The K-pop Factory Phenomenon

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Abstract
Across the global music industry and the popular media, “K-pop” is both a buzzword and soft-power concept that encapsulates the astounding success currently enjoyed by Korean cultural contents, in terms of both production and export values. Despite creative input from a variety of international contributors, the meteoric rise of K-pop was not anticipated by most global music industry players. In addition, by circumventing the barriers to entry (and costs) associated with traditional media production and distribution channels dominated by a few major global players, successfully exploiting the promotional space offered by YouTube, and being an early adopter of this new commercial phenomenon, the K-pop industry has become a world leader in an intensely competitive field.

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Since the election in 1998 of President Kim Dae Jung in South Korea (hereafter Korea), the transnational dissemination of Korean popular culture, aka the "Korean Wave" (or Hallyu in Korean), has gradually transformed Korea from an Asian backwater into a vibrant, trend-setting, ultra-modern and super-wired society. Through the application of "soft power", there has been a transnational ebb and flow into China, Taiwan, Vietnam and Japan, among other countries. This expansion of the Korean Wave has invigorated Korea's key cultural industries - including film, television, drama, food, fashion, gaming, and its popular music industry (K-pop) - enabling the nation to create and retain universal appeal and appreciation of its media products. In recent years, K-pop has become the most visible and far-reaching vehicle for liberating Korea's soft-power.

K-pop is a type of contemporary music performed (and consumed) by teens and twenty-somethings across a variety of genres. According to foreign critics, the trend-setting and dazzlingly choreographed K-pop idol stars are younger, more animated, better dressed, better looking - achieved in part through plastic surgery - and more able to carry catchy tunes than singers from other countries. Korean groups that have made particularly big waves abroad include boy bands DBSK (aka TVSQ), Big Bang, 2AM, 2PM, Infinite, SHINee and EXO, and girl groups Girls' Generation, 2NE1, Wonder Girls, KARA, Miss A, After School and f(x). The meteoric rise to fame of these acts astounded Time magazine, which in its 7 March 2012 issue labeled K-pop as "South Korea's Greatest Export."
In terms of global exposure and consumption, 2012 was a watershed year for K-pop. PSY’s “Gangnam Style” single released in July 2012 became an overnight hit, reaching #2 on the U.S. Billboard Hot 100 charts, and putting K-pop centre-stage internationally. To date, ‘Gangnam Style’ remains the most-viewed YouTube video of all time, with almost two billion views. In November 2013, the nine-member Korean girl group, Girls’ Generation, shocked the industry by winning the video of the year award for ‘I Got a Boy’ at the YouTube Music Awards, beating favorites Lady Gaga, One Direction and Miley Cyrus. In 2014, K-pop is the major engine driving Korea’s cultural transformation, earning the sobriquet ‘new Hallyu’ (shinhallyu in Korean) and writing a vibrant new chapter into the Korean Wave story – all while keeping Korea at the forefront of the global music industry.

Entrepreneur Lee Soo-man (who formed SM Studio in 1989, renamed as SM Entertainment in 1995) was one of the primary producers behind a motley crew of idol groups, heralding K-pop’s international surge to fame in the 2000s. During the 2000s, SM Entertainment, became the leader of the ‘Big Three’ of the Korean music industry (followed by YG Entertainment, now YG Family, and JYP Entertainment), pioneering the industrialization of K-pop and its star-cloning processes.

Between the mid-to-late 1990s and the mid-2000s, SM Entertainment’s primary target market for its K-pop acts was Asia. For example, Kwon Boa (commonly known as BoA, the “Queen of K-pop”) enjoyed notable success in Japan, the second biggest national music market outside of the U.S. Her promotion outside of Korea resulted from SM Entertainment’s identification of Japan as an enormously lucrative market, twenty times the size of the Korean market. After her debut in Korea in 2000 at the tender age of eleven, Boa was given rigorous language training for two years, enabling her to master Japanese and to communicate live during performances with her Japanese fans. The multi-language and multi-country marketing strategy used to promote BoA outside of Korea has become the model that SM Entertainment uses for other artists such as TVXQ, Super Junior, Girls’ Generation and EXO.
By 2006 SM Entertainment was recruiting acts from outside of Korea to join its pool of domestic talent. This novel global audition process resulted in the recruitment of singer-vocalists Henry from Super Junior-M, along with f(x)’s Amber and EXO’s Chris – all three were to become key members of their respective K-pop acts. From this point, every act managed by SM Entertainment included at least one member drawn from outside of Korea – now a distinctive feature of the company’s global strategy. Today, SM Global Auditions are held in eighteen cities across seven countries, including China, Japan, the U.S., Canada, Indonesia, Thailand and, of course, Korea.

