Lessons from K-pop’s Global Success

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K-POP’S GLOBAL REACH

On the heels of the successful launch of Korean TV dramas in foreign markets, K-pop began to make inroads in China, Japan and Thailand in the early 2000s. In recent years K-pop has expanded into Europe, the Middle East and the Americas in a second “Korean Wave.” K-pop’s current reigning girl group, “Girls’ Generation,” made their nationwide US debut with an appearance on “The Late Show with David Letterman” and “Live! With Kelly” this year.

In addition to highly well-received international tours, K-pop has experienced explosive online popularity. Views for K-pop videos reached 2.3 billion on YouTube in 235 countries in 2011.

K-pop’s stature now transcends economic terms; it has become a strategic asset with halo effects on Korea’s brand and its products. The economic effects of the second Korean Wave
are estimated at about W5 trillion as of 2010.¹

The success of K-pop groups did not come overnight. Rather, the emergence of K-pop is the result of methodical planning and execution that offers lessons to any company setting its sights on the global market. This report analyzes K-pop’s success factors, and suggests ways that Korean companies can leverage K-pop’s techniques for their own benefit.

**K-POP’S SUCCESS FACTORS**

This report adopted a four-pointed “cultural diamond” model² to determine the four factors

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¹ Korea Foundation for International Culture Exchange.
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that drove K-pop to new heights: preparation, delivery, consumers and content.

In the preparation stage, K-pop’s major production companies lay the groundwork for moving product overseas. The process is systematically designed, starting with selecting prospective stars, putting them through a rigorous training regime, producing shows and promoting globally. Training in particular is highly engineered,
with aspirants undergoing five to seven years of instruction in singing and dancing. Even after this process, there is no guarantee of actually appearing on stage. Thus, only the best of the best ever reach the eyes and ears of the public, ensuring K-pop’s continuing competitiveness.

In the casting stage, production companies focus on finding bankable stars. Trainees are found through auditions or recommendations from existing celebrities. Auditions are also held overseas.

SM Entertainment, a leading K-pop producer, has been holding global auditions since 2006 in the US, Canada and Thailand, with 300,000 performers applying annually for 300 positions.

The training stage represents a long-term investment by entertainment companies. Trainees’ daily regimen includes not only singing and dancing but also acting, foreign language skills and personal development. Training is conducted by teams of experts, and trainees must pass periodic evaluations to stay in the program. Performers can see their names on marquees only after several years of this regimen.

In the producing stage, companies seek out ideas from global sources. Managers work with top experts in music and choreography to perfect the appeal of their upcoming artists. Creative input is sourced globally from experts in many countries and in multiple industries.

In the global promotion stage, entertainment companies actively network with overseas partners. Companies plan overseas marketing from the earliest stages of planning, including forming partnerships with major record labels like Music Japan and Avex to reduce the risks inherent in overseas promotion. K-pop promoters also release albums specifically for local markets to overcome cultural barriers.

In delivery, K-pop now relies heavily on social networking services (SNS) like YouTube, Facebook and Twitter for worldwide exposure. The speed at which K-pop clips can go viral has significantly reduced the time and expense needed to build awareness in foreign markets. The impact of SNS is apparent when comparing the time it now takes for Korean entertainers to gain popularity compared to the pre-SNS era.

In Japan, K-pop singer Boa took five years to...
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establish herself after her first debut in 2001. Dong Bang Shin Ki, a group which debuted in 2004, took four years to make an impression. In contrast, Girls’ Generation emerged as the top band on Oricon Chart in 2011 on the day their first original album was released in Japan by riding the wave of SNS.

Information technology (IT) is also related to the consumer component of the K-pop diamond. In contrast to Korean TV dramas, whose fan base consists of middle-aged women, K-pop appeals to young people, particularly women, who are already comfortable with SNS and mobile IT. These young fans not only listen to K-pop, they also create their own K-pop-inspired entertainment. In Thailand, homemade videos of people imitating the moves of their favorite K-pop singers has become a popular trend. This viral transmission of K-pop has spread to Europe and the Americas, with fans learning K-pop lyrics and dance moves.

Lastly, from the content perspective, K-pop has assembled all the ingredients to draw fans from around the world. Musically, K-pop relies on simple melodies that incorporate western-style pop conventions. Visually, K-pop uses tight choreography to sustain high energy and interest, while an ever changing range of fashions and styles ensure that its performers remain fresh and appealing. K-pop’s formula has met with broad appeal across a myriad of nationalities and languages.

