CREATIVE INDUSTRIES IN SOUTH KOREA: THE KOREAN WAVE

Author: Nicoleta Stefanț Valean
Tutor: Francesc Xavier Molina Morales

DEGREE IN BUSINESS ADMINISTRATION
AE1049 - FINAL PROJECT WORK
ACADEMIC YEAR: 2016/2017
# TABLE OF CONTENTS

**INTRODUCTION** 3

1. CREATIVE INDUSTRY 5
   1.1. Definition. 5
   1.2. Origin. 5

2. SOUTH KOREA 6
   2.1. The history of Korea. 6
   2.2. Hallyu: The Korean Wave 9
   2.3. Aspects related to Hallyu 13
       2.3.1. Industry Policy 14
       2.3.2. Hallyu’s Kdramas approach 15
       2.3.3. Hallyu and National Prestige 16
       2.3.4. Market Segmentation 18

3. KOREAN POPULAR CULTURE 20
   3.1. Korean television and Kpop 20
   3.2. The Big Three: SM, YG and JYP 24
       3.2.1. SM Entertainment 25
       3.2.2. YG Entertainment 28
       3.2.3 JYP Entertainment 29
       3.2.4. Trainee system 31

4. CONCLUSION 33

5. REFERENCES 34

6. WEBGRAPHY 36
INTRODUCTION

We live in a globalized world, surrounded by the effects of globalization in our daily life. Nowadays we have access to information about so many different cultures, countries, economies, different organizations, and so on. Thanks to the Internet, we have access to a whole new world in just a click. This is the main characteristic of the actual global situation. Personally, I am always amazed of this fact, being able to “travel” with just a click, being able to communicate with someone on the other side of the world, being able to know exactly what is happening, for example, in Australia while being in Spain, and more. This where unimaginable things back in the days. Even though this 50 years ago was maybe just a dream or a fantasy; now, this is our reality.

There are some countries that knew better than others how to take advantage of this situation, as for example, South Korea. With this almost unlimited access to everything on the Internet no matter where you are, aside from the exceptions, it came from South Korea the phenomenon known as “The Korean Wave”. This embrace Kpop, Kdramas, Korean celebrities, the Kpop singers known as “Idols”, and all of what this world drags with it, as for example, the whole fandom phenomenon. Kpop fandoms are known as the most intense fandoms, specially the Korean ones, more than the international ones. The international fandoms spread this Korean fever, that helped so much the South-Korean economy and the main agencies in control of the phenomenon.

I chose to talk about this topic because it’s a raising topic, it’s becoming more and more international, more and more known. It has become so popular that in America Latina have a special TV channel that runs only Kdramas dubbed in Spanish; in USA they have produced shows that are originally from Korea; and as for Spain, in recent years there are a lot of Kdramas that several scenes are shot here, as for example, last year two successful dramas, “K2” and “The Legend of the Blue Sea”, had various scenes shot in Madrid and Barcelona; as it is known that Koreans are in love with Spain and its culture, making reference to it in diverse dramas along the years. Additionally, there are numerous webpages that are run by fans of Kdramas around the world that had studied Korean, who are in charge to subtitle the Kdramas for other fans. The most usual are the English and Spanish subtitles, but it is easy to find them subtitled in many different languages, as Russian, Thai, Hindi, Portuguese, French, German, Deutsch, Polski, and so on; a popular webpage that subtitle Kdramas, called Viki, have them subtitle in 30 different languages.

On the other hand, the interesting thing about this Korean Wave it is the way its structured and organized. The entertainment world, specifically the trainee system, in Korea works way different than in Europe or USA. Moreover, the creative industries, the entertainment world in Korea it is a really important and heavy factor in their economy, it is also a great attraction for
tourists, as many fans of either Kpop or Kdramas visited the country just because they were immersed in this Korean Wave phenomenon. This has opened a door for non-Koreans to know about the country, to be interested in visiting the country, into moving there, and this had a great impact in the economy.

Finally, another argument about why I chose this topic is that among the options to chose to do the final project the only thing that got my attention was the one related to creative industries as, in my opinion, it is an interesting topic; and so I thought I can focus on South Korea because it is a country that I like and I am really interested in. Furthermore, I enjoy very much Kdramas and as well as other fans my interest into the country, its culture and visiting it has begun when I started watching them, so as being part of the Korean Wave I saw a great opportunity to do my final project about the creative industries of my favorite country, South Korea, sharing this way the rising phenomenon. Hence, I am going to analyze in this project some aspects related to Hallyu, as the history, how it raised, how it works, the impact, etc. Moreover, I am going to explain some aspects of the three most important entertainment agencies in South Korea, including the one that is recognized as the one that made the Korean Wave such an important phenomenon for the country.
1. CREATIVE INDUSTRY

1.1. Definition.

Nowadays we live in a world surrounded by the effects of the phenomenon of creative industries. So, there are many authors and institutions that explain what creative industries refer to. As a result we will be discussing some of the definitions given to this so-called creative industries. As the authors Davies and Sightorsson (2013, p.1) explains “The creative industries is a metaphor, which implies that creative production has been industrialized, set up factory-like structures and managed along the same principles as manufacture of any other mass-market goods.” We started referring to them as creative industries as it is easier to understand, it is a simplification that leads us to understand that the creative industries are driven by the work of people as any other industry.

The term “creative industries” covers different activities, products and services. For example, music, film/TV production, games design, events, festivals and more. As it is explained by Davies and Sightorsson (2013, p.1), who makes a reference to UNCTD 2010: 4; all this kind of activities are all connected by three defining features:

*First, they all require some input of human creativity; second, they are vehicles for symbolic messages, that is they are carriers of meaning; and third, they contain, at least potentially, some intellectual property that belongs to an individual or a group.*

In other words, this kind of industries are about experiences. As we know, the consequence of creating and offering experiences, such as pleasure and meaning, leads to the apparition of a large range of economic activities. These experiences when becoming goods and services results into the creation of places of work for people ranging from computer programmers and engineers to writers, artist and musicians. (Davies and Sightorsson, 2013)

Another definition for the creative industries is that they are “those industries that have their origin in individual creativity, skill, and talent, and which have a potential for wealth and job creation through the generation and exploration of intelectual property”. (DCMS 1998a: 5)

1.2. Origin.

Regarding the origin of the idea of “creative industries’ comes out of public policy, first in Australia, then in the UK, and later internationally” (Davies and Sightorsson, 2013, p.8). Since 1998, the UK government’s Department for Culture, Media and Sport (DCMS) has identified 13 categories under the creative industries heading: advertising, architecture, art and antiques, crafts, design, designer fashion, film and video, computer games, music, performing arts, publishing, software and computer services, television and radio (DCMS, 1998b).
2. SOUTH KOREA

2.1. The history of Korea.

In this section we are going to explain how the Korean history was, in order to know more about the country we will be discussing about in this project. Since the beginning of the times Korea always based its behavior on its culture, on the respect of the hierarchy among the population. They always had a hierarchy in their society, from Gojoseon (the Old Joseon) era founded in 2333 B.C.E. by Dangun, until the current days. The Old Joseon was disbanded by the third century B.C.E into diverse successors states. The beginning of the Three Kingdoms (Goguryeo, Silla and Baekje) in the start of the Common Era is the second important period after the Old Joseon in Korea’s history. This three kingdoms conquered distinct successor states of Gojoseon, so they ended up dominating the peninsula of Korea and also an important part of Manchuria, conquered before in the Old Joseon. In this period of time, supporting the creation of the early culture and politics in Japan, the Korean population represented a major part as a transmitter of cultural advances. A great part of the aristocracy from Japan outlined their lineage to the Korean peninsula; this is known thanks to statistic records from early Japan. Furthermore, the Japanese Emperor affirmed that Emperor’s Kammu mother was a descendant of the King Muryeong of Baekje, a Korean King, and that it is written in the Chronicles of Japan. This three Korean Kingdoms were rivals, competing with each other in the economical as well as in the military aspect. For most of the era Goguryeo and Baekje had vast power, stopping the Chinese invasions by defeating them a great amount of times. As for Silla’s power, step by step it extended across Korea, so by 668 it established the first unified state to cover most of Korean peninsula. This period is called by some historians as Unified Silla. Goguryeo disappeared in 697 C.E and the general Dae Joyeong leading a group of Koreans founded Balhae (698 C.E. - 926 C.E.) in the east of Manchuria. The Crown Prince led almost all of his people into the fusion with Goryeo after Balhae fell in 926. In the late ninth century Unified Silla fell apart, starting the turbulent period between 892 and 936 of the Later Three Kingdoms. This chaotic period finished with the founding of the Goryeo Dynasty. The Buddhism religion prospered in this era, besides the codification of the laws by the courts, as well as the insert of the civil service system by the government. Later on, the Joseon Dynasty (1392-1910) was established by the general Yi Seong-gye after a coup. The Korean alphabet, Hangul, was promulgated by the king Sejong (1418-1450). The king Sejong wanted to have an alternative option from the Chinese characters, as until then were the only system of writing. Numerous cultural and technological advances were made during this
epoch. Japan invaded Korea between 1592-1598, however the Korean Navy, which was led by Admiral Yi Sunshin managed to fight back this invasion thanks to the support from the Chinese aid and from the Korean resistance armies. In the 1620s and 1630s, the Manchu Quing Dynasty invaded Joseon.

