

'19

**Hallyu
White
Paper**

KOFICE

'19

Hallyu White Paper

Sungmin Lee,
Researcher,
Cultural Industries
Research Center,
Korea Culture and
Tourism Institute
(KCTI)

The hallyu in broadcast program of 2019 marked the initial stage toward a full-scale change. In addition to the structural shift in production process, spearheaded by OTT, shortform and IP, sweeping changes took place in the distribution and consumption circumstance. While it was a year, full of voices of concern, it was also a year of laying the foundations for future growth.

In a way, we may witness the ‘quantum jump’ of Hallyu in broadcast program amidst the global reorganization of media landscape.

It was a historical moment where a Korean film completely crossed the boundaries between Hollywood-based and international films, and between commercial and art movies.

It will take some more time to fully and properly evaluate the global sensation created by *Parasite*. Once we successfully prove the real value and worth of *Parasite*, hidden behind the excitement of the Bong Joon-ho phenomenon, the Korean film industry will be able to prepare for the second and third ‘Bong Joon-ho’.

Mann Kim,
Director,
International
Relations Team,
Korean
Film Council
(KOFIC)

Gyutag Lee,
Professor of
Cultural
Anthropology
(Arts & Science),
George Mason
University-Korea

The Hallyu in music has achieved worldwide success after gaining human and capital resources inside and outside the industry.

Based on this success, it has also had a positive impact on Hallyu in different fields. However, the side effects that arose in this process are at a level that cannot be ignored.

Henceforth, agencies, labels, artists, broadcasting stations, music service providers and individual consumers must always keep in mind that their individual influences are greater than they think.

Kyunghee Choi,
Director of
Research Team,
Korean Foundation
for International
Cultural Exchange
(KOFICE)

The crossover of traditional and contemporary performing arts is creating a powerful fandom centered on their unique taste. It is time to go beyond the ‘genre crossover’ toward pondering strategies on ‘distribution and media crossover’ to overcome exogenous variables such as market failure and pandemics.

The growth of the game industry has somewhat slowed. Nevertheless, the potential of Hallyu in game continues to grow for several reasons creating such as the foundations for VR games to enter the global markets, the ecosystem of eSport led by Korean industry and the launch of popular pc and console games. It appears likely that 2020 will be the year where these possibilities come to fruition.

Shinkyu Kang,
Research fellow,
Media Advertising
Research Institute,
Korea Broadcast
Advertising
Corporation
(KOBACO)

Mingi Jang,
Senior Researcher,
Industrial Policy
Team, Korea
Creative Content
Agency
(KOCCA)

Above all, the keyword of the Hallyu in cartoons and webtoons in 2020 will be ‘IP expansion of webtoons’.

Until 2018, the highlight was the quantitative improvement of webtoons; however, between 2019 and 2020, the qualitative growth of webtoons and the global expansion of their IP are expected to be at the center of Hallyu trends. It will not be long until the Korean-style webtoon universe arrives.

Buhan Yoon,
Director,
Division of
Literature
Promotion,
Literature
Translation
Institute of Korea
(LTI)

It is said that literature is memory of humankind. The dissemination of Korean literature publication translated books goes beyond the expression of cultural pride and achievement or rather is an overarching expression of good faith to share the intellectual heritage of mankind. In this regard, the ultimate objective of Hallyu in publication (literature) should be to accumulate new memories in the repository (寶庫) of humanity that is literature.

K-Fashion is recognized as a sophisticated, young fashion that is embraced in today's global markets. It is also equipped with systems to rapidly develop new products and designs.

The status of K-Fashion will grow even higher once we actively utilize the capabilities in worldwide perspective, that "Korea is cutting-edge" and leverage these storytelling to increase brand power.

Sujin Myeong,
Fashion Columnist

Bora Kang,
Researcher,
Institute for
Communication
Research,
Yonsei University

While the early Hallyu in food, which began in 2009, was strongly characterized as "public-driven projects at the national level," 10 years later, it is time to announce that Hallyu in food is now a private sector-led culture and lifestyle as it enters a new era.

Today, it is necessary to dig deeper into diversification and segmentation of Hallyu in food.




Juyoung Chung,
Head Researcher,
Advanced Institute
of Convergence
Technology (AICT)

In 2019, Hallyu has also brought warmth to Korean tourism industry. The nationalities of tourists visiting Korea have been diversified, and so too have the reasons why they visit.

As such, it is time for us to ponder on sustainable tourism, and tourism-for-all, for the virtuous cycle of this Hallyu and tourism.

The exports of cosmetics to some major countries have declined for the first time in 2019. It currently faces multiple headwinds, including the growth in popularity of J-beauty, weakening of the Hallyu influence, and intensifying competition among Korean firms.

While it appears that exports to China will recover quickly after the COVID-19 crisis settles in the second half of 2020, we currently face difficulties in having to focus on markets such as Japan, Russia and Vietnam. Serious qualitative improvement of K-Beauty is now demanded, which had been focused on quantitative growth until 2018. Furthermore, it appears that K-Beauty will also focus on the possibilities presented by uncovered markets in Europe and the Latin America, backed by government support.



Sungmin Son,
REACH24H KOREA
General Manager

Hallyu White Paper, 2019

Notice

1.

Foreign languages were input using the 'Foreign Language Notation' of the National Institute of Korean Language. Where there were no entries, this document utilizes the Encyclopedia Britannica.

2.

Please note that all dates and times mentioned in this English version of the 2019 Hallyu White Paper have been lifted directly from and reflect the original Korean source material, as this is a direct translation of the original Korean text.

Achievements and Forecast for Hallyu in 2019 by Segment

Analysis of Seven Popular Cultural Contents

10 1. Hallyu in Broadcast Programs
A New Wave of Change, for a
Leap Forward
– **Sungmin Lee**
Researcher, Cultural Industries
Research Center, Korea Culture and
Tourism Institute

35 2. Hallyu in Film
100 Years of Korean Cinema
: Light and the Shadow
– **Mann Kim**
Director of International Relations
Team, Korean Film Council

67 3. Hallyu in Music
The Shadow Behind the
Glamour of Global Success
– **Gyutag Lee**
Professor of Cultural Anthropology
(Arts & Science), George Mason
University-Korea

100 4. Hallyu in Performing Arts
Content-driven, Specific Genre
Leads the Charge
– **Kyunghee Choi**
Director of Research Team, Korean
Foundation for International Cultural
Exchange

127 5. Hallyu in Games/e-sports
Opening Up Possibilities
Through Various Attempts,
Despite Slowing Growth
— **Shinkyu Kang**
Research fellow, Media Advertising
Research Institute, Korea Broadcast
Advertising Corporation

154 6. Hallyu in Comics/Webtoons
Content Franchise Strategy,
K-Webtoons and its universe
— **Mingi Jang**
Senior Researcher, Industrial Policy
Team, Korea Creative Content
Agency

178 7. Hallyu in Publication
Korean Literature Joins
Hallyu
— **Buhan Yoon**
Director, Division of Literature
Promotion, Literature Translation
Institute of Korea

**Analysis of Four Major
Consumer Goods and
Service Industries**

217 8. Hallyu in Fashion
Hallyu in Fashion Discovers
New Opportunities Amidst
Crisis
— **Sujin Myeong**
Fashion Columnist

252 9. Hallyu in Food
Hallyu in Food 2.0,
A New Leap Towards
Diversification and
Segmentation
— **Bora Kang**
Researcher, Institute for
Communication Research, Yonsei
University

274 10. Hallyu in Tourism
We Came to Korea to See
BTS
— **Juyoung Chung**
Head Researcher, Advanced
Institute of Convergence
Technology

310 11. Hallyu in Beauty
Emerging Markets and
Brand Personality:
Key Factors for the
Rebound of K-Beauty
— **Sungmin Son**
REACH24H KOREA General
Manager

336 **References**



2019
Issues and Prospects
on Hallyu by Sector

1

Hallyu in Broadcast Programs

A New Wave of Change for a Leap Forward

— Sungmin Lee

Researcher, Cultural Industry Research Center, Korea Culture and
Tourism Institute

1. 2019 Hallyu in Broadcast Programs

It would not be an exaggeration to say that 2019 marked a turning point for Hallyu broadcasting. In this year, there was not only a change in the video production system, a tangible achievement, but also widespread efforts to cope with changes in the media environment both at home and abroad. Opportunities increased with the expansion of over-the-top (OTT) services, there were stable exports of finished products, the scope of Intellectual property (hereinafter IP) sales expanded in terms of formats, and the power of Hallyu was affirmed in the new forms of video broadcasts, such as the short form contents. On the other hand, there was a strong sense of crisis as a result of the changes in the media ecosystem. Opinions were divided over whether to accept the offensive strategy of the global OTT services as an opportunity or to treat it as a threat. Nevertheless, it is clear that the close ties between Korea's broadcasting industries and the global market are beginning to be generally constant. This article examines the status of Korean broadcast video programs in 2019 and identifies the signs of change.

First, let us understand the status of Hallyu broadcasting through detailed statistics. The *2019 Report on the Status of the Broadcasting Industry*, which studied the industry in 2018, offers the latest data (as of December 2019) on the broadcasting industry. According to this report, the export of broadcasting programs increased by 1.0% on average annually, reaching \$327 million (approximately ₩382.1 billion). This represented an increase of 6.7% from the previous year. If this trend continues, exports in 2019 may

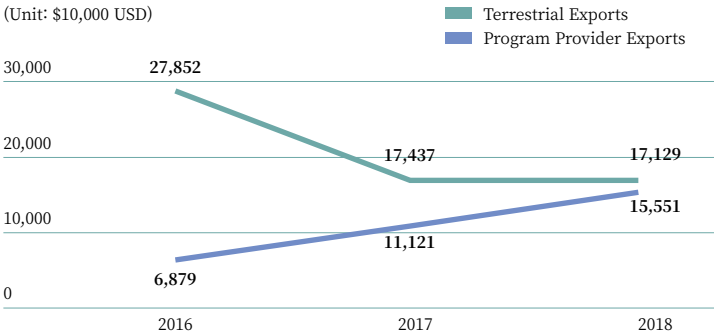
increase and exceed the quantity of 2018. On the other hand, as of 2018, the number of broadcast video exports was 122,952, representing an 8.2% decrease from the previous year. The increase in the total export value despite the decrease in export volume indicates that an increase in exports centered on large-scale works compensated for the decrease in demand for general videos. This reflects the recent trend in Hallyu broadcasting, which compensated for the deterioration of the Chinese market—once a major exporting country—with global exports of large-scale works through OTT services like Netflix. The sales of large-scale works have increased as big investors like Netflix have become major players in video exports.

While the export volume of Hallyu's terrestrial broadcasting, which has traditionally driven video exports, has declined, the exports of program providers has increased steadily. According to the *2019 Report on the Status of the Broadcasting Industry*, terrestrial exports decreased by 1.8% to \$171.29 million (approximately ₩200 billion), and the export of program providers increased by 39.5% to \$155.51 million (approximately ₩180.3 billion) (Figure 1). CJ ENM, which owns Studio Dragon, and JTBC, which operates jcontentree, both leading program providers, have not only secured a competitive edge in the domestic market, but have also continued to expand video exports in cooperation with Netflix. In particular, Studio Dragon has attracted attention by bringing new changes to the broadcasting industry in terms of production structure, including the use of planning producers and the expansion of production volume based on a vertically integrated structure (Lee, Sung-min, 2019)¹⁾

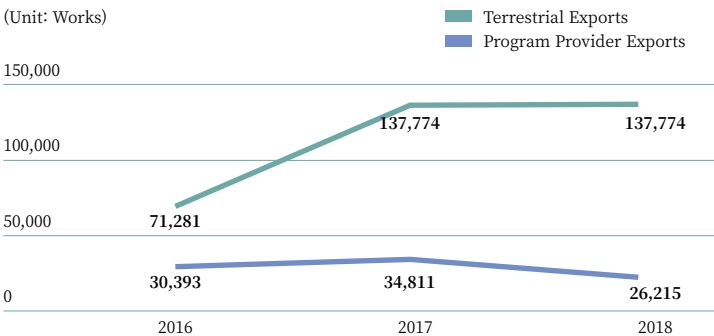
1) Lee, Sung-min (2019). Changes in the broadcasting contents production system and new opportunities for Hallyu. 『Hallyu Now』, No. 28, 15-22.

Figure 1.**Broadcast program export value (2016~2018)**

Source: Created using data from the *Report on the Status of the Broadcasting Industry* (2018, 2019).

**Figure 2.****Broadcast program export volume (2016~2018)**

Source: Created using data from the *Report on the Status of the Broadcasting Industry* (2018, 2019)



Program providers, who showed a steep growth in export value, showed a decrease in export volume (Figure 2). The prevalence of high export value with fewer works indicates that the scale of works exported by program providers has grown. This reflects the fact that the export of so-called “tent pole”²⁾ dramas has increased. This trend continued in 2019 as large-scale works such as *Arthdal Chronicles*, which cost ₩54 billion to produce, were distributed in the global market by Netflix.

2) Refers to commercial movies produced with a large amount of capital. The term is not only used for movies but is also used in the drama industry.

In 2019, this “large-scale format” expanded to include both program providers and terrestrial broadcasters. This indicates a change in the anti-Netflix trend among the three terrestrial broadcasters. This was the beginning of an important shift as the terrestrial-oriented OTT service, the Integrated Contents Platform POOQ, was restructured to wavve in collaboration with SK Telecom.

With the launch of wavve, the three terrestrial operators mutually agreed to supply one or two works to Netflix each year. Starting with MBC’s *One Spring Night* in May 2019, works such as *Vagabond* and *When the Camilla Blooms* were simultaneously available through terrestrial broadcasts and Netflix. As terrestrial works became available on Netflix, the production of large-scale projects beyond the existing scale became possible. For example, *Vagabond* which cost ₩20 billion to produce, was created with the premise of supplying it to Netflix. Based on the expansion of sales channels to OTT services like Netflix, terrestrial broadcasting created an opportunity to restore competitiveness in the drama sector. *When the Camilla Blooms*, the first work supplied by KBS to Netflix, recorded a rating of 23.8%, symbolizing the changes that the broadcast video market has experienced in 2019.

Another major change in 2019 in terms of exporters is that Netflix is investing heavily in the licensing and production of original programming starting with “Kingdom”. The increase in original OTT works shows that the video contents of Hallyu will not remain in the traditional realm of “broadcasting.”

This can also be seen in the performance of the “web drama” field. WHYNOT MEDIA, a web drama production company, announced in December 2019 that its overseas views on YouTube exceeded 30 million, representing an

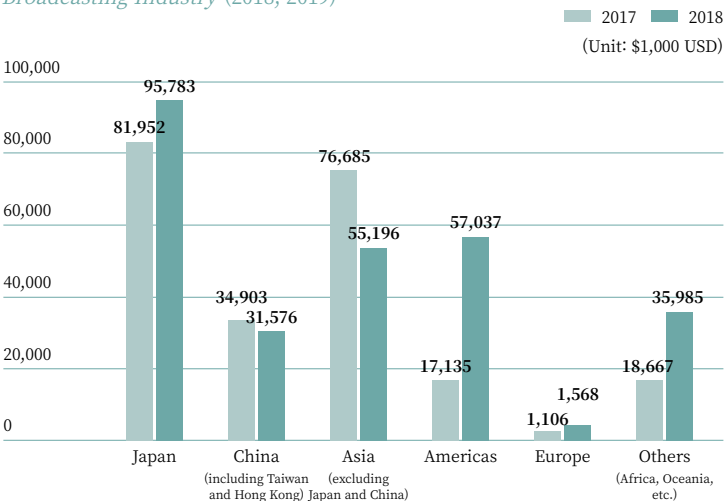
increase of 80% from the previous year (Min, 2019)³⁾. The expansion of YouTube-based overseas exposure is linked to export performance. The new area within Hallyu video has begun to grow through Internet-based platforms like OTT. The direct export of works to overseas platforms by new media video operators and independent producers, not traditional broadcast video operators, is an important change from the past.

Afterwards, we examine the export regions. A reconstruction of the data (Figure 3) from the *2018 Report on the Status of the Broadcasting Industry* shows that the main regions where broadcast video is exported are Japan, Asia (excluding Japan and China), and the Americas, in that order.

The numbers in China, which was once the key target for video exports, have declined because of China's ban on Hallyu. However, the numbers in the Americas have increased rapidly.

Figure 3.
Export value by region (2017~2018)

Source: Created using data from the *Report on the Status of the Broadcasting Industry* (2018, 2019)



3) Min, Hye-sun (2019. 12. 10). WHY NOT MEDIA “30 million views in 50 countries”. 《Venture Square》.

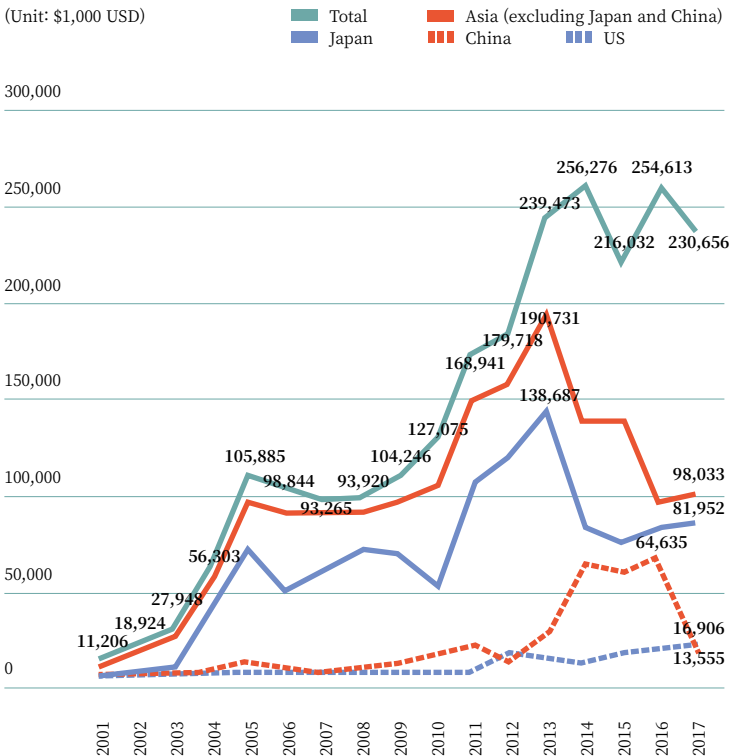
Zooming out the time-series data, the changes in export regions (Figure 4) becomes even clearer. Initially, Hallyu broadcast video was driven by growth in Japan and Asia. Then, the Chinese market grew rapidly, filling the gap when it passed the peak, but later began to decline in existing export regions. The fall of the Chinese market after the Chinese ban on Hallyu added to the crisis in the industry. The US began to fill this void. The industry was able to overcome the regional limitations of Hallyu, which was centered on Asia, by expanding its service areas through OTT services like Netflix.

Figure 4.

Export of broadcast content by country

Source: Yu, Kon-shik (2019). "Strategy and areas of improvement for overseas entry of broadcast content". KABS Seminar.

Created from data from *Report on the Status of the Broadcasting Industry (2002~2018)*.



Looking at the share of exports by country by export entity, the structural change in the current state of Hallyu broadcast video is evident. While Japan (\$58.63 million, 44.4%) and Taiwan (\$17.48 million, 13.2%) accounted for the highest proportion of terrestrial broadcasting, the US accounted for \$53.16 million (36.6%) and Japan, \$37.15 million (25.6%) for program providers. It can be seen that the major export performance of program providers including CJ ENM and JTBC occurred after the supply of content to OTT services represented by Netflix. It is likely said that Hallyu was based on terrestrial-centered direct exports to Asia in the past, now then, the expansion of supply to the Americas and other regions by program providers in cooperation with Netflix is leading the new Hallyu.

This does not change the fact that Asia, including Japan and China, remains important, given the high demand for broadcast video. Currently, the total export revenue and size of exports to the Americas falls short of the performance of the Asian drama Hallyu in the late 2000s. Netflix's active investment and expansion of in-house productions of Korean content are known to be decisions made in consideration of the influence within Asia rather than the demand within the US.

Korean broadcasting is creating an opportunity to take advantage of the growth of the global OTT ecosystem based on its competitiveness in Asia. Owing to the nature of the global service, the regional scope of Korean video viewers is likely to grow in the process. Given that these changes are emerging in the process of innovation and constitutional improvement of new production entities, higher growth potential in terms of future economic performance can be expected.

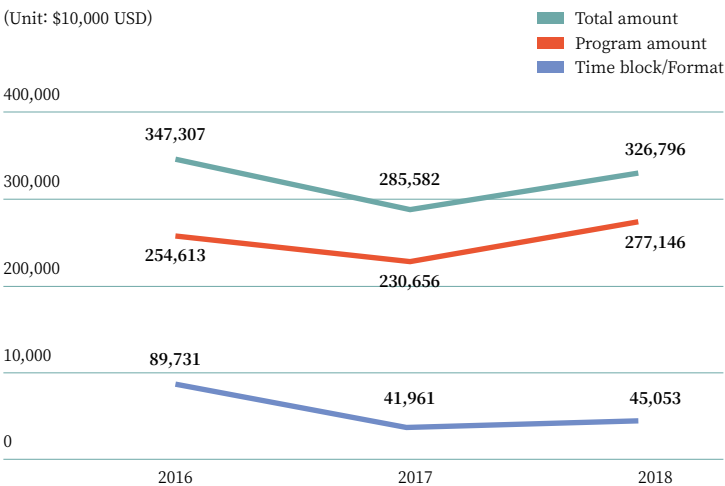
In terms of product classification, 2019 was a year with high expectations for a transition from sales focused on finished works to sales focused on contents IP. The results in the *Report on the Status of the Broadcasting Industry* show that IP sales increased when compared to finished works in 2018 in terms of total revenue (Figure 5). This is not unrelated to the fact that the sale of IPs, which increased significantly in the mid-2010s, has decreased since the Chinese ban on Hallyu.

In 2019, we were able to see the signs of meaningful change in format sales, or IP sales. A prime example was the American version of *The Masked Singer*, which aired on Fox in January 2019. Compared to traditional format sales centered on Asian countries, *The Masked Singer* which expanded its performance to a Western country, is seen as an example of the possibility of IP-led export growth in the future.

Figure 5.

Total revenue by broadcast program classification (finished works, time block/format) (2016~2018)

Source: Created using data from the *Report on the Status of the Broadcasting Industry* (2018, 2019).

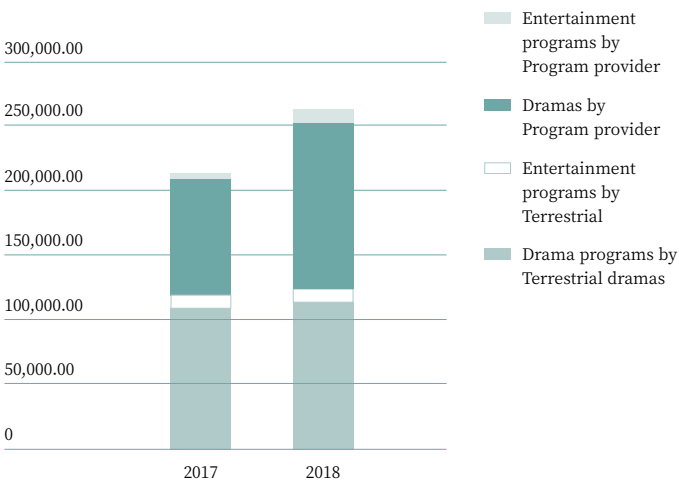


Format exports of the entertainment genre and the sale of drama remake rights did very well in the market. Drama remakes centered on the Japanese market were actively carried out, with works like *Sign* and *Voice* being remade in July 2019.

The export of dramas by program providers and of entertainment genres has grown significantly (Figure 6). In particular, the export of entertainment programs by program providers showed a sharp increase. This is not unrelated to the spread of entertainment program Hallyu, which has continued to grow over the past decade.

