

# Taking a leaf from K-wave book

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**I**N IRAN, South Korean period TV dramas have become so popular that millions of Iranians organise their meal times to avoid missing the shows. In the Philippines, South Korean-made soaps have proven so popular that they have been remade in Tagalog. Even France – a country often seen as traditionally sceptical of outside culture – cannot seem to get enough of Korean-made films and pop music.

Here in Singapore, we have been kept on the edge of our seat by Korean crime thrillers such as *You're All Surrounded*, tormented by the divorced hospital interns in *Emergency Couple*, and love-struck by the romance of *Secret Love Affair*.

In the music scene, bands such as Girl Generation, Bigbang and Shinhwa have stormed to the top of YouTube video charts. And there can be few people left in the world who have not seen or heard the catchy beat of Psy's hit, *Gangnam Style*.

Welcome to the K-Wave. Korean pop culture is going global, and sweeping the world (and a teenager near you). These Korean exports – known as *hallyu* in Korea – have redefined South Korea as Asia's new epicentre of cool, charging past Japan as the region's top trendsetter.

In turn they have generated a spillover effect, boosting demand for other Korean products such as fashion, cosmetics, mobile phones, and even cars. This boom in output means the K-Wave has become a key pillar of the South Korean economy.

In 2012, the country's culture ministry estimated the asset value of *hallyu* exports at US\$83.2 billion. To support the industry, the government has put in place a range of tax incentives and funds, including a US\$1 billion investment fund to support the pop music industry.

South Korea's global success in pop culture exports lies in their innovation and fusion capabilities. Korean producers search for global resources, integrate elements from various cultures and create a brand new product category with global appeal. In marketing, innovators are category makers. With the ubiquity of YouTube and other video streaming platforms, Korean producers have learnt to invest a lot in their music videos, packing them with unique and vibrant visuals. The larger than life end product allows fans who may not understand the language to still understand the music.

A major innovative force at the heart of the K-Wave phenomenon is Seoul-based SM Entertainment, the agency behind such groups as Girl's Generation and Super Junior. As well as a talent agency, SM operates as a record label, film producer, music production, event management and concert production firm as well as a music publishing house, all with the aim of creating entertainment products that cut across geographies.

Working with some 500 composers and choreographers around the world, senior SM producers blend music and dance routines with Korean lyrics and other foreign languages; its stylists design the make-up and clothing accordingly; and the end result is a new category of music,

dance, and style with global appeal.

This integrative innovation, blending elements from various cultures, demands strong organisational support. SM achieves this by bringing together production, management and distribution to establish an integrated star-making system, allowing SM to take a long-term view on training its artistes, some of whom join SM as young as 10 years old.

Technology is also used innovatively. To launch a new album, a YouTube channel is created to release one song at a time, enabling SM to understand the demographic profile of those who view their songs and importantly, which song. This data allows them to identify consumer preferences and locate market niches.

Promotion is lean – only social media is used – so that with 200 employees and 73 artistes, SM generated revenue of US\$253 million in 2014; more than US\$1 million per employee or almost US\$3.5 million per artiste.

This model offers some interesting lessons for Singapore, most obviously for exploiting our multi-ethnic profile. Singapore's mix of races and cultures should give it huge potential to develop integrative and fusion products with a wide appeal, well beyond our small domestic market. However we have yet to see a critical mass of such fusion, especially of the type that leads to new ideas and products.

More needs to be done then to foster

deeper integration among our youth across all demographic and cultural lines to generate new ideas.

Second, we need more integration and long-term focus across organisations. Take Silicon Valley for example, where research shows that informal networks among engineers from different companies has been key to creating and sustaining this global innovation hub.

High-quality fusion global products frequently encounter short-term challenges. Yet the learning experience from failure and the perseverance that come forth can lead to fruitful outcomes.

Singapore needs to be more tolerant of failure. Our organisations need to allow for failure and learn from such failure to be successful.

Finally, Singapore must work smarter, leveraging its advanced technological infrastructure and making creative use of big data to drive innovation in creative content. By analysing social media followers and comments for example, as well as product content, demographic fan profiles and content appeal for various audience segments can be identified to develop more targeted and innovative offerings.

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