertising

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## Abstract

**Objectives:** This study reviewed the regulations of broadcast and Internet advertising in Korea to find the problems related to convergent opportunities or challenges and suggested the alternatives for the improvements. **Methods/Statistical Analysis:** Literature review was conducted focused on the researches of opportunities and challenges caused by convergent media and contents by the development of IT; specifically by the differences of the regulation system of broadcast and Internet advertising based on the secondary data. **Findings:** Statistics indicate that 85.1% of the total population, i.e., 42 million people, used Internet and 53.6% of the users used Internet shopping malls in 2015 in S. Korea. With the increase of Internet or mobile Internet users, the sales volume of Internet advertising have been increasing, on the other hand, broadcast advertising have been decreasing. And 43.2% of the sample size of 7,553 respondents cross-used Smartphone while watching TV. In this regard, the advertising regulation framework based on media-by-media or platform-by-platform of the past is not effective any more in current pervasive situations of advertising content convergence by IT, not even for consumer protection. The different regulatory body by each media such broadcast or Internet has different guidelines or standards to cause overlapping, unclear or unbalanced judgments on the same ads. **Improvements/Applications:** The past vertical or separated advertising regulation system by media needs to be replaced by the horizontal or harmonized paradigm to be open to one source multi-using and convergent ads.

**Keywords:** Advertising Regulation, Broadcast Advertising Regulation, Convergent Advertising, Internet Advertising Regulation, Media Convergence

## 1. Introduction

The rapid development of IT (Information Technology) is changing the whole way of life. Above all things, it opens media convergence age and brings the innovative change of consumers' media usage and buying behavior. Nowadays, media convergence has become a vital factor for not only people's daily life but also company's business model. "Convergence" means generally 'coming together of two or more things' even though a variety of different arguments have been put forward in an attempt to define it. Media convergence in this instance is defined as 'flow of content across multiple media platforms' by interlinking computing and other information technolo-

gies<sup>1</sup>. This implies that media audiences play a crucial role in producing, distributing and consuming contents, and convergence therefore has to be examined in terms of social, as well as technological changes within the society. As an example, advertising through different platforms and operations such as television, Internet and mobile communication devices based on IT has become pervasive for consumers to make a wider and more precise choice of purchasing and furthermore to participate in producing ads and disseminate them, that is, to be the final arbiter of the effect of the advertising.

Among many questions to be suggested whether the advertising media convergence brings opportuni-

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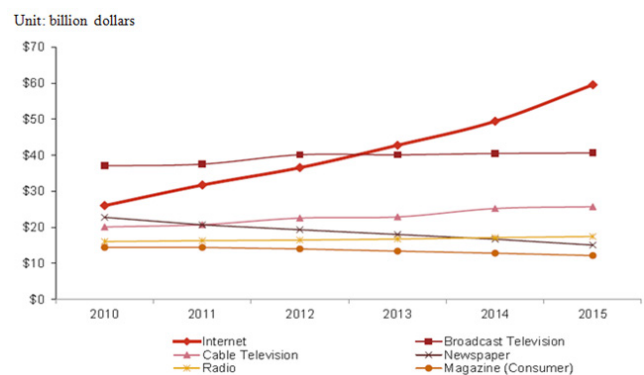
ties or challenges to the industry and society, advertising regulatory issues are needed to be considered seriously. Convergent advertising allows consumers to take advantage of information from one media outlet and to get benefits through other media outlets. For instance, one television advertising is now delivered digitally via cable, Internet or satellite hookup and sometimes digital signage, but the information contents of the ads are different in terms of quality or amount and the results of target consumers' uses of them could be various depending on how much they are participated in them. Since all media outlets have different audiences even though most consumers use more than two media recently, media strategies for advertising are different from the characteristics of the target consumers who are expected to be actually involved in the ads. And the ads by different media platforms cause quite often the social problems such as contents harmful to juveniles even though they are unintentional.

Yet, the regulations of advertising seem unlikely to follow the convergent media trends. It has not been researched much academically and practically how reasonably and effectively convergent advertising is regulated to protect consumers and maintain the order of fair market. This is also about the issue related to juvenile protection from harmful media contents. There were only a few researches in S. Korea about the regulatory issues in media convergent environment. They were conducted for searching for the alternatives in media convergent environment focusing on; the review systems of broadcasting<sup>2</sup>, content regulations in cross-platform age<sup>3</sup>, and suggesting a horizontal regulatory framework of all infrastructures to cover all electronic communications networks and services in response to the convergence of technologies instead of past vertical regulatory system<sup>4</sup>. But none of them are focused on advertising. Considering that the progress of most new media by the development of IT is depending on their advertising as the financial source for maintaining the media organizations, advertising regulations must be very important theme to be researched. In this context, it is worthwhile to review critically the past regulations and to suggest the alternatives for their improvements. This study is focused on the regulations of broadcast and Internet advertising in S. Korea to find the problems related to convergent opportunities or challenges and suggests the alternatives for the improvements.