Figure 6.
Total revenue by broadcast program genre (drama, entertainment program) (2017~)

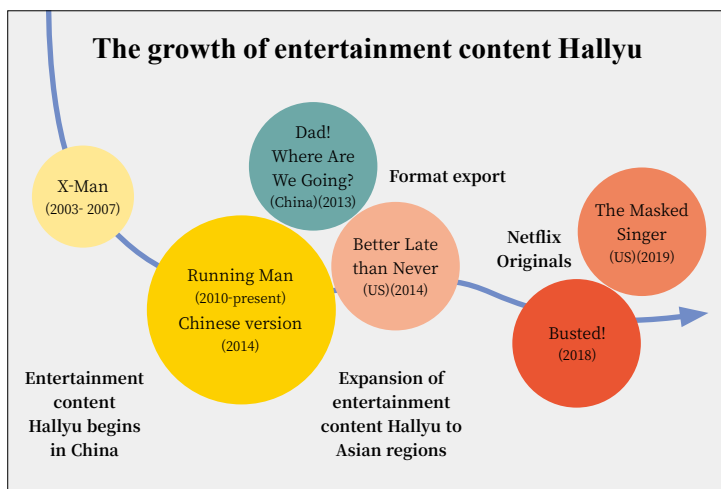
Source: Created using data from the *Report on the Status of the Broadcasting Industry* (2018, 2019).



Entertainment content has established itself as one of the core genres in the Asia region since the mid-2000s (Figure 7). Format exports of entertainment genres took off in the early 2010s. The fact that Netflix produced *Busted!* in 2018 confirms the competitiveness of the entertainment genre.

The expansion of format exports is closely related to the change in export genres. The entertainment genre was typically considered disadvantageous for exports owing to the issue of cultural discount.⁴⁾ However, the sale of formats makes it possible to overcome cultural discount through the localization of production. The expansion of format exports is linked to the expansion of export regions. The export region of video content, which was traditionally centered on the Asia region, has expanded to North America and Europe through the export of formats. The format export of *The Masked Singer* is a great example that demonstrates the possibility of expanding the scope of the entertainment genre beyond Asia to the rest of the world.

Figure 7.
The growth of Hallyu focusing on entertainment content



4) Cultural discount, conceptually, refers to the reduction in values from which media products are supposed to suffer when traveling from one culture to another.

2. Hot Issues for Hallyu in Broadcast Programs

1) Large-scale:

Blockbusters Sell as a result of the Netflix Effect

The expansion of video supply to global OTT services and the large-scale products taking advantage of this opportunity are important features of Hallyu broadcasting in 2019. Changes in the globally-oriented broadcast video production-distribution structure became visible in 2019. Starting with Netflix's production of *Kingdom* in January, OTT and Netflix became crucial for changes in domestic broadcasting and video ecosystems. Netflix valued the influence of Hallyu in the Asia region rather highly, and participated in direct productions and investments in local studios while simultaneously expanding supply and demand for local corporate content. *Kingdom* which Netflix directly invested in and produced in partnership with ASTORY, was an example of the position that Netflix could occupy in the Korean video content market. Korea, which has steadily expanded its production scale with the growth of Hallyu, did not have much of a choice when the Chinese market was blocked. Netflix provided a new opportunity for those who wanted to produce large, globally-oriented content.

Kingdom had a considerable impact on the Korean broadcasting and video ecosystem. The management crisis of terrestrial broadcasters surfaced in 2019. Beginning with MBC in May, SBS and KBS stopped producing Monday-Tuesday dramas, which was a direct reflection of the shaky status of the terrestrial broadcasters in the video market. In

contrast, program providers benefited from the large scale of Netflix-led video productions. The planning and production of tent pole dramas such as *Arthdal Chronicles* which is impossible at the level of the domestic broadcast advertising market, was made possible through cooperation with global operators. The supply of terrestrial content to Netflix expanded with the launch of the wavve service in 2019. The production of large-scale, globally-oriented works in collaboration with OTT services is now considered natural in the broadcasting industry.

The expansion of direct export opportunities and production scales through global OTT platforms such as Netflix has many positive factors in that it can act as a driving force for a qualitative leap forward for the industry. At a time when entry into the Chinese market has been blocked, Netflix has made the expansion of production scales possible by taking over the risk of globally-oriented, large investments.

Meanwhile, the “Streaming War,” which is picking up steam in the US, is driving Netflix’s investment in Korean video content production. With Disney Plus gaining 10 million subscribers at the time of its launch, Netflix’s stock prices began to fluctuate severely and this raised concerns regarding business in the US market. Netflix’s response to this was to expand its leadership in the global market. To this end, it strengthened cooperation by signing MOUs with jcontentree and Studio Dragon, a domestic studio under CJ ENM. By expanding its investments into Korean video content, which is competitive in the Asian region, Netflix aims at taking the lead among its competition in the global market. Such an intensification of competition among OTT-oriented streaming services is a positive sign for the Korean broadcasting industry, which has high content production capabilities.

The main drawback is that the expansion of exports centered on large-scale works can polarize domestic content production. The termination of the Monday-Tuesday drama series by terrestrial broadcasters was a desperate measure to scale up the work within a limited budget. As the focus is on large-scale works that are expected to be supplied to overseas OTTs, opportunities to produce small and medium-sized content will be reduced in comparison. If this trend continues, production opportunities for small and mid-sized independent production companies that have been at the center of the existing broadcasting and video ecosystem will be significantly reduced.

There are also concerns that the production of large-scale works is excessively dependent on a single global platform, namely Netflix. Many of the tent pole dramas produced in 2019 led to investments in production costs on the premise of supplying to Netflix. In the process of restructuring the Integrated Contents Platform POOQ to wavve in collaboration with SKT, Netflix's influence is gradually increasing in the drama production industry—the three terrestrial broadcasters can supply one or two dramas per year to Netflix. Considering that Netflix is also concerned about the sustainability of investments owing to fierce competition within the US, there is a need to take this further through a diversification strategy that ensures collaboration with a number of global platforms rather than being excessively dependent.

Nevertheless, it is clear that the reorganization of the media market centered on OTT is a significant external pressure to strengthen the global orientation of the Korean video content industry, and the direction of such changes became visible in 2019.

2) Diversification: “Short Form” Sells

The increase in mobile video consumption and OTT has changed the media ecosystem landscape. With the increase in the use of OTT services worldwide, the demand for content increased. In the course of responding to these demands, new export and growth opportunities were created. In 2019, the short-form video demonstrated an outstanding performance in the market.

For the domestic broadcasting and video market, a new short-form video strategy centered on YouTube came up in 2019. First, the performance of digital studios such as 72 Seconds and WHYNOT MEDIA was outstanding. 72 Seconds stood out for the quality of its contents. After the creation of the short-form category at the Emmy Awards, 72 Seconds was nominated for two consecutive years, in 2018 and 2019. While the nominations did not lead to awards, the continuous attention on Korean content and studios in the short-form industry remains a positive sign that good performances can be expected within the ecosystem in the future. Short-form videos like *Wassup Man* and *Workman*, produced by legacy broadcasters affiliate digital studios (e.g., Studio Lulualala, etc.) were also well-received.

Another notable change in 2019 was the growing understanding of YouTube’s role in building fandom for broadcast videos. This trend became clearer as the role of the SMR(Smart Media Rep)⁵⁾ weakened. As the existing agreements with the SMR were broken, individual broadcasters began to utilize YouTube more actively. In addition to reinforcing clip-type services of past videos such as *5 Minutes Gone*, services that

5) SMR is a joint venture between MBC and SBS. Founded in 2014, the SMR engages in online advertising business based on ten broadcasting content including terrestrial broadcasters, CJ ENM, and other comprehensive broadcasting companies.

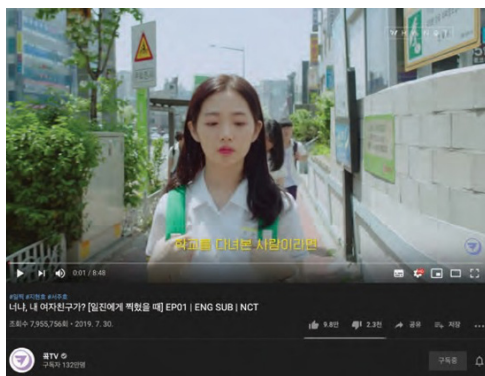
continuously broadcast past music programme, such as *Inkigayo* through live streaming have also appeared. The buzzword “Online Tapgol Park” was coined for those who gathered to listen to old pop songs. As YouTube’s archive role gained strength, it led to the awareness of the value of existing broadcast videos. The expansion of OTT services confirmed the demand for the “long tail” of classic and new videos. The use of YouTube to create new experience opportunities for classic videos is a positive sign of extending the consumption cycle of future broadcast videos.

Meanwhile, YouTube is one of the most important platforms for building a Hallyu fandom overseas. From a “contact” point of view on Korean contents, increased exposure through YouTube played an important role, along with an increase in mobile media usage. According to the *2019 Survey on Overseas Hallyu Status*, the number one channel of access to Korean videos, such as dramas and entertainment content was online and mobile platforms (drama 68.9%, entertainment content 71.2%), and among those, YouTube was ranked first (drama 80.5%, entertainment content 83.1%).

Figure 8.

WHYNOT MEDIA's KOK TV Channel

Best Mistake, EP01: When You're on the Blacklist of Bullies



Contents consumption on YouTube and the visible size of the fandom secured through YouTube are linked to actual export performance. WHYNOT MEDIA, which actually achieved great results in the Asian market in 2019, distributed web dramas through its channel, KOK TV, which has 1.31 million subscribers. Its representative title, *Best Mistake*, succeeded in reaching 7.18 million views for its first episode alone (Figure 8). These figures serve as an indicator for the size of the fandom.

New media-based video content companies have taken up a strategy to increase the value of the content IP by building a fandom through YouTube, and have also developed a mechanism to link this strategy to series sales. In particular, these videos are expected to serve as an important foundation for the future of Hallyu in that they have discovered new actors and have established fandoms appealing to Generation Z viewers amidst fierce competition with large-scale content.

Another important point is that in the process of managing a YouTube channel, it is possible to obtain specific subscriber and user behavioral data. Opportunities for video production to attempt data-based planning and strategizing are limited unless one directly runs a global platform that can interact with overseas viewers. However, YouTube provides specific viewer data to individual channel operators. This enables Korean companies to understand the actual viewer information with respect to Hallyu videos. This is an important foundation for Hallyu broadcasting to expand its performance to actual business in the future.

The increase of web-based content exports is important in term of preparation for restructuring of the mobile-based “short-form” video-driven ecosystem in the future. If 2019 was led by the restructuring of the paid broadcasting market

led by OTT services based mainly on TV screens, in 2020, new short-form based video ecosystems such as Quibi in the US and KOK TV in Korea will become more active. The short-form industry must be considered as an important sector in the future performance of Hallyu in broadcasting and video.

3) IP-ization of Intellectual Property:

“Formats” Sales vs. Increase in IP Utilization

The importance of IP in broadcast video exports is increasing. The overseas format export of *The Masked Singer* is a prime example. *The Masked Singer*, which was aired on Fox in the US, had a total of 54 million views and reached an 18.49% viewership.⁶⁾ The format of *The Masked Singer* was exported to over 40 countries, and in June 2019, the premiere episode in Germany recorded a viewer share of 20.7% and 1.46 million viewers.⁷⁾

The global success of format exports symbolizes the qualitative change in the Korean broadcasting and video industry. Format exports to Asian markets made it possible to expand into the global format market, and its success in the US market served as a base for its expansion into other Western countries. Hallyu broadcasting is creating new growth opportunities in the global market beyond Asia based on IP sales. The expansion of IP sales is the driving force in the globalization of the broadcasting and video industry.

The gradual start of IP-based planning and pursuit of overseas business can be seen as an important sign of the globalization of the industry. CJ ENM’s music entertainment show,

6) Kang, Jin-gu (2019. 8. 21). ‘The Masked Singer,’ which captivated 54 million American viewers, was rejected at first. *Hankook Ilbo*.

7) Choi, Bo-ran (2019. 7. 1). The explosion of the German version of ‘The Masked Singer.’ The premiere takes first place. Best result in 8 years. *YTN*.

Love at First Song, attracted attention after it was first aired in Vietnam in 2018, and in Korea in 2019. This was an experiment, conducted in order to first develop a global-oriented format. Such attempts show the possibility that export strategies can change into a global business focused on broadcasting formats in the future.

The performance of video contents using existing IP, such as webtoons and web novels in Korea, has also demonstrated positive results.

For example, the drama, *Extraordinary You*, which gained popularity in Asia, was based on the webtoon, *July Found by Chance*. The web drama, *Best Mistake*, which gained popularity both at home and abroad, was the dramatization of the Day7 game IP by the same name. The expansion of the global performance of broadcast video using domestic content IP can lead to the expansion of the overall market for the content IP utilization business in the future. The expansion of domestic webtoon services overseas is raising expectations for a synergistic effect with Hallyu.

3. Major Countries and Routes of Hallyu in Broadcast Programs

1) Japan

Video exports to Japan have not yet recovered to the level they were at, at the peak of Hallyu drama. Nevertheless, sales have been steadily on the rise, and IP sales, such as remake rights discussed earlier, are driving this growth. Considering Korea-Japan relations, which have cooled rapidly since the regulation of semiconductor exports, there are also concerns about whether this trend in drama exports can continue. However, the shift in the video business between the two countries, which shows a mutual shift from direct exports to IP import and exports, is viewed positively as it is building a foundation that cannot be shaken significantly by changes in the political environment.

2) China

The export environment to China which has deteriorated rapidly since the ban on Hallyu is yet to improve. In addition, as the capacity of China's broadcasting and video industry is rapidly increasing, the consumption of Chinese content is also being seen as a threat. Even if video exports resume, there will no longer be an environment that can exert overwhelming influence like it did in the past. However, Korean broadcasting still boasts of "unofficial" popularity in China. While official distribution in China has been blocked, video distribution through OTT services in related countries like Taiwan and Hong Kong is being consumed

informally through bypass technologies such as VPNs. A case in point is *Hotel Del Luna*. *Hotel Del Luna*, which was distributed through iQiyi in Taiwan drew an overwhelming response from Chinese viewers who watched it using bypass technologies. The success of “Hotel Del Luna” shows that if good-quality work is produced, the craze will not easily come to an end.

If a continuous demand for Hallyu videos remains, it indicates that exports to China, which are currently on the decline, may recover when political and diplomatic conditions improve. With the announcement of Vice Foreign Minister Wang Yi’s visit and President Xi Jinping’s planned visit to Korea in 2020, market expectations began to rise, and this atmosphere was reflected in stock prices of broadcast-related companies.

Hallyu in China was the driving force of major developments that led to significant changes in the domestic industry’s perceptions about the possibility of global market sales and the restructuring of its production system. If the scale of video sales to China expands again in the future, it will serve as a significant structural change for the Korean broadcasting and video industry. In 2019, it was implicitly confirmed that there is still a possibility of eliciting a response from the Chinese market.

3) ASEAN

The expansion of OTT services in Asia is an important opportunity for the spread of Hallyu video content. As competition among OTT services targeting Asia becomes fierce, the distribution of Hallyu video content through these platforms is gradually increasing. As these are online-based

services, video distribution takes place shortly after broadcast in Korea. Owing to the influence of these online services, the global access to Hallyu is expanding gradually.

Asia has traditionally been one of the regions with high demand for Hallyu video content. According to the actual export status of broadcasting content by country, exports to Asia (excluding Japan and China) have been driving growth in the overall video exports with Japan in the early 2010s. Although it has not recovered its tremendous export volume in terms of overall size, it has rebounded with changes in the OTT-focused media environment.

In addition to the government's New Southern Policy, the increasing number of attempts to enter and cooperate with ASEAN countries is another positive change that became apparent in 2019. ASEAN is drawing attention as the "next China" for Hallyu broadcasting, both in terms of market size and in terms of dynamic change led by the younger generation. It is symbolic that wavve has named ASEAN as the first destination for overseas expansion. How well Hallyu rides on ASEAN growth and changes in video consumption environment can determine the direction of the next wave of Hallyu broadcasting.

4) North America and Europe

In 2019, IP exports to North America and Europe, including format and remake rights, were active. One important positive change was that Hallyu was able to reach a much wider audience outside of Asia, beyond the handful of Korean drama fans. Another positive change was that more people were able to engage with Korean content distributed through Netflix.

If IP sales, such as formats, are more closely linked to the demand of the broadcasting industry in the country, it can be inferred that the sale of completed products is limited to the demand for Hallyu content. If the streaming war is an industrial factor that increases demand for video content, the increase in the number of users who watch videos from various countries and enhance their tastes in this environment is a factor that increases cultural demand. In other words, given that Korea's video content industry develops and maintains the quality level of the current material, the future of Hallyu will remain open to more possibilities.

4. 2020 Outlook for Hallyu in Broadcast Programs

Large globally-oriented content providers began to supply the demand for content on global streaming platforms in 2019. Given the global demand for video content, Hallyu broadcasting still has a greater opportunity for growth. The question is whether the Korean industry can adapt, given these macroscopic environmental changes, and whether such changes will ensure sustainable growth in the future.

First, how long will it be possible to maintain or increase the current level of work in terms of production? Currently, in the Korean broadcasting and video industry, studios with a foundation for producing large-scale, globally-oriented content coexist with domestic-oriented studios. To increase globally-oriented works, it is necessary to select and concentrate limited resources rather than maintain the number of existing works. The worsening performance of terrestrial broadcasters, who are key players in broadcasting and video production, is a sign of crisis in the traditional video industry ecosystem.

It may be positive sign that terrestrial dramas did show signs of revival in 2019. This “revival” emerged as a result of collaborations between terrestrial broadcasters and Netflix. KBS’ best drama of 2019, “When the Camellia Blooms,” was supplied to Netflix. The production of masterpieces such as SBS’ *Vagabond* were possible because of the simultaneous supply to Netflix. The cooperation with global OTT services proved to be an important factor for the sustainable production of Hallyu content.

Although exports to China were blocked, Netflix and

other global OTT services were able to fill this void, and it was possible to maintain the resources necessary for the expansion of production. As a result, the foundation has been laid to sustain large-scale projects that were previously unimaginable. This is reminiscent of the film industry, which fostered the cinema industry with the series of Korean blockbusters. Large-scale dramas are now becoming a constant in the Korean video industry, and the sustainability of these dramas is secured by an overseas OTT ecosystem that has established a stable fan base.

Another positive sign is the rising value of IP in broadcast content. The use of content IP in the broadcasting and video industry is being carried out in various ways including the expansion of IP sales, such as format and remake rights, the increase in archive-type videos, and the increased production of works linked to content IP in other genres. If such an IP-oriented global business expands, it is possible to develop a mid- and long-term Hallyu to build a continuous fandom beyond the export performance of each product.

Further, 2019 marked the starting point of change for broadcast videos. Structural changes in the broadcasting production environment began to appear. Major changes took place in the broadcasting distribution and consumption environments. Though it was a year full of concern about declining exports, the foundation for the future leap forward was being prepared, step-by-step. Perhaps we will see Hallyu broadcasting and video take off to a whole new level in 2020 alongside the reorganization wave unfolding in the global media ecosystem.

2

Hallyu in Film

100 Years of Korean Cinema: Light and Shadows

— Mann Kim

Director, International Relations Team, Korean Film Council

1. 2019 Hallyu in Film

2019 marked the 100th year since the birth of Korean cinema. Various events were held at home and abroad to commemorate this occasion. The significance the 100 years was explained through various media and key figures, leading to a calm, yet lively self-congratulatory atmosphere. While there have been many important moments, the most meaningful among them was *Parasite* winning the Palme d'Or* at the Cannes Film Festival in May 2019. That moment marked the achievement of the highest level of world cinema after several attempts. With this victory, the 100 years of Korean cinema was celebrated properly.

The Palme d'Or can be considered a landmark achievement in Korean cinema. This is important because both the domestic and overseas markets for Korean films, that is, the production and distribution markets, are facing a major crisis. *Parasite* portrayed the highest and the lowest in society, the dazzling light and the deep darkness, and the stark contrast between the haves and have-nots. This theme may have been the most important metaphor for 2019 Korean cinema. Behind box office hits such as *Extreme Job*, *Exit*, *Ashfall*, *Battle of Fengwudong*, and *Parasite*, which exceeded 10 million viewers, the gap between box office hits and total flops became greater as the number of mid-sized box office hits with 3 to 8 million viewers have decreased. This trend also continued among Korean films that had been exported to overseas markets.

While some commercial box office

Parasite won four major awards, including Best Original Screenplay, Best Director, and Best Foreign Language Film at the 92nd Academy Awards (2020 Academy Awards). It has been briefly mentioned in the last section in “4. 2020 Outlook for Hallyu Film.” This is because the White Paper focuses on the status and prospects of Hallyu in 2019.

hits were welcome, there were no other mid-sized films that caused a sensation, or arthouse films that made minor, but solid profits. The service export industry, which has been a major pillar for Korean film exports, seems to have lost its way, and has now fallen into a slump. *Parasite*, and the abnormal signal behind it can be said to be a “timely” moment that showed the most vivid light and shadow when looking back at Korean cinema in 2019.

1) The Grim Report Card of Film Content Exports

Korean film exports demonstrated a poor performance in 2019. The total export value was \$73.78 (approximately ₩87.54 billion), down 8.2% from the previous year. The decrease was less than the 32.3% decrease from 2017 to 2018, but the figure is about half the export value in 2017. Therefore, the export of services, which has been a major pillar for Korean film exports, is on the decline. Service exports are revenues earned by Korean film technology service companies as a result of their participation in overseas films through services like VFX, CGI, special effects, and sound. The service exports of Korean films in 2019 was valued at \$35.9 million (₩42.6 billion)

The export of finished works was as poor as that of services. In 2019, the export value from finished works showed a 9.0% decrease from 2018. Domestic box office hits like *Parasite*, *Exit*, and *Extreme Job* each had different charms and appealed to overseas buyers. Despite the fact that big films scheduled to be released in 2020 were introduced and promoted in some markets, there were not many hits. This was also a fatal blow to the export market. The numbers in 2019 proved the longstanding truth that movies

that do not gain popularity in Korea cannot gain popularity abroad. The Korean film market, which has been developing diverse portfolios, including tent pole films, typically called blockbusters, project films featuring top stars, unique medium-scale genre films, and independent films that were awarded at festivals or made headlines, hit rock bottom in 2019.

Korean film exports tended to fluctuate based on the specificity and topic of films produced and released each year. However, the decline in export figures despite various topics in Korea and abroad, leads one to take a cold hard look at the overseas market, industrial structures, and strategies for Korean films to achieve success overseas.

Table 1.

Overseas exports of Korean films (exports of finished works + technology services) over the past five years

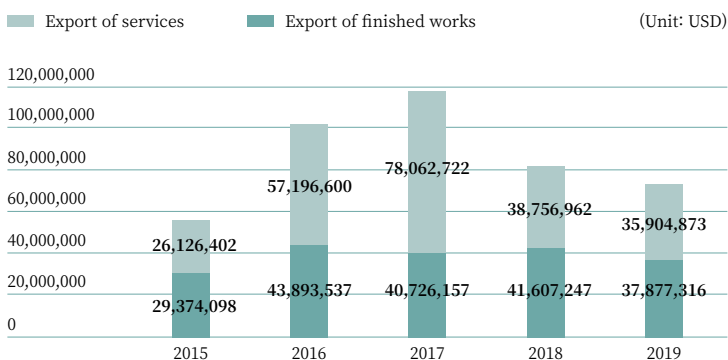
Source: KOFIC (2020). *2019 Evaluation of the Korean Film Industry*

(Unit: USD)

Classification	2015	2016	2017	2018	2019
Export of finished works	29,374,098	43,893,537	40,726,157	41,607,247	37,877,316
Export of services	26,126,402	57,196,603	78,062,722	38,756,962	35,904,873
Total overseas sales revenue	55,500,500	101,090,140	118,788,879	80,364,209	73,782,189
Year-on-year growth rate	-12.0%	82.1%	17.5%	-32.3%	-8.2%

Figure 1.

