

Star Creation, KPOP, and Korean Economy: A Case Study

Lina Gan^{1,a,*}

¹*Sungkyunkwan University, Seoul 03063, South Korea*

a. gd_fs_nhjsw@ccb.com

**corresponding author*

Abstract: The global success of KPOP this year has had a positive impact on the Korean economy. The importance of KPOP to Korea was determined by analyzing the operation of KPOP and the revenue generated by KPOP idols. With the development of network technology, KPOP is spreading more and more widely. It has not only achieved success and popularity in Asian countries, but also in Europe and America. KPOP successfully opened the world market. As the most popular Korean idol group in Europe and the United States, BTS has generated considerable economic profits for Korea. BTS's concert revenue is expected to exceed that of the Pyeongchang Winter Olympics. Along with the opening of the global market, KPOP has also boosted the economy of South Korea, attracting tourists from all over the world to visit the country and promoting the local culture. It attracts teenagers and girls from all over the world to follow the trend of Korean culture.

Keywords: KPOP, idol, BTS, economy, Korea

1. Introduction

Since 90's, KPOP has begun to popular in Asia. For example, H.O.T, a group affiliated with SM Entertainment and Sechskies that belong to YG Entertainment. Then after 2000, there have been three major entertainment companies in south Korea (SM YG JYP). One of them deserve to mention is that Wonder girls which belong to JYP Entertainment has opened up the market for Korean music in the United States [1].

And BoA who is belong to SM Entertainment has opened up the market for Korean music in Japan [2]. KPOP did not launch in China until 2006. In 2006, Super Junior, a boy group that belong to SM Entertainment released a very popular song SORRY SORRY. The song reached No. 1 on Taiwan's music charts for 60 weeks [3]. As a result, Korean music has opened up the market in China. By 2010, South Korea's entertainment industry was developing rapidly. Idol groups were emerging and gaining huge popularity in Asia. But it was a pity that KPOP was still not popular in Europe and the United States at that time.

In 2012, Psy, a male South Korean singer, scored a No. 1 spot on the British charts with "Gangnam style." [4]. By this time, KPOP had gained some recognition in Europe and the United States. It was Korean boy group BTS that brought Korean music to the world.

The popularity of KPOP around the world has led many fans to travel to South Korea and watch concerts. It has driven the development of tourism in South Korea. Moreover, with the increasing recognition of idols around the world, Korean products represented by KPOP idols have also been sought after in many countries, driving the development of other industries in South Korea, such as

cosmetics and plastic surgery. The Korean economy has been greatly boosted by KPOP. By analyzing the development of KPOP on South Korea's economy, it can be concluded that the importance of cultural industry to South Korea's economy and the cultural development of other Asian countries can be used for reference.

By studying how KPOP generates revenue for Korea and how Korean entertainment agencies operate, the study will provide lessons for China and Japan, both Asian countries.

The following sections of this paper are organized as follows: Section 2 introduces Star - making and business model of South Korean entertainment company.; Section 3 analyzes how Korean idol groups generate income for South Korea.; the last section is about the reference for other Asian countries.

2. Star Creation and Business Model: Taking SM as an Example

2.1. Market Environment

Due to the development of science and technology, the culture of one country can also be spread to other countries through the Internet, so the culture of the 21st century can be widely spread in the world. The MV of many South Korean entertainment groups has been played extremely high in the world through the Internet, which is very beneficial to the spread of South Korean music and entertainment. For example, the music video of kitsch, a Korean girl group 's new song, has been viewed 40.69 million times in just seven days [5]. (2 p.m. on April 4), is as popular as the audio source.

On the macro level, the market environment is very friendly, and the well-developed transportation allows Korean idol groups to play concerts in different countries. In addition, South Korea is also very supportive of the country's entertainment industries.

For example, South Korean boy group SEVENTEEN completed a world tour in 27 countries in 2022.

According to this year's national intellectual property implementation plan, the government plans to invest a total of 1.12 trillion won in 107 detailed projects, including 16 key tasks in five major strategies outlined in the Third National Intellectual Property Basic Plan (2022-2026) [6].

This plan can further promote the development of Korean culture, promote cultural economy and promote Korean culture to the world. This plan can further promote the development of Korean culture, promote cultural economy and promote Korean culture to the world.

2.2. Case Analysis: Take SM Entertainment as an Example

SM Entertainment embodies the typical South Korean model of star-making, brutal selection and competition, systematic training. Many trainees enter the company through weekend talent show or talent scout, but not all of them enter the company. There will be weekly and monthly assessment, fail to pass the assessment will be eliminated. Those who are excellent in all aspects may enter the debut group and finally make their debut.