## 1.1 Situations

Indeed, we spend more time in using digital devices such as Smartphone, tablet PCs and PCs in every day as statistics indicate that 85.1% of the total population, i.e., 42 million people<sup>5</sup>, used Internet and 53.6% of the users used Internet shopping malls<sup>6</sup> in 2015 in S. Korea befitting a country, so called "IT powerhouse". The average time using mobile internet was 113.6 minutes a day and 80.9% of the users used SNS (Social Network Service)<sup>7</sup>. In fact, this is the world's trends as appearing in the US and many countries in Asia<sup>8,9</sup>.

With the increase of Internet or mobile Internet users, the sales volume of Internet advertising have been increasing, on the other hand, broadcast advertising have been decreasing as shown in Figure 1<sup>10</sup>. It shows that in every year since 2010, the annual growth rates of Internet advertising have exceeded those of other advertising media. Internet advertising has experienced double-digit annual growth in every year except 2009; no other media has experienced double-digit growth in any year.



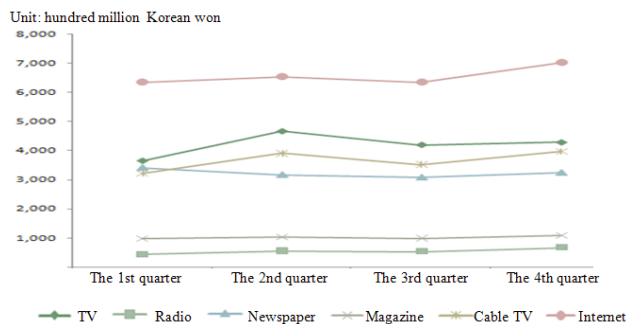
**Figure 1.** Annual trends of advertising market share by media in US appearing double-digit annual growth of Internet advertising.

Similarly, Figure 2<sup>11</sup> presents quarterly trends of advertising market share by media of 2015 appearing the growth of Internet advertising. The figures both prove that most consumers use Internet more than any other media to make buying decisions. And Table 1<sup>12</sup> says that the frequencies of cross-media use while watching TV in 2015 based on the sample size of 7,553 respondents. The reasons of cross-media use while watching TV were because of chatting or using messengers of 52.9%; habitual using of 45.1%; searching various information of 26.3%; playing games of 6.3%; and working of 3.9%<sup>13</sup>.

**Table 1.** Frequencies of cross-media use while watching TV in 2015, Korea (N = 7,553, unit: %)

Media	Frequency		
	Always while watching TV	Occasionally while watching TV	No use while watching TV/ Don't have
Newspaper	0.6	1.8	97.7
PC/Laptop	1.0	6.3	92.7
Tablet PC	0.4	1.7	97.8
Smartphone	9.6	33.6	56.8
Handheld game console	0.5	0.6	98.9

Note: You may pay attention to “Smartphone”.

**Figure 2.** Quarterly trends of advertising market share by media of 2015 in Korea appearing the growth of Internet advertising.

## 1.2 Problems

There are many problems associated with the issues of media convergence by IT, especially with advertising conveyed by the media such broadcast and Internet. Regulations must be the one of the main issues to be dealt with since the development of society by new technologies always accompanies side effects to cause their negative functions in social relations. As mentioned above, the consumers' acceptance of Internet advertising might be higher, but the reliability of it is not that much. In fact, consumers are exposed to huge amounts of Internet advertising everyday intentionally or unintentionally and some of them can't be discriminated between ads and information<sup>14</sup>. In this regard, self-regulatory system of various Internet ads including display, banner, pop-up or pop-under ads, moving image or video ads like YouTube and so on, would be effective. Advertisers, websites and other organizations related to Internet ads voluntarily pre-review or post-review the ads and judge them by the Internet ads guidelines established by advertising associations, but they carry no legal binding forces<sup>15,16</sup>. Also when they receive a report of unfair ads from consumers,

they review and judge them. But, since their orders after the reviews are not legally binding, the reviewers report their results to the related governmental legal organizations such as KFTC<sup>17</sup> (Korea Fair Trade Commission) to take legal actions. Then, the KFTC investigates the relevance to the fact and take legal measures based on the Fair Labeling and Advertising Act<sup>18</sup>.