Further on, Japan gradually forced Korea, in the early 1870s, out of China’s control area and dragging it into its own sphere of influence. In 1895, the Japanese were involved in the murder of the Empress Myeongseong. Korea was coerced by Japan to sign the Eulsa Treaty, this way Korea became a protectorate, annexing Korea in 1910, though this is considered neither legally valid by the international scholars. Nevertheless, with the enormous non-violent March 1 Movement of 1919, Korea demonstrated its resistance to the Japanese occupation. From there on, it took place the indolence movement of Korea, organized by the Provisional Government of the Republic of Korea in exile, conducted primarily in surrounding Manchuria, Siberia and China.

In 1945, plans for a trusteeship administration of Korea by the Soviet Union and the United States were made by the United Nations, as Japan was defeated; however, the Soviet Union rejected to collaborate. Further on, in the 1948 the North went through an intrusion of a communist dictatorship. At the same time, South held democratic elections commanded by the United Nations. This way, Korea was divided at the 38th parallel, staying apart even these days. Afterwards, on June 25, 1950, believing that the United States would not help South, North attacked it; triggering this way the Korean War of 1950.

Until here we discussed about Korea’s history, but from now on we will explain how South Korea’s history was, as two years before the war, in 1948, was the beginning of the nation called South Korea.

South Korea is known as one of the four tigers of Asia. This country managed to become one of the world’s principal economies and active democracies, after the damaging effects of the Korean War. However, this country’s history has been characterized by fluctuating between times of autocratic and democratic rule. Until these days, there were six republics. The First Republic, democratic at its beginning, even though this democracy it is arguable; became more and more autocratic until its breakdown in the sixties. Later on, the autocratic military regime took over the firmly democratic Second Republic in less than a year. The following Third, Fourth and Fifth Republics, have been generally seen and described as the prolongation of military rule, even though it was nominally democratic. Finally, as for the Sixth Republic, the nation has little by little settled into a liberal democracy.

On the other hand, South Korea is known as a late industrialized country, which went through a learning industrialization instead of one based in innovation. This is because it experienced it
industrialization later than other countries, as USA or Britain. Therefore, instead of trying to bring something new, opted by learning from the ones already industrialized. This is the situation of some other countries as Japan and Taiwan, as well as countries like Brazil, India and Turkey. In this kind of countries the state steps in with subsidies in a deliberate way in order to reshape relative prices so the economy activity gets stimulated. However, the first three countries, South Korea, Japan and Taiwan, experienced this late industrialization in a different way than Brazil, India and Turkey; this is all because of the actions taken by the state regarding the subsidies given. The state has exerted discipline over subsidy recipients. This means that the state has inflicted on the private firms performance standards in order to receive the subsidies (Amsden, A.H.,1989, p. 8). This is why the results between the two groups of countries have been so different and South Korea, Japan and Taiwan got better results and a bigger positive effect on the economy than Brazil, India and Turkey.

The type of the enterprise made in the first group of late industrialized countries was large in scale, multidivisional in scope, and administered by hierarchies of salaried managers (Chandler, 1977). In the case of Korea, the modern industrial enterprise takes the form of chaebols, that is the term the Koreans use to refer to diversified business groups whose size and diversity are similar to those of the zaibatsu, that are Japan’s prewar big business groups (Amsden, A.H.,1989, p. 9).

In South Korea in order to achieve their goals of a greater economy, they focused on the education of the country, they already had a history of a country that likes to focus and puts great importance in the educational field. Therefore, they invested important resources into the educational field. They are taught to be very competitive, to do their best and if they do not do the best someone else will get their place and they will not be successful. This mentality makes them want to be the best in every field, putting great effort in everything they do.

The industrialization mentality they had influenced on how they manage the creative industries nowadays and how they created a whole new way of organizing the entertainment field. Is it known that whichever the country they all want to get benefits from the activities done, so no exception for South Korea. In the late nineties they changed the way the entertainment field was organized, and in a similar way as the way they experienced a learning industrialization, they copied Japan in regards of this field, but they differed from Japan in the way of managing the activities done in this field. Here, even though they started taking Japan as a reference regarding the TV films and the music, called Kdramas and Kpop now, they managed it in a different mode. As a result they became more important and huge internationally than Japan in the entertainment sector. Moreover, they distinguished themselves from the rest of the world, doing things in a very
distinctive form than in Europe and USA, and achieved to be a reference for some asian countries as Thailand. This new method led them to where they are now, resulting in a society where some of the important chaebols in South Korea are the owners and managers of the agencies that control the entertainment world; and a country where the advertising field is influenced by the way the entertainment is organized. We will explain about these agencies later on.

In short, since its commencement, South Korea has lived a great improvement in education, culture and economy. This nation has advanced to be one of the top economies in the world since the 1960s, after being one of Asia’s poorest country. Highlighting the educational field, it has expanded dramatically, especially at the tertiary level. Furthermore, TV drama (Kdrama), Korean popular music (Kpop) and movies (Kmovies) have become well-liked throughout East and Southeast Asia since 1990s, under the phenomenon called “Korean Wave”. This phenomenon, made its way to Europe and the United States in recent years.

2.2. Hallyu: The Korean Wave

Hallyu, in the Korean language, is referred as “The Korean Wave”. The definition of this phenomenon correspond to the rise of Korean culture in the worldwide visibility, starting in East Asia in the nineties carrying on to parts of Europe, Latin America, Middle East and in the United States. The Korean Wave besides representing a commercial nationalism, it also depicts a unique frame of the popular culture of South Korea by the Korean media. As an effect of this, Hallyu is displayed as a regional culture trend meaning a victory of the Korean culture (Hyejung, 2007, p. 3). The importance and impact of the Korean Wave it can be easily seen in this extract from a Korean publication:

*The Prime Minister Phan Van Khai of Vietnam and his delegation were invited by the south Korean President Roh Moo-hyun for a lunch meeting some years ago, and something unexpected happened during the meeting. The Vietnam officials, after a tranquil moment, stood up one by one and begun to line up in front of a woman, requesting her to sign their menus.*

*That woman was the actress Kim Hyun-joo, the principal female character of “Yuri Gudu” (Glass Shoes), a drama from the television network SBS of South Korea, which had been advertised and aired on Vietnam TV in May 2003. Actress Kim had become well-known in Vietnam after the drama became a huge hit there. Only after a Korean general promised the autographs of the actress for everyone after lunch, the furor settled down. Seemingly, the center of attention during the meeting was actress Kim Hyun-joo, and not*
the President Roh Moo-hyun or the Prime Minister Phan Van Khai, showing that maybe the Korean Wave is stronger than diplomacy.

Thus, as explained, the Korean Wave, known as *hallyu* in the Korean language, have to do with the important increase of the South Korean’s culture popularity all over the world. This concept, *hallyu*, was made up in China in mid-1999 by the journalists of Beijing who were astounded by the rapid growing popularity of Korean culture and entertainment in China (Kim, 2007, p.15). Generally speaking, it can be seen as the increase in the popularity of the Korean pop music and dramas (television soap operas) in Taiwan and China sparked the Korean Wave to other foreign countries.

The breaking out of the Korean Wave can be tracked back to 1997, when *What is Love All About* a Korean TV drama, aired on state-run Chinese television, CCTV, prepared the stage for hallyu in China; following *Jealous*, a drama from the MBC television network of Korea, which was imported from South Korea as the first popular cultural product in 1993 (Kim, 2007, p.15). Starting from that point, the boom of the popular culture of South Korea has notably increased in the surrounding Asia countries and significantly penetrated them over the last several years, in addition, according to one source, in the years 2000 through 2002, “the Korean Wave moved forward to diverse parts of Asia, including Southeast and Central Asia, and therefore this Wave reached an active penetration stage” (Hyejung, 2007, p. 6).