In terms of management, SM Entertainment is very familiar with the psychology of young people. For example, the popular small card culture comes from SM Entertainment. By taking advantage of the principle that things are rare and valuable, people will keep buying albums in order to get a beautiful card, thus creating profits for SM Entertainment.

In addition, South Korea has its own unique view on entertainment models. Entertainments that come and those who come from South Korea are sensitive to trends in the international market. Especially SM Entertainment. Such as the concept of south Korean girl idol group Aespa which belong to SM Entertainment is very popular in South Korea, even lead the fashion.

Open field now become the representative concept of SM Entertainment. SM Entertainment has also introduced virtual idols, which are similar but not identical to their Japanese counterparts.

And unlike pure entertainment companies in other countries, SM Entertainment is more forward-looking. It is not just the entertainment sector. SM Entertainment knows how to flexibly integrate the entertainment industry with other sectors. Through cooperation with different fields to achieve a win-win goal.

SM Entertainment representative Lee Soo-man attended and delivered a speech at the 2022 Global Infrastructure Cooperation Conference on August 30, 2022. The theme of the lecture was the Future of K-Construction. In this speech, Lee stressed that the soft power and construction fields of Korean culture should be integrated. Thanks to such diversified cooperation, the company's operating profit in 2021 increased 67.1 percent from 2019, despite the fact that it was hard to hold concerts worldwide due to COVID-19. It is said that the company succeeded in improving its system such as platform business and meta-business business using intellectual property rights [7].

3. How do South Korean Idol Groups Generate Income for South Korea

3.1. Take BTS as an Example

In the past, people thought of South Korean entertainment agencies as SM Entertainment, YG Entertainment, and JYP Entertainment. However, thanks to BTS 'worldwide success, BTS' agency has become one of the top four entertainment agencies in Korea. BTS belong to HYBE Entertainment, this entertainment was formerly known as Big Hit Entertainment. It was a small entertainment agency before BTS had their success. Before that, BTS members had to practice in the basement.

HYBE Entertainment has grown into a large entertainment company, acquiring small and medium agencies, expanding its artist base and gaining a reputation in Korea and around the world. According to HYBE Entertainment's financial statement released in 2022, the idol group of BTS and TXT, which belong to Big Hit music, generated 148 billion won in net income in 2022. HYBE Entertainment posted 1.7780 trillion won in sales and 237.6 billion won in operating profit last year. Even with the combined sales of SM, YG and JYP, which used to be called the Top Three entertainment in South Korea, at 1.585.3 trillion won, they are still smaller than HYBE Entertainment [8].

“According to the Korea Culture and Tourism Institute in April 2022, if BTS concerts are held normally in Korea during the COVID-19, the economic impact of each performance will increase from 677.9 billion won to 1.220.7 trillion won [9].”

It is well known that South Korea is a country where adult men are required to serve in the military. However, due to the influence of BTS and the huge economic benefits they bring to the country, there is even a heated debate among South Koreans over whether BTS members should serve in the military. At a briefing of the National Assembly's Defense Committee on August 1, 2022, a lawmaker who supported the removal of BTS members from military service said, "If BTS wins the No. 1 spot on the billboard, its economic benefits will reach 1.7 trillion won. "During the Pyeongchang Winter Olympics, 280,000 people visited, and during the BTS, 187,000 people visited." [10]. This shows that BTS's economic contribution is huge.

And it's not just BTS. Idol group SEVENTEEN is pulling in some serious buying power on its upcoming comeback album this year. HOSHI's Chinese fans have purchased 1 million albums as of April 8, 2023.

From this, we can see that a successful idol group can create a very objective income, which will have a positive impact on a country's economy.

3.2. Tourism

Thanks to the worldwide spread and popularity of KPOP, Korean culture has also been spread around the world.