Overseas exports of Korean films (2015~2019)



2) The Export of Finished Works Enters a Period of Stagnation

The export of finished works, which refers to the sales of individual works in the overseas film market, and the collection of cinema and additional market profits earned by previously exported works, is the most common sector for Korean film exports. The export value of finished works from Korea was sluggish. In 2019, the export value of Korean films was \$37.87 million (approximately ₩45.1 billion), indicating a 9.0% decrease from \$41.6 million (approximately ₩49.5 billion) in 2018. The contract amount was \$36.27 (approximately ₩43.1 billion), and additional revenue, dubbed an “overage” by the industry, was \$1.6 million (approximately ₩1.9 billion). The contract amount decreased slightly compared to 2018, but the decrease in additional revenue was even greater.

A total of 574 Korean works was sold in the overseas film market. The average export price divided by the down payment was \$63,200 (approximately ₩75 million). This shows that the value of individual Korean films remains relatively steady, as there was no change from 2018.

Considering this trend, a similar number of Korean films is being sold at a relatively stable price. However, it can be predicted that the export of finished films, which have been around the \$40 million range, has been stagnating, as no hit film to reverse the market trend has emerged, and additional profits earned by gaining popularity in overseas cinemas have dropped significantly.

However, there is a possibility that this trend may pause for a bit in 2020. This is because *Parasite* released world over and broke most of the box office records held by Korean

films. In February 2020, when *Parasite* won an Oscar, the number of cinemas screening the movie increased by more than 2,000 and cinema sales exceeded \$40 million. As some of the revenue is that of local distributors and will be collected, not all of it can be counted as Korean film revenue.

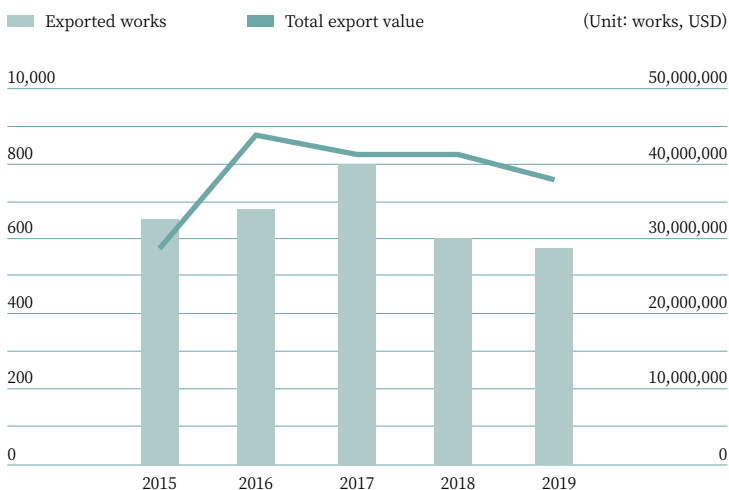
Table 2.
Export of finished films from Korea (2015~2019)

Source: KOFIC (2020). *2019 Evaluation of the Korean Film Industry*.

(Unit: USD)

Year	2015	2016	2017	2018	2019
Total overseas sales	29,374,098	43,893,537	40,726,157	41,607,247	37,877,316
Contract amount (MG+Flat+Misc.)	16,823,335	30,106,468	34,771,671	37,436,403	36,276,567
Additional revenue (Overage)	12,550,763	13,787,069	5,954,486	4,170,844	1,600,749
Year-on-year change rate	11.3%	49.4%	-7.3%	2.2%	-9.0%
Export (works)*	650	679	802	603	574
Average export price**	25,882	64,644	50,781	62,084	63,200

Figure 2.
Exports of finished works from Korea (2014~2019)



However, if the revenue sharing of the Korean distributor is counted from 2020, it is expected that additional profits will have improved significantly, along with films such as *Kim Ji-young: Born 1982* and *Peninsula*, which already drew a large response from audiences, and other anticipated films. This year's stagnation can be considered temporary.

Table 3.

Comparison of the types of export copyright of finished films (2018~2019)

Source: KOFIC (2020). *2019 Evaluation of the Korean Film Industry*.

(Unit: USD)

Contract copyright type	2018		2019	
	Amount (USD)	%	Amount (USD)	%
All Rights	24,992,022	66.8%	28,003,695	77.2%
Secondary Rights	10,611,481	28.3%	6,963,872	19.2%
Remake Rights	410,000	1.1%	1,038,000	2.9%
Theater Release Rights	1,422,900	3.8%	271,000	0.7%
Total	37,436,403	100.0%	36,276,567	100.0%

* Includes some separate conditional contracts from All Rights contracts.

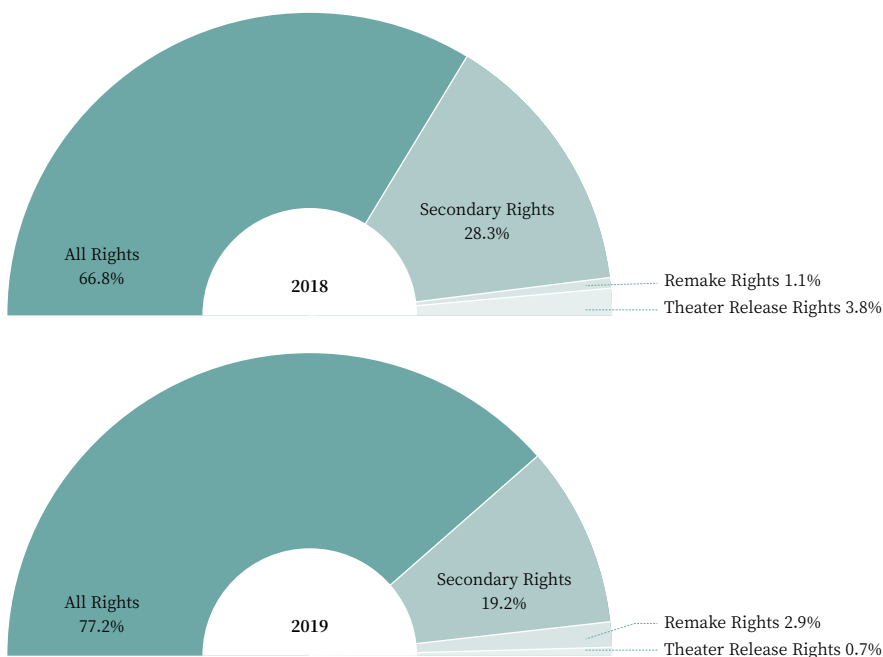
**Secondary Rights include video, DVD/Blu-Ray, VOD, Internet, PPV, and in-flight rights and other types of rights.

*** This analysis of the types of export copyright is only for the performance (MG+Flat+Misc.) at the time of the contract, and excludes additional revenue (overage) in that year. Accordingly, there is a difference in the standard from the table for the total export value.

Analyzing export value by dividing it into types of rights shows that all rights contracts, which give full rights at once, are continuing to increase each year. This increase reflects the preference to have one company handle the distribution in one country to facilitate contracts and revenue tracking, and most importantly, to have one company focus on and manage the increasing number of secondary rights. The proportion

of all rights contracts reached 77.2% in 2019, indicating a 10.4% increase from the 66.8% in 2018. On the other hand, the proportion of separate secondary rights contracts was 19.2%, indicating a 9.1% decrease from the previous year. Remake rights, which can be considered a key product for Korean film exports, reached \$1.03 million (approximately ₩12.3 billion), again surpassing the \$1 million mark in 2018 and overcoming the brief decrease in 2018. *Veteran*, *The Gangster, the Cop, the Devil*, and *Missing* were sold to India, and *Forgotten* and *On Your Wedding Day* were sold to China. Korean box office hits with clear concepts that have proven successful are constantly being wooed by India and China, both movie powerhouses, for new ideas. At one point in time, India was the object of vigilance for the Korean film industry, as a few Korean films were sold owing to the lack of information on local companies when compared to the vast film industry, and some unauthorized remakes were also produced. These countries have now overcome this period and are creating new partnerships. It is difficult to screen imports of finished Korean films in China, but it is important to note that there is a demand for remakes based on IPs that have been successful in Korea. There is a lot of anticipation around these remakes that will be released in the future, particularly around whether they will evoke a local response. As various platforms have emerged in the secondary rights market, contracts for separate theater release rights decreased to 0.7%, reflecting the changing times.

Figure 3.
Proportion of the types of export copyright of finished Korean films
(2018~2019)



3) Technology Services Export Sector

The Korean film technology service export sector stagnated in 2019. Exports of technology services amounted to \$35.9 million (approximately ₩42.6 billion), indicating a 7.4% decrease from the previous year. The VFX and DI sectors, which boast of having as many skills as Hollywood, fell by 47.7% to \$18.42 million (approximately ₩4.45 billion). As there was a decrease in the export of manpower and project contracts to China, which had driven the growth of the technology services sector and accounted for a high demand, the figures fell to the levels they were at in 2015. It has been reported that domestic location contracts for foreign films are filling this void.

Table 4.

Contracts for Korean technology services by sector (2015~2019)

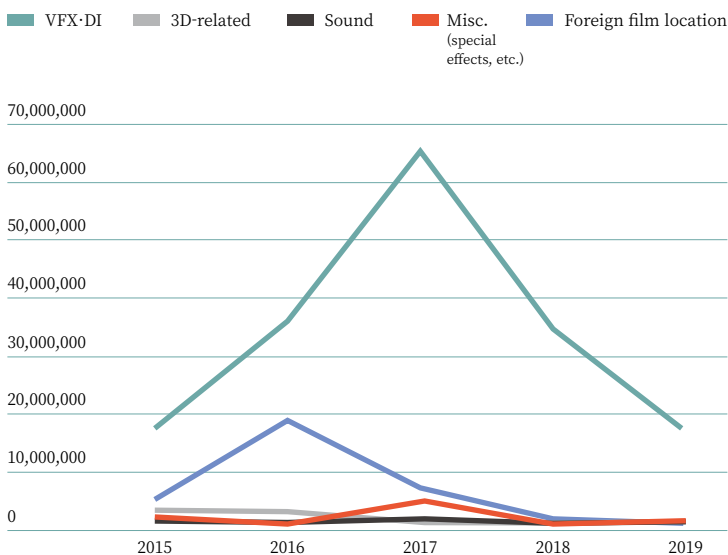
Source: KOFIC (2020). 2019 Evaluation of the Korean Film Industry.

(Unit: USD)

Year	2015	2016	2017	2018	2019	Year-on year change rate
VFX·DI	18,179,820	36,096,838	65,953,928	35,209,595	18,423,682	-47.7%
3D-related	2,541,312	1,884,117	0	0	0	-
Sound	54,000	231,400	30,500	32,250	96,000	197.7%
Misc. (editing, etc.)	597,373	400,860	4,200,000	120,000	570,000	375.0%
Foreign film locations	4,753,897	18,583,388	7,878,294	3,395,117	16,815,191	395.3%
Total	26,126,402	57,196,603	78,062,722	38,756,962	35,904,873	-7.4%

Figure 4.

Export value of Korean technology services by sector (2015~2019)



Korea had entered China in order to expand its market. It was difficult for Korea to find a new market after its exports to China collapsed. China began to grow with self-sustaining power and improved its skills at a level comparable with that of Hollywood. It was difficult to find Korea's differentiated strengths in European and US markets. Further, Korea was not able to participate in the production of other films made in the Asian market due to its high unit price. The technology service companies that went abroad to win contracts, are believed to have shifted their focus on digesting the growing volume of domestic content, such as terrestrial and cable dramas, OTT original series, and web dramas.

Table 5.
Korean technology services contracts by country (2014~2018)

Region		Asia				North America	Europe	Total
Country		China	Hong Kong	Japan	Misc.	US	-	
2015	Amount	17,023,565	3,754,940	0	100,000	472,000	22,000	21,372,505
	%	79.6%	17.6%	0.0%	0.5%	2.2%	0.1%	100.0%
2016	Amount	37,634,215	952,000	0	27,000	0	0	38,613,215
	%	97.5%	2.5%	0.0%	0.1%	0.0%	0.0%	100.0%
2017	Amount	54,772,263	13,850,000	202,000	92,665	0	1,267,500	70,184,428
	%	78.0%	19.7%	0.3%	0.1%	0.0%	1.8%	100.0%
2018	Amount	30,718,715	2,375,000	235,900	10,000	1,780,000	242,230	35,361,845
	%	86.9%	6.7%	0.7%	0.0%	5.0%	0.7%	100.0%
2019	Amount	18,934,300	-	65,382	-	90,000	-	19,089,682
	%	99.2%	0.0%	0.3%	0.0%	0.5%	0.0%	100.0%

Excluding the cost of foreign film locations, which is a local expenditure, the future of technology service exports is even bleaker when the numbers are divided by country. Exports to China accounted for 99.2% and those to Japan and the US were minimal. Despite the strained Korea-China relations, it appears that Korea has failed to overcome its reliance on its exports to China. This is even tougher because no other breakthrough has been found. Whereas those in the industry hope that the strained relations with China will be resolved, China has developed its scale and technological prowess by collaborating with Hollywood, thus making it difficult for Korean companies to participate in Chinese film projects in the future in the same way as it had done in the past.*

* In addition to season 2 of Netflix's *Kingdom*, revenue from various series, commercials, and music videos was counted as foreign film location revenue. However, there are concerns among those in the industry as to whether this figure can be included as overseas exports for the film sector. There are also opinions that this figure may lead to misunderstandings in the industry in looking at the landscape of overseas exports for technology services. Therefore, it will only be counted as an official figure temporarily, and will not be mentioned specifically in this text, which deals with Hallyu.

2. Hot Issues for Hallyu in Film

1) *Parasite*, the Pinnacle of the 100-year History of Korean Films

To discuss Korean films and the Korean film industry in 2019, we must first examine the monument that is *Parasite*. The release of the drama series *Righteous Revenge* made by Koreans in 1919, is considered the beginning of the Korean film industry. A 100 years later, *Parasite* spread the potential of Korean films far and wide, not only within Korea, but worldwide. It has set unprecedented records, including being the first Korean film to win the Palme d'Or at the Cannes Film Festival, winning four awards at the Academy Awards, and winning Best Foreign Language Film at the Golden Globe Awards. It also conquered the US market and Hollywood, which had seen Korean films as stories from a faraway land, by winning the Academy Award for Best Picture.

Parasite was the most anticipated work of 2019, not only among those in the Korean film industry, but also those in the industry around the world, because it marked Bong Joon-ho's return to Korea after he had gone abroad to participate in globally-oriented large-scale projects like *Snowpiercer* and *Okja*. The production team kept all the information, except for a few lines of the synopsis, a secret, and raised expectations by entering a competitive category at the Cannes Film Festival and succeeded in getting an overwhelming response right after the premiere. On this day, not only those in Korea, but everyone who left the auditorium was excited to have discovered a new film that offered cinematic inspiration.

Finally, on the last day of the festival, director Bong Joon-ho captured the Palme d'Or, beating strong rivals such as Quentin Tarantino and Pedro Almodóvar. It marked the moment when the door to the Cannes Film Festival, which the Korean film industry had been knocking on for quite some time, opened. The highest honor was conferred on the industry. Director Bong Joon-ho said, "I'm more thrilled because it is the first time in the 100-year history of Korean cinema that this award was given." This day, however, was not the peak of the *Parasite* journey, but only the beginning.

Award-winning films from overseas film festivals typically do not perform well in domestic cinemas. This is because of the biased idea that such films are boring or difficult to understand. In addition, there aren't sufficient elements to draw the audience in to watch such films. Of course, award-winning films from overseas film festivals show a small, but strong performance, centered in arts movie cinemas. They are far from being considered mainstream films. It is impossible to be in the ranks of the so-called "million audience" films. The total number of viewers for *Parasite*, released shortly after winning at the Cannes Film Festival, was 10,080,000 (as of December 31, 2019). Curiosity about the director's request for secrecy and the halo of winning the Cannes Film Festival's top prize were directly linked to the box office success. Above all, director Bong Joon-ho's artistic technique made *Parasite* a major box office success. This resonates with the general public. *Parasite* quickly broke the stereotype that arts films that win at overseas film festivals are boring. This was an overwhelming success.

The formula for the simultaneous release of Korean films in Southeast Asia, which began with *Train to Busan*, sparked the global success of *Parasite*. Director Bong Joon-

ho's reputation and the halo of the Palme d'Or at Cannes gave wings to the film's success in Europe, where art house film is strong, and in the North American market, which is dominated by Netflix. In Taiwan, Hong Kong, Vietnam, and Thailand, *Parasite* broke all box office records of Korean films. In France, it also set a record of being the most successful winner of the Palme d'Or at the Cannes Film Festival.

This movie exceeded expectations in Hollywood and the North American market, which is seen as a graveyard for foreign language films. At the Toronto International Film Festival, which was held in September 2019, all scheduled screening times were sold out. In a rare move, extra screenings were organized. While not a large studio, Neon, an American distribution company known for its clever distribution strategies, was able to draw favorable reviews from traditional media such as the New York Times and the Los Angeles Times, and audiences began to flock to cinemas. The North American market is like a mirage for Korean cinema. There were many attempts to enter Hollywood, but they all remained unsuccessful. World-renowned directors also attempted to make movies in English. However, *Parasite* was screened in Korean with English subtitles without editing a single frame. Box office records have exceeded \$40 million, breaking box office records of all foreign language films released in North America.

It does not end there. The craze intensified with the start of the year-end awards season. The Golden Globe Award for Best Foreign Language Film and nominations for Best Director and Best Screenplay, were followed by a nomination for the Best International Feature Film (originally named Best Foreign Language Film, and then renamed in 2020) at the

Academy Awards, which had been a long-cherished ambition for Korean filmmakers, along with nominations for Best Picture, Best Director, Best Original Screenplay, Best Film Editing, and Best Production Design. *Parasite* won the top honor, Best Picture, along with Best Director, Best Original Screenplay, and Best International Feature Film. Everyone was amazed by these results, which exceeded expectations. It seems that more time is necessary to evaluate the situation properly. The film, *Parasite*, paved the way for Korean film to enter the mainstream. Though it was an unexpected result, we cannot help but look forward to what comes next.

2) Stagnation in Discovering New Talent, Female Directors are a Sign of Hope

The absence of talent has been a longstanding problem in the Korean film industry. While *Parasite* brought hope to Korean cinema, it also cast a huge shadow on the industry. The discovery of new talent has been a lingering issue for the Korean film industry. The lack of creative talent in Korea is also directly linked to the overseas advancement of Korean films. It would be a shame, if in the future, Korean films cannot attempt to enter the fast-changing global film market. Director Kim Bora of *Home of Hummingbird*, who appeared amidst such worries, was a strong ray of light in the darkness.

First released at the 2018 Pusan International Film Festival, *Home of Hummingbird* won the Generation 14+ award at the Berlin International Film Festival and was invited by film festivals world over. Since then, it has been invited to and has won at over 40 film festivals, and attracted 145,000 viewers in Korea, which is unusual for an independent film. Export value was not large because of the

limitations of independent films. What is more important is that it showed filmmakers world over that there is an “after Bong Joon-ho.” Her next work is expected to have a great impact as well.

Female directors presented new possibilities in Korean cinema in 2019. Led by director Kim Bora, the outstanding box office performances of director Park Noo-ri’s *Money* and Lee Jong-eon’s “Birthday” also showed potential. All these films deserved recognition for their potential, strong directing skills, and film style which is comparable with that of commercial films. In the independent film sector, director Yoon Ga-eun of *The House of Us* was able to achieve results comparable to her previous work, and director Han Ka-ram of *Our Body* is considered a rising star. While it may not be appropriate to evaluate creative works based on gender, the new attempts by female creators in the Korean film industry, which needs creative revitalization, has led to the realization that efforts to discover talent are necessary.

3) The Stagnation of Technology Service Exports

The difficulties encountered by technology service companies, which have been stagnant since Korea-China trade relations became strained, have increased. There are no signs of improvement in relations with China, and China, which has achieved technological advancement in the meantime, has begun to cover most of the technology based on large-scale funds, low labor costs, and an abundant workforce. Even if the industry turns to other markets, it is difficult to find a market as large as China. Those in the industry believe that no other country can replace China in terms of volume, distance, convenience of communication,

and unit costs. Fortunately, as the growth of OTT and web dramas has filled the domestic supply, companies do not find it difficult to secure work volume. However, the possibility of overseas expansion is gradually fading. The walls of Europe, which offers a variety of tax benefits, and China, which boasts of a strong workforce, seem too high to scale.

The technology services sector was the hope for diversifying Korean film exports. It was around 2010 that the Korean film industry, which had been relying on exports of finished works, shifted focus to technology service exports, as the workforce and technology of the Korean film industry began to enter the overseas market. At that time, the film industry in neighboring China grew rapidly. The external expansion of Korean films seemed to be progressing smoothly with the signing of joint production agreements with Japan and European countries. The industry continued to grow as demand for CG and VFX companies grew, through both full and partial participation in Chinese blockbusters. The so-called THAAD crisis hit the brakes on this trend. Diplomatic disputes between Korea and China affected the industry, and work from China was abruptly cut off. Korean films were no longer being screened at Chinese cinemas and once active co-productions began to fade. The industry, which was holding onto this last glimmer of hope, stopped investing in winning contracts. This led to a reduction in the engagement of project coordinators, who had been winning contracts both at home and abroad and had been connecting with internal personnel. In the face of inevitable changes in terrain, the difficulties experienced by the industry were even greater.

3. Major Countries and Routes of Hallyu in Film

There were no major differences in the share of Korean film exports by region from year to year: the order of Asia, Europe, North America, Latin America, Oceania, and the Middle East remained unchanged in 2019. The total export value from Asia, which occupies the highest share each year, amounted to \$27.40 million (approximately ₩32.53 billion). Despite the slight decrease in total revenue from the previous year, the market share reached 72.3%. While there was a sharp decrease in exports to China, Asia's largest film market, exports in Asia have not decreased significantly. This was supported by publicity in Singapore, Hong Kong, and Indonesia. The bias toward or dependence on the Asian market is a longstanding issue that must be overcome, but it is also a strong foundation for the overseas expansion of Korean films.

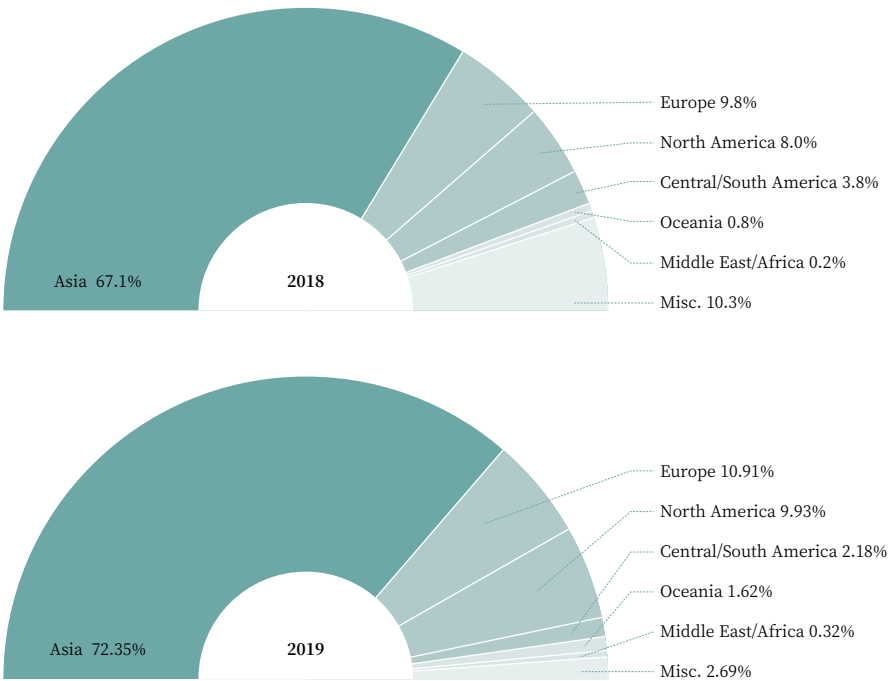
Table 6
Export share by region (2018~2019)

Source: KOFIC (2020). *2019 Evaluation of the Korean Film Industry*.