Every country of Asia had a somehow different outlook toward the Korean Wave, despite that at first they all had a common reaction at the phenomenon known as Hallyu. This is due to that “each country has a different ethos, and based on this, its audience decodes and responds to cultural products in different ways” (Kim, 2007, p. 24). As an example, *Daejangguem* had the best response of any Korean drama in Taiwan, while in Japan, *Korea Herald* was most popular (Kim, 2007, p.24). This trend in a short time branch out from the mainland to Hong Kong, Taiwan, affecting ethnic Chinese in other Asian countries, and in the end Japan, making all these Asian people to be captivated by not only the dramas and music of South Korea, but also its fashion, films and food. In consequence, the cultural products of South Korea have become an instigator for curiosity about the Korean culture and Korea itself. Korean dramas especially have operated as a significant platform for the various countries to have a contact with the Korean culture.

The fact that the Asian countries find appealing the Korean pop culture is significantly meaningful for the Korean government “since the country’s national image has not always been positive in neighboring countries” (Doobo, 2006,p. 6). Various Asian countries have been afar from their nearest neighbors in terms of cultural understanding and exchanges, and rather “have had a
tendency to link more closely to the former colonial empires or advanced Western countries than with neighbors sharing borders” (Ryoo, 2007, p. 144).

“Hallyu’s impact in the Asian countries as well as permeating South Korea’s popular cultures is used for many Asian people as a scope of positive lifestyle” (Ryoo, 2008, p. 144). Before this phenomenon took place various Asians were not aware of much about South Korea or only knew a little bit about it, usually stereotypical things about the country. Until then, images related to South Korea were always negative associated with the Korean War, political instability, sequences of poverty and events of this kind. Nevertheless, all the negative images that they had about South Korea have decreased dramatically thanks to the new technologies, the popular entertainers, and more importantly thanks to the image that dramas and movies from South Korea show.

The South Korean author Rhoo (2007, p. 45) wrote:

*Regional cultural affinities also help explain this phenomenon in the sense that the success of the Korean Wave is closely related to the ability of South Korean culture and media to translate Western or American culture to fit Asian taste.*

*Western popular cultural artifacts will not likely succeed because of a certain non-negotiable cultural heterogeneity.*

Asian audiences accept and relate easier the South Korean popular culture. However, “South Korean’s popular culture affinity with the neighboring countries can work as a connection between Asia and the West” (Rhoo, 2007, p. 145).

The Korean Wave apart from being considered as a reference to the popularity of the South Korean popular culture abroad, is also considered as a cultural production phenomenon used to promote overseas Korean interests, especially in Southeast and East Asia. Until now, the Korean Wave has consisted of diverse ways of production, which in a certain degree, have been able to work, in a synergistic form, with each other. Television presentation and films, cosmetics and fashion, food, dance and pop music, and video games, are included in this productions. So, we have to understand the broad implication of the Korean Wave, all that it holds, and not think that it only refers to dramas and pop music, in the last years it has become more than that. Using endorsement and product placement, several of these categories are combined with a single production. The Korean Wave is part of a new phase of economic development that emphasizes the role of creativity and intellectual property in the process of production and, hence, the decoupling of the retail price and the cost of production. The marketing component of *The Korean Wave* products has been used to promote the Korean society and Korea in an amicable and nonthreatening form, as well as it is instrumental in widening the cost-price gap; promoting the
consumption of Korean products and the tourism to the country (Kuwahara, 2014). In 1996, South Korea entered in the OECD (Organization of Economic Cooperation and Development), the rich person’s club. Nevertheless, “the decisive factor that convinced the Asian countries that South Korea, at the social level, is in reality part of the developed, western world, was Hallyu” (Kuwahara, 2014, p. 14). This has had an important impact on the soft power that can be deployed overseas in further promoting national interests in the areas of diplomacy, investment, education and trade. Developments such as the liberalization of media in Asia from the mid-1990s, moment when Hallyu first became remarkable, is what helped to create that situation. During this period, there were two television dramas (What Is Love All About? and Stars in My Heart), as well as music videos with Korean content, that made their way through China and other nations, which for the first time were showing such content. Before this, the international consciousness of popular Korean cultural production was almost zero.

Hallyu’s success is neither a coincidence nor a surprise. This was similar to the case of the first phase of the fast economic development. The conditions for development were put in place by the state and its agencies while individuals and private sector corporations have taken advantage of those conditions in inventive and at times unexpected ways. Once more, just as in the case of the first wave of development, Hallyu practitioners have eventually become sufficiently internationalized as to free themselves from the influence of the Korean state and to act independently. Nevertheless, even as independent international actors, many Hallyu practitioners prefer to remain consistent with the methods that bought then their success because of the benefits of joint branding across different products and sectors. Those who ignore their home support in favor of devoting themselves to their international supporters have found themselves criticized and their popularity wane (Kuwahara, 2014). An example is the actor Kwon Sang Woo, star of the television series Stairway to Heaven, who was forced into public apology for what was perceived to be an overly brief “hit-and-run” visit to Korea, when fans felt they deserved more chance to interact with him and that he should have demonstrated more love for the country.

Into the next and last point in this section; according to Ju (Hyejung, 2014, p. 33):

_Arjun Appadurai defends that the polycentric dispersion of the contemporary media, technology, and financial flows has progressed. This claim for popular cultural scholarship draws an attention to how procedures, filmmakers, and distributors within the marginal media industry have been competing with globally dominant media counterparts. In recent times, South Korean (hereafter Korean) media industry has been encouraging reconsidering the role of nation-state in transactional cultural flows as well as in regional media collaborations. Unprecedently, the Korean Wave triggered the Korean media industry to take the forefront in international media_
exchange. The Korean Wave has become an indication of a global-local interconnection of media in respect to production, distribution, and reproduction. On the whole, multilateral streams of the Korean media content evoke a proactive transformation of the Korean media industry. While the Korean media have reached broader than ever in the international market and have strengthened the scope of media practices and commercial impacts. It is noted that the heyday of Korean popular culture is a sign of the resurgences of Asian media after the Hong Kong film boom during the 1980s and the early 1990s.

Korean media products’ entry into the Japanese media market was an important turning point for a rapid growth exchanges with Japan in more than 30 years, after 1948; however, the Korean Wave made changes in the cultural exchange between the two countries. The influx of the Korean media content in Japan was really fast, and the two nations’ exchange of the cultural products increased. Korean’s transnational content business has been active within Asia but today it goes geographically far further areas, such as South and North America and Europe. A way of perceiving the Korean Wave is as a reflection of “glocalization” by the Korean media industry. Glocalization in the realm of media and popular culture impose the reciprocal interventions of media production, distribution, and consumption as the result of interpretation of the global and the local (Hyejung Ju, 2014). The outcome of glocalizing media interventions entails adaptation, accommodation, and innovation of local-regional-global network. Within a cultural realm, glocalization indicates that the combination of two or more elements from different cultures, cultural tastes, preferences, and popular trends makes new elements to suit better the different local or regional audiences (Kuwahara, 2014). Glocalization as the process of cultural flow is visibly seen in two ways: first, it involves adaptation of foreign content by a particular state (or local) medium by mingling it with indigenous and exogenous cultural components. Second, it makes easy for local audiences to receive foreign content and to obtain global (universal) tendencies that suit their lifestyles, sensibilities, and dispositions better (Hyejung Ju, 2014).

2.3. Aspects related to Hallyu
In this following section we will discuss, in short, about four aspects related to Hallyu: the industry policy, in order to see its influence in Hallyu; Hallyu’s Kdramas (soap operas) approach, so we can see the philosophy applied into making Kdramas; Hallyu and national prestige, so we can understand the importance of Hallyu for Korea; and lastly the Market segmentation of Hallyu.
2.3.1. Industry Policy

Industry policy may be broadly defined as the set of actions and policies that a state is able to enact to promote the efficient and successful operation of businesses operating within its jurisdiction. This includes the provision of infrastructure (hard, soft, and virtual), specialized government agencies and funding bodies, tailored educational opportunities, and incentives to companies to undertake more research and development and value-adding activities (Kuwahara, 2014). Originally, industry policy was intended to promote the specific interest of home country companies but since membership of the World Trade Organization and agreement of bilateral and multilateral treaties require equal treatment to all firms, it has become more common for industry policy to offer more or less similar treatment to everyone. In any case, internationalized companies are now frequently detached from attachment to a specific country as had once been the case. Instead, states may use special economic zones (SEZs) as places where particular privileges will be offered to all who wish to invest there on the graduated sovereignty principle\(^1\) that means a differential relationship between state and firm based on location.

