



K-Pop Culture

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During my last trip to Seoul, I had meetings with several media companies that left me feeling more confident about the strength of Korea's popular culture as an emerging growth driver for the country. The rapid growth of South Korean pop music, or "K-pop," across the media and entertainment industries has been helped not only by Korea's strong culture of social media, but also by a broader and more global breadth of production. Last year's hit single "Gangnam Style" and accompanying video by artist PSY is one such memorable phenomenon that crossed into the mainstream consciousness.

Previously, K-pop had something of a reputation for merely copycatting Western or other Asian pop music trends and faced criticism similar to that of Korea's auto and technology companies during the infancy of those industries in Korea. But just as Korean auto and tech firms have evolved to carve their own niche in the market, Korean pop culture is also picking up steam.

K-pop culture is expanding its share in the global media market at a brisk pace. According to Korea Creative Content Agency (KOCCA), a government entity that supports the country's cultural developments, the revenue of the Korean music industry is estimated to have grown 10% from the previous year to hit US\$3.8 billion in 2012, while revenues for the recorded music industry have remained relatively stagnant globally. K-pop exports rose 20% last year to reach US\$235 million. The movie industry, which is similar in size to Korea's music industry but less developed in terms of overseas sales growth, saw exports rise a notable 82% to US\$29 million in 2012.

Perhaps helping this momentum, Korea's new president said during her recent inauguration speech that her administration would "usher in a new era of hope" and pledged "economic revitalization, the happiness of the people and the flourishing of our culture." To create more jobs, improve living standards and reduce high dependence on cyclical manufacturing industries, the government has vowed to invigorate this "softer" aspect of its economy.

While there may not currently be many investable companies within Korea's cultural industries due to their relatively short history and small size, a breakthrough in artistic recognition often stems from a country's ongoing investment in human capital. This investment may also benefit other industries through innovative designs and cutting-edge technologies.

Given the strong desire for higher education and accumulated human capital in Korea, I believe that the country's burgeoning cultural industries should continue to thrive, perhaps offering yet another investable universe.

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