Region	Export value (USD)				Change from 2018 to 2019
	2018	market share	2019	market share	
Asia	27,924,327	67.1%	27,403,357	72.3%	-1.9%
Europe	4,057,565	9.8%	4,133,177	10.9%	1.9%
North America	3,313,223	8.0%	3,762,036	9.9%	13.5%
Central / South America	1,582,428	3.8%	824,821	2.2%	-47.9%
Oceania	339,644	0.8%	612,478	1.6%	80.3%
Middle East	92,560	0.2%	121,447	0.3%	31.2%
Misc.(Worldwide)	4,297,500	10.3%	1,020,000	2.7%	-76.3%
Total	41,607,247	100.0%	37,877,316	100.0%	-9.0%

Figure 5

Percentage of finished Korean film exports by region (2018~2019)



Ashfall and *Peninsula* gained profits thanks to the success of the production team's previous works, *Along with the Gods*, *Train to Busan*, and *Kim Ji-young: Born 1982*, a film adaptation of a novel that caused a sensation and was exported to many countries, gained traction from this success and it too exported successfully. The path of Korean films to the Asian market is expected to grow further, as familiar actors have star power and are culturally accessible, and additional profits can certainly be earned through simultaneous releases.

Exports to Europe followed those to Asia with a 10.9% share, up 1.9% from 2018 at \$4.13 million (approximately ₩4.96 billion). The animation, *Red Shoes and the Seven Dwarfs*, *Peninsula*, by director Yeon Sang-ho expected to be released in 2020, and *Parasite*, which won at the Cannes

Film Festival, were promoted in Europe. *Red Shoes and the Seven Dwarfs*, a global work that combined personnel from Korea and the US, is an example of a promising achievement through the exploration of possibilities in the midst of difficult situations in Korea.

North America rose to 13.5% despite a general decline in Korean film exports. Exports to the region totaled \$3.76 million (approximately ₩4.46 billion), which indicates an increase from the \$3.31 million (approximately ₩3.92 billion) in 2018. The winner in this region was definitely *Parasite*. The distribution contract signed at the Cannes Film Market also led to a performance that exceeded local expectations and can be seen as an example of proving the potential of Korean films in the US distribution market in the future. The Korean film industry, which had always just observed others with envy, now has a proud success story.

The export value for Central/South America, which is considered an unknown market for Korean films, fluctuates each year. In 2019, it remained at 0.82 million (approximately 980 million), indicating a 47.9% decrease from the previous year. Exports to this part are often tied to a region within South America, and some active distributors in Chile have made several purchases. It is difficult to make a full-fledged entry into this region because of difficulties encountered in an unfamiliar area, such as long distances, costs associated with entering new markets, and the lack of information. However, to expand the market for Korean films in the long term, efforts to remain in this region should continue.

Exports to Oceania recorded an increase of 80.3% when compared to the previous year, when it was \$0.61 million (approximately ₩727.31 million). Although the rate of increase is high, the scale remains weak. Nonetheless, Korean

box office hits such as *Peninsula*, *The Divine Fury*, *Parasite*, and *Exit* were supplied to the region through relatively stable all rights contracts and are gradually securing their territory.

Table 7.

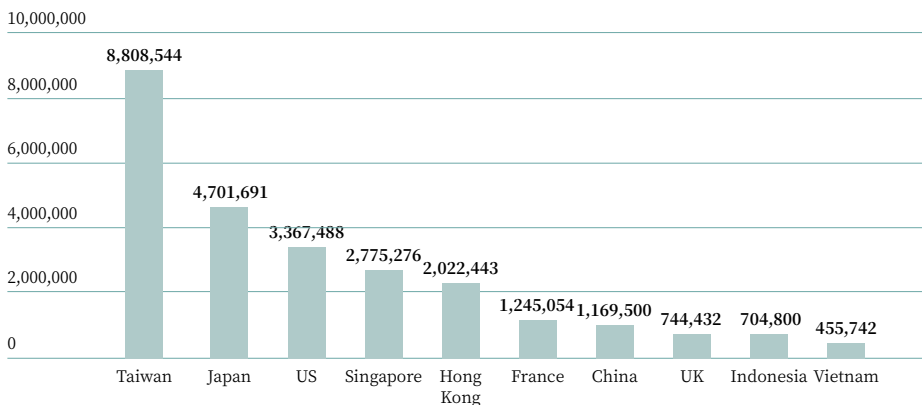
Export performance of finished Korean films by country (2018~2019)

Source: KOFICE (2020). *2019 Evaluation of the Korean Film Industry*.

Classification		2018		2019		Annual rate of change for exports
		Export value (USD)	%	Export value (USD)	%	
1	Taiwan	7,153,277	17.2%	8,808,544	23.4%	23.1%
2	Japan	4,591,124	11.0%	4,710,691	12.5%	2.6%
3	US	3,319,603	8.0%	3,367,488	9.0%	1.4%
4	Singapore	2,871,726	6.9%	2,775,276	7.4%	-3.4%
5	Hong Kong	6,075,720	14.6%	2,022,443	5.4%	-66.7%
6	France	606,646	1.5%	1,245,054	3.3%	105.2%
7	China	3,934,860	9.5%	1,169,500	3.1%	-70.3%
8	UK	480,750	1.2%	744,432	2.0%	54.8%
9	Indonesia	188,517	0.5%	704,800	1.9%	273.9%
10	Vietnam	1,121,508	2.7%	455,742	1.2%	-59.4%
	Misc.	11,263,516	27.1%	11,575,846	30.8%	2.8%
	Total	41,607,247	100.0%	37,579,816	100.0%	-9.7%

Figure 6.

Export performance of finished Korean films in 2019 by country



In terms of export status by country, Taiwan, which was the largest importer of Korean films for the first time in 2018, topped the list again. Exports of Korean films to Taiwan amounted to \$8.8 million (approximately ₩10.46 billion), indicating an increase of 23.1% from the previous year. There is a clear reason for this. The huge success of *Train to Busan* and *Along with the Gods* in Taiwanese cinemas made Korean films popular among moviegoers. With the implementation of a system through which movies open in local cinemas with little time difference from Korean cinemas brought the enthusiasm from Korea to the region. The directors and actors of *Along with the Gods* and *The Gangster, the Cop, the Devil* made local visits to promote the movie around the local release dates. By utilizing the value chain that begins in cinemas and leads to secondary rights properly, Korean films have become a “hot item,” comparable to Hollywood films in Southeast Asia. *Ashfall*, *Exit*, and *Parasite*, which were sold in 2019, were also successful in local markets.

While Korea-Japan relations are showing no signs of recovery, exports of Korean films to Japan have risen slightly,

maintaining their status as a solid market for Korean films. In 2019, exports totaled \$4.71 million (approximately ₩5.58 billion), showing a 2.6% increase from the previous year's \$4.59 million (approximately ₩5.452 billion). Excluding *Peninsula*, which was sold to many other countries, Japan appeared to be in a rush to purchase works like *Mogadishu* and *Time to Hunt* in advance, even before production was completed. *Kim Ji-young: Born 1982* was sold for a considerable amount after the original novel caused a great sensation in Japan, and because it starred top actor, Gong Yoo.

The US has become the third largest exporter of Korean films, reaching \$3.36 million (approximately ₩3.98 billion) in 2019, indicating a 1.4% increase from the previous year's \$3.31 million (₩3.942 billion), moving up from the fifth to the third spot. As expected, *Peninsula* and *Parasite* drove exports to this region. In the US, however, certain concept genre films like *Divine Fury*, *The Battle of Jangsari*, *0.0MHz*, and *Metamorphosis* were sold at considerably high prices. This proves that the position of Korean films as an extreme genre, continues to be seen as a niche market in the US.

Unlike Taiwan and Hong Kong, Singapore, which ranked fourth, was often included in the same contract as Malaysia, Vietnam, and Indonesia. In 2019, the total exports amounted to \$2.27 million (approximately ₩3.30 billion), down 3.4% from 2018. *Peninsula*, *Ashfall*, and *Exit* were sold for a high price like in other countries, but comedy films with unique concepts like *Love, Again* and *Secret Zoo* also gained popularity. Most Korean film contracts by Singaporean companies are signed at Cannes or AFM, but there are instances of contracts being signed at local markets, such as ATF ScreenSingapore, which suggests that there is some

level of utilization of the active local market.

The film industry also suffered a direct blow because of the instability in Hong Kong. With protests taking place on the streets, the number of moviegoers heading to the cinemas has decreased, and distributors are lying low for the time being. Hong Kong was the second largest importer of Korean films in 2018, but fell to the fifth rank in 2019. The total value of Korean films exported to Hong Kong in 2019 was \$2.02 million (approximately ₩2.42 billion), which is only about a third of the \$6.07 million (approximately ₩7.22 billion) in 2018. The crisis in Hong Kong, which has been a steady consumer of Korean films in Asia, dealt another blow to Korean film exports. Unlike other countries, Hong Kong often enters into distribution contracts alone rather than in collaboration with other countries. In particular, *Peninsula*, *Parasite*, and *Ashfall* were sold at high prices. Although films have been struggling since the retrocession of Hong Kong, its influence as the center of the Asian film industry endures. In particular, Hong Kong FILMART, which is held every March, is the largest film market in Asia. Filmmakers from all over Asia gather here to introduce and sell their movies from that year. As the situation in Hong Kong remains unstable, it is unclear whether Hong Kong FILMART will be held. This can pose difficulties for the entire Asian film industry.

Along with the crisis in Hong Kong, the door to exports to China is closing. Exports of Korean films to China in 2019 totaled \$1.17 million (approximately ₩1.39 billion), which depicted a drastic 70.3% decrease from the \$3.93 million (approximately ₩4.67 billion) in 2018. The export of Korean films to China, which once exceeded \$10 million, did not even reach \$1.17 million. As for the Chinese film industry, there is no use importing Korean films without

government permission to screen them. Transactions related to screening, including theater release rights, were minimal, and the transactions that did take place involved the sale of remake rights. In this section, we can see a difference between Japan and China, which are both experiencing diplomatic difficulties with South Korea. Unlike Japan, which has strong cultural exchanges despite poor diplomatic relations, China has cut off the exchange itself, diminishing the will of the Korean film industry. In 2019, the Shanghai, Beijing, and Hainan Film Markets were hosted for the sake of trading films and content. With the exception of Beijing, Korean companies were not active in these markets. On the other hand, Korean films are steadily gaining strength in the European market by signing contracts in France and the UK, which are major film markets in Europe, worth \$1.24 million (approximately ₩1.48 billion) and \$0.74 million (approximately ₩884 million), respectively. This indicates a 100.5% and 54.8% growth respectively when compared to 2018. *Parasite*, *Red Shoes and the Seven Dwarfs*, and *Peninsula* were sold in different formats, but *Parasite* broke the French box office records among works that won the Palme d'Or at Cannes.

Indonesia had the most significant growth in 2019. In terms of export value alone, it is in eighth place with \$0.70 million (approximately ₩836.95 million), indicating a 273.9% increase from the previous year. This can be seen as a ripple effect of K-pop and dramas receiving enthusiastic responses, and also because Korean cinemas complex like CGV are expanding their territories by opening multiplexes. Most of Indonesia's population comprises people in their 20s and 30s who admire and consider Korea an ideal country and prefer Korean content, so the growth potential in Indonesia is

limitless.

Although exports to Vietnam decreased by 59.4% when compared to the previous year, it amounted to \$0.45 million (approximately ₩541.19 million). It remains a major importer of Korean films, and is among the top ten countries. In addition to the platform that has been laid out by Korean cinema operators, the release of Korean films and the co-production of local films is taking place simultaneously. It is becoming a new market that has gone beyond simply selling and watching finished works, to one where business is unfolding and is being led by a production-distribution-screening chain.

4. 2020 Outlook for Hallyu in Film

1) Adjusting to the Changing Environment

In an era where people no longer watch TV, the number of moviegoers is stagnating while users of YouTube, VOD, and OTT services are increasing each day. These users are tearing down the walls of movies, series, and short-form content. On-site filmmakers have long been crossing the boundaries between movies and TV dramas. The film markets, which used to be a venue for filmmakers from all over the world to buy and sell films, is also suffering under a slump with the growing number of content platforms. The downturn in the film market has been a topic that has long been discussed by those in the industry. According to those overseeing sales, the emptiness of the American Film Market, one of the world's largest movie markets, came as a complete shock. If original content is created on an OTT platform, it is possible to distribute it globally at once without having to sell it at a film market or be concerned about country-specific strategies.

This change, of course, does not indicate the end of the cinema industry. Rather, it is an opportunity to focus more on content that can only be seen in the cinema and to focus on the true value of cinema. Newly emerging distributors and filmmakers are also responding quickly to this trend. In addition to feature films that are released in cinemas movies are evolving into comprehensive content that seek to expand into webtoons and web dramas. In particular *Victory* which is set to be released in the summer, is expected to be an experiment of sorts. The strategy is to compete in the movie

platform and expand the scope to other formats at the same time. This will be achieved through Director Jo Sung-hee's imagination, which has proven successful as seen in the box office success of his previous works; star actors Song Joong-ki and Kim Tae-ri; and the spectacles of space SF that have never been seen before.

With the diversification of the format of films, each film company's overseas entry platform is expected to expand from the film to the content market. In particular, the boom at Hong Kong's FILMART and ScreenSingapore held in 2020 was a great stimulus to the industry. While selling feature films, export strategies around various formats that can be relied on as content will be a breakthrough for these industries.

2) Expectations for the New Creative Workforce

Korean films have been hungry for new directors. This is why there is more excitement for the new works of young directors who will release their works in 2020. Among directors who have released work before, director Yeon Sang-ho (*Peninsula*), Yoon Sung-hyun (*Time to Hunt*), Byun Sung-hyun (*King Maker*), Lee Chung-hyeon (*Call*), and Lee Yong-ju (*Seo Bok*) are set to release films. These films are expected to have ripple effects both at home and abroad, as they have received favorable reviews in the overseas film industry and because of the production packaging of reliable directors and unique content. There is much interest around whether another work can showcase a female director's talents and be as sensational as other independent films, like *House of Hummingbird* Introduced and praised at the Pusan International Film Festival, *Moving On* by director Yoon

Danbi and *Lucky Chan-Sil* by director Kim Kyounghee are small-scale movies that are armed with brilliant sensibilities and are on the frontlines to show the new potential of Korean films.

Experienced and established directors add strength to this. Director Ryoo Seung-wan, who is releasing *Mogadishu* with a desire to make a comeback Kang Je-gyu's *Boston 1947*, and Yoon Je-kyun's *Hero* are expected to break their long silence through large-scale projects and make their presence known again. Hong Sang-soo, who is releasing a film after a long hiatus, continued to show off his creativity by advancing into the competition category of the Berlin International Film Festival.

Diversity is important, not only for a healthy ecosystem of the Korean film industry, but also for overseas expansion. If Korean films with various portfolios target countries and diverse audiences worldwide, they will be able to break free from the slump in 2019 and bring Korean film exports back to a state of growth.

3) Korean Film, *Parasite* Rewrites History for the Hollywood-centric World Cinema

On February 9, 2020, the 92nd Academy Awards were held in Los Angeles, US. On stage, the film was named as a nominee in the categories of Best Picture, Best Director, Best Original Screenplay, and Best International Feature Film. "Parasite," "Parasite," "Parasite," "Parasite!" The Korean film, *Parasite*, swept awards in all major categories of the American Academy Awards. Director Bong Joon-ho and actors Song Kang-ho, Jo Yeo-jeong, Choi Woo-sik, and Lee Sun-kyun ran to the stage, and Hollywood stars like Leonardo DiCaprio,

Brad Pitt, and Charlize Theron welcomed and congratulated them, and showed their respect for these Korean filmmakers with a standing ovation. This was not a scene from a movie. Beyond the history of Korean films, it was a moment in which world film history—that had once focused exclusively on Hollywood—was rewritten.

While everyone excitedly hoped for four Academy Awards, the results were not what anyone had expected. For Korea, which has never had a single nomination, all that everyone hoped for was a nomination for the Best International Feature Film. It was a road that no one had taken before, so no strategy could be devised. The American distributor Neon was aware of the value of the film and released the movie in just three cinemas in line with the strategy pursued by Hollywood arthouse movies. However, it was only when word of mouth spread, that they began to increase the number of screens.

As *Parasite* was selected as the Korean representative for Best International Feature Film, CJ ENM and Neon started the Academy campaign, assisted by the Korean Film Council and the Korean Cultural Center in LA. While holding screenings and receptions for Academy members, they began to publish advertisements in leading local media such as the New York Times, Los Angeles Times, Hollywood Reporter, and Variety. Director Bong Joon-ho remained in the US and engaged actively in interviews and talks with actors like Song Kang-ho and Choi Woo-sik. Actor Song Kang-ho was very interested in American society and expressed the rigor of his promotional schedule, saying, “I get double nosebleeds.”

Meanwhile, *Roma*, which had been nominated for 10 Academy Awards including Best Picture, was known to have received nearly 100 billion won in the form of an investment

for advertising costs from Netflix. Along with a film festival campaign, Netflix simultaneously promoted its original film to attract subscribers. This shows that in order to pursue an Academy Award, some success must be achieved by appealing not only to critics and movie officials, but also to the general audience. At this time, CJ ENM committed to providing resources in its capacity as a conglomerate. This was the right opportunity for CJ ENM, which had made several attempts to enter the US market through various channels. Given the tangible and intangible value of winning in major categories, it was certainly a worthy investment. Winning Best Picture would not only be a feat for Korean films, but for any foreign language film. It is difficult to accurately grasp the cultural and economic ripple effects of a Korean film winning this award, and which currently seems like a standalone “incident.” The minor achievements of *Parasite* are its box office profits, Academy Award strategies, and distribution experience in the North American market. At a greater scale, we can expect Korean cinema to increase its global brand value and investment, and the overseas expansion of Korean filmmakers. Above all, the greatest achievement is the possibility of Korean films reaching people worldwide.

3

Hallyu in Music

The Shadow Behind the Glamour of Global Success
— Gyutag Lee
Professor of Cultural Anthropology (Arts & Science),
George Mason University-Korea

1. 2019 Hallyu in Music

In 2019, the music trends in Hallyu demonstrated an extension of the change that began in 2016–2017. While the members of the second generation K-pop groups represented by Big Bang and Girls' Generation either stepped down or disbanded entirely due to military service, contract termination, or losing popularity over time, the center of Hallyu in music shifted to third generation groups such as BTS, TWICE, Blackpink, and EXO. This trend peaked in 2018 when two albums of BTS reached number 1 on the Billboard 200, making it the world's top. Similarly, TWICE has started to gain popularity among young fans in Japan, who had not been too enthusiastic about Korean music until then. This trend continued in 2019 as well. In addition to the two groups, several K-pop groups and Korean indie musicians became famous in overseas markets and enhanced the popularity of Korean music. However, in 2019, various scandals involving the music industry, broadcasting stations, and artists filled the headlines of newspapers. It was indeed a tragic year, as singers who were loved both from home and abroad committed suicide. The shadows lurking behind the splendor of the global success of Hallyu in music was revealed in 2019.

1) Scale of Music Content Exports: Maintaining a Steady Increase in Exports

As the center of Hallyu shifted to K-pop, the music industry's export value began to rise steadily, with annual increases of

15 to 16 percent (Table 1). Although imports are increasing steadily,* the rate of increase is lower than that of exports.

Table 1.

Current Status of Exports and Imports in the Music Industry

Source: KOCCA (2019a). *2018 White Paper on the Music Industry*, p. 132.

(Unit: 1,000 USD)

Classification	2015	2016	2017	Year-on-year rate of change(%)	Average annual rate of change
Export value	381,023	442,566	512,580	15.8	16.0
Import value	13,397	13,668	13,831	1.2	1.6
Difference between exports and imports	367,626	428,898	498,749	16.3	16.5

The overseas profits earned by the music industry comprise profits from the distribution and copyright of music sources to overseas media platforms like YouTube, as well as from the sale of physical albums, performances, exhibitions, and events. The Korean music industry depends most on YouTube. According to a *2019 Survey on Overseas Hallyu Status*, over 80% of overseas users consume K-pop through YouTube (KOFICE, 2019). However, the difference in earned profits between copyright income and profits generated through YouTube has been a growing problem, as profits paid to performers are not significant when compared to those earned by the platform through music content videos and streaming (KOFICE, 2019a, p. 148). While there are some differences in degree, this issue not only applies to YouTube, but also to other digital music service providers such as Spotify and Apple Music. Thus, since the late 2000s, when the digitalization of distribution and consumption of music were firmly established, the main source of revenue

* According to the KOCCA (2019a: p. 132), the average annual rate of change for import value is about 1.6%.

for performers has been performance-based revenue rather than copyright revenue through digital music. However, it should be noted that the share of digital music content has been on the rise over the past two to three years as the proportion of revenue from performance has been on the decline (Table 2).

Table 2.

Comparison of market share by global music industry sectors

Source: KOCCA (2019a). *2018 White Paper on the Music Industry*, reconstructed from table on p. 150.

(Unit:%)

Category	Performance music	Digital	Physical album	Misc.
2013	53.4	17.9	23.7	5.0
2017	51.7	26.8	15.7	5.8
2022 (predicted)	48.3	38.7	7.5	5.4

In response to this trend, Cha, Woo-jin (2019) pointed out, “YouTube and K-pop are currently interdependent,” suggesting that content culture and intellectual property (IP) are closely related and that there is a possibility that the current K-pop industry structure, which is distributed and consumed through digital media platforms, can become a universal business model for the global music industry. This means that not only music performances, but various music-related products can become an important part of Hallyu in the future.

2) The Level of Proliferation of Hallyu in Music: Beyond East Asia to the Wider World

Compared to the largest global music industry worldwide, Korea accounted for about 6.2% of the global music market in 2018. The US holds the top spot, controlling 37.3% of the entire market, followed by Japan, Germany, the UK, and France (KOCCA, 2019a, p. 150). However, in terms of revenue, Korea ranks sixth in the world, with a high growth rate of nearly 18% when compared to the previous year (Table 5). This is the highest rate of revenue growth in Asia, with the exception of China, which is growing rapidly.

Table 3.

Global Music Industry Revenues

Source: Reconstructed using data from IFPI (2019). *Global Music Report*.

(Unit: 1 million USD)

Rank	Country	2017	2018	Year-on-year rate of change (%)
1	US	5,916.1	6,803.5	15.0
2	Japan	2,727.5	2,820.2	3.4
3	UK	1,310.7	1,350.6	3.1
4	Germany	1,323.1	1,192.1	-9.9
5	France	925.1	941.7	1.8
6	Korea	494.4	583.4	17.9
7	China	292.3	526.1	80.0
8	Australia	412.9	458.3	11.0
9	Canada	437.2	439.4	0.5
10	Brazil	295.8	341.3	15.4

Korean music genres that are leading the spread of Hallyu are still K-pop centered on the “management system¹⁾.” Spotify, the world’s largest digital streaming platform, which has over 130 million subscribers* as of the second half of 2019, is yet to launch services in Korea for various reasons. Nonetheless, one of the most popular genres among Spotify users is K-pop, which is a significant indicator of the love for K-pop among overseas Korean music fans. Data analyst David Erlandson of Spotify said that K-pop, which was initially primarily consumed by Southeast Asian subscribers, has been loved around the world since 2018, recording over 100 million streams outside East Asia, including Peru, Canada, France, and Turkey. This shows that after the emergence of the third generation of K-pop, particularly since the second half of 2016, when BTS began to draw attention world over, Hallyu in music has been spreading rapidly beyond East Asia, which has been a major market for K-pop, to regions like the US, Europe, and South America.