**APPLYING THE K-POP STRATEGY**

K-pop creates direct economic value and branding effects for Korea. K-pop’s songs, singers and fans provide opportunities for companies to develop new products and marketing strategies, as well as new ways to broaden their markets.

The first K-pop strategy businesses can use is launching K-pop-based products through a “one source, multi-use” method. The game and animation industries can develop characters using K-pop content and stars. K-pop songs and singers can form the basis for blockbuster theater productions, as with the hit Broadway musical “Mamma-mia,” which used ABBA songs.

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![Figure 4 K-pop Utilization Strategy by Component](image_url)
The second K-pop strategy Korean businesses can use is to develop tourism packages designed for K-pop fans. Tour packages that combine concerts, shopping and music locations can be developed. More than 1 million people will visit Korea to go to large events starring Korean Wave stars. This is already being arranged by Japan Travel Bureau (JTB), the biggest travel agency in Japan. JTB offers Korean Wave tour packages with concerts and shopping in cooperation with Korea’s duty-free shopping centers. In 2011, Japan Travel Bureau organized a major concert featuring popular K-pop stars Big Bang and Kara. This two-day/three-night package attracted 2,000 Chinese tourists in 2011.

Culture clusters involving K-pop can be built around settings from two of Korea’s most popular dramas—“Winter Sonata,” filmed on Nami Island, and “Jewel in the Palace,” filmed in Yangju, Gyeonggi Province. At the same time, exclusive spaces (K-pop theaters) for people to enjoy K-pop can attract more visitors.

The third strategy is to collaborate with K-pop idols in new product development and marketing. By connecting stars’ image with product concepts, companies can enjoy substantial marketing effects. When American hip hop star Kanye West helped design shoes for Louis Vuitton, the shoes sold out immediately despite a price of $1,000 per pair. Global fast fashion company H&M and global cosmetic brand Elizabeth Arden are also collaborating with pop stars like Madonna and Britney Spears.

The fourth strategy is to use K-pop stars as models for advertising related products. Makers of food and beverages, cosmetics and clothing can bridge customers’ psychological distance to products by using familiar K-pop singers that fit the product’s image. Daesang Corporation, one of Korea’s largest food companies, hired popular girl group Kara to model in its “Hongcho

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(drinking vinegar)” advertisements in Japan. After the ads appeared, Daesang achieved W47 billion in sales in the second half of 2011, 15 times as much as sales for the first half.

Lastly, companies need to turn their attention to K-pop fans in emerging market economies. Korea’s exports to the Middle East and Latin America have been growing at an exponential rate. Exports of beverages to Iraq have soared 1,981 percent year-on-year. Car exports to Kazakhstan have grown 275 percent year-on-year. Mobile phone exports to Peru jumped 102 percent over last year. Korean companies hoping to capitalize on K-pop can thus devise marketing strategies that use SNS platforms. SM Entertainment President Lee Soo-Man once said that people who view its content on YouTube and Facebook are “SM citizens.” Indeed, young people who listen to K-pop are often trendsetters in their country.

More specifically, companies can take different approaches in emerging markets and advanced countries when tapping the interests of overseas K-pop fans. In emerging market economies, already popular K-pop can be used to boost sales of Korean products there. In the US and European countries, rather than emphasizing national brand, K-pop stars and company brands can be linked in marketing.

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IMPLICATIONS

K-pop’s groundbreaking success challenges assumptions that “Korean culture,” especially when presented to outsiders, must always mean “traditional culture.” Korean companies can learn from this success by reassessing their existing business models and aggressively retooling them to capture overseas markets.

Companies can also pay attention to the production process in K-pop, which creates global stars by emphasizing basic skills. K-pop singers are recognized globally not only for their attractive looks but also for their excellent singing and dancing skills. This results from rigorous and lengthy training, in music, choreography, composition and foreign languages. Companies can benchmark the K-pop training system in their human resources management and instill a hiring process that focuses on basic skills and growth potential. By providing systematic education and training that maximizes individual potential, companies can produce their own global stars.

Lastly, companies should learn from the example of K-pop production companies’ long-term planning, which overcame initially weak brand power. Latecomers with no name and companies targeting emerging markets can benefit by adopting K-pop’s committed approach to raising customer accessibility over attaining short-term profits.

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