Often derided as “picking winners”, at which governments are considered to be less effective than market transactions\(^2\), industry policy has been regularly used in East Asia as a mean of promoting rapid economic development with considerable success. Ha-Joon, Chang (2009), reviewing industrial policy as it has been practiced in the region, identified nine specific areas in which government has been active, including the coordination of complementary investment, the coordination of competing investments, policies to ensure scale economies, and regulations on import of technology and investment that were appropriate to the very specific conditions appertaining at the time of enactment. Governments acts in a number of ways, therefore, to promote certain types of economic activities and provides access to enabling technology (e.g., infrastructures) and general purpose technology (e.g., digitalization and computers) such that firms entering the market have a better chance of overcoming constraints to efficiency and to growth that so many companies would otherwise face and so are able to contribute to national economic and social development. An example of how this has worked successfully is with the online computer game industry. The Korean government provided incentives to companies to enter the market, made advanced educational opportunities available in relevant fields, provided

---


support to national-level competitions and media exposure to help overcome societal resistance to games-playing as a career choice, and enable coordination with other industrial sectors to ensure the competencies and skills obtained could be embedded in the economy as a whole. Despite the laws that have been instituted to limit game-playing, which for some people is dangerously addictive, in a way similar to gambling, the video or computer game industry has continued to flourish. Companies such as Nexon and NCsoft have flourished in this environment and have demonstrated their capacity to provide hugely popular game environment through innovations, such as the Massively Multiplayer Online Role Playing Games (MMORPGs) and the use of the micro transaction business model to replace subscriptions. Continued investment and innovation in this area remains considerably important as the games industry has begun the migration to mobile platforms and more open business models—that is, the ability of individuals to market and sell apps through easy-to-access international markets—which has brought new means of growth and change. Computer application also offers a platform for merchandising creative and media content of all sorts, and the ability to enable the public to connect more conveniently and comprehensively with media figures is an important component of the overall experience. It is argued that effective use of government policy has assisted the creative industries as a whole and has contributes to the success of the Hallyu internationally as a part of a deliberate strategy.

2.3.2. Hallyu’s Kdramas approach

Thai soap operas often cover much of the same material as the Korean ones but also contain some supernatural elements and slapstick humor often associated with unsophisticated countryside dwellers and these are features that are no longer considered desirable in more sophisticated societies such as Korea. In other words, Korean productions are able to make use of shared cultural properties and assumptions that can be popular in numerous societies; as well as producers have the ability to deploy these properties astutely and successfully. Within management studies, this phenomenon is referred to as “psychic distance” and it is used to measure the conceptual distances between societies as a means of determining the relative ease of marketing products in the distant markets (Walsh, 2014). There is a clear link here between information flows and psychic distance. The success of American media producers in advertising the nature of American daily life and the aspirations of individuals and families through the institutions of Hollywood, MTV, and so on, has made it more possible for American companies to market their consumer goods successfully in countries that have consumed the media content first. It would be preferable for those companies if the media content were to constitute a form of
cultural hegemony that would have the effect of excluding competition from elsewhere by erecting entry barriers for the industry. On the other hand, of course, the presence of successful creative content can create a beachhead in an overseas market that can be exploited by other firms following in the wake of the leader. In the early stage of Korean industrialization, its large companies spent their advertising budgets to a large extent on simply presenting the names of those companies—Hyundai, Samsung and LG, principally—so that overseas people unfamiliar with Korea and the Korean language would become accustomed to the sound and appearance of it to the extent that the language would no longer represent so much of a barrier. That same reliance on well-known and well-established international norms (i.e., the tropes of modern popular culture) has been useful in circumventing problems of “otherness” in the Hallyu. When it comes to commercial success, the Korean government and firms have been quite willingly to sacrifice authenticity for accessibility, as seen in the late industrialization period, instead of being innovative they chose to copy others; here, as well, they take as an example the American model and adapt it to the Korean society. This way they already have the base start for the model to apply, and so it is easier for them.

2.3.3. Hallyu and National Prestige
When Korea reached the limit of what economic development could be achieved within the low-cost export-oriented manufacturing paradigm, which has been labeled the Middle Income Trap, the effort was made to find ways to change the nature of the economic structure of the country (Kuwahara, 2014). This effort took place in the context of moving toward democratization while keeping the military forces on something akin to a war footing. It also took place in the period of emergent neoliberalism that was brought fully into East Asia as the result of the 1997 financial crisis. During the low-cost manufacturing period, the Korean government was more or less able to use the large, diversified companies known as chaebol (literally “millionaires”) as agents of national-level economic development, but as companies became internationalized, they freed themselves from this control and the government had to look to other companies to provide their designs. The Seoul Olympics of 1988 and the 2002 world cup shared with Japan went some way toward bringing Korean society to the attention of the world but there remained a gap between admiring the general level of order and organization of the country and appreciation of the cultural productions of Korean society (Walsh, 2014). Some Koreans in this period still held to the concept of Korea being the Ireland of Asia, in which people (men, in fact) enjoy the drinking, fighting, and singing parts of social life. These were not features that appeared to be exportable on a large-scale, not least because Irish-themed pubs had already cornered the market in the acceptable
part of the international market. Under these conditions, therefore, it was necessary to construct a new form of Korean identity that could be marketed to the world and to do so through intellectual property associated to individuals and specific brands not associated with large companies. The phenomenon of Hallyu helped to improve the image of South Korea, and showed the rest of the world a different perspective of the Korean society, avoiding the already believed stereotypes, but showing through KDramas a warmer and more relatable side of the country.

As Kuwashara explains, previously, chaebol had spent large amounts of money promoting their names so as to gain public awareness such that potential consumer goods produced by these companies in a wide range of categories. The Korean government did a great deal to assist the chaebol to increase their strength and range of activities through providing access to important scarce resources, opening new markets overseas, and suppressing the interest of workers. It also assisted in promoting Korea as a country, society, tourist destination, and place of manufacturing of reliable products as a means of enabling the chaebol to build upon their own success. This is indicative of the commitment to the use of soft power in international relations. Soft power indicates various forms of non-military means of influencing people in other countries so as to provide benefit Korean companies, institutions, and agencies.

This is logical response to the widespread Korean self-image as a nation and people that have regularly been attacked by foreign powers against which they have had very little military power to defend themselves. Soft power has, in other words, become a means for Korea to compete effectively in the world of international relations. An important part of the Korean character and culture has been forged as a resistance, diligence in the face of hardships, and the valuing of important human relationships, particularly within the family. The soft power concept posits a world in which relationships between states or between non-state institutions that can take the place of a state, can be positive sum or win-win relationships. These institutions and companies may be competing for resources but it is understood that the resources for which competition takes place may be renewed or reinvented in new forms. It is far from necessary, in other words, to return to the Cold War period paradigm of realism, which posits monolithic states squaring up to each other and being prepared to use hard power (i.e., military force) to secure access to scarce resources (Walsh, 2014).

Hallyu fits into this situation as a means of opening new fields of sustainable competition within particular capitalistic conditions. Popular media are a field of competition in which it is widely acknowledged that new products and new producers are constantly required and expected. To some extent, this is also associated with the fetishization of age and appearance within the world of media production; that is, the constant emphasis on youth and beauty means that new acts
must constantly be promoted to replace the talent that has been in the public eye for several years and, particularly in the case of women, may be considered to be insufficiently youthful (Kuwahara, 2014). A variety of studies have approached the issue of the objectification of women in visual media over the years and observed this trend under capitalist commodification of popular culture.

2.3.4. Market Segmentation
As explained by Kuwahara, within Southeast Asia, in particular, K-pop has been specifically aimed at young people than elsewhere although some aspects such as television drama appeal to all age groups. Both genders are involved, but emphasis has been placed on young women, who can both admire the clean and youthful good looks of the boy bands and singers, as well as, celebrate their femininity through the emancipation offered by the performance of their peers. Female singers and performers are expected to look attractive and glamorous onstage and off, but do not have the hypersexualized aspect of many contemporary western performers. Their public personae and personal lives are expected to be equally decorous and neither threatening nor salacious. They roles as ambassadors of the country are taken seriously, and scrutiny, via social media, can be intense. This combination of factors has tended to mean that public careers can be limited in time and individuals retire to the private sphere where they have more freedom to live as they like and, of course, this can represent a graceful exit for women who might otherwise be considered too old to be permitted to continue. This is in addition to the vagaries of fame and fashion that mean that there is inevitably a measure of unpredictability about who becomes popular and for which performance. Some of the risk to investment that this unpredictability entails can be eliminated through careful selection of talent and image-molding to conform to already established successful models. Using talent show and reality TV models mean that potentially unsuccessful acts are weeded out at an early stage and those with higher potential launch their careers with a considerable amount of exposure and support already secured. Television shows of this sort give the impression that they reveal the true character of the people concerned, who can portray themselves as the kind of all-round character that is required for a successful career. Just as, therefore, the online computer games industry was incorporated into mainstream society to make it a sector from which the country could profit without equivocation, so too have young performers been integrated into the national effort by making the acceptable to all sectors of society. Performers remain respectful of social mores, including paying respect to elders and authority figures and symbols, at all times. They are portrayed as the face of Korea, as the bourgeois Korean state would wish to see itself portrayed. Koreans use the concept uri (“we”) to project the sense of homogeneous selfhood. However, this is a dynamic rather than a
static concept and it can be used as a means of reformulating national cultural identity in terms more accommodating to the outside. Hence, in Hallyu, there is the regular resort to groups acting in harmony with each other, with peaceful resolution of conflicts and the importance of good manners as a means of navigating contemporary society and its problems. In *Dae Jang Geum* (Jewel in the Palace), the heroine faces rigid and discriminatory social and class structures during the Joseon Dynasty period, but the fundamental decency of rulers and their willingness to promote meritocracy means that she is able to rise to the role of royal physician. On the way, she must balance her personal and professional life and, despite some setbacks, diligence and persistence allows her to achieve success. Another example, in the school romance drama *Monstar*, the protagonists are able to heal themselves of psychological damage caused by events in the distant past through hard work (as musicians) and through fostering and reproducing harmonious relations with their colleagues.