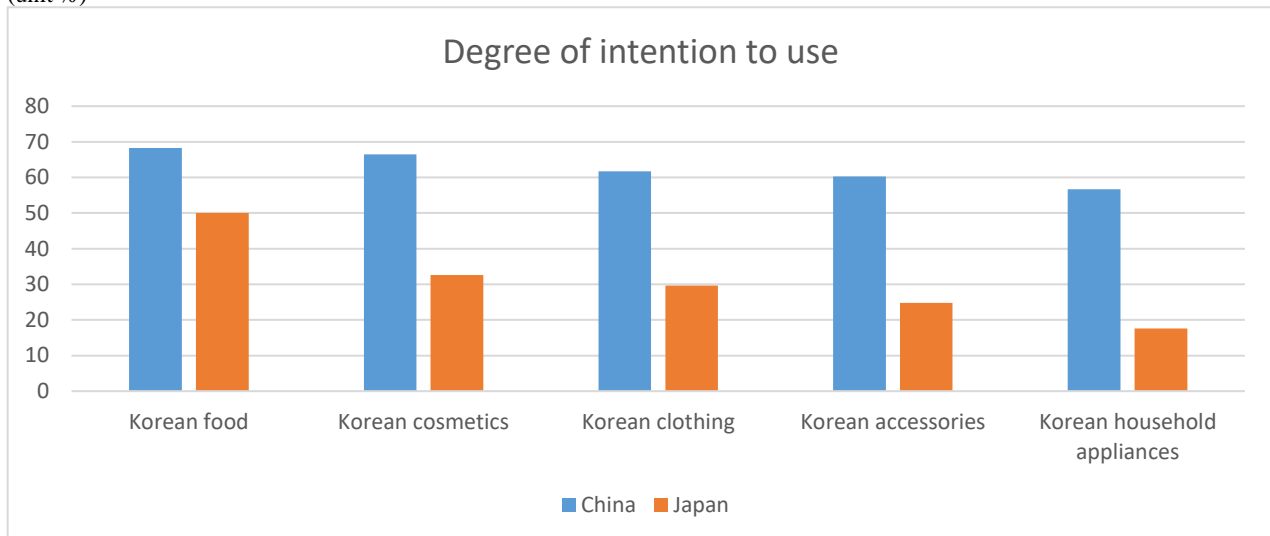
In the beginning, people listened to Korean singers and watched Korean dramas and movies on the Internet. Gradually, people will start to dream about going to this country, experiencing the local culture and atmosphere by themselves. The handsome men and beautiful women in South Korean TV dramas also have some influence on people's aesthetic perception. The handsome men and women in South Korean TV dramas also have some influence on people's aesthetic perception. Clothing and cosmetics brands from South Korea are also gaining popularity in other countries.

Table 1: Degree of intention to use.

(unit %)

	China	Japan
Korean food	68.3	50.0
Korean cosmetics	66.5	32.6
Korean clothing	61.7	29.6
Korean accessories	60.3	24.8
Korean household appliances	56.7	17.6

(unit %)



Data source: 2022 Global Korean Trend [11]

Photo credit: Original

Figure 1: Degree of intention to use.

For example, in South Korean TV dramas, the heroine's lipstick has become a big hit with Asian women. Fried chicken and beer also became a popular diet of the year. The male protagonist's thick bangs also became a hairstyle that boys tried to imitate.

In order to have close contact with their idols, many fans choose to travel to South Korea, watch concerts in South Korea, and attend fan meetings of their idols. These groups will also have a positive impact on South Korea's tourism industry. In order to watch the concert, they book hotels in Korea

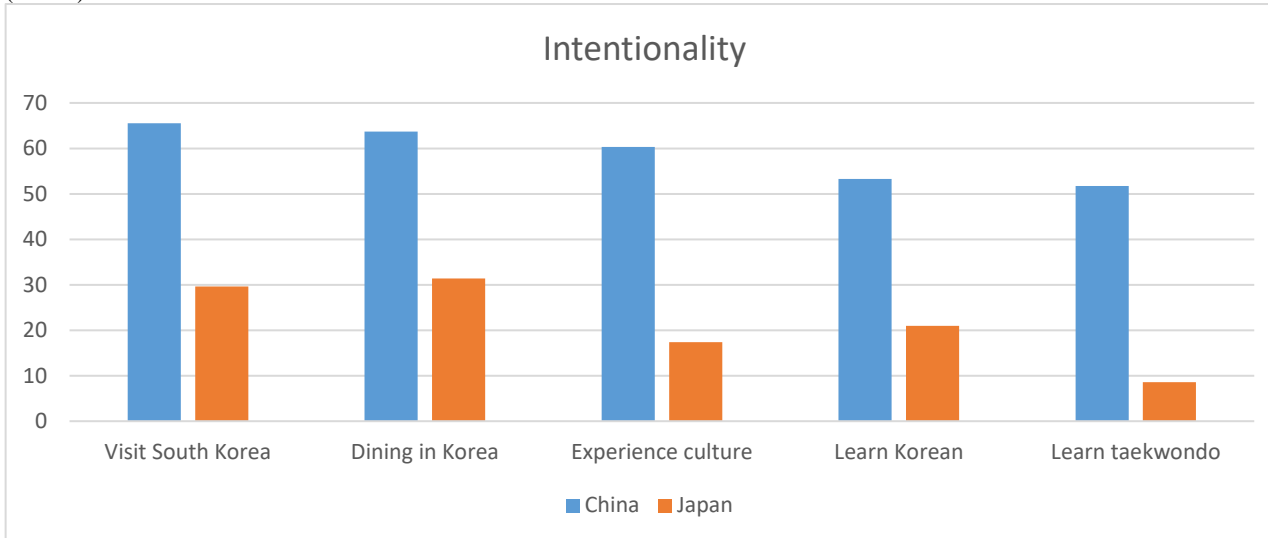
and go on short sightseeing Tours in Korea. In neighboring China and Japan, many fans of KPOP groups like to travel to Korea.