On the other hand, the regulatory system of broadcast advertising is more complicated; broadcast ads are pre-reviewed by self-regulatory body and post-reviewed by KCSC<sup>19</sup> (Korea Communications Standards Commission) based on the Broadcasting Act<sup>20</sup>. In other words, the regulatory system of broadcast ads is mixed with self and governmental legal basis. And it is very important that the pre-review system is actually not voluntary but obligatory because broadcasting business operator's demand that all advertising should be pre-reviewed obligatorily, otherwise they don't execute them. The reason is that they, not advertisers, are liable for any result of pre-review by the Act.

Considering the differences, it is questioned that which regulatory system simultaneous video ads on broadcasting and Internet should follow. Of course, the answer is that the ads should follow respectively the regulatory system by media. Yet, consumers use both media at the same time, and one media ads are convergent to the other, so the ads from two different media are appearing the same ads. For example, all ads of alcoholic drinks, irrespective of any media ads, are regulated by the National Health Promotion Act<sup>21</sup> (NHP Act), but if the ads are run on broadcast, they should obey the Broadcasting Advertising Review Regulations<sup>22</sup> (BARR) based on the Broadcasting Act. And the BARR fulfills all legislations including the NHP Act. On the other hand, Internet alcoholic drinks ads including YouTube have only to abide by the NHP Act. Therefore, the alcoholic drinks ads of 17 or above

**Table 2.** Analysis of the post reviews of KCSC based on Broadcasting Advertising Review Regulations (BARR)

No	Decision Date	Core Violation	Violated Article	Decision
1	2013. 5.29.	Change of the lyrics of children's song "Turn round and round".	Article 22(2)	advice
2	2013. 6.27.	A child to deliver a part of CM song in the ad.	subparagraph 1 of Article 23(2)	warning
3	2013.10.30	Lyrics change and arrangement of the children's song, "Little star"	Article 22(2)	advice
4	2013.12. 4.	Lyrics change and arrangement of the children's song,"Top-Spinning"	Article 22(2)	advice
5	2013.12.26	Lyrics change and arrangement of the folk song "Milyang Arirang"	Article 22(2)	advice
6	2014. 9.17.	Lyrics change of the children's song,"Top-Spinning"	Article 22(2)	advice
7	2014. 9.24.	Singing the rap written and composed personally inalcoholic drinks (winning event)	Article 3(1) and 33(3)	submission of opinion
8	2015. 4. 1.	Mistaken as encouraging drinking	Article 33(3)	submission of opinion

on alcoholicity are banned in broadcasting by the NHP Act and the BARR, but allowed in Internet since it is self-regulated and not banned by the NHP Act. More specific examples that broadcast ads are very strictly regulated are presented in Table 2<sup>23</sup>. The reviewed ads which were judged to violate BARR are all allowed to be advertised in Internet.

In this regard, consumer protection, especially children or juveniles from harmful advertising contents, which is one of the main reasons of regulating advertising, is in a dilemma. Despite younger persons are more likely to use Internet rather than broadcast like TV and are much easier to be exposed to Internet ads which could be harmful such as suggestive, lascivious, violent, slangy style and so on<sup>24,25</sup>, the ads are self-regulated. In fact, the negative effects of Internet ads on juveniles are very serious because most people involved in the self-regulatory system think that they actually don't have to comply with the guidelines.

## 2. Alternatives

The advertising regulation framework based on media-by-media or platform-by-platform of the past is not effective any more in current pervasive environment of advertising content convergence. The different regulatory body by each media such broadcast or Internet has different guidelines or standards to cause overlapping, unclear or unbalanced judgments on the same ads. This frame-

work could be called as a vertical or separated system. But now, in media convergence age, it is needed that the horizontal or harmonized paradigm to be open to one source multi-using and convergent ads. As far as self-regulation is distinguished from un-regulation or regulation-free, it is suggested that governmental regulations and self-regulations should be inter-supportive as a fundamental basis.

## 3. Conclusion

The consumers' demand for high quality of information which they can make best decisions for purchasing products in cross-media environment will increase more and advertisers should try to serve for their needs by providing convergent advertising contents through various platforms. In this context, past advertising regulation system which dealt with broadcast and Internet separately or independently is not useful any more, even unreasonable to protect consumers. Therefore, it is suggested that more horizontal regulation system should be established with tearing down the walls between different media.

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