* www.statista.com/statistics/244995/number-of-paying-spotify-subscribers/

1) The management system typically implemented a “total management” strategy, in which singers begin as trainees at a young age and receive intensive training and debut as K-pop singers only after building up proper music abilities.

2. Hot Issues for Hallyu in Music

1) The Spread of Hallyu: Korean Musicians Who are More Popular Abroad

Hallyu began in the late 1990s and was a cultural phenomenon centered on East Asia. Since the late 2000s, it began to expand beyond East Asia. The period from the late 2000s to the early and mid-2010s is usually referred to as the “Second Generation of Hallyu (Hallyu 2.0)” (Jin, Dal-yong, 2016, p. 5). Unlike the first generation of Hallyu, where dramas were at the center and music, movies, and games followed, the second generation of Hallyu was led by music, particularly K-pop, and is greatly loved by audiences overseas. This trend has continued in the third generation of Hallyu since the late 2010s. From the third generation of K-pop onward, key factors have contributed to the expansion into international stage. Particularly, K-pop groups began to comprise members of different nationalities, production methods began crossing borders, and artists went on worldwide concert tours. As a result, the K-pop content is consumed in markets all over the world.

The trends in the third generation of Hallyu continued to manifest in music industry of 2019. A number of K-pop artists, including BTS and Blackpink, have significantly expanded their fan base by gathering audiences of various races, ethnicities, ages, and sexes living in various regions through tours around the world. Indie musicians such as Hyukoh, ‘Car, the garden’, Sultan of the Disco, Jambinai, and Peggy Gou have been active overseas, drawing the attention of global audiences.

Beginning with winning “Top Social Artist” at the 2017 Billboard Music Awards, BTS began its rise to global fame and popularity* and released its sixth mini album EP “Map of the Soul: Persona” and reached the top of the Billboard 200. “Boy with Luv,” a song from that album, was a great success and reached number 8 on the Billboard Hot 100. After winning “Top Social Artist” at the 2017 Billboard Music Awards, they began to release one album at a time and focus on a world tour that has been started from 2018, unlike the past, when BTS released two or three albums at a time. Through the world tour that began in August 2018, BTS performed 62 times in large venues like the Rose Bowl in Los Angeles, Wembley Stadium in London, Stade de France in France, and many other places in the US, Canada, the UK, the Netherlands, Germany, France, Japan, Taiwan, Singapore, Hong Kong, Thailand, Brazil, and Saudi Arabia, and attracted over 2 million fans (Sun, Mi-kyeong, 2019).

* BTS won this award for three consecutive years: 2017, 2018, and 2019.

Figure 1. Figure 2.

Local female fans at the BTS concert venue in Saudi Arabia

Source: *Hankyoreh* (URL: www.hani.co.kr/arti/culture/music/912829.html)

Figure 1.



Figure 2.



Among those performances, the most controversial one was in October 2019 in Riyadh, the capital of Saudi Arabia. This was the first of its kind by a non-Arab artist in Saudi Arabia and drew a lot of attention even before the concert, from the media and fans at home and around the world. Despite Saudi Arabia's conservative environment and strict application of Islamic law, which makes it difficult for pop music to take root, and a society that frowns upon women visiting concert venues or enjoying cultural life, many Saudi Arabian women wearing abayas, hijabs, niqābs, and chadors gathered at the venue and cheered the singers on enthusiastically. This proved the influence of Korean music, reflecting the great expansion of the Hallyu music fan base, and the power of Korean music to unite people from different political and religious backgrounds.

If BTS was the male K-pop group that led Hallyu music in 2019, Blackpink was its female counterpart. Blackpink, a female K-pop group comprising four members, is gaining popularity at home and abroad, and has gained ground in the US market by reaching 24th place on the Billboard 200 and 41st place on the Billboard Hot 100 with their second EP, "Kill this Love," and a single by the same name, respectively. Blackpink also went on a world tour for 9 months from November 2018 to July 2019, and covered 23 cities around the world, including Bangkok, Jakarta, Manila, Singapore, Kuala Lumpur, Los Angeles, London, Paris, Macau, and Melbourne; they were extremely successful, with an average 96.6% seat occupancy rate (Yoo, Byung-cheol, 2019).

Among Blackpink's many performances in 2019, the one at the American music festival, Coachella, caused the most buzz. Along with SXSW, another major music festival in the US, Coachella is one of the biggest music festivals that includes

both mainstream and indie artists.

Blackpink, the first K-pop girl group to take the stage at the festival, received favorable reviews from famous renowned foreign media houses such as the LA Times, the BBC, and Variety for their hour-long performance. Despite K-pop's global popularity, K-pop is yet strongly perceived as "music enjoyed by minority enthusiasts" outside of East Asia. Through this performance, Blackpink, which successfully performed at Coachella alongside a large number of talented artists, showed that K-pop and Korean music can appeal to fans of various genders, races, and ages, and not just enthusiasts of Korean music.

Figure 3.

Blackpink on stage at the American music festival, Coachella

Source: *Radio Korea* (URL: www.radiokorea.com/news/article.php?uid=312413)



In addition to the above groups, there are artists like Monsta X, who successfully finished their concert series in North and South America and appeared on the popular American talk show, *The Ellen DeGeneres Show* in September 2019. Psy and BTS had also appeared as guests on the show in the past. Other notable groups include Seventeen, a boy group

that had sold out all 12 concerts as part of its Japan tour and attracted over 200,000 people as its audience; GOT7, which successfully completed a world tour that included 20 cities in North America, Europe, and Asia; KARD, a mixed-gender group that has received positive responses in South America after touring Brazil between 2017 and 2019; and SuperM, a project group from SM that reached number 1 on the Billboard 200 shortly after releasing its album. All these groups played major roles in continuing and expanding Hallyu in 2019.

Figure 4.

Sultan of the Disco Performing in Taiwan

Source: *Hankyoreh* (URL: www.hani.co.kr/arti/culture/culture_general/921708.html)



In addition to K-pop artists based on the management system after the third generation of Hallyu, indie artists who produce and distribute music independently have also sought to enter the overseas market and are making some progress. Overseas audiences that were introduced to Korean music through K-pop naturally became interested in other genres of Korean music. Digital media platforms such as YouTube became a channel for them to easily access the wide variety genres in Korean music. In addition, the worldwide expansion of

Korean broadcast content, such as Korean entertainment programs, has also contributed greatly to the expansion of Hallyu in music (Shin, Ji-min, 2019). The traditional Korean music-rock fusion band Jambinai, which has been focusing on performing overseas for several years through its Europe tours, reinforced its presence by performing again this year at large music festivals like SWSX and Coachella. Hyukoh, a band that is also gaining popularity in Korea, is attracting attention overseas in countries like the US, Taiwan, China, and Japan. Sultan of the Disco, which has gained recognition in various East Asian countries, global DJ-producer Peggy Gou, who is based in Berlin, and has gained attention in Europe before Korea, and the rock band DAY6, which is managed by a major management company, JYP, but is going down the path of an indie brand, have all expanded the reach of Hallyu in music with different types of music.

2) The Dark Side Hidden Behind Glamour:

The Seungri & Jung Joon-young Scandal and the Tragedies of Sulli and Goo Hara

The Korean music industry has been enjoying its golden days since the end of the 2000s through the steady expansion of its influence to a wider world. Its impressive growth and success continued in 2019. However, the dark side that had been hidden behind all the success came to light in 2019, as well. A scandal involving Seungri and Jung Joon-young came to the surface in the beginning of the year. It exposed the lack of ethics, the prevalence of materialism, and the distorted sexual consciousness among artists who had become global stars. The tragic deaths of Sulli and Goo Hara in the second half of the year revealed the seriousness of the pressure and stress

that is weighing down not only on the K-pop industry, but also Korean society as a whole.

The butterfly effect of the so-called “Burning Sun Gate,” in which Seungri, who was not only a member of Big Bang, the top boy group of the second generation of K-pop, but also as a successful young businessman running a Japanese ramen franchise and large club operations, was an absolute disaster.

Figure 5.

Yang, Hyun-suk and Seungri Step Down after Being Questioned by the Prosecution

Source: *Hankyoreh* (URL: www.hankyung.com/society/article/201910298036H)



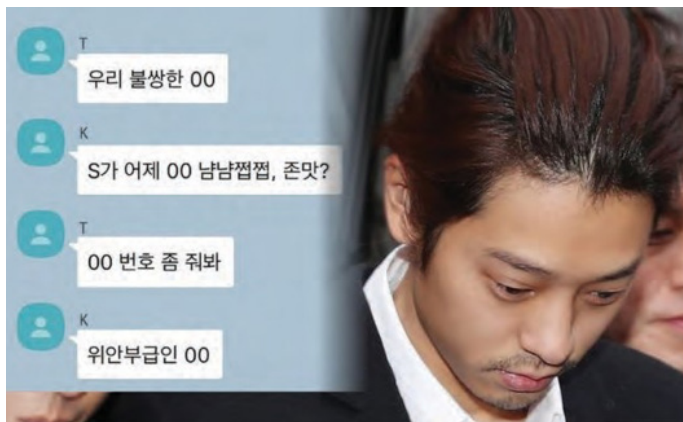
The Burning Sun Gate was a conflict that began with a violent dispute in front of a club called Burning Sun, which was run by Seungri. It quickly snowballed as the club’s illegal operations, a collusion between politics and business with the Gangnam Police Station, and allegations of sex and drug trafficking, were revealed. As a result, Seungri was forced to resign. Though the arrest warrant was dismissed, he was found guilty of sex trafficking and was indicted for gambling overseas and is awaiting sentencing. In connection with this case, Yang Hyun-suk, who had experienced great success as the head of YG, one of the top three major K-pop companies,

was indicted and questioned by the prosecutors. However, the impact of “Burning Sun Gate” did not stop there. While Seungri was being investigated, the contents of a group chatroom he was in with other K-pop stars was discovered, which led to the “Jung Joon-young Gate.”

Figure 6.

Jung, Joon-young Habitually Committed Sexual Violence

Source: BBC (URL: www.bbc.com/korean/news-50414826)



Jung, Joon-young, a former contestant on the music reality show, *Superstar K*, and a musician and entertainer who enjoyed great success at home and abroad, shared a video of himself that he had secretly filmed while having sexual intercourse with a woman in a group chatroom that included Seungri. FT Island’s Choi Jong-hoon and CNBLUE’s Lee Jong-hyun, who were also members of the chatroom, shared these videos and conspired to commit sexual assault. The conversations in the chatroom revealed that Jung and his group committed unscrupulous crimes of sexual assault on drunk women, and worked as a group. As a result, all of them were expelled from the entertainment industry and were subject to legal investigations and punishments.

One reason for their actions may be that K-pop stars who

gain success worldwide along with tremendous wealth and fame at a young age, did not develop a sense of ethics that is on par with their influence. Repeating the bad habits of the older generation, such as attempting to engage in political and business corruption to run a private club, or filming someone with a hidden camera without their consent and sharing and judging the video without guilt reveals their lack of morality. It also shows that economic and sexual ethics, both related to character building, were not properly formed. This is the hidden Achilles' heel that underlies the fast-growing K-pop and the Korean music industry.

Whereas the Seungri and Jung Joon-young scandals were hot issues in the first half of the year, the second half was marked by the tragic deaths of Sulli and Goo Hara. Sulli, a former member of the group f(x) who was loved for her free-spirited vibes, also faced extreme criticism and malicious comments from those who had a problem with it. Goo Hara, a former member of a top second generation K-pop girl band, plunged into depression after her fight with her boyfriend was revealed to the world in an unfortunate manner. The world was left in shock after both stars ended their lives. Many speculated about the reasons behind the drastic step they took. Some suggested that although they were representative stars of second-generation K-pop, they were gradually losing popularity and were also disconnected from the public. Similarly, the fear and anxiety from the fact that they cannot enjoy eternal popularity caused depression and led to these tragedies. Others said that the netizens' violent rhetoric had led to these deaths, stating that these stars suffered from too many malicious comments and personal attacks online. Others focused on the blatant sexist rhetoric and pointed out that male-centric thinking still dominates Korean society and

leads to the lack of respect for women. All these reasons are valid. However, the unimaginable pressure and stress that burden K-pop stars, whose every move is exposed through social media and digital platforms, and situations where they are forced to reveal certain aspects of their private life for commercial reasons, can be seen as causes of these tragedies.

3) Controversy over the Manipulation of the “Produce 101” Series

Produce 101 (hereinafter referred to as *Produce*) is a music audition program on Mnet, a cable channel specializing in music under CJ ENM, which began in 2016. Audiences have loved the program concept, which involved viewers to participate directly in producing a K-pop group through a process that guarantees fairness. With the international popularity of K-pop, the *Produce* series became a hot topic overseas, with local remake programs being created in China and Japan. The project groups from the series, I.O.I., Wanna One, and IZ*ONE also enjoyed popularity both at home and abroad. IZ*ONE, a female group that was created in the third season of *Produce* in 2018, is a full-fledged joint venture between Korea and Japan with the Japanese girl group AKB48 participating. It drew attention as a meaningful cornerstone for diverse attempts of the K-pop industry (Lee, Gyu-tag, 2019).

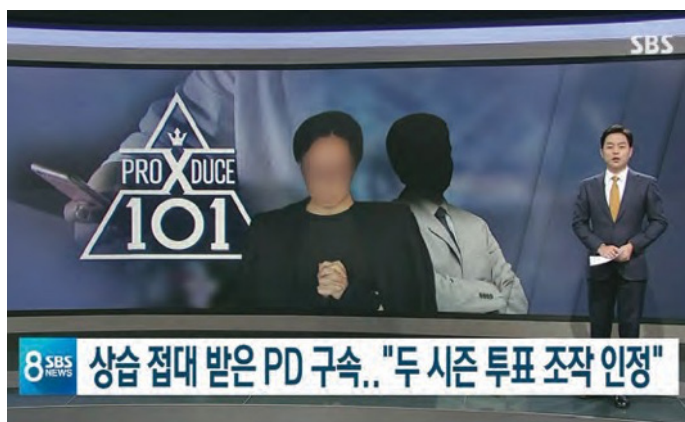
However, in November 2019, Ahn Joon-young, the producer of *Produce* along with other members of the production team, were found guilty of manipulating the results of the paid text voting by the viewers and disappointed many people. The investigation revealed that Producer Ahn Joon-young and chief producer Kim Yong-bum, who were

in charge of production, had decided on the participants they would select as finalists in advance. It was also revealed that they were solicited by certain entertainment agencies and that there were requests from certain entertainment agencies to do so. The voting results were manipulated to form project groups regardless of the results of the paid voting by the viewers.

Figure 7.

Report on the arrest of the production crew of *Produce*

Source: SBS (URL: www.youtube.com/watch?v=LRVF194E-sQ)



The manipulation was carried out on a large scale in 2018 and 2019, but it was revealed that some amount of manipulation took place in the early stages of the program in 2016 and 2017 as well. As a result, IZ*ONE and X1, which had debuted through *Produce* in 2018 and 2019, had to suspend their activities and IOI, which had shown signs of reorganizing, was also scrapped. CJ ENM officially apologized in late December 2019, and vowed to support the resumption of performances by IZ*ONE and X1 and offered personal compensation to the victims, but could not escape the harsh criticism.

In the current Korean society dominated by the so-called “spoon class theory,”²⁾ the manipulation scandal of the *Produce* series, which gained popularity through the show’s concept of the “national producer” and the fairness of the producing process together with the viewers, left those who participated feeling dejected and furious. In addition to the Seungri and Jung Joon-young scandals, this incident embarrassed the Korean audiences who took great pride in K-pop and Korean music, which gained popularity worldwide. It is a shame that the initial intentions were diluted because of the corrupted reputation of IZ*ONE as “rigged group,” which could have been the starting point of a meaningful collaboration between the cultural industries of Korea and Japan.

The *Produce* manipulation scandal is a side effect of the corruption among individuals and the overtly close relationship between the K-pop and the broadcasting industries. With the K-pop industry gaining popularity globally, related broadcasting content has also become an important part of Hallyu in music, which has, in turn, led to the manipulation scandal that resulted from a power trip on part of the broadcasting companies to the entertainment agencies and artists. The excessive greed on part of the K-pop industry, which seems likely to go to any extent necessary to achieve its goals, also influenced this case.

While it remains uncertain whether *Produce* will release a new season in 2020, the incident will be recorded as a foolish one that “killed the goose that laid the golden egg,” and one that revealed the dark side of the rapidly expanding K-pop and domestic media industries.

2) “spoon class theory,” which classifies individuals based on the assets they inherited from their parents. The spoons - representations of Korea’s class divides - range from a gold spoon to silver and bronze, and finally, dirt.

3. Major Countries and Routes of Hallyu in Music

1) Entry Status of Hallyu in Music by Region

The countries and regions with the largest music industry exports are Japan, with 62.5% of the total quantity of exports, followed by China (21.4%), Southeast Asia (12.6%), Europe (1.7%), and North America (1.1%). Overall exports rose by 15.8% when compared to the previous year. There has been an annual average increase of 16.0% over the past three years.

Table 4.

Music Industry Export Values by Region

Source: KOCCA (2019a). *2018 White Paper on the Music Industry*, p. 133.

(Unit: 1,000 USD)

Classification	2015	2016	2017	(%)	Year-on-year rate of change(%)	Average annual rate of change(%)
Japan	242,370	277,292	320,599	62.5	15.6	15.0
China	89,761	98,362	109,931	21.4	11.8	10.7
Southeast Asia	40,557	55,876	64,737	12.6	15.9	26.3
Europe	4,976	6,247	8,552	1.7	36.9	31.1
North America	1,085	2,105	5,468	1.1	159.8	124.5
Misc.	2,274	2,684	3,294	0.6	22.7	20.4
Total	381,023	442,566	512,580	100.0	15.8	16.0

Among these regions, the most notable is North America, which has shown a steady increase of over 100% year-on-year from 2015. This can be attributed to the success of BTS and the rise in popularity of K-pop groups like Blackpink and Monsta X.

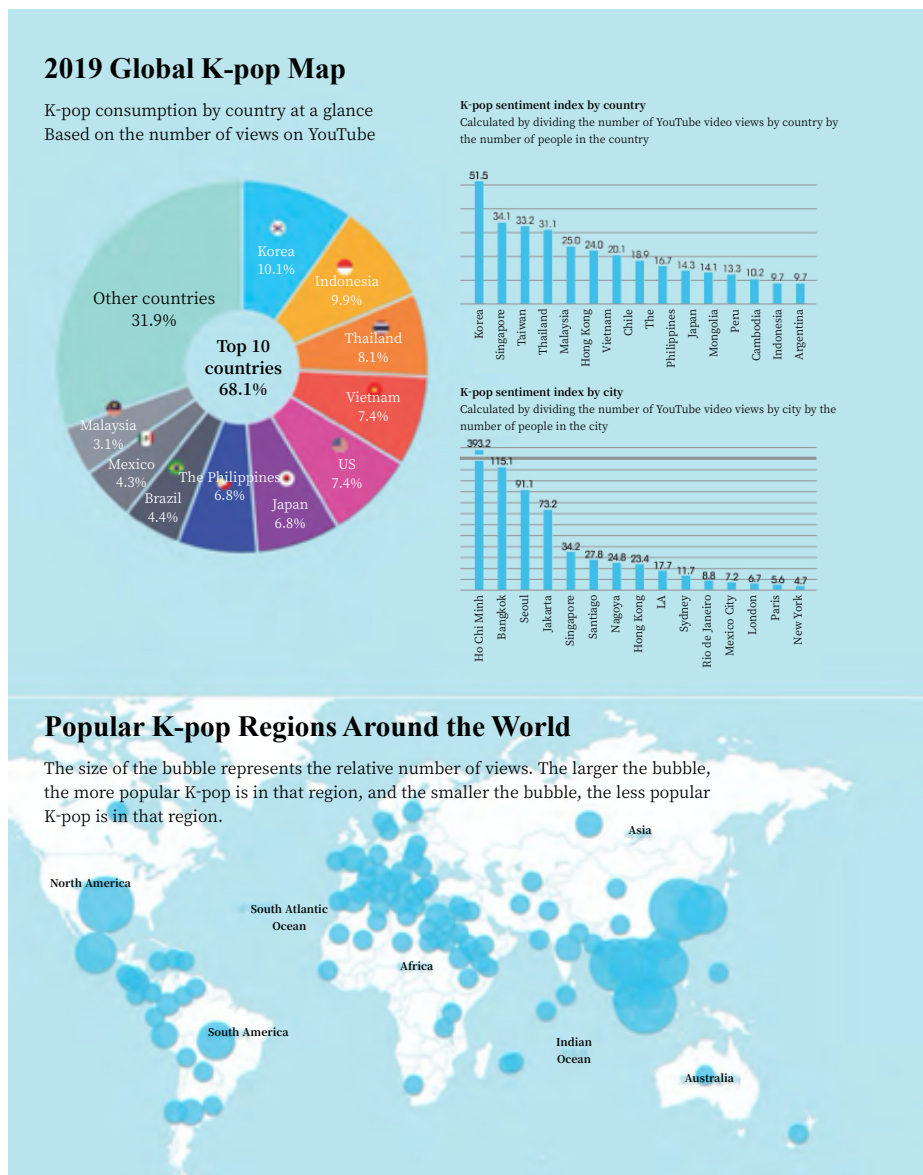
Figure 1.

2019 Global K-pop Map (above)

Source: *Blip* (URL: www.kpop-radar.com/brief/34)

Figure 2.

2019 Global K-pop Popularity (below)



However, despite this increase, the absolute export value is still not high (0.5% → 1.1%, +0.6%). In addition, though the share was slightly lower compared to the previous year (Japan decreased by 0.2% from 62.7% → 62.5%, and China decreased by 0.8% from 22.2% → 21.4%), it was found that exports to Japan and China accounted for 84% of the total export value, which shows that the industry was still highly dependent on these two countries.

Even if Japan and China accounted for a large proportion of the total export value, the importance of other markets for Hallyu in music need to be evaluated slightly higher than the export value figures. This is because other countries including North America and those in Southeast Asia are highly involved in the consumption of K-pop related content on digital media platforms, which constitute the most important media for Hallyu in music. According to data from the K-pop fandom research institute Blip, which analyzes K-pop's global participation patterns based on YouTube views and frequency of social media mentions, Korea's consumption of K-pop content, which is currently based on Internet media, is only about 10%, and a significant portion comes from Southeast Asia, the US, and South America (Figure 1).

The immense popularity of Korean music, especially K-pop, in the North American market, which boasts of the largest scale in the world, and in Southeast Asia, which shows potential as a huge cultural market with its population and high economic growth, serves as a basis for a relatively positive forecast for Hallyu in music in the future (Figure 2). The popularity of K-pop in these regions, where Korea and Korean culture are relatively less known, has a ripple effect on areas other than music. While evaluating the impact of Hallyu, namely the impact of Hallyu on the export of

content in a specific field, music recorded 90.7%, which was evaluated as the largest category of Hallyu (Table 5).

Table 5.

Hallyu Influence Coefficients for Cultural Content

Source: KOFICE (2019). *2018 Report on the Revised Economic Impact of Hallyu*, p. 14.

(Unit:%)							
Classification	Broadcasting	Music	Film	Animation	Characters	Games	Publications and Comics
Coefficient	89.1	90.7	71.4	43.5	43.4	58.5	35.4

Table 6.

Methods of Overseas Entry by the Music Industry

Source: KOCCA (2019a). *2018 White Paper on the Music Industry*, p. 150..

(Unit:%)				
Classification	2015	2016	2017	Year-on-year rate of change
Export of finished goods	71.1	71.5	71.6	0.1
Licenses	28.9	28.5	28.4	-0.1

This shows that Hallyu in music has a significant influence on the overall Hallyu. It can be said that the influence of Hallyu music, which is a leading industry within Hallyu, is more than just about export value. There are explicit effects, such as the purchase of Korean consumer goods and tourism to Korea (KOFICE, 2019, p. 17-23) as well as the increase in exports of other cultural contents resulting from Hallyu.