Table 2: Intentionality.

(unit %)

	China	Japan
Visit South Korea	65.5	29.6
Dining in Korea	63.7	31.4
Experience culture	60.3	17.4
Learn Korean	53.3	21.0
Learn taekwondo	51.7	8.6

(unit %)



Data source: 2022 Global Korean Trend
 Photo credit: Original

Figure 2: Intentionality.

4. Conclusion

Many Asian countries saw how successful KPOP was and followed suit. Produce series, a popular talent show in South Korea, is one example. The produce series started a new trend in talent shows. A total of 101 trainees from various entertainment companies in Korea were recruited for a competition, and the audience voted for the final 10 members of the group. Although the series was revealed to have rigged votes at the end of the show, it has been extremely popular in other Asian countries. After seeing the great success of Korean talent shows, China has launched various talent shows in its own country. For example, youth has you and idol trainees. Almost copy the South Korean talent show operation mode.

However, the result was not as successful as that of Korea. The selected group is not well-known in other countries, and there are not a lot of activities in China. It can be said that the popularity of this group will end after the show. There are several reasons for this.

First, China's market environment is not mature. Idol groups don't have much space for development in China. In South Korea, idol groups have many shows where they can show their songs and perform. But in China there is no such opportunity for idols to show themselves. Even if they did, they had little effect because of poor publicity.

Second, China is not innovative in cultivating idols. The most popular artists in China are solo singers and actors. Few large local idol groups have achieved huge popularity. The most popular artists in China are solo singers and actors. Few large local idol groups have achieved huge popularity. Many artists rely on their own talent. Now many Chinese entertainment companies have realized this and started to copy the South Korean trainee training model. But because it is in the initial state, many places are still very immature.

Third, as the competition is not fierce, idols have no sense of urgency to succeed. The fan service is not very good. There are many idol groups in Korea, so it is not easy for a group to achieve success. So, every trainee, every idol will be very hard to practice, to show themselves on the stage. Treat fans are also very cordial, they know that no fans mean no everything.

So, the advice to other countries is to first be very sensitive to the prevailing trends in the market. Korean pop music, for example, has caught up with the trend of the AI era this year.

Secondly, there should be a perfect system to train trainees who will become idols. Make sure trainees are very competent before they start their careers.

Third, the country's entertainment propaganda should also be in place. Create more stages for idols to show themselves to the world and show their country's culture.

References

- [1] Lee Chang-gyu reporter, Korea. (2020)"Discussing the American version of 'Nige Project'"... JYP CEO Park Jin-young announces the launch of the US-BASED girl group. <https://www.topstarnews.net/news/articleView.html?idxno=833564>
- [2] Park Taeui reporter, Korea. (2023) [Park Taeui Comma] 20 years of boa, 20 years of K-pop, Daily Economy, <https://news.zum.com/articles/82228964>
- [3] Ha Soojung reporter, Korea. (2011) Super Junior 'Mr. Simple Melon Music Awards "I was not very popular when I was in school." The news. https://www.newsen.com/news_view.php?uid=201111241802091001
- [4] Hong Sinyoung reporter, Korea. (2012), 'Gangnam Style' tops CHARTS in UK, OBS News. <http://www.newst.own.co.kr/news/articleView.html?idxno=131615>
- [5] YouTube, Starship, IVE Kitsch MV. <https://youtu.be/pG6iaOMV46I>
- [6] Oh, Donghyun reporter (2023), The government will invest a total of KRW 1.124 trillion this year to promote national intellectual property projects. https://www.newsis.com/view/?id=NISX20230402_0002250474
- [7] Yoon Hwijiong reporter (2022), Business Post, [Who Is?] Lee Soo-man, CHAIRMAN of SM Entertainment. https://www.businesspost.co.kr/BP?command=article_view&num=294374
- [8] 2022 Hybe Business Report (2022). <https://m.blog.naver.com/cpasuyong/223064006908>
- [9] Joo Jiyoung reporter, Korea. (2022) What's the economic effect?... Ministry of National Defense says BTS will be exempted from military service. <https://www.pinpointnews.co.kr/news/articleView.html?idxno=133496>
- [10] Joo Jiyoung reporter (2022), Point News, What's the economic effect?... The Ministry of National Defense has said BTS will be exempted from military service, <https://www.pinpointnews.co.kr/news/articleView.html?idxno=133496>
- [11] The Korea Institute for International Cultural Exchange (2022), 2022 Global Hallyu (Korean wave) trend, KOFICE publish, Seoul, South Korea