

## **KOREAN WAVE (HALLYU) – THE RISE OF KOREA’S CULTURAL ECONOMY & POP CULTURE**

### **PART 1 – Origins of Hallyu**

The Korean Wave (Hallyu – a Chinese term) refers to the global popularity of South Korea’s cultural economy exporting pop culture, entertainment, music, TV dramas and movies. It is ubiquitous – we see it on our screens, we see it on our tables, and even on our backs as their fashions are exported globally.

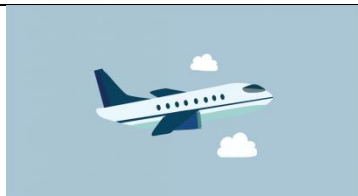
But how did this come to be? In this two part series, we dissect the origins of this wave, and gain invaluable lessons on how we too can adapt this model for our business.

South Korea is one of the only countries in the world, if not the only one, that has a dedicated goal to become the world’s leading exporter of popular culture. It is a way for Korea to develop its “soft power”. Soft power is a popular term coined in 1990 by Harvard political scientist Joseph Nye. It refers to the intangible power a country wields through its image, rather than through hard force (*military power or economic power*).

Hallyu has been a blessing for Korea, its businesses, culture and country image. Since early 1999, Hallyu has become one of the biggest cultural phenomena across Asia. The Hallyu effect has been tremendous, contributing to 0.2% of Korea’s GDP in 2004, amounting to approximately USD 1.87 billion. More recently in 2019, Hallyu had an estimated USD 12.3 billion boost on the Korean economy.



The popular media in the region has attributed the origins of Hallyu to a couple of movies and TV dramas that were released in 1999. “Swiri”, an inspiring movie about the North Korea/South Korea espionage released in 1999. It was followed by a drama called “Autumn in my heart” and “My Sassy girl” in 2001, and “Winter Sonata” in 2004. All of these became very popular not only in Korea but also in Singapore, Japan, Taiwan, Hong Kong, China and Vietnam. The success of these entertainment products created a tremendous buzz about the exploding popularity of Korean culture. Regional media sources were quick enough to pick up the cues and collectively announce the birth of Hallyu.



Five main factors contributed tremendously to the evolution of the Korean wave:



#### **Lifting the ban on foreign travel for local Koreans:**

Probably the most important factor which eventually made way for Hallyu, was the Korean Government’s decision in the early 1990s to lift the ban on foreign travel for Koreans. This made way for a number of Koreans to explore the western world, mainly the US and Europe. Many pursued their education in these countries and others started their careers in esteemed companies in the Europe and the US before returning to Korea during the late 1990s. These western educated Koreans brought with them new perspectives of doing businesses, new subtleties and interpretations to art,

	<p>cinema and music and innovative forms of expressions. This gave birth to an immense pool of fresh, young, and highly qualified talent waiting to explore opportunities within Korea.</p>
 <p>The image shows the logos for Hyundai and LG. The Hyundai logo is a blue stylized 'H' inside an oval, with the word 'HYUNDAI' in blue capital letters below it. The LG logo is a red circle containing a white stylized 'L' and 'G', with the letters 'LG' in grey capital letters to its right.</p>	<p><b>Restructuring of Korean chaebols:</b> Asia (and Korea) was going through the severe Asian financial crisis of 1997-98. One of the biggest consequences of the crisis within Korea was its effect on the Korean “chaebols” - highly diversified conglomerates which operated in literally every sector of the economy from chip to ship making. The Asian financial crisis forced these chaebols to restructure their business models by divesting many of their business units and concentrating on their core competencies.</p> <p>This in turn opened up the market internally and gave other smaller players an immense opportunity to venture into varied businesses. More entrepreneurs emerged from the crisis emboldened by the opportunities.</p> <p>Korea realized that it was dependent on the chaebols – if they failed, the country would fail. President Kim Dae-Jung pushed for information technology and popular culture as the two key drivers for the future Korea. Technology would create new industries above the traditional manufacturing Korea has been dependent on since it rose out of poverty and industrialized, and popular culture could become an important export product worth billions of dollars – while it would help rebrand Korea.</p>
 <p>The image shows the word 'CENSORSHIP' in bold black capital letters, with a red circle and a diagonal slash over it, indicating prohibition or ban.</p>	<p><b>Banning the censorship laws:</b> The Korean censorship laws had prohibited movie makers and other artists from showcasing many topics considered controversial. This had curbed their creative independence for a long time. In 1996, the Korean constitutional court banned this censorship and opened up a barrage of topics for artists to explore. This move provided immense opportunities and independence to the young and vibrant generation of Korea to express newer and bolder ideas through cinema and music. Many influential film makers rose during this period.</p>

	<p><b>Increased emphasis on branding by leading Korean companies:</b> Some of the major chaebols of Korea like Samsung and LG had started their branding journey by mid 1990s. There was an increased emphasis on quality, design and marketing and branding on a global scale. These skills were rubbed off to various other sectors of the economy as well. Collectively, there was an increased urge to improve overall quality to provide superior goods to the world market.</p>
	<p><b>Increased focus on infrastructure:</b> The Korean government has been and is spending significant funds to develop high-tech Internet infrastructure as it believes that every Korean citizen will benefit from being connected to the global world. In addition to this, Korea is one of the few countries worldwide that invests its funds into the nation's start-ups. In 2012, government funds constituted over 25 percent of all venture capital money disbursed in Korea. One-third of all venture capital in Korea is spent on the entertainment industry.</p>

All the above things occurred at more or less during the same period in the mid-1990s. A potent talent base of young and energetic Koreans on one hand and a very conducive cultural environment in Korea backed up by operational excellence on the other, gave an excellent base for young Koreans to experiment with music, drama and movies.

Movies with more controversial and never-before-tested topics were filmed, which gained popularity across the region. Family dramas with a common sensitivity and cultural background which appealed to a vast population of Asians also become very popular, increasing the overall craze for Korean entertainment products. Many young local singers and bands adapted the US rap music to suit the Korean taste and it emerged as a big rage. These entertainment products (music, movies and dramas) initiated the phenomenal growth of Hallyu.

Watch this space for part 2 of KOREAN WAVE (HALLYU) – THE RISE OF KOREA’S CULTURAL ECONOMY & POP CULTURE coming up in the next edition of the Learning Link.

Adapted from: <https://martinroll.com/resources/articles/asia/korean-wave-hallyu-the-rise-of-koreas-cultural-economy-pop-culture/>