This performance does not, of course, preclude the exchanges of the commercial world. Female performers may position themselves as sisters and friends rather than rivals but they still have products to sell. Most of all, the performers are selling themselves as images of popular and successful young women in a complex contemporary society in which their traditional roles are constantly reinvented and reconfigured. It is also the case, of course, that young women in middle-class homes in urban surroundings are more likely to have disposable income and time beyond what would previously have been possible and so represent a better market opportunity than before. They may be more willing, as a result, to consume their heroines more completely by volunteering for the kind of cosmetic plastic surgery and skin-whitening techniques that are common among performers. In effect, by changing or attempting to change their appearance, the women are decontextualizing themselves and aspiring to enter a world of their own devising. In Thailand, this can be approached by becoming a “ting”, as fans of Korean popular culture call themselves (the name derives from *ting-hu* or earlobe, which was used to measure the length of hair acceptable for Korean schoolgirls). *Tings* are consumers of the heroines—the phenomenon really took off with the launch of the girl group Girls’ Generation—seeing themselves as friends of the celebrities and usually addressing them as if they were family, calling them *eonnie*, a Korean word that means big sister.

There are *tings* who have learned to speak Korean and travelled to the country to become graduate students there. They have followed in the footsteps of those Thai fans of Korean soap operas who spend their holidays going to Korea to find the places where particular scenes of a Kdrama or Kmovie were shot and aimed to make themselves part of the world-experience of the show. *Tings* have a relationship with their heroines that they define as “love”. The performers may
be role models in some ways but they are more likely to be seen, as I said before, as family members who must be cherished and protected as much as their success is to be celebrated. This is a phenomenon that includes people of all ages and levels of education. When the Korean actress and news anchor Ms. Jung-Sook Park turned doctoral student and gave a keynote presentation at Kyung-Hee University in Seoul in June 2012, she was a figure of consuming interest to the many Thai faculty members present in the audience. Dozens of academic papers are now appearing in a wide range of fields of study concerning the various implications of Hallyu and the ways it is produced and consumed.

3. KOREAN POPULAR CULTURE

3.1. Korean television and Kpop

As already explained, starting in Asia in the 1990s, the Korean Wave has become a worldwide phenomenon in recent years as attested by the phenomenal success of PSY’s “Gangnam Style” in 2012, with almost three billion views on YouTube since then. Moreover, after this success, Kpop’s popularity increased around the world. Specially, in the period comprehended between late 2016 and this year thanks to the huge impact of the last song of the South Korean boy band BTS (Bangtan Boys), who even won at Billboard Music Awards in USA the Top Social Artist of 2017 award, showing the huge popularity that they have and the increasing awareness and popularity of Kpop overseas. This Korean Wave plays an important role in the creative industry of South Korea, as it refers to the popularity of Korean popular culture outside South Korea. Thanks to this phenomenon it has emerged another way of tourism, that consists in visiting places where Kdramas were filmed or Kpop artist visited, this having positive impact in South Korea’s economy.

To a casual observer, the Korean Wave may not seem so remarkable in that it reflects the widespread popularity of Japanese popular culture during the 2000s, including anime, video games and sushi. However, there exist significant differences between the two of them. First, the Korean Wave was begun and has been promoted as an official policy of the Korean government to revive the country’s economy. As such, popular culture products are tailored to appeal to the wildest possible audience beyond the national and regional boundaries. Second, Korean popular culture owes its worldwide success largely to the coming of the digital age in which, in addition to the established routes, products are presented, distributed, and consumed through the Internet and social media by both entertainment agencies and enthusiastic fans.
Since the end of the twentieth century, popular culture products have increasingly become important in South Korean economy. In the face of the financial crisis of 1998 that resulted in a 7 percent loss in GNP, then President Kim Dae-jung issued Presidential Proclamation on Culture that subsequently established the Korean Institute of Design Promotion as well as the Korea Creative Agency and also gave priority to the cultural industries in the government budget. In 2005, the government started giving a large amount of grants to various organizations that introduced Korean popular culture to other countries. The relationship between the public sector and private sector that gave impetus to the Korean Wave finds its roots in the 1960s when the rapid industrialization and modernization of Korea began. As said in previous sections, according to Walsh, Hallyu is the latest phase of the Government construct of South Korea, in which, the conditions for its development were put in place by the state and it agencies, while private sector corporations and individuals (as “The Big Three” about which will be explaining in the following section) have taken advantage of those conditions in inventive and sometimes unexpected ways. Once again, they have worked together to promote a joint brand, Brand Korea, across different products and sectors. The purpose, development, and nature of Hallyu is examined as a deliberately fostered manifestation of economic development that has resulted from a distinctive form of industry policy. As already explained, Hallyu began with the successful showing of Korean dramas in China. The Korean television industry evolved from a marginal entity to a major player in the international entertainment market with focus on dramas that stated the Korean Wave. In the early phase of the Korean Wave, the Korean star marketing system, which was similar to the Hollywood star system, opened the door to the Asia television market for the Korean television industry. Well-known and popular actors and actresses were the best marketing tools and thus were used in pre-broadcast promotion tours in order to create a “planned boom” for a new drama. While the demand for Korean drama thus increased, they were still regarded as cheap alternatives to expensive US and Japanese counterparts during the initial phase. An unexpected success of the Korean drama Winter Sonata in Japan in 2003, however, changed this and moved the Korean television industry to the new phase during which it has extended its reach to an increased number of Asian markets and also began to get top ratings in those markets. Both Korean stations and foreign stations that purchased Korean dramas used “windowing”, the one-source, multiuser marketing strategy, in order to increase profit. As a result, copyright became an important issue. The most recent phase of evolution of the Korean television industry is

characterized by the rise of independent producers and joint ventures with foreign entities in order to defray the rising cost of production. As the countries beyond Asia began to show Korean dramas, localized content had to be universal in order to appeal to the global audience. Korean networks and independent production companies began to develop a specialized global marketing system. On the other hand, the importers of Korean dramas also worked to make them appeal to the local audience by finding the best format to market, dub, reedit, and so on. It is the mutual effort of exporters and importers that has made Korean drama globally successful.

In the early 1990s, Hollywood movies began to lose a foothold in Korea as the domestic film industry, aided by the policy support of the government and the financial support of chaebols (a family-controlled industrial conglomerate in South Korea), began to produce high-quality movies and thus started drawing the audience to domestic films. Today, Korean films are not only successful in the domestic market but are also attracting the attention of movie fans all over the world. My Sassy Girl, a romantic comedy directed by Kwak Jae-young, was one of the early films that became successful internationally. Released in 2001, the film sold 4,852,845 tickets in its ten-week run, making it the second highest-grossing film of the year with $26 million in proceeds. It was also a huge hit throughout Asia, including Hong Kong (with $1.7 million in box office revenues), Japan (with $4.3 million), China and Taiwan. The film was not only popular among the audiences but also received awards at various film festivals. Due to such tremendous success, My Sassy Girl was remade in Japan, India, China, and the United States, but none of the remakes came even close to the success of the original film. Jung-Kim, in the book “The Korean Wave”, attributes this failure to a different mindset of the audience toward remakes. While the audience viewed the original My Sassy Girl as a foreign film, they were more critical of the domestically produced remakes. That is, while people are willing to accept unfamiliar aspects of a foreign film at a face value, they have higher expectations of locally produced products to be relevant to their own culture. My Sassy Girl is thus an interesting case study of glocalization.