2) Method of Entry for Hallyu in Music

The overseas entry of the Korean music industry largely comprised two methods: export of finished goods (71.6%) and licenses (28.4%) (Table 6). There was no significant change in the export of finished goods and licenses when compared to the previous year.

Regarding the finished good sales, the industry has achieved a significant feat in the sale of its physical albums. Take for example, BTS has ranked Number 1 on the Billboard 200 for each album released since 2018 while SM's project group, SuperM, which reached number 1 on the Billboard 200 with its first album. Also, Blackpink reached number 24 on the Billboard 200. According to the KOCCA (2019b), in 2017, the domestic music reproduction and distribution business and the music wholesale and retail business recorded a sales growth of 46.5% and 26.2%, respectively compared to the previous year, which is believed to have contributed greatly to the increase in the sales of local albums as well as in exports through purchases made by overseas fans (Table 7).

Among them, SuperM reaching number 1 on the Billboard 200 is an interesting example that simultaneously shows the implications and limitations in the method of entry for Hallyu in the future. SuperM is a project group consisting of Taemin of SHINee, Baekhyun of EXO, Taeyong and Mark of NCT, and Lucas and Ten of WayV. Even before their debut, many had high expectations for them, and the foreign media even dubbed them as "K-pop Avengers." In line with the expectations, their debut album *SuperM* topped the Billboard 200, making them the second K-pop artists to top the Billboard 200 after BTS.

Table 7.

Sales of Album Reproduction, Distribution, Wholesale, and Retail in the Music Industry by Year

Source: KOCCA (2019b). *2018 Statistics Report on the Contents Industry*, reorganized from table on p. 155.

(Unit: 1 million KRW)

Division	Subdivision	2015	2016	2017	Ratio (%)	Year-on-year rate of change (%)	Annual average (%)
Album reproduction and distribution business	Album reproduction	51,615	52,320	81,305	1.4	55.4	25.5
	Album distribution	66,584	67,435	94,182	1.6	39.7	18.9
	Subtotal	118,199	119,755	175,487	3.0	46.5	21.8
Album wholesale and retail business	Album wholesale	54,020	53,887	74,762	1.3	38.7	17.6
	Album retail	112,852	108,445	130,119	2.2	20.0	7.4
	Subtotal	166,872	162,332	204,881	3.5	26.2	10.8

Figure 8.

SuperM US Tour Poster

Source: SuperM Official Website (URL: shop.supermofficial)



On the other hand, some criticized the way they entered the US as a result of expedient marketing that sells various merchandise (MD)** and concert tickets in a bundle with the physical album(Kim, So-yeon, 2019).

However, popular singers such as Taylor Swift have been using this type of marketing strategy for several years, and it is universally used to drive high volumes of physical albums to occupy high positions on music charts (Sisario, 2019). Therefore, the fact that SuperM topped the charts among numerous singers who use similar marketing strategies can be attributed to the loyal fan base in the US, which has been built by individual members of SuperM, SM, and K-pop thus far. This project is a joint production between SM and Capitol Records, which has a nationwide distribution network in the US. This can be interpreted as a strategy to overcome the limitations of Korean local agencies that have difficulties in distribution and circulation in the US, and to gain direct entry into overseas markets. It is a win-win strategy in which Korea provides content, and the local agency establishes the distribution network. In order for the consumption by foreign audiences through YouTube to lead to sales of albums and other goods, collaborations with local industries, especially distribution companies, is likely to remain an important strategy in the future.

* See related article in Forbes, Super M, "The Avengers Of K-Pop," Unveiled By SM Entertainment And Capitol Music Group. URL: www.forbes.com/sites/jeffbenjamin/2019/08/07/super-m-the-avengers-of-k-pop-unveiled-by-sm-entertainment-and-capitol-music-group/#e1cae8d61381

** Abbreviation for merchandise, which refers to products related to celebrities/media, such as postcards, T-shirts, and badges. Also referred to as "goods."

4. 2020 Outlook for Hallyu in Music

1) Increase in the Importance of Overseas Markets and Decrease in the Importance of the “Headquarters”

The importance of overseas markets has grown after the third generation of K-pop, and K-pop has begun to gain popularity outside of East Asia, particularly in the last two or three years, in regions like the US and Europe thanks to the explosive popularity of BTS. One of the important changes that has become apparent within Hallyu in music is that there is more music and groups that have satisfied the tastes of overseas audiences and have built local fandoms regardless of their popularity within Korea. This is in contrast to the past, when overseas Korean music fans were primarily influenced by the fandom within Korea. These overseas fans had great interest in every move of the K-pop scene, including the way in which Korean fans behaved (Kim, Yoon-ha, 2018). For example, singers who gained popularity in Korea immediately secured overseas fandom while videos of artists appearing on Korean broadcasts or fan cam footage were shared real time on YouTube and other social media by fans. While this trend still exists, in recent years, the tastes of domestic and foreign audiences have begun to diverge.

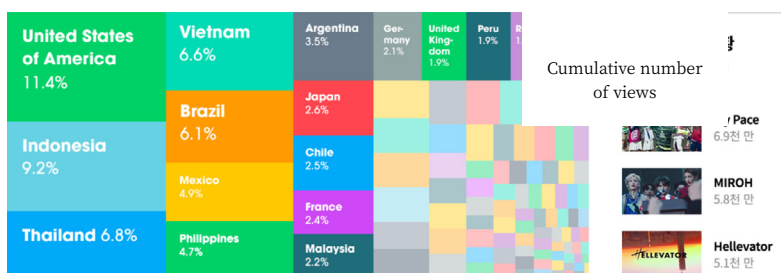
While it is said that BTS was more popular overseas than in Korea in the beginning, by around 2017, when they reached the top overseas, they had already secured a strong fan base in Korea (Lee, Kyutag, 2019). In addition, their albums and songs that ranked number 1 on the Billboard 200 also received an enthusiastic response in Korea. However, SuperM, who

was number one on the Billboard 200 in October 2019, received a positive response abroad, but the response in Korea was rather lukewarm. Despite reaching number one on the Billboard 200, their album *SuperM* did not get much attention on Korean album charts,* and their single *Jopping* also did not show impressive numbers on digital music charts or YouTube views.**

Figure 3.

Stray Kids YouTube Views by Region

Source: *Blip* (URL: www.kpop-radar.com/brief/37)



KARD, NCT, NU'EST, Stray Kids (Figure 3), MOMOLAND, CLC, and the aforementioned groups MONSTA X, Seventeen, and GOT7 also enjoy loyal fandom overseas. Among these groups, some have built relatively solid fandoms in Korea, reaching sales of over 200,000 single albums in 2019,*** however their popularity is far greater among overseas Hallyu music fans. For example, the female K-pop group MOMOLAND (Figure 9) has gained overwhelming popularity in the Philippines, and is even referred to as the “national girl group,” but in Korea, it is only known for one hit

* SuperM’s debut album *SuperM* was ranked seventh in the domestic monthly album sales rankings in October 2019. While this was not a low ranking, it was not impressive considering the fact that it reached number one on the Billboard 200. The album’s monthly sales figures were lower than that of Taeyeon’s album, which was released over three weeks later, and it was ranked 63rd with 63,000 copies sold in 2019 on Hanteo Chart, the provider of album sales charts. See www.hanteochart.com/ranking/?type=album&term=yearly.

** As of December 31, 2019, the *Jopping* music video had 51 million views on YouTube, which is not very high when compared to popular K-pop singles, who usually attain 50 million views within a month of release.

*** Seventeen, NCT, NU'EST, GOT7, etc.

song *Bboom Bboom* and is considered a *1.5 star* group. The portion of YouTube views in Korea is only 8.2%, while that in the Philippines is over 37% (Figure 5).

These groups, also known as “export K-pop groups,” tend to focus on overseas markets with music, images, and performances that satisfy overseas Hallyu music fans rather than on the general tastes of domestic audiences.

Figure 9.

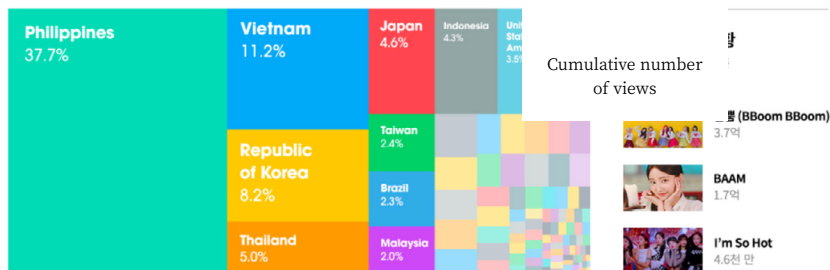
K-pop Girl Group, MOMOLAND

Source: Genie Music (URL: www.genie.co.kr/magazine/subMain?ctid=1&mgz_seq=6421)



Figure 4.

MOMOLAND YouTube Views by Region



In the second generation, some groups like Big Bang and Super Junior also earned more money overseas than in Korea, and even left Korea for a considerable amount of time on tours of Japan, East Asia, and the world at large. However,

the top priority of these groups at that time was still to satisfy domestic audiences. When a new album or single was released, they appeared on domestic terrestrial or cable music ranking and entertainment programs, held fan meetings and autograph signings, and performed at large and small events such as college and local festivals. However, third generation export K-pop groups are different. Even if they release albums or singles, their activities in Korea are shortened to about one or two weeks and they focus on overseas schedules such as concerts and fan meetings. Therefore, the loyal fandom in Korea is not large because it is not easy to appear on domestic broadcast programs. This, in turn, leads to low public awareness and fewer interactions with fans.

The reason why export K-pop groups can exist is that K-pop's global market has grown significantly in both quantity and quality in the past two to three years. In the second generation, the overseas market was not profitable for average K-pop artists, unless they were top singers who could attract audiences with world tours, or hold performances at one of Japan's five major domes or arena-level tours.* Some lost money, while most were not able to earn enough given what they spent. However, the overseas K-pop fandom has greatly expanded after BTS' great success and has surpassed the domestic fandom in terms of scale. As countries with purchasing power such as the US and Europe entered the field of K-pop fandom, the pie of the overseas K-pop market has been bigger. As a result, K-pop groups and entertainment agencies have been able to gain some profits by securing overseas fans.

The difference in tastes between domestic and overseas fandom has provided another possibility for local

* Japan's five major domes refer to the Tokyo, Sapporo, Osaka's Kyocera, Fukuoka's Yahoo!, and the Nagoya domes. Nagoya can accommodate over 40,000 people. An arena-level venue is capable of accommodating about 8,000 to 20,000 people. The Saitama Super Arena, Yokohama Arena, and Budokan are prime examples.

K-pop entertainment agencies and artists. In addition to the domestic market, which has a limited market size and is dominated by the three major companies, a new option has emerged: an overseas market with greater potential. Furthermore, the influence of the overseas fandom on the overall K-pop scene has also increased significantly. Now, overseas fans have begun to actively express their demands, which are different from those of domestic fans, to agencies and K-pop stars. This has greatly expanded the depth and breadth of Korean music as global cultural content by providing an understanding and acceptance of other cultures, or cross-cultural sensitivity that did not exist in the past in Korean music (Park, So-jung, 2019). On the other hand, as artists began to focus on the overseas markets neglecting domestic fans, the number of Korean fans expressing disappointment and the sense of deprivation towards the singers and agencies grew (Shin and Lim, 2019), and racial and ethnic conflicts among Korean music fans with diverse demographic backgrounds have begun to surface. This includes “waekwi”^{*} a term used by domestic fans to refer to foreign fans, the issue of “whitewashing,”^{**} which has often been raised by overseas fans, and criticisms of the racist views of domestic fans (Yang, Sung-hee, 2019).

This may be the result of the cultural differences between domestic and overseas fans. Likewise, the issues may be caused by the “time difference” between the aforementioned cultural conflict and K-pop, as it quickly entered the overseas market before any of these differences could be understood. The fact that fans are able to point out, debate, and set a new direction for K-pop’s expansion that content producers and performers have

* A hateful expression comparing foreign fans to cockroaches.

** A racist practice based on the idea of white supremacy, which expresses the faces of people of color in a whiter manner.

not yet recognized is a positive aspect of K-pop's future. It shows that the past view of K-pop's rapid growth in the global market, both in terms of policy and industry, and the explosive increase in the number of overseas fans simply as a means of making money or enhancing national prestige is no longer valid. It is time to establish a new perspective that is suitable for the new era.

2) Active Diagnoses and Countermeasures Needed for the Wound in the Music Industry

The "9th Hallyu Now Seminar" held by the KOFICE was titled "2019 Hallyu: Coexistence of External Expansion and Internal Wound" The title is an accurate summary of the state of Hallyu in 2019. The success of BTS and Blackpink, the entry of various K-pop artists and indie musicians into the overseas markets, and global recognition for K-Pop has shown the bright side of the "external expansion" of Hallyu in music. However, at the same time, the Seungri and Jung Joon-young scandal, the Sulli and Goo Hara tragedies, and the controversy over the *Produce* series' ranking manipulation revealed the "wound" or ugly realities of rapid growth to many that were carried away by the sweetness of the global success and growth. The controversy over rigging digital music chart, which erupted when singer Nilo's "Pass By" suddenly reentered the Melon charts in 2018, is yet to subside despite the Ministry of Culture, Sports, and Tourism's official statement in February 2019, which stated, "It is difficult to determine whether it is manipulation due to the lack of evidence." In particular, after Park Kyung, a member of the K-pop group Block B, publicly criticized those under suspicion by name through his Twitter account in November

2019, SBS' current affairs program, *Unanswered Questions* reignited the controversy again by covering it in depth.

Thus far, it has been K-pop centered on the management system that has served as the vanguard of Hallyu in music. The management system typically implemented a "total management" strategy, in which singers begin as trainees at a young age and receive intensive training and debut as K-pop singers only after building up proper music abilities. In this process, the management company controls and manages everything from their music education to their private life. K-pop successfully established itself around the world through the success of this system, and based on this, other genres of Korean music joined the Hallyu music wave. In the process, however, the cultivation of musical skills, material success, and the pursuit of global popularity were top priorities, and other important areas such as character building were neglected. Character building may seem like a vague and grandiose concept, but it actually refers to education aimed at basic and natural "common sense" based on the understanding that "people come before anything else." Conspiring with authority to commit corrupt acts for one's own honor and wealth, filming sex videos without the other's consent, sharing those videos with others, not feeling guilt after sexually assaulting someone after giving them alcohol, or paying to manipulate rankings are all because of the lack of awareness of the fact that "people come before anything else," and prove the need for character building education.

The perception that "people come before anything else," is also necessary for audiences. There are various analyses of the causes behind the Sulli and Goo Hara tragedies. What many agree over, though, is that they had experienced

immense mental suffering because of excessive interference with their personal lives and malicious comments by some fans, and this caused great damage to their mental health. Some individuals would not have committed such inhumane acts if they had a sense of respect for them as an individual before simply considering them as celebrities who live on public attention.

Therefore, the most important remedy to treat the wound of the music industry at present is to provide character building education, namely fostering a sense of respect for other people among producers of music content at entertainment companies and broadcasting stations, performers, and audiences. As many people begin working at a young age as trainees and artists without completing regular education, they lack economic and ethical knowledge. Specific and active countermeasures are necessary at the governmental level, such as education for entertainment companies that oversee such young people. Finally, it is very important for singers, entertainment companies, music studios, broadcasting stations, large digital music service providers, and general audiences to always remember that their influence is far greater than they think.

4

Hallyu in Performing Arts

**Strengthening of Content-driven, Detailed Genres,
the Task of Designing Production/Distribution Strategies
According to Demand**

— **Kyunghee Choi**

Director of Research, Korean Foundation for International Cultural
Exchange

1. 2019 Hallyu in Performing Arts

1) Korean Performing Arts Market Shift from Infrastructure to Content

Since it entered the ₩800 billion range in 2017, the Korean performing arts market has grown by 1.2% year-on-year to ₩823.2 billion in 2018, with a sales of ₩800 billion in the second consecutive year (KAMS, 2019a). The most notable aspect of this result is that the sales of facilities fell by 3% when compared to the previous year to ₩339.5 billion, whereas the sales of private agencies rose by 4.0% (₩347.6 billion), surpassing the total sales of facilities for the first time. When considering the sales of private organizations, which reached ₩108.2 billion (7.3% increase), the growth of the private sector looks promising. While the Korean performing arts market was led by facility-oriented infrastructure before, the weight has shifted to private agencies and organizations now. This can be seen clearly by looking at the sales trends in facilities and groups over the past eight years. Given that sales of facilities in 2018 grew only by about 3% when compared to 2010, it is no exaggeration to say that private organizations that have more than doubled in growth after 2010 led the growth of the Korean performing arts market. The growth of these private organizations is a result of the diversification of their profit structure, including “the revenue for sales of works and performance fees (₩59.9 billion in 2018, a 34% increase from the previous year)” and the “number of other performance projects (₩31.2 billion in 2018, a 29.4%

increase from the previous year).”

Table 1.

Size of Korean Performing Arts Market (Sales by Facilities and Organizations between 2010 and 2018)

KAMS (2019a). *2019 Survey of Performing Arts*, p. 56.

(Unit: 1 million won)

Category	Total (1 million won)	Facilities (1 million won)	Organizations (1 million won)
2010	549,313	327,441	221,872
2011	316,711	316,711	-
2012	713,045	377,169	335,876
2013	414,204	414,204	-
2014	759,315	368,890	390,425
2015	781,491	387,433	394,058
2016	747,991	343,458	404,533
2017	813,218	350,004	463,214
2018	823,255	339,489	483,765
Change in amount Change from Previous Year's Survey (1 million won)	10,037	△10,515	20,551
Rate of Change (%)	1.2	△3.0	4.4

The number of audience also increased in 2018 when compared to 2017. As of 2018, the overall revenue of the performing facilities decreased partially to 32,568 shows (a 7.3% decrease) and 152,919 performances (4.1% decrease), but the total audience was 29,827,526, which was up by 2.8% from the previous year. The fact that more audiences visited the venues than the decreased numbers of works and performances is the main factor that led to the steady increase in the overall performing arts market despite the economic

downturn. Particularly, the paid audience ratio rose by 2.5% to 44.0%, a key factor that contributed to the growth of the performing arts market along with an increase in the number of audience members.

2) Growth of the Private Sector? Market Diversification?

It is debatable whether the indicators such as increased sales in the performing arts market, growth in the private sector, and the increase in the number of audience, and the paid audience ratio accurately represent the ecosystem of the Korean performing arts market. If the source of the increase in the private sector revenues is public funding, and the increase in the size of audiences is also the result of government support for cultural welfare, questions remain about whether the demand-based private content production and market distribution strategy are working. The total budget for performing arts for the central and local governments in 2018 was ₩1.884 trillion, far more than double the total sales of the performing arts market. As the budget is tailored for policy purposes, it is difficult to foresee the appropriateness of the budget size. Also, a simple comparison of figures, such as the total sales in the performing arts market, cannot explain the various phenomena that exist in the market. Nonetheless, it is hard to deny that the Korean performing arts market still relies heavily on public funds.

The Performing Arts market is still dominated by musicals. According to statistics from the Korea Performing Arts Box Office Information System (hereinafter KOPIS),* musicals accounted for only 25% of the total number of shows and openings, but 40%, or almost half the number of

* KOPIS was reactivated with the implementation of a revised performance law on June 25, 2019. It collects distributed ticket reservation information and provides statistical data.

performances; and the total sales amounted to 71%, and 50% of the audiences.

Table 2.

Total Government (central + local) Budget, Cultural Budget, Cultural and Artistic Budget, Performing Arts Budget by Year (2014~2018)

Source: KAMS (2019a). *2019 Survey of Performing Arts*, p. 69.

Year	Category	Total budget (billion won)	Cultural budget* (billion won)	Cultural and Artistic Budget* (billion won)	Performing Arts Budget (billion won)
2018	Central government	3,308,413	28,931	21,914	3,114
	Local government	2,391,116	93,840	43,203	15,728
	Subtotal	5,699,529	122,771	65,117	18,842
2017	Central government	3,031,432	27,804	20,395	3,271
	Local government	1,931,532	94,281	42,841	13,946
	Subtotal	4,962,964	122,085	63,236	17,217
2016	Central government	2,957,207	26,462	19,483	3,235
	Local government	1,845,825	83,263	36,331	12,470
	Subtotal	4,803,032	109,725	55,814	15,705
2015	Central government	2,862,938	24,304	17,172	2,551
	Local government	1,732,590	74,237	32,728	11,466
	Subtotal	4,595,528	98,541	49,900	14,017
2014	Central government	2,746,673	33,761	18,782	2,405
	Local government	1,635,793	52,988	22,831	7,526
	Subtotal	4,382,466	86,749	41,613	9,931

Although the number of musical works performed is less than the total number of performances, musicals account

for an absolute ratio in terms of audience and sales. This is because musicals sell expensive tickets based on long-term performances in large venues. It is also difficult to distinguish between new writings and licensed musicals. Considering the Given that Korean musical market has grown mainly around licensed musicals, how much growth of the musical market has helped the new writings of musicals could be another issue. Similarly, as theater includes various genres such as mime, comedy and political drama and given the difficulty to distinguish between premieres and reenactments, it does not seem plausible to explore the ecosystem of the Korean Performing Arts market and development strategies for each genre.

Table 3.

2019 Performance Statistics by Genre (number of shows, openings, performances, sales, and advance sales)

Source: KOPIS (www.kopis.or.kr)

Genre	Number of shows		Number of openings		Number of performances		Revenue		Advance sales	
	(number)	(%)	(works)	(%)	(times)	(%)	(1000 won)	(%)	(number)	(%)
Play	1,790	18.9%	1,712	18.4%	40,391	49.2%	29,161,902	12.3%	1,849,831	22.2%
Musical	2,426	25.6%	2,360	25.3%	33,630	40.9%	170,729,037	71.9%	4,215,123	50.6%
Classical	3,457	36.5%	3,456	37.1%	3,746	4.6%	18,982,134	8.0%	1,231,341	14.8%
Opera	244	2.6%	244	2.6%	407	0.5%	3,951,067	1.7%	197,131	2.4%
Dance	531	5.6%	531	5.7%	1,394	1.7%	11,436,500	4.6%	433,888	5.2%
Korean traditional music	490	5.2%	489	5.3%	1,311	1.6%	1,454,505	0.6%	204,025	2.5%
Combined	523	5.5%	520	5.6%	1,275	1.6%	1,891,836	0.8%	195,108	2.3%
Total	9,451	100%	9,312	100.0%	82,154	100%	237,606,981	100%	8,326,447	100%

3) Quantitative Growth of Overseas Entry and International Exchange

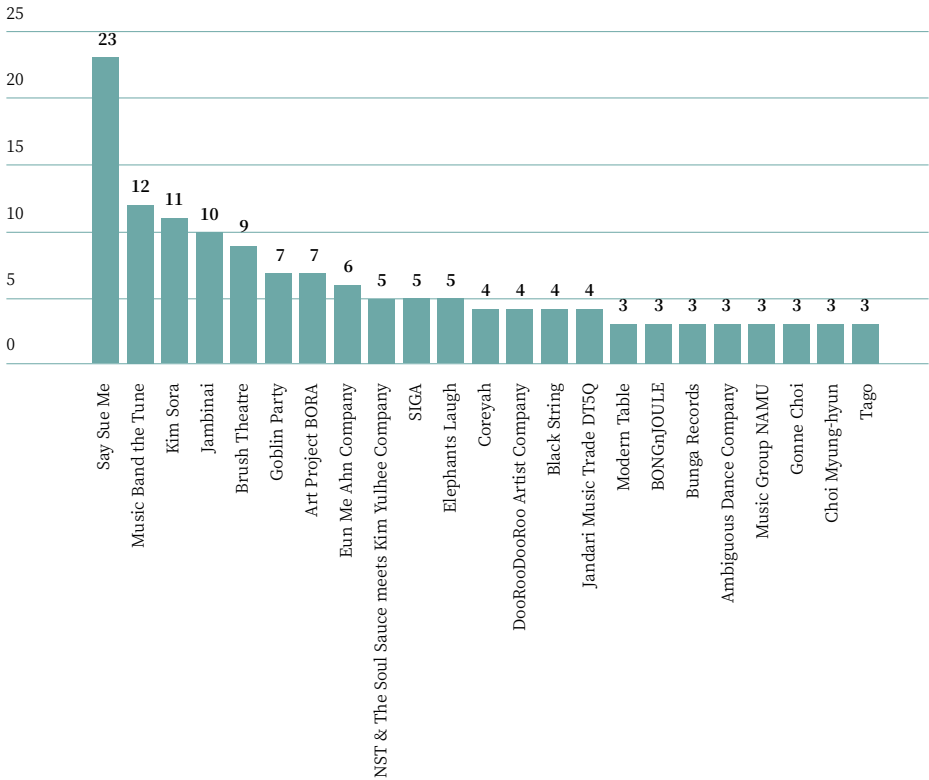
What about the overseas expansion of Korean performances? International exchanges in Korean performing arts has grown rapidly in quantity in recent times. According to the “2018 Survey of Performing Arts” (KAMS, 2019a), the average number of shows by national organizations was 3.7. On average, there were 6.1 days of performance, 6.3 performances, and 4,231.8 audience members. This was higher than those of other organizations. By establishment, public organizations (average 0.5 shows, 0.7 days, and 658.2 people) had more than private organizations (average 0.2 shows, 0.6 days, and 467.0 people) in terms of performances, days of performance and the number of audiences. The number of performances was 0.7 on average for both public and private organizations. However, unlike major cultural industries that represent Hallyu, owing to the nature of performing arts, it is difficult to see the trends in overseas expansion just through the results of this survey, as it is difficult to identify integrated data related to overseas entry or international exchanges.