While some complain that K-pop performances lack a sense of Koreanness – for example, the lack of traditional clothing and accessories, recognizable landscapes and locations, and K-pop’s use of product placement – the military-style training process at the core of the industry is entirely Korean. The K-pop industry is well known for exposing aspiring band members to a physically and mentally challenging training regime, mirroring the gung-ho style of education offered in the nation’s private institutions. It involves a fervor that is accepted and tolerated by both K-pop trainees and their parents, who see the military-style regime adopted by the industry as necessary to make their dreams of success come true.

K-pop and the Korean Digital Wave

Underpinning K-pop’s power and vitality is Korea’s advanced technological infrastructure, which President Kim’s administration launched with its Cyber Korea 21 policy. Korea’s vision statement for leading the country into the next century as a superpower in terms of information communication technologies (hereafter ICT), this document was intended as a blueprint for building a public infrastructure that would make Koreans the most wired and computer-savvy nation in the world. The factors that have specifically favoured Korea are the innovation of a truly state-of-the-art next-generation mobile telecommunications and internet backbone, and the subsequent development and dissemination of revolutionary “smart phones” as well as Digital Multimedia Broadcasting hardware/devices/services in the mid-2000s. In turn,
the rapid transnational take-up of K-pop at home and abroad – along with gaming, a key component of “Hallyu 2.0” – has propelled Korea’s music industry well beyond the traditional production, distribution and consumption channels dominated by major international music labels.

After 2006 SM Entertainment became the biggest music company in Korea – in part due to its strong ties with mega video-sharing social networking service YouTube, which offers fans a dynamic range of music videos in various formats and language versions, as well as artist greetings, news, segments of live performances, and teaser videos before a music video (or band) is officially released. SM Entertainment’s strategy of using YouTube as its primary distribution channel offered the K-pop industry a direct route to global exposure, bypassing major international music labels such as Universal Music Group, Sony Music Entertainment, and Warner Music Group – aka the “big three” major international record labels.

SM Entertainment’s decision to partner with YouTube was a pioneering strategy: the new media platform offered affordable and unlimited access to visual content that went beyond the promotional materials available to fans from the company website. Yet, the industry’s recourse to YouTube was done partly out of necessity, as the result of ongoing piracy and illegal downloading brought about by the digitization of audio contents, factors which also contributed significantly to the industry’s downturn throughout the 2000s (and still bedevil it today).

In 2013, SM Entertainment received a YouTube Partner Gold Play award for its SMTown channel, a plaudit earned for achieving one million or more subscribers. The award testifies to SM Entertainment’s dual strategy of internationalization and maintaining a heavy online presence. Since 2006, the revenue generated by SM Entertainment’s online operations amounted to an overwhelming majority of its total sales - primarily coming from overseas royalties derived from online downloading and streaming services, including YouTube. To date, K-pop video clips on YouTube have been viewed more than 7 billion times in over 230 countries.

Across the global music industry and the popular media, “K-pop” is both a buzzword and soft-power concept that encapsulates the astounding success currently enjoyed by Korean cultural contents, in terms of both production and export values. Despite creative input from a variety of international contributors, the meteoric rise of K-pop was not anticipated by most global music industry players. In addition, by circumventing the barriers to entry (and costs) associated with traditional media production and distribution channels dominated by a few major global players, successfully exploiting the promotional space offered by YouTube, and being an early adopter of this new commercial phenomenon, the K-pop industry has become a world leader in an intensely competitive field.

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