In recent years, the center of global attention given to Korean popular culture has shifted from television dramas to music. Known as “The Second Wave”, this phenomenon is led by pop idol bands and singers who are trained by professional agencies in order to appeal to not only the

---

4 The Korean Wave, 79-89

5 Data from Korean Film Archive. Korean film.org.

6 Korean Film Council data cited in Sun Jung, Korean Masculinities and Transcultural Consumption (Hong Kong: Hong Kong University Press, 2011), 1; Jinhee Choi, The South Korean Film Renaissance: Local Hitmakers, Global Provocateurs (Middletown, CT: Wesleyan University Press, 2010), 85.
domestic but also the international audiences. Singer’s PSY’s 2012 mega hit “Gangnam Style” represents the current state of the Korean Wave. Gangnam refers to the area south of the Han River in the city of Seoul that is commonly regarded as the wealthy section of town. The song criticize Gangnam girls who are rich, materialistic, and full of vanity. Because such a perception of Gangnam was not known outside of South Korea, it was undoubtedly a localized song targeted at a domestic audience. Nevertheless, it spread like wildfire all over the world; PSY was on NBC Today Show two months after its release, the accompanying music video became the most watched video on YouTube in four months and reached a billion views in six months.\(^7\) Such an instant success was made possible by the combined development of social media, particularly YouTube, which, as the user-created content “platform”, functioned as a “network” between the song and consumers. Indeed, both “Gangnam Style” and the Korean Wave owe their success partly to this platform. Until recently, the success of K-pop and Korean television drama has been more or less confined to the global Asian communities, but now they have become a global phenomenon extending their reach to Europe and North America. The exposure through social media has made Korean popular culture products known beyond the national boundaries. Moreover, “Gangnam Style” spawned a variety of parodies that not only replaced Gangnam with specific geographic locations but also were about occupations, current events, etc. Thus, “Gangnam Style” showcases a new model of production and consumption in the digital age. With the development of social media, consumers are given opportunities to be producers and disseminators of information. The success of “Gangnam Style” also shows that, contrary to the general opinion that a product must possess universal values to appeal globally, the original locally targeted content can be adapted globally.

On the other hand, while the appeal of Korean television dramas, in Japan, was, at first, limited largely to middle-aged women, through the years and evolution, as well as the impact of the introduction of K-pop in the late 2000s extended the appeal of Korean popular culture, called Hanryu in Japan, to teenagers. When actor Jang Geun-suk made a television commercial for a Korean fermented alcoholic drink, makgeolli, in 2011, the Hanryu boom seemed to achieve its peak, which has continued till this day. This had positive effects on the relationship between South Korea and Japan, as Japanese people were eager to learn Korean language and visit their

country. However, it is known that some of the actors and actresses who are enormously popular amor the Japanese fans are not equally liked by Koreans. That's way, even nowadays, there are actor, actresses, boy bands and girl bands from South Korea that debut in Japan and is there where they have their main or even all their activities.

In short, the Korean Wave, more than Japanese popular culture of the 1980s, proves that the global cultural flow is no longer merely one way from the West to the rest of the world. It has shed light on various aspects of cultural exchange among nations. Contemporary Korean popular culture is produced under the influence of the Western hegemony, such as American popular music and Hollywood films, and then transformed to appeal to the wider audience before being exported to neighboring Asian countries and beyond. As the demand for Korean popular culture increases in these countries, the imported products are changed to meet local taste and thus to maximize profits. Using the concept of “glocalization”, glocalized Korean popular culture was universalized and then glocalized again. Moreover, with the rapid development of digital technology, traditional consumers of popular culture began to assume a more active role in which they not only consume the products brought by mas media but also disseminate the information by starting fan websites for television dramas, covering dances of their favorite musical groups, or creating parodies to the original music videos. While the combined development of digital technology and social media is undoubtedly a key to the global success of Korean popular culture, its appeal in the non-Western countries is often attributed to the portrayal of traditional values based on Confucianism in television dramas, movies, and even through images of pop idols (Kuwahara, 2014). As stated by Eun-young Jung, the Korean Wave is indeed multilayered and multidirectional in terms of its production, dissemination, consumption and appeal[^7].

### 3.2. The Big Three: SM, YG and JYP

As mentioned in the section before, in the entertainment world in South Korea, there are a group of entertainment agencies that lead the industry, this ones are called “The Big Three”: SM Entertainment, YG Entertainment and JYP Entertainment. Based on their income, influence and success, they are known as the most important and powerful in the entertainment world. Their artists have the most influence and popularity in the entertainment industry. So, in this section we will be discussing, in short, about each agency.

The most important agency among “The Big Three” is SM Entertainment (in Korean: SM 엔터테인먼트). SM Entertainment (SM means Star Museum, and it also makes a reference to its funder name: Soo Man) is an independent record label, producer, talent agency and music publishing from South Korea, founded in 1995. Its founder is Lee Soo Man, and its current CEO is Kim Young Min. It is a part of South Korea’s largest record label three due to its strong participation in the market and in international operations. SM is recognized and considered as the one initiating and leading the Korean Wave around Asia and around the world. SM was once the home of the most famous K-pop idol bands: H.O.T., S.E.S, and Shinhwa. However, this three groups are now disbanded and SM’s actual list of artists include KangTa, BoA, TVXQ, The Grace, Super Junior, Zhang Li Yin, Girls’ Generation, J-Min, SHINee, F(x), EXO, Red Velvet, NCT and Henry Lau, who enjoy popularity and fame nationally and internationally. Furthermore, it is the home for some well-known actors and actresses: Go Ara, Kim Min Jong, Kim Ha Neul, Lee Yeon Hee, Kim Ian, among others. SM Entertainment also co-publishes with Avex Trax the release of Japanese artists as Ayumi Hamasaki, Namie Amuro and Koda Kumi, who are well-known singers; as well as other artists of Johnny’s Entertainment, as Arashi and KAT-TUN, well-known boy bands from Japan. In 2015, the company had reported revenues of KR₩325 billion (approximately US$287 million) and a net income of KR₩21,7 billion (US$19 million).

**About the company:**

Lee Soo Man, founder of SM Entertainment, was studying computer engineering at California State University Northridge in the early eighties (after being a singer of folk and rock for few years in South Korea) when he experienced the music revolution that the new cable-TV channel, MTV, started, which consisted in forcing bands to be not only musical but visual as well. It was then when he decided to go back to his country, South Korea, to start his career as a producer by creating the first two idol musical groups (in Korea they refer to the singers and musical groups K-pop as idols) of K-pop, the boy band H.O.T. and the girl band S.E.S. Both bands were a huge success in the nineties. A short period after creating these two bands, Lee Soo Man created another boy band called Shinhwa; this group, as well as the other two, gain a huge popularity and it had the same success as the other two. Nevertheless, problems started arising for SM Entertainment after the disband of H.O.T. The company went through a financial crisis. A year
after their disband, the girl group S.E.S. disbanded as well; followed by Shinwa, even though this last group left SM they continued their career and success with other companies, unlike H.O.T and S.E.S (S.E.S. returned to SM in 2016 after 14 years and started again their activities as a group).

Later on, the agency discovered new talents as BoA and DBSK, who were a huge success. In addition to the commercialization of the artist nationally, both artist were aggressively promoted in Japan, where they had a huge impact and success as well. This was part of their then recent blue ocean strategy, through which they wanted to export the Korean talent to the big markets of music abroad.

SM established a joint venture with Avex Trax to release the music of BoA, DBSK, CSJH The Grace, Super Junior and TRAX in Japan. Super Junior and Zhang Li Yin were promoted strongly and intensively in China, Taiwan, Hong Kong and other communities who speak Chinese. The sub-unit Super Junior-M who sings in mandarin Chinese, was created especially for the target audience who speak Chinese. This way SM managed to enter the international market in Asia.

In the last years, as the current CEO Kim Young Min told Yonhap News Agency in an interview: "S.M. continued the upswing by becoming the first South Korean entertainment company to be listed on the local bourse in 2000 and break the 1 trillion won ($858 million) mark in market value in 2012."

SM made history from the beginning by being the pioneer of K-pop, as well as being the first one to export K-pop, and in 2011 the company held the first-ever K-pop concert in France. Furthermore, according to the company’s regulatory filing, over the past 20 years, its annual growth rates averaged 32 percent. Moreover, SM’s sales of 2014 were KR₩287 billion ($255 million). When the CEO was asked in an interview the reason of such growth, he said that an important part of the sales (more than 40 percent of the sales) came from overseas, showing this way the huge positive impact of the Korean Wave, as they got to hold numerous events and concerts outside South Korea (the CEO said that they had more concerts abroad than in Korea), as well as the importance of merchandising, albums and songs. Taking as example the model followed in Japan, S.M. also held events in smaller venues, which allows fans and artists to have closer interactions.