With the exception of musicals, the performing arts sector has been seeking to advance overseas by relying on public funding, as it lacks commercial appeal when compared to popular culture. The success or failure of performing arts is highly uncertain because of its limitations in terms of time and space, as it is a genre that must be experienced in person to recognize its true value. Therefore, it is necessary to examine the trends in the overseas expansion of performing arts in 2019 by collecting the results of projects supported by major cultural and artistic organizations for international

Figure 1.

Number of Publicly Supported Overseas Performances in 2019 by Group

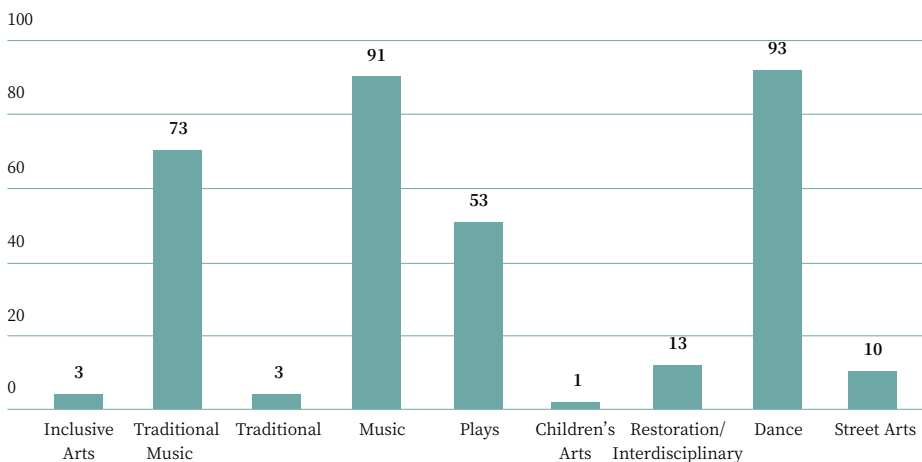
Source: Aggregation of results from support projects by ARCO, KAMS, KOFICE, KOCCA(Graph: KOFICE).



advancement and exchanges in performing arts. According to the results of performing arts support projects found on websites of and press releases from Arts Council Korea(hereinafter ARCO), Korea Arts Management Service(hereinafter KAMS), Korea Creative Contents Agency(hereinafter KOCCA), and the KOFICE, a total of 347 performances were supported by the aforementioned agencies in 2019. Among these, 23 have performed overseas more than thrice, and 25 countries have hosted performances more than thrice, with many organizations in various regions opening the door to overseas expansion through public support.

Figure 2.**Overseas Expansion through Public Support by Genre (number of shows) in 2019**

Source: Aggregation of results from support projects by ARCO, KAMS, KOFICE, KOCCA (Graph: KOFICE).

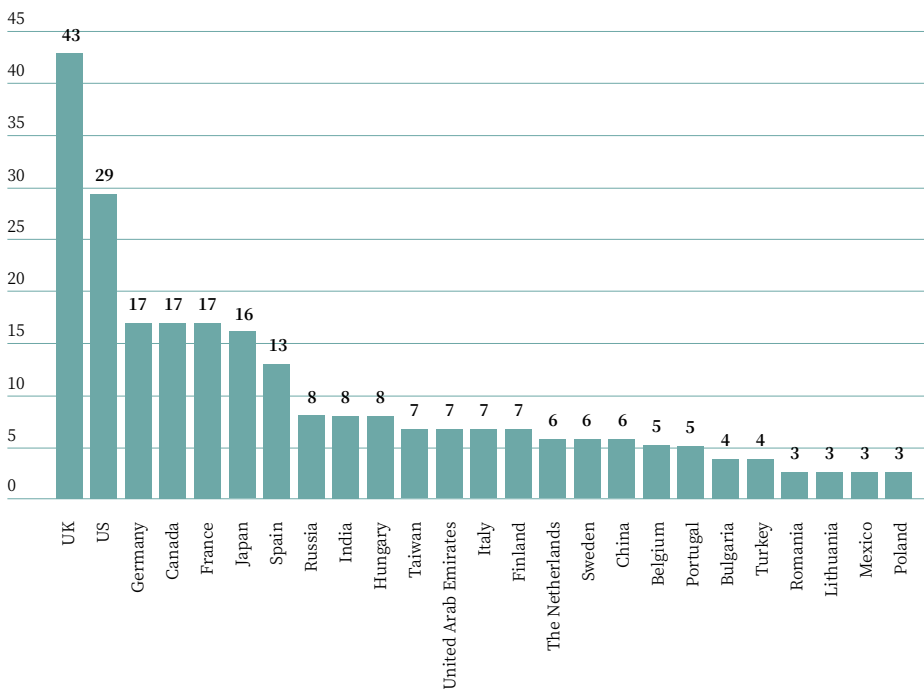


By genre, dance, music, and traditional music were the most popular. By country, the UK ranked first (41 shows), followed by the US (29 shows), Germany (17 shows), Canada (17 shows), and France (17 shows). These countries are traditionally powerhouses when it comes to performing arts. A total of 18 organizations in these countries held performances overseas with public support from two or more organizations, confirming the willingness and efforts of organizations to solidify their activities focusing on overseas tours. Looking at the distribution of markets that have been entered, attempts implemented by traditional cultural powerhouses with sufficient marketability are evident. However, it is encouraging that various attempts are being made based on the characteristics of each organization and performance genre. However, entry into a country that celebrates the anniversary of diplomatic relations can be seen

as a form of international exchange to serve the purpose of cultural diplomacy rather than as a decision made based on the size and characteristics of the performing arts market in the host country. Therefore, it is necessary to consistently check the results of the interactions with the countries in question and the possibility of expanding overseas over the next few years.

Figure 3.
Overseas Expansion through Public Support by Country in 2019
(number of shows)

Source: Aggregation of results from support projects by ARCO, KAMS, KOFICE, KOCCA (Graph: KOFICE)



2. Hot Issues in Hallyu in Performing Arts

1) Steady World Tours by Popular Teams and the Emergence of New Talent

Jambinai, Say Sue Me, and Black String are actively featured in headlines in the world music scene both at home and abroad. Particularly, Jambinai's activities have spread to a larger number of countries. Marking the 10th anniversary of its debut in 2019, the five-member group is so popular among overseas rock fans that it performs about 50 times a year in over 30 countries. The group combines traditional Korean instruments such as the haegeum, geomungo, and taepyeongso with Western rock sounds to create new progressive and post-rock music. In fact, Jambinai has been invited to perform at prestigious music festivals such as Glastonbury Festival in the UK or South by Southwest (hereinafter SWSX) for several years (Cho, Hyun-ji, 2020). In 2019, Jambinai toured Ankara and Adana in Turkey with KOFICE's Traveling Korean Arts program. It also toured Europe and visited countries like the Netherlands, Belgium, the UK, Portugal, and France, through the KAMS' Center Stage Korea program. It also participated in The Great Escape Festival 2019 through the support from the KOCCA for its participation in major overseas music markets.

Jambinai's success factor in overseas markets is that it is music that has not been heard before. Jambinai became famous after Steve Lillywhite, the producer of U2 and the Rolling Stones praised them, calling them "a band that does not chase trends, but leads trends (Yoo, Joo-hyun, 2019)." It

was also selected as one of the “Top 100 Songs of 2016” by NPR Music, and one of the “15 Great Albums You Didn’t Hear in 2016” by Rolling Stone. As they set celeb-level records with 50 performances in 44 cities in 20 countries in 2017, they took the stage at the closing ceremony of the 2018 Pyeongchang Winter Olympics (Yoo, Joo-hyun, 2019). At the K-Music Festival, which is co-hosted by the Korean Cultural Centre UK and Serious, a large British music agency each year since 2012, Jambinai sold out all seats at the Southbank Centre’s Purcell Room as the first runner-up in 2019. Jambinai signed a contract with the world’s best indie label, Bella Union, and released its first album, “Onda,” in three years; this achievement can be seen as the result of the global popularity of their music (Noh, Seung-rim 2019).

Another line-up at the K-Music Festival, Black String, also embarked on a Europe tour. It performed at the Berlin Philharmonic and the Musée National des Arts Asiatiques Guimet in Paris. In 2020, Black String is scheduled to tour five western cities in the US including Los Angeles and San Diego as a part of KOFICE’s Traveling Korea Arts program, and will hold a concert at the Tchaikovsky Conservatory in Moscow, Russia, in August. Black String’s first album released by the German jazz label ACT, was selected by the world-renowned world music magazine to receive the Songlines Music Award, which was the first win for both Korea and for an Asian group. The second album, “Karma” was released following this win, and continues to attract attention (Noh, Seung-rim, 2019). Black String, which includes Yoon Jeong Heo and Aram Lee, is a top-quality contemporary ensemble based on traditional Korean music. The master of geomungo, Yoon Jeong Heo, jazz guitarist Jean Oh, daegeum player Aram Lee, Min Wang Hwang, a skilled

vocalist who is talented in percussion, and other skilled members of the ensemble are attracting attention at home and abroad for transcending the boundaries of genres by incorporating the excellence and beauty of traditional music. There are high expectations for their future work.

Say Sue Me, which rose to fame after it was recommended by British pop star Elton John, has been on the world stage through SXSW in the US, Glasgow in the UK, and Paradiso in the Netherlands since its creation in 2012. It continued to perform in Europe in 2019. At the 2019 Reeperbahn Festival, the audience that came to see Say Sue Me exceeded the seating capacity. This situation created a rare scene where the audiences stood in long lines on the stairs to listen to their music. The first market to notice Say Sue Me was the British indie pop market and as if Say Sue Me saw this coming, the team sang all its song in English. Say Sue Me began their local tour after signing with a British indie label in 2016, and the English-speaking world began to take notice first, with reviews of Say Sue Me being published in the American music webzine, *Pitchfork* (Weekly Dong-A, 2019). Say Sue Me has had the largest number of overseas performances with the support of public funding in 2019. It has a lot of commercial appeal both in the taste-oriented indie scene and in the mainstream pop music market.



Figure 1.
Womex Performance Poster Introducing them as “Korean Shamanic Funk.”

Some groups have begun to draw attention from overseas markets with new content in 2019. Ak Dan Gwang Chil (ADG7) and NST & The Soul meets Kim Yulhee are prime examples. Formed in 2015, ADG7 combines traditional music from the Hwanghae province with electronica and uses videos to recreate modern day “gutpan” (exorcisms). ADG7 is an experimental unit comprising some members of Jeong Ga Ak Hoe, a progressive group that was formed in 2000 that dreamed of modernizing traditional Korean music. In 2019, ADG7 was introduced as “Korean Shamanistic Funk” at the world’s largest music festival, WOMEX, which was held in Finland. Later, ADG7 was given the modifier “K-folk pop” when they took the stage at the Global Fest, the largest music fair in the US, held at the Kennedy Center in Washington DC (Lim, Hee-yoon, 2020).

NST & The Soul Source meets Kim Yulhee was born when Korea’s leading reggae band, NST & The Soul Source met young Sorikkun (singer of traditional Korean music), collaborated with Kim Yulhee. They took the leap toward overseas markets through the KAMS’ Center Stage Korea program, touring Thailand and Japan, and went onto North American and European tours through support for participation in overseas arts markets. Formed in 2016, NST & The Soul Source was invited to and was well-received at prestigious music festivals around the world, including Japan’s Fuji Rock Festival (FRF), the Hong Kong International Reggae Ska Festival (HKIRSF), the US’ Sierra Nevada World Music Festival (SNWMF), Colombia’s CirculArt, and Chile’s En Orbita. When they met singer Kim Yulhee, they blended reggae music and African beats with Korean sounds. Their fusion of Korean pansori and reggae to create a modernized sound continues to attract attention.

The meaning of these groups' overseas tours can be summarized in two ways. First, the performance agencies diversified their portfolios with public funds, performance fees, and album and ticket sales to overcome financial limitations and created financial structures that were similar to those of performance facilities. The fact that Jambinai has been able to continue their overseas activities steadily for over 10 years can be attributed to the commercial interest based on public funds. Second, these groups' tours do not simply rent spaces, but plan their performances through invitations to concert venues or from local agencies. Their acts of releasing albums under contracts with local labels, embarking on offline tours centered on them, and expanding contact with audiences offer new market possibilities for European and American labels that are hungry for fresh content.

2) Strengthening of Niche Market Content Targeting Tastes such as DJ, Children's Plays, and Percussion

DJ Peggy Gou is global star that has gained explosive popularity among young people world over. The US business magazine, *Forbes*, selected Peggy Gou as one of the "30 Under 30 Asia" in 2019. The song "It Makes You Forget," which was written and composed by Peggy Gou, won Song of the Year at UK's AIM Awards in 2018. Peggy Gou's popularity continued to grow in 2019, and she held over 200 performances world over, including Europe, North America, and Asia. The Guardian wrote that she is "on her way to redefining the DJ megastar" and that "her music contains a cheerful, plump, lively rhythm, and tone reminiscent of retro" (Cho, Yoo-mi, 2019). Peggy Gu's DJing and music has spread through YouTube and she has over 1.5 million

followers on Instagram. A characteristic feature of her music is that she adds Korean lyrics to house genre songs; it is not uncommon to see foreigners singing the Korean lyrics, “Let’s forget all the messy world history” or “Han Jan (cheers),” on her Instagram account (Cho, Yoo-mi, 2019).

Since 2013, the children’s theater company, Brush Theatre, has been steadily aiming to advance into the global market through the Edinburgh Fringe Festival for many years. It has now signed a contract with a US agent and is able to explore a new market while touring North America. At the 2019 annual achievement report review at the KAMS, Gil-joon Lee, the CEO of Brush Theatre said that entering the overseas market, which is far larger than Korea, was an essential decision to overcome the limitations of the narrow domestic market. He went on to add that as a result of performing over 80 times a year in the US alone, and diversifying its strategy to enter the Chinese market through licensing methods, Brush Theatre’s overseas tour revenue accounts for 30-40% of the company’s annual revenue. Now, Brush Theatre strategically creates new works with overseas tours in mind and is seeking to diversify its overseas expansion by entering India with its work “Oogie Boogie” and Mexico with “Doodle Pop” with support from the KAMS and the KOFICE in 2019.

A Korean percussion team took the stage at Joe’s Pub, which is known as “America’s Best Live Club.” Kim So Ra, a female percussionist who received favorable reviews on the New York stage, is a master of Jeongeup folk music, which is the intangible cultural property of the Jeolla province number 7-2. Kim So Ra, a young musician who has created a Korean percussion genre with her own tone and style, started her tour in New York in 2019 and went onto tour North

America in cities like Baltimore, Chicago, San Francisco, Philadelphia, and Toronto. According to KOFICE’s New York correspondent, Kim So Ra’s performance at Joe’s Pub showed potential for success. The energy and artistry of Korean percussion music drew tremendous applause, whistles, and enthusiastic reactions from New Yorkers who burst out at the end of each song. Kim So Ra, who won the 2015 Jeonju World Sound Festival Sound Frontier KB Sound Award, is beginning to make a full-fledged entrance into overseas markets with her new Korean percussion content through BEAT Production in Korea and SORI Agency in New York.

Figure 2.
Percussionist Kim So Ra’s Performance of “Janggu Project 3 – A Sign of Rain”



3) Reorganization of the Domestic Performing Arts Market Ecosystem

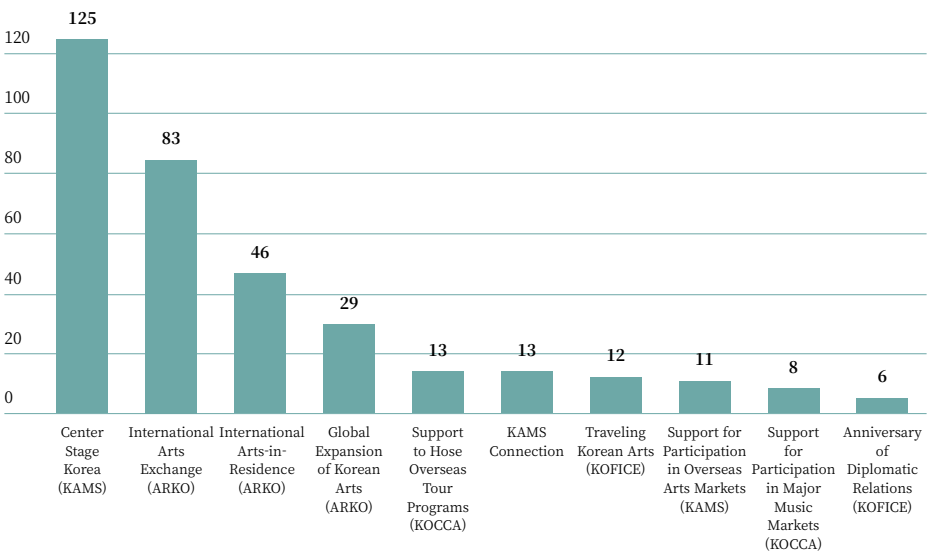
The inherent limitations of time and space make the voluntary flow of capital for the performing arts market difficult,

and also limits distribution through commercialization. As economists Baumol and Bowen pointed out in “Performing Arts – The Economic Dilemma,” performing arts is a labor-intensive product service. Thus, it is impossible to mass-produce. The price will inevitably increase owing to a steady rise in labor costs. The chronic “cost illness” of these performances used to be the basis for public funding. As a result, performances that are highly dependent on public resources are more likely to emphasize the “public” aspect than the “professional” and face a vicious cycle of difficulties in adapting to the market (Chang, Ji-young, 2020). Short-term project-oriented support projects and frequent changes in domestic support agencies or systems can make it difficult to continue collaborations with overseas partners that were based on the premise of maintaining a long-term relationship.

Figure 4.

Status of Support for Overseas Expansion by Public Project in 2019 (number of shows)

Source: Aggregation of results from support projects by ARCO, KAMS, KOFICE, KOCCA (Graph: KOFICE)



The performing arts market should be organically met and circulated through theaters, festivals, arts organizations, and audiences through production, distribution, and consumption. Neither theaters, which should be the center of production and distribution, nor domestic “International Performing Arts Festivals” are fully serving as platforms to open the door for overseas distribution (Chang Ji-young, 2020). Some say that the domestic and foreign performing arts markets, which had been successful, have become less popular, and that investing large amounts of money and time does not lead to actual results beyond friendship. However, the founders and programmers of the performing arts market that the author interacted with are all saddened by the depletion of new content. The opinion is that rather than the uselessness of the distribution channel, the production of the performance itself has reached a limit. Thus, they feel that performances are difficult to produce. In fact, arts organizations pointed out the uselessness of the platform, and those in distribution pointed at the depletion of content. The causes may vary. It may be the production environment that is difficult to improve, or the creators, who cannot keep up with contemporary trends and value standards. It is time to think about the works that should be produced and distributed to operate in the market. With the exception of supporting artists in residence abroad or holding events centered on diplomatic relations, a considerable number of performances entered the overseas market in 2019 through the global market and platforms. However, if the will of the participating groups is not firm, no matter how good the opportunity may be, it will not be easy to produce follow-up results, and will ultimately end up being support centered on one-time events. As the experience of meeting the same artists every year in the market and returning

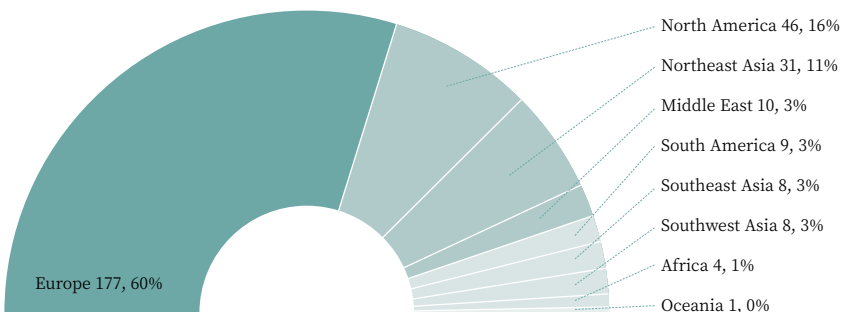
from the global market with no revenue increases owing to the lack of promotion, time and resources will be required to prepare for production and distribution. Currently, it is important for the Korean performing arts industry to build a platform for distribution, but considering the local demand, a joint-production program, consulting for creators, and an incubation period may be necessary.

3. Major Countries and Routes of Hallyu in Performing Arts

According to the results of organizing the support projects of major cultural and artistic institutions, the proportion of major countries of entry for performing arts can be found as significantly different from the cultural industry representing Hallyu. Traditionally, Europe (60%) and North America (15%), which are powerhouses in the performing arts industry, are far ahead of Southeast (3%) and Northeast Asia (11%), the mature representative markets of Hallyu. Latin America (9 shows) and the Middle East (10 shows), which have high potential as emerging markets, have a higher number of shows than Southeast Asia (8 shows).

Figure 5.
Overseas Expansion through Public Support in 2019 by Country
(number of shows, ratio)

Source: Aggregation of results from support projects by ARKO, KAMS, KOFICE, KOCCA (Graph: KOFICE)



1) The World's Biggest Markets: North America and Europe

There are several platforms in Europe that can be used as entry

points into the world's biggest music market. These platforms include WOMEX and the Festival Sfinks Mixed in Belgium, and Roskilde Festival in Denmark. Though all festival showcases are important while considering entry, thorough preparation is especially important for WOMEX because it is known to be difficult to get another chance if you do not put on a proper performance the first time.

Say Sue Me, Jambinai, Black String, NST & The Soul Source meets Kim Yulhee, and ADG7 received attention in the European market in 2019. Starting with Dance troupes led by Eun Me Ahn Company, Art Project BORA, Goblin Party, Company Siga, and Ambiguous Dance Company all delivered notable performances. On the other hand, Elephants Laughing, which confirmed the possibility of street art based on a local European collaboration, in residency in Denmark, was active at the Sziget Festival in Hungary, Stockton International Riverside Festival in the UK, and the Operaestate Festival Veneto in Italy.

