# K-pop's Global Success and Implications

SEO Min-Soo Research Fellow Co-authored by LEE Dong-Hun, HONG Sun-Young and JUNG Tae-Soo

## I. Global Craze for K-pop

Coming on the heels of Korean TV drama serials, Kpop began to appear in China, Japan and Thailand in the early 2000s and in recent years has leaped into Europe, the Middle East and the Americas in creating a second "Korean Wave." This year, the nine-member Girls' Generation group from Korea attracted attention again in the US, the world' largest pop music market, by appearing on two popular TV programs, "The Late Show with David Letterman" and "Live! With Kelly."

The international touring is augmented by explosive online popularity. The number of views of K-pop videos reached a total of 2.3 billion on YouTube in 235 countries in 2011.1

K-pop's stature now transcends economic terms; it is a strategic asset, enhancing the recognition of Korea's national brand and products. In fact, economic effect of new Korean Wave is estimated at about 5 trillion won as of 2010.

The success of K-pop groups didn't come overnight. Rather, it has been the result of methodical planning and execution that offer valuable lessons to any company that is setting its sights on the global market. Against this background, this report analyzed the success factors of K-pop and its implications for companies and suggests how supporting industries can leverage the K-pop craze.

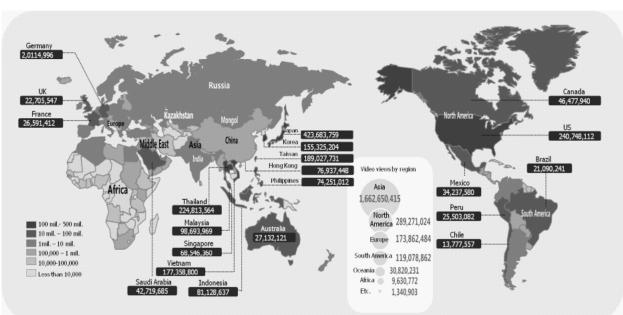


Figure 1. Number of Views of K-pop Videos on YouTube (2011)

Note: GDP based on Purchasing Power Parity per capita.

Source: JoongAng Ilbo. "The number of views of K-POP videos on YouTube reached 2.3 billion in 235 countries last year." (January 2, 2011).

<sup>1</sup> Korea Foundation for International Culture Exchange.

Active use of Delivery social networking services **Talent** Preparation Consumers agency's IT-savvy systematic fan base preparation system Content Singing Choreography Styles

Figure 2. K-pop's Success Diamond Model

#### II. K-pop's Success Factors

To analyze the success of K-pop, this report adopted a four-pointed "cultural diamond" model<sup>2</sup> and reviewed four keys that are driving K-pop to new heights: preparation, delivery, consumers and content.

At the preparation point, Korea's major management companies carefully lay the groundwork for taking their artists overseas. The process is systematic, starting with selecting prospects, putting them through a rigorous training regime, producing shows and promoting globally. The training in particular is highly engineered, with aspirants undergoing five to seven years of singing and dancing training. And even after that, there is no guarantee of being put on stage. Thus, only the best of the best can carry K-pop forward, ensuring the genre's competitiveness in the music industry.

In delivery, K-pop has utilized social networking service (SNS) with the likes of YouTube, Facebook and Twitter giving Korean groups worldwide exposure. The speed at which K-pop clips can go viral reduces the time and cost needed to gain awareness in foreign markets before bookings. The SNS impact in recent years is apparent when comparing the time it has taken Korean entertainers gain widespread popularity in overseas markets.

The information technology (IT) role segues into the consumer component of the diamond. In contrast to the Korean TV dramas, whose fan base is mostly middle-aged women, K-pop is the music of young people, especially, women in their teens and 20s, who like to use SNS and IT devices. These young fans enjoy culture and freely express opinions, not only listen to music but also create their own K-pop-inspired entertainment. In Thailand, for example, homemade videos in which people imitate Korean pop idol singers' singing and dancing has become a new trend. Recently, the craze for the K-pop has spread throughout Europe and the Americas, with fans learning K-pop lyrics and dance moves.

Lastly, from the content perspective, K-pop idols have all the ingredients to fascinate music listeners around the world. Musically, K-pop captivates the audience with its simple melodies that incorporate with western-style pop music. Visually, tight choreography keeps up the energy level while new fashions and

In the Japanese music market, singer Boa took five years from her first debut in 2001. Dong Bang Shin Ki, a teen idol group which debuted in 2004, took four years. However, Girls' Generation emerged as the top band on Oricon Chart in 2011 on the day their first original album was released in Japan.

<sup>2 &</sup>lt;Griswold, W. (1994). Cultures and Societies in a Changing World. Pine forge Press.; Alexander, V. (2003). Sociology of the Arts: Exploring Fine and Popular Forms. Blackwell.>

styles maintain the uniqueness of groups and individuals. The formula has found acceptance across a myriad of nationalities and languages.

## III. Applying K-pop Strategy

K-pop songs, singers and fan base offer opportunities for companies to develop new products and new marketing strategy and a way to broaden their markets.