In addition, CEO Kim said, in the interview already mentioned, that:

*The expansion overseas of SM has three stages: exporting, co-producing and localizing. BoA and TVXQ count as the first kind, with international groups such as Super Junior and EXO belonging to the second. The third, localization, will gain traction next year when a music audition program*
on China's Hunan TV chooses a winner, who will be produced by the South Korean entertainment giant.

At the end of the interview with Yonhap, SM's CEO Kim said that:

*Our mission is to contribute to society through culture, I believe the cultural content we make builds South Korea's national power. Our first goal is to continue doing so and the second is to become world No. 1 from our current No. 1 position in Asia.*

Another interesting and important fact about S.M.'s way of working is that it has used really efficiently and in an important form the pop-up store, selling everything from folders, bags, postcards and clothes to collector's edition CDs of Girls' Generation (one of their most famous girl group nationally and internationally), Super Junior (one of their most famous boy band nationally and internationally), and other groups from the company. Furthermore, as they make, for example, the same Girls' Generation CD, but packaged with different covers for each of the nine members, fans buy multiple copies, increasing S.M.'s sales.

However, despite all this success, in the last year they started to face deficit in their net income, even though their sales were KRW167 billion ($149 million) in 2016, they still finished the year with a deficit in their net income. We don't know exactly what is costing so much SM that despite all its sales still has deficit, it is speculated that the “SM station” created in February of 2016 (a project that ended February of this year, as it was intended to last only a year) is what costed them so much money but didn't get the expected benefits. However, even in this deficit situation SM is still in the top of “The Big Three” receiving 300.000 applicants for spots in its groups in nine countries every year, as it maintains overseas offices in Hong Kong, Japan, Thailand, China, and the U.S. It also still have its prestige, a training facility of 2.550 square meters, collaboration with 400 songwriters all over the world and the fact of sampling 12.000 songs a year. As well as a YouTube page that gets 1.000 views a second. So, even in this bad situation S.M. will still remain in the top and will soon solve its problems as it has done with the past financial difficulties. We can not forget that S.M. was the first Korean label to market “bands as brands”, says Bernie Cho, president of Seoul entertainment agency DFSB Kollective. Making S.M. model immensely profitable.

On the other hand, S.M. is considered the most conventional among The Big Three, and it is still unclear if it will—or can—diversify into electronica, rap and rock. But it holds important strengths. "The Korean market is hungry for non-K-pop forms of music," says Russell, 2014, in an interview with KoreaTimes, "S.M. has a very clear niche, and if they want to go beyond that, it is tricky, but I think they will do very well with what they have”. In addition, Hahn Dae-Soo, a legendary folk and rock singer sometimes called Korea's John Lennon, said in an interview about S.M.
Entertainment, with KoreaTimes in 2014: “The artistic side is what is lacking right now. Musically, we wanted to be seen as artists. We did not want to be teenyboppers doing bubblegum pop.” Nevertheless, he credits Lee Soo Man with making music pay, saying that: “I wish I’d had Lee Soo-Man when I was in my 20s and 30s! Before Lee it was: ‘Music is my life, I don’t care if I’m rich or poor.’ Now you can love music and be a millionaire!”

In conclusion, even though S.M. is usually accused of seeing artists and talent more as products and a source a money, Lee Soo Man is the responsible of the popularity of K-pop all over the world, as it all started with his groups and his way of working. So, no matter what happens with the agency in the future, S.M. will always remain in history for being the one that exported K-pop and changed the concept of the entertainment world in South Korea.

3.2.2. YG Entertainment

YG Entertainment (in Korean: YG 엔터테인먼트) is the second listed in the groups of The Big Three. The company was founded by Yang Hyun-suk in 1996, and its current CEO is Yang Min-suk, the founder’s little brother. The name of YG comes from “Yang Goon” a nickname of the founder. YG Entertainment like SM Entertainment operates as a record label, music production company, talent agency, music publishing house, concert production and event management company. Besides, the firm under the name of YG PLUS, operates various subsidiary venture, which include a golf management agency, a clothing line and a cosmetics brand.

Once, YG Entertainment was the home of well-known hip-hop group 1TYM and girl group 2NE1. Currently it has some of the most important artists in the industry such as PSY, Big Bang, CL, Dara, Akdong Musician, Lee Hi, WINNER, iKON and BLACKPINK, all of them being famous nationally and internationally.

About the company:

A former member of the Korean boy band Seo Taiji and Boys, in March of 1996, founded YG Entertainment. During its first years YG created the bands Keep Six (this one was YG’s first group which couldn’t attract popularity), Jinusean, and more importantly 1TYM (pronounced as “One Time”). The last two are considered the ones that made YG Entertainment successful in its first years, and they are also considered as the ones that brought into the Korean music mainstream the hip hop genre. The agency was successful in both Korea and Japan with its first “idol” singer (referring to a singer of K-pop) Seven in 2003. So, they attempted to go overseas into the US music scene, however the singer was not successful there.
Even though Seven was not successful in US, it did gain popularity in Korean and Japan, so YG formed its first idol group Big Bang in 2006. Despite the fact that at first they did not gain so much attention, the following year they started to get important popularity making them, even until to this day, one of the biggest and most bankable boy bands in the world. So, after the boy band success, YG Entertainment focused on forming its first girl group, 2NE1, in 2009. As well as Seven, both bands were successful in Japan, however, contrary to seven, they did get attention in the USA, gaining popularity through the years, until this day. Later, in the 2009 YG signed with the established artist PSY, who is worldwide known for his hit in 2012 “Gangnam Style” about which we already commented in the sections before. The success of PSY’s song gave popularity to the agency as well, resulting into a positive impact for the company, as the song was credited as the main reason for YG Entertainment’s share prices increasing by more than 60 per cent. Later on, in 2014 the agency acquired T Entertainment’s staff and actors including Jang Hyunsung and Cha Seung-won, who are well-known actors. In addition, it acquired K-plus, expanding its acting division through acting debuts of models Lee Sung-kyung and Nam Joo-hyuk, who are really popular in Korea and abroad. Finally, that year the company also expanded into the beauty industry by creating the cosmetic brand Moonshot. After this, in 2016, YG debuted its second girl group (after 2NE1 in 2009) formed by four members, BLACKPINK; this same year 2NE1 disbanded.

YG Entertainment has not suffered from a deficit as SM Entertainment, but keeps having positive income even at the end of last year, a strategy of YG that is considered as the factor of its success, is that he doesn’t focus all his energy into only the music artists, instead he likes to diversify its activity, as seen, through signing and debuting various actors, as well as having a clothing and cosmetic line, in which he usually use its artist to promote and advertise them. YG Entertainment, contrary to SM Entertainment, is known as not overworking too much its artists, giving the company a more positive image than SM.

3.2.3 JYP Entertainment

JYP Entertainment (in Korean: JYP 엔터테인먼트) is the last one listed in the group of The Big Three. The agency was founded in 1997 by Jin Young Park, and it current CEO is Jung Wook. The name of the agency come from the initials of its founder’s name Jin Young Park. The company is home of artists as: 2AM, Day 6, 2PM, Baek A-yeon, Miss A, Got7, Bernard Park and
Twice, all well-known and popular in South Korea and abroad. The former artist of the company were artist such as Sunmi, Park Ji-yoon, Rain, g.o.d and Wonder Girls.

About the company:
South Korean singer and record producer Park Jin-young founded the agency in the late nineties. Even though its production and trainee system largely followed that of S.M. Entertainment, at the beginning he had a different idea, wanting to break into the American market, opening the studio and headquarters of its US branch, JYP USA, on June 2007 in New York City. Later on, in 2011, it was reported that Park invested approximately US$1.2 million in establishing the US-based subsidiary JYP Creative. Nevertheless, the firm reportedly saw a net loss of around US$1.5 million after a year of operation, which obligated the CEO to liquidate the branch closing all US operations, including the one in New York. In 2012, JYP announced its collaboration with Swizz Beats for Reebok, working together to represent the brand’s ‘Classic Campaign’, as well as a new song. In 2016, JYP Entertainment announced a music distribution partnership with China Music Corporation.

JYP Entertainment also integrates JYP Pictures Co. Ltd, which is a film and TV drama production company, that was founded in 2011, with the purpose of producing Korean Wave content so they can enter the global market. Some of its important work are: Dream High (a TV drama which was a great success and was starred by some of the artists of JYP Entertainment), Dream High 2 (the sequel of the first one with the same concept, starred as well by some artists from the company), Dream Knight, among others.

JYP also founded JYP Foods Inc in 2010, and in 2012 opened its first restaurant Kristalbelli in New York City. This restaurant is known for the use of crystal grills and for having the most expensive Korean BBQ. After this, it opened a bar (Studio J bar) in 2016, as well as a brunch cafe and a bistro (The Street), in this last one, aside from being a relaxing space for the visitors, is also where people can meet or interview JYP (Jin Young Park), as well as artists of the company.

Even though JYP Entertainment is not as successful as SM Entertainment or YG Entertainment, it still gets to be the third one in the Top Big Three, by managing well its business and knowing how to promote its artists. Its latest huge success is with its last girl group Twice formed by nine girls, imitating the most successful girl group of SM Entertainment Girls’ Generation. Twice’s success it is nationally and internationally, gaining huge popularity in Europe and USA.
3.2.4. Trainee system

In the last point of this section we will be discussing some important aspects about South Korea’s trainee system, so we will be able to see the difference between South Korea’s system and Western system.

The trainee system even though it may slightly differ among the three companies before explained, it has the same base and shares important similarities. The management agencies offer contracts to potential artists, usually at a young age, and after they sign it, they start their period of training, some companies do not establish the limit for the training period, but other as JYP Entertainment establish a minimum of two years and a maximum of seven years. Contrary, SM Entertainment usually do not establish an exact limit as for example artists as Suho from EXO, a worldwide popular boy band from the agency, spend ten years training; or Girls’ Generation nine members who had to go through an average of five years of training. The contract is it usually for a minimum of five years, but they do not include the training years, the countdown starts when the artists make their debut.

Trainees, usually at an age of nine or ten, start the period of training by moving into a house arranged by the company in order to live with the other trainees, while attending school. This is done so they can control the trainees and make sure they follow their schedule. Until here we can already see the huge difference between South Korea’s trainee system and the Western one.

After moving in together the trainees receive their schedule, it usually includes many hours a day learning music, dance, foreign languages—mainly English, Japanese and Chinese—, how to behave in public, how to look at the camera, how to pose, and so on. They teach them everything that they need to know to become the best artists they can, but they also learn how to, in short, have a perfect public image. Scandals in South Korea are not taken as “easy” as in the West, in Korea even the most insignificant scandal can ruin the career of an artist, as the Korean public is more demanding and expect a perfect behavior from their artist, that is way they are trained so hard.

A former trainee for SM Entertainment shared her experience in her trainee years prior to her debut. She said that if she was late or went again the rules, the punishment was singing while running around the practice room ten times. Moreover, she said that they trained by singing while doing sit-ups and at the same time someone hits their stomach in order to develop muscle and vocal power. She also said that if someone did something wrong, they had to write about that and they were not allowed into the practice room until they clearly stated what they did wrong. Another practice of SM in the trainee process, she said, that it was checking their body fat percentage every month and taught them manners and attitude. The former trainee also said that they teach
them instruments and then play random notes on the piano and the trainee has to guess which note it is. The trainee also talked in the interview about the intense routines they must go through, especially if they are not able to improve as a trainee. She said that everything was on schedule and they had homework as well, even though they already had homework from their school. She explained that if a trainee did not improve but he or she was pretty they told them to stay underwater and hold their breath for five minutes as well as sitting in a V position and dropping basketballs on their stomach when they breath as a way of punishment and somehow motivation to improve, even if it implies using this kind of extreme ways. This former trainee explained that even though during her trainee days she did not quite as she thought that was the only way to become a singer, at the end she decided to quit and does not regret the decision of leaving, but affirms that still remember those days as a horrible part of her past.

This kind of practices and strict schedules are not only associated with SM, even though SM is mostly accused of going over the line and being too harsh on the trainees. YG and JYP follow the same model of trainee system, even though YG is known as being softer and more considerate with the trainees.

In YG’s trainee system trainees are guided by the founder Yang Hyun-suk’s words “Before becoming a singer, you must first become a person” motto that is hanging on a wall in the training room. The priority for Yang Hyun-suk is the character of the artists before the ability, though it is also very important. As well as in most agencies trainees start young, as an example the worldwide known artists G-dragon and Taeyang who started training at the age of nine, practicing until late in the evening and only had Sunday as their rest day. YG expect from their trainees to focus only on training, meaning that they have to abandon they private and social life during the trainee period. Aspiring singers from YG have to take dancing, singing and foreign language classes, as well as physical trainings. Trainees are supervised by vocal trainers for three or more times a week in order to train on basic singing concepts and singing in live. Aside from singing, they also have dance trainings at least three times a week and YG Entertainment use at least two times a year international dancers to teach the trainees. Nowadays, Michelle Martinez, Justin Timberlake’s dance partner, is the dance trainer at the company for trainees. Furthermore, trainees study English, Chinese and Japanese at least three times a week.

Finally, as for JYP Entertainment, as the founder JYP said “Passion is the most important”. JYP explained that before becoming a star he/she must have the passion to dance, to sing and to do the best. The trainee schedule it is similar to that from YG.

The Big Three have similar trainee system, and they adapt it to each trainee as every trainee has its strengths and weakness.
Another different and interesting thing related to the artists contracts with the agencies is that it is well common for the agencies to ban dating for the first years after the debut, for example the well-known group Twice from JYP has a restriction of dating for three years after their debut. In short, we can see the huge difference between the entertainment system of South Korea, specially the trainee system, and the one from the Western culture, as USA and Europe. Practices that are acceptable in the South Korea entertainment system are unimaginable and unacceptable in the entertainment world in USA or Europe.

4. CONCLUSION
As we have seen through this project South Korea’s has made great use of the Korean Wave in order to improve its image for the rest of the world, and this has had important positive impacts in the Korean economy. We also have seen the way it all started and how it evolved, as well as the apparition of the phenomenon called “The Second Wave” lead by K-pop. We also described, in short, The Big Three agencies of the entertainment world of South Korea, as well as how the trainee system is organized and how it differs from the one in Europe and the USA.

In conclusion, South Korea still has a lot to show to the world and they are entering stronger in the markets of USA and Europe while keeping their strong success in Asian countries, who still remake popular Korean dramas, as My Love From Another Star aired in South Korea in 2014 gaining huge popularity national and internationally, especially in China where it was remade in 2016. Another example of the huge success of this drama is that in March of 2016, 6000 employees of a Chinese cosmetic company held part of a weeklong themed trip inspired by the Korean drama before mentioned, at Wolmido Island off the coast of Incheon, South Korea, where they hosted a feast featuring 3,000 fried chickens and 4,500 cans of local beer; which was what the heroin of the drama most liked and consumed during the episodes of the TV series. On the other hand, the movie “Train to Busan” aired in South Korea and gained such huge popularity nationally as well as internationally that it will be remade in English by French studio Gaumont. A deal that was announced on December of 2016, and it was known that even Fox and Sony were among the Hollywood studios known to have pursued a deal. Nevertheless, the importance that the Korean Wave it is gaining in USA it is mostly due to Kpop more than Kdramas or Kmovies; new artists, as for example Bangtan Boys, Twice, BLACKPINK, etc. or the old ones as Girls’ Generation, TVXQ and more, are increasing the number of their fans there.

33
This Korean music groups are gaining attention even in the Billboard Music Awards in USA where Bangtan Boys won the award of Top social artist winning over artists like Justin Bieber. Here we can see how positive effects the new technologies and social media have on the spread of the Korean Wave.

After all what was exposed in this project we can affirm that the Korean Wave is really important in South Korea and it shows us a different way of managing the entertainment world, as for example the trainee system, showing us what they are willing to do in order to get the best form their artists.

As a future line of study it will be interesting to analyze deeper the effects of the entrainment world in the advertising in South Korea, as it is has differences from the advertising made in Europe and USA. South Korean companies use celebrities in most of their advertisements by making deals with the agencies. When we watch a TV advertisement in South Korea there are times that it looks more as the teaser of a musical video than an actual advertisement. As an example, early this year a bank in South Korea, KB Kookmin Bank (which was among the four largest banks ranked by asset value in South Korea at the end of March 2014) made an advertisement to promote their new products and the stars of the video are a well-known model and actor, Nam Joo-hyuk, and the famous singer Doyeon from the popular girl group IOI, both from the company YG Entertainment, looking more, like I said, a teaser for a musical video than a bank advertisement. Here it is the video:

Source: https://www.youtube.com/watch?v=7RyLqT1RM9s
5. REFERENCES


Korean Film Council data cited in Sun Jung, Korean Masculinities and Transcultural Consumption (Hong Kong: Hong Kong University Press, 2011), 1; Jinhee Choi, The South Korean Film Renaissance: Local Hitmakers, Global Provocateurs (Middletown, CT: Wesleyan University Press, 2010), 85.


6. WEBGRAPHY