The first strategy is to generate value added by producing K-pop-based products in a "one source, multiuse" method. The game and animation industries can develop characters by using K-pop content and stars. Korean musicals and dramas can be based on K-pop songs and singers similar to the way "Mamma-mia," a hit song of 1970s Swedish group ABBA, was turned into a popular Broadway musical.

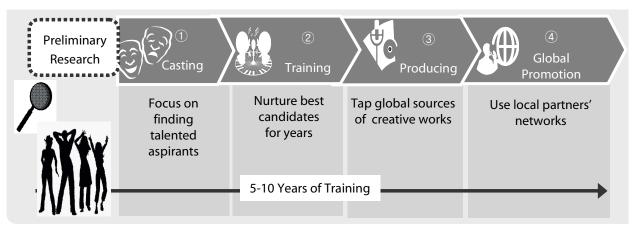
The second strategy is to develop tourism products to attract K-pop fans. Tour packages that combine concerts, shopping and music locations could be developed to attract more overseas tourists. This is already being done by Japan Travel Bureau, the biggest travel agency in Japan. The agency offers Korean Wave tour packages connected with Korean concerts and shopping in cooperation with Korea's duty-free shopping centers. In 2011, Japan Travel Bureau organized a big concert featuring popular K-pop stars Big Bang and Kara. Its two-day and three-night package attracted 2,000 Chinese tourists in 2011.

The third strategy is to collaborate with K-pop idols in product development and marketing. By connecting stars' image with a product concept, companies can get substantial marketing effect. For example, American hip hop singer Kanye West participated in designing Louis Vuitton's shoes. Despite their high price of US\$1,000 per pair, the shoes were sold out immediately after they were released. Global fast fashion company H&M and global cosmetic brand Elizabeth Arden are also collaborating with pop stars such as Madonna and Britney Spears, respectively.

The fourth strategy is to use K-pop stars as a model in advertising highly related products. Makers of general consumer goods such as food and beverages, cosmetics and clothing can shorten customers' psychological distance to a product by using a K-pop singer who fits the product image. Consumers will feel more familiar with the product and buy it instead of similar products. Daesang Corporation, one of Korea's large food companies, hired popular Korean girl group Kara to model in its "Drinking Hongcho (drinking vinegar)" advertisements in Japan. After the ads appeared, Daesang achieved 47 billion won in sales in the second half of 2011, which was 15 times as much as sales for the first half.

Lastly, companies need to turn their attention to Kpop fans in the Middle East and Latin America. Korea's exports to these regions already have grown at an exponential rate. For example, exports of beverages to Iraq have soared 1,981% year-on-year. Car exports to Kazakhstan have grown 275% year-on-year. Wideo tape recorder exports to Brazil jumped 190% compared to last year. Companies should devise an overseas marketing strategy that includes K-pop management companies' use of SNS platforms. SM Entertainment head Lee Soo-Man once said that people who view SM content via YouTube and Facebook

Figure 3. Four Stages of Star Preparation



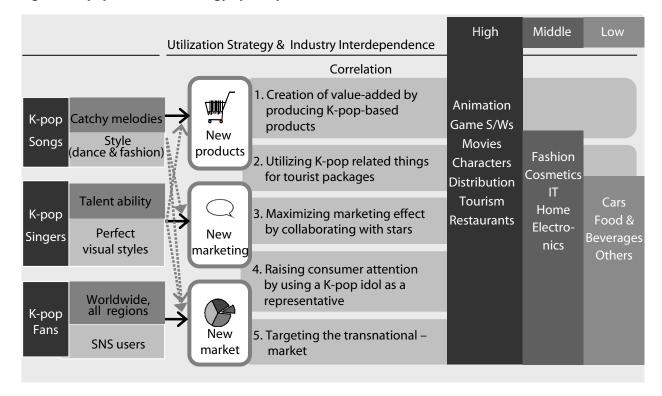


Figure 4. K-pop Utilization Strategy by Component

are "SM citizens." Indeed, young people who listen to K-pop are usually trendsetters in their country.

## **IV. Implications**

K-pop broke away from stereotype thinking that Korean culture means traditional culture. The lesson for Korean companies is that they need to assess their homegrown business models and aggressively retool them when necessary to capture overseas markets.

Also, they should pay attention to the process of K-pop system which produces global stars by emphasizing the basic skills. K-pop singers are being recognized globally for not only their beautiful looks but also their excellent singing and dancing skills. This is results from years-long hard-core training, which

taught aspirants music, choreography, music composition and foreign languages. Companies can benchmark the K-pop training system to corporate human resources management. They should install a hiring process that hires based on basic skills and growth potential. Systematic education and training is needed to maximize individual growth potential that will translate into high company performance.

Lastly, companies should note that Korean management companies planned for the long term to overcome their weak brand power. Latecomers with weak brand power compared to the quality of their products or companies targeting emerging markets should adopt K-pop's success strategy. They should strive to raise customer accessibility rather than pursue short-term profits. SERI