In addition to Kim So Ra's US tour, Black String's Canada tour, and Coreyah, which tours the US each year, music genres like Jandari Music Trade DTSQ, Music Band the Tune, Bunga Records, and NST & The Soul Source meets Kim Yulhee also stood out prominently. The most important world music platform in North America is globalFEST, which has a 17-year history. It is held in New York and is an event for professionals attending the Association of Performing Arts Professionals (APAP) each year. Music festival directors and programmers in North America gather here to share information. It is the best platform to get a chance to enter the North American stage after globalFEST. In 2020, we look forward to AKG7 in North America. They performed as part of the lineup at globalFEST in January. In addition to

globalFEST, strategies to create opportunities to enter North America or to expand networks through music festivals such as Arts Midwest, SXSW, and WAA Western Alliance continue to be pursued.

2) Targeting Asia With Varying Characteristics by Region

The Hong Kong Art Festival and Rainforest World Music Festival in Asia, WOMAD in Oceania are representative platforms. Likewise, Visa for Music in Morocco (part of Africa and the Middle East), are representative platforms that the European music industry visits to discover talented musicians. More and more organizations are attempting to enter the Middle Eastern market, centered on the United Arab Emirates in recent times. In 2019, Coreyah, GongMyoung, and 2nd Moon tried to find touchpoints with local audiences through celebrations for anniversaries of diplomatic relations and the Korean cultural center. The Sharjah World Music Festival is expected to be useful in entering the Middle Eastern market in the future, as it has continued to show interest in Korean organizations. The United Arab Emirates is attractive, not only as a gateway to the Middle East, but also as a strategy to enter the world through Abu Dhabi, a global city with over 90% of the population being foreign residents from various countries.

Despite its geographic advantages, Northeast Asia, which has a relatively small number of overseas entries, remains an attractive market of a significant scale. Active efforts with licensing in China, and hardware building policies in Taiwan are necessary in a region where international exchange is encouraged.

4. 2020 Outlook for Hallyu in Performing Arts

1) Production: The Crossover of Language-Genre-Era-Media

Overseas expansion begins with the will to create a market, distribution, and business model. If the understanding of the overseas audience increases through overseas tours, it will lead to concerns about creative works, and changes in the production process and patterns will follow. Therefore, the method changes to the production of strategic works that first check what the overseas promoters, presenters, and directors like. On the other hand, there are increasing cases of international exchange through collaborations and production through overseas expansion. Elephants Laugh collaborated on the work “Muljil” with various residencies in Europe and completed “Muljil 2.” Gil-joon Lee, the CEO of Brush Theatre, spoke at an annual achievement review at the KAMS in December 2019, and said, “There is definitely a big market overseas. production based on overseas experience will be created. “That’s how I do R&D for performances. How to increase production without losing its essence, and whether there aren’t new technologies or communication methods with the audience.”

Performance organizations worry about financial resources, distribution, and revenues, while pondering over the essential question of what they will accomplish as artists. Therefore,

* It is difficult to clearly distinguish between international exchanges in the public domain and overseas expansion for market development. A complementary strategy is necessary. Neither overseas entry nor international exchange have integrated data, making it difficult to understand the market and market entry status. In this situation, it is difficult to present strategies and prospects for exchange and trade. Therefore, we would like to forecast Hallyu in 2020 in connection with the interests of the performing arts in creating an organic ecosystem of creation-distribution-consumption.

efforts are also made to expand the story world of each work by creating events such as workshops and master classes between performances and tours. When a work is seen as a product, another product derived from the work begins to develop.

While the crossover nature of the work itself, where traditional Korean content meets contemporary value methods, is gaining strength, creative activities that consider the crossover of media that distributes and consumes works is expected to gain even more strength.

For genres with a sufficiently large market (especially music), and content that can be marketed based on sufficient demand in a particular region, it is possible to focus on market- and platform-oriented distribution while striving to develop strategies to highlight appealing content. On the other hand, genres that require market development, regions with low demand, and genres that are difficult to utilize in a stable market will be able to create new challenges by adopting a strategy of public funding centered on international exchange or corporation aimed at artistic achievements.

The performing arts also needs to consider various changes in the form of overseas expansion. Rather than insisting on final production, it is necessary to make efforts to plan and expand content that crosses both online and offline realms, which has been hinted at by the cultural industry. In particular, as we experience variables external to performance through COVID-19, it is necessary to break away from marketing divisions that are centered on young performance organizations, such as the audience's age and gender. Moreover, when considering the new division according to audience participation, efforts to develop transmedia content in the performing arts industry will also speed up.

2) Distribution: Post-grant Concerns, Emphasizing the Importance of Agents and Labels

Those in the performing arts industry say that the only Asian team in the global performing arts market is Korea. European countries are easy to enter each other as they are accessible by land, but the participation of Asian teams has many difficulties in terms of cost. So how does Korea's participation in overseas markets take place? It is done through public funds. This is probably a testament to the fact that Korean performing arts cannot acquire market or price competitiveness in overseas markets on their own, and it is also the result of confusion between overseas entry and international exchange. In this regard, festivals or performing arts markets with market functions must secure complex and diversified mutual partners, rather than simply collaborate with presenters and performing organizations. In addition, efforts by the public sector to read and support trends are also necessary.

However, it is not possible to develop a market that relies on public funding forever. There is a consensus that it is necessary to prepare for the post-grant and think about strategies to continue overseas expansion, given the idea that markets and platforms are useless. As a result of such concerns, the importance of agents and labels is increasingly emphasized. The roles and competencies of planners based on industry and distribution possibilities are becoming important. The more a group aims to advance into various countries, the more contracts with specialized agents by country, region, and genre will be successful.

3) Consumption: Need for Integrated Data to Check Taste, Market Status, and Audience Demand Rather than Trend

A “small consumer market” is necessary for young consumers. The consumption propensity of millennials tends to be concentrated on the consumption of self-satisfying values. This consumption characteristic is sometimes called a “small luxury” (Kim, Hye-in, 2017). When the values pursued by these millennials meets the performing arts, a new arts consumer will be created. Peggy Gou, NST & The Soul Source meets Kim Yulhee, and ADG7, who were mentioned earlier, are examples of having a fandom based on individual values and tastes rather than trends. It has been confirmed that the consumption of secondary products is increasing, mainly in the “enjoyment consumption market” experience group. Although information on the size and frequency of the secondary arts products market is difficult to grasp and is not expected to be very large, it is highly likely that it is seen as a new consumption group in the performing arts market.

If audiences that seek small but certain joys based on individual values and tastes meet lighter works, a new business possibility may open up (KAMS, 2019b) because readings and open dress rehearsals showed the possibility of providing affordable, light, and satisfying content owing to these lighter performances. These performance contents simplify the stage, art, and makeup of the performance, enable the lightening of the production, and cutting down of the price of the ticket to one-third of that of the main performance, making it easier for the audience to consume. The phenomenon of a fandom-oriented market, that mainly watched the “nth” performance of high-priced musical performances, and a consumption tendency to obtain maximum satisfaction at the lowest cost is expected to spread among millennials at home and abroad.

This includes the consumption of props, postcards, and brochures during art exhibitions and large-scale projects (art market) and performances (performance market) (Kim, Hye-in, 2017).

5

Hallyu in Games/e-sports

**Hallyu in Games/e-sports: Opening Up Possibilities Through
Various Attempts Despite Slowing Growth**

— Shinkyu Kang

Research fellow, Media Advertising Research Institute, Korea
Broadcast Advertising Corporation

1. 2019 Hallyu in Games/e-sports

1) The Decline in the Growth of the Korean Game Market

In 2018, the Korean game market was worth ₩14.2902 trillion, up 8.7% from the previous year (₩13.1423 trillion). Several notable points come to light while examining the market size for each platform.

First, mobile games solidified their top-ranking position. Sales in the mobile game market reached ₩6.6558 trillion, which was a ₩445.6 billion increase from the previous year. After surpassing PC game sales, which accounted for the largest share in the game market in 2017, mobile games maintained the largest share in the gaming industry in 2018. However, the figure decreased slightly from 47.3% to 46.6%. PC games (both online and PC package games) accounted for ₩5.236 trillion, with a market share of 35.1%. While this represents a slight increase from the share of 34.6% in 2017, the gap in the market share for mobile phones widened by more than 10%, making it difficult for PC games to catch up.

Second, the console game market experienced significant growth. Sales in this market reached ₩528.5 billion, up 41.5% from ₩373.4 billion in 2018. Considering the previous year's growth rate of 42.2%, the growth appears to have slowed down slightly, but the growth rate of the console game market was the highest among all platforms. This growth was mainly because of the rising popularity of Nintendo Switch (released in December 2017) and the release of the console version of *Player Unknown's Battlegrounds* (hereinafter

Battlegrounds).

Third, the arcade game market encountered instability. It grew by 121.0% year-on-year in 2017 thanks to the popularity of Virtual Reality (VR) games and shrank by 12.0% in 2018 to ₩68.6 billion. The arcade game market¹⁾ is greatly influenced both by the title of the game and by the location in which the game is played. Whereas arcade game rooms create new opportunities for growth through their connections with other spaces such as theaters and shopping malls and their transformation into cultural spaces for families, they are either unable to escape the existing negative image or are gradually disappearing because of the limitations in their location and the burden of rent costs they incur for game consoles. It is difficult to say that VR games, which had been highly anticipated, have settled down in the market. Such factors affect arcade games and game room trends.

Overall, in 2018, though the Korean game market continuously grew, it experienced a decrease in its growth rate. The growth rate in 2018 was only 8.7% in contrast to 20.6% in the previous year. Only console (41.5%) and PC (10.6%) games showed double-digit growth, while the rest remained similar to the previous year. This slowdown in growth is expected to continue. In 2019, the Korean game market was expected to grow by 5.1% when compared to 2018 to reach ₩15.17 trillion. Though there was overall growth in the game production and distribution industries, this growth is likely to slow down.

In the mobile game market, sales of *Lineage 2 Revolution* and *Lineage M*, which gained overwhelming popularity over the years, has gradually declined. The industry is making a rather reserved assessment of whether new games can gain such popularity. For

1) Refers to the oval arcade game market, which includes arcade games and arcade game rooms.

the highly anticipated *Lineage 2M* the prevailing view is that the impact will not be as great as expected, as the player base will overlap with that of *Lineage 2 Revolution* and *Lineage M*.

The PC game market has been maintained through a small number of games that have gained popularity. Therefore, if new games do not become popular by 2021, when the service period for *Battlegrounds* crosses its third year, the prospects for the future may worsen. Console games were expected to see a significant drop in growth in 2019, as there were no factors that were comparable to 2018 (Nintendo Switch's popularity, release of the console version of *Battlegrounds*). The arcade game industry is highly likely to fluctuate owing to instability in the game rooms (KOCCA, 2019).

Figure 1.
Growth Rate of the Korean Game Market (2009~2018)

Source: KOCCA (2019). *2019 Korean Games White Paper*, p. 3.

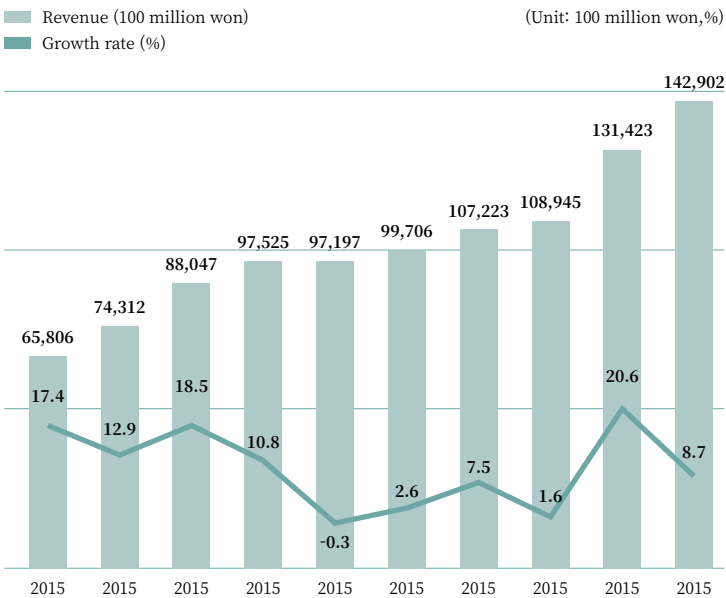


Table 1.**Sales and Share of the Korean Game Industry by Platform (2017-2021)**Source: KOCCA (2019). *2019 Korean Games White Paper*, p. 5.

(Unit: 100 million won,%)

Classification	Game production and distribution				Game distribution		Total	
	Mobile games	PC games	Console games	Arcade games	Internet cafe	Arcade game rooms	—	
2017	Revenue	62,102	45,409	3,734	1,798	17,600	780	131,423
	Growth rate	43.4	-2.9	42.2	121.0	20.0	4.0	20.6
2018	Revenue	66,558	50,236	5,285	1,854	18,283	686	142,902
	Growth rate	7.2	10.6	41.5	3.1	3.9	-12.0	8.7
2019(E)	Revenue	70,824	51,929	5,467	1,908	19,313	731	150,172
	Growth rate	6.4	3.4	3.4	2.9	5.6	6.5	5.1
2020(E)	Revenue	72,579	53,210	5,334	1,881	19,879	691	153,575
	Growth rate	2.5	2.5	-2.4	-1.4	2.9	-5.5	2.3
2021(E)	Revenue	76,757	52,399	7,042	1,992	19,527	703	158,421
	Growth rate	5.8	-1.5	32.0	5.9	-1.8	1.7	3.2

2) Korean Game Exports Rose by 8.2%; Ranked Fourth in Global Market Share

The slow growth rate was also seen in exports. In 2018, the export revenue of Korean games was \$6.4149 billion (approximately ₩7.546 trillion), which indicated an increase of 8.2% from the previous year. Compared to the impressive growth rate of 80.7% in 2017, Korean game exports in 2018 decreased in growth, going down to the point it was before 2016. Among the platforms, PC game exports had the highest share at \$3.42 billion (approximately ₩4 trillion), followed by mobile games at \$2.87605 billion (approximately ₩3.34 trillion). This is a significant difference when compared to the export size in 2017, where the export volume of

mobile games was highest with a record \$3.27484 billion (approximately ₩3.8 trillion), followed by PC games at \$2.61552 billion (approximately ₩3.366 trillion). In other words, the rankings and size of PC and mobile game exports has been reversed. This is the result of a 30.8% increase in the export of PC games and a drop in the export of mobile games (-12.2%). Meanwhile, the exports of console games showed a 3118.5% growth when compared to the previous year thanks to the worldwide popularity of console games.

Table 2.
Korean Game Imports and Exports (2012~2018)

Source: KOCCA (2019). *2019 Korean Games White Paper*, created from the table on p. 6-7.

(Unit: 1 Thousand USD,%)

Classification	Export		Import	
	Export value	Rate of change	Import value	Rate of change
2012	2,638,916	11.0	179,135	-12.6
2013	2,715,400	2.9	172,229	-3.9
2014	2,973,834	9.5	165,558	-3.9
2015	3,214,627	8.1	177,492	7.2
2016	3,277,346	2.0	147,362	-17.0
2017	5,922,998	80.7	262,911	78.4
2018	6,411,491	8.2	305,781	16.3

Imports increased by 16.3% from the previous year to \$35.78 million (approximately ₩336.5 billion). Considering that the growth rate in the previous year was 78.4%, imports, like exports, also showed a significant decrease in growth. Unlike exports, however, the import of mobile games increased (14.4%) and that of PC games decreased (-13.7%). Console games showed the highest growth rate, from \$99.19 million in 2017 to \$139.45 million in 2018. Imports of arcade

games decreased by 42.1%, but the total amount was not significant.

Table 3.
Korean Game Imports and Exports by Platform (2017~2018)

Source: KOCCA (2019). *2019 Korean Games White Paper*, created from figure on p. 42.

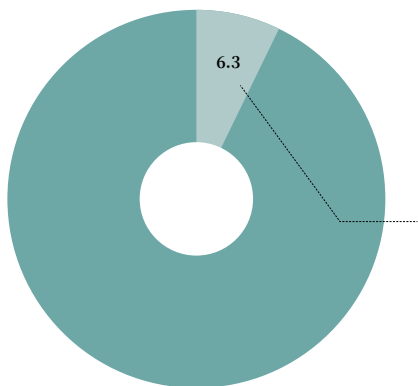
(Unit: 1 Thousand USD,%)

Classification	Export		Import	
	Export value	Rate of change	Import value	Rate of change
Total	2017	5,922,998	262,911	16.3
	2018	6,411,491	305,781	
Mobile games	2017	3,274,839	93,501	14.4
	2018	2,876,051	106,939	
PC games	2017	2,615,519	66,232	-13.7
	2018	3,420,933	57,183	
Console games	2017	2,515	99,190	40.5
	2018	80,932	139,349	
Arcade games	2017	30,125	3,988	-42.1
	2018	33,575	2,309	

Korea's share in the global game market was 6.3% in 2018. It ranked fourth after the United States, China, and Japan, and remains in the same place as it was in 2017. The rank of UK, Germany, France, Italy, Canada, and Spain followed Korea. Considering that it ranked fifth in 2016, it can be said that Korea has established itself as a game powerhouse both in name and reality since 2017. However, it will not be easy for Korea to enter the top three for the time being, as the share of the United States (first) and Japan (third) accounts for 50% of the total game market, and the gap between the third and fourth place is quite large (11.9% vs. 6.3%).

Table 4.**Korea's Share and Status in the Global Game Market (2018)**

Source: PWC (2019); Enterbrain (2019); JOGA (2019); iResearch (2019); Playmeter (2016); NPD (2019); KOCCA (2019). *Korean Games White Paper*, p. 45.



Rank	Country	Market size	Share
1	United States	37,429	21.0
2	China	31,635	17.7
3	Japan	21,265	11.9
4	Korea	11,326	6.3
5	UK	10,055	5.6
6	Germany	8,829	5.0
7	France	8,369	4.7
8	Italy	4,113	2.3
9	Canada	3,523	2.0
10	Spain	3,133	1.8
Below	Others	38,691	21.7

2. Hot Issues in Hallyu in Games/e-sports

1) Creation of an e-sports Ecosystem in Korea

2019 marked the 20th anniversary of Korean e-sports. The Hallyu e-sports ecosystem was established in 2019. It was created through simultaneous attempts by various entities. In the past, e-sports leagues were driven by e-sports associations or certain media platforms,²⁾ but in recent times, e-sports leagues have been held under the leadership of individual game companies. Under individual game companies, e-sports leagues have the advantage of being able to bring the uniqueness of each game into the league, and to connect league achievements to play culture, which can have an impact on marketing and can expand the influence of the game. Some notable examples from 2019 are as follows.

First, PUBG's *Battleground* e-sports operated in full swing. PUBG, which had been focusing on the "e-sportification" of *Battlegrounds*, drew attention by holding global e-sports leagues in various formats such as the PUBG Nations Cup 2019 (hereinafter PNC 2019) and PUBG Global Championship (hereinafter PGC 2019). At PNC 2019, in the first international competition of *Battlegrounds*, 16 teams from 5 continents, including North and South America, Europe, Asia, and competed for the title of the world's strongest team and prize money of \$500,000 (approximately ₩580 million). The grand finale of PGC 2019, held at the Oakland Arena in the United States, cost about \$6 million (approximately ₩7 billion), and included a grand prize of \$2 million (approximately ₩2.35 billion),

2) Game broadcast channels, online video services, etc.

and 25% of skin sales revenue, and a winner prediction event. The success of this event confirmed the potential of global e-sports (Cho, Young-joon, 2019). After the success of two competitions, PUBG announced that it was going to hold four global e-sports events in 2020, showing that the e-sports ecosystem of *Battlegrounds* is expected to expand further.

Second, NCSOFT's Blade & Soul Tournament 2019 Korea, a leading e-sports league in massive multiplayer online role-playing games (hereinafter MMORPG) enjoyed continued popularity in 2019. The 2019 event had a prize money of ₩179 million and was played at the Ol-Park Football Stadium at Seoul Olympic Park. A total of 10 teams from 7 countries competed with one another over a span 3 hours at the event. The Chinese, Thai, and Vietnamese teams, which were weaker in comparison to their own teams in the past, put up strong performances. The Chinese team FNO (Haoran Shen, Zhihao Zhang, and Xiaojun Xu) had a surprise win and entertained the audience at the stadium.

Third, the e-sports league EA Champions Cup Winter 2019 (hereinafter EACC Winter 2019) of *FIFA Online 4* produced by Electronic Arts (EA) and distributed by Nexon Korea also recorded remarkable growth. EACC Winter 2019, the third EACC competition, was held on December 10–22, 2019 and offered \$200,000 (approximately ₩235 million) in prizes. There was a prize of about ₩100 million for the winner and Sandbox Gaming won the championship. Woo-jin Byun from Sandbox Gaming had an undefeated record from the semifinals to the finals and scored a total of 14 goals in the tournament. He won \$2,000 (approximately ₩20 million) and the “Top Scorer” title along with the “Best Player Award.” Various other events also attracted attention, such as soccer commentator Young-pyo Lee's match in which he

had “Babamba” and “Team Korea” from Shoot for Love play against Team China, which comprised various influencers including APang and Everjie (Cho, Gun-hee, 2019).

The trend of creating the Hallyu e-sports ecosystem is not limited to PC games. There were other notable attempts in the realm of mobile games as well. For example, Com2uS’ mobile role-playing game (hereinafter RPG), *Summoners War: Sky Arena* (hereinafter Summoners War), recorded outstanding results in the mobile e-sports space. In October 2019, “Summers War World Arena Championship 2019” held in Paris, France, attracted over 1,500 spectators for the finals, which exhibited the intense enthusiasm for the game. The world finals video attracted 1.25 million views. The games were broadcast in 15 languages including English, Korean, French, German, Japanese, and Chinese (Cho, Young-joon, 2019). In June 2019, the *Summoners War* e-sports friendly match was held at the Ericsson Studio in Stockholm, Sweden in celebration of the 60th anniversary of diplomatic ties between Korea and Sweden. President Moon Jae-in personally visited to watch the match and left a message of hope for the e-sports industry and culture (Yoo, Da-jung, 2019).

2) PC and Console Games Bounce Back amid the Mobile Game Trend

Although mobile games were said to be the trend, it was also a year in which PC games bounced back. MMORPGs like Smilegate RPG’s *Lost Ark* and Studio8’s *Astellia* gained popularity. *Lost Ark* has written a whole new large-scale history for MMORPGs, spending ₩100 billion in development costs over a period of 7 years. It gained

popularity by providing a wide variety of content that can be enjoyed even after achieving the highest level, and offers a comparable volume as that of *Open World*, through its vast content. On November 13, 2019, *Lost Ark* won six awards, including the Grand Prize, Best Technology and Creativity awards in planning, scenario, sound, graphics, and characters, and the Most Popular Game award (Cho, J, 2019).

Remastered³⁾ versions of games such as NCSOFT's *Lineage Remastered* and non-Korean games such as Blizzard Entertainment's *World of Warcraft Classic* and Microsoft Xbox Game Studio's *Age of Empires II: Definitive Edition* stimulated nostalgia for the classic game and brought back players who had not played for quite some time. Existing PC games such as *Soulworker* and *Tales Runner* also underwent large-scale updates, showing users that they are still going strong (Cho, Hak-dong, 2019).

The most notable aspect of 2019 is that new console games attracted significant attention overseas. Krafton and Pearl Abyss served as the first spark. Krafton, which did well in the console market in 2018 with *Battlegrounds* and *TERA: The Exiled Realm of Arborea*, released *Mistover* in the Nintendo eShop⁴⁾ and Steam⁵⁾ in October 2019. *Mistover*, a rogue-like RPG, demonstrated positive results as it was chosen by Steam as one of the top 20 sales in October 2019. It ranked sixth in terms of sales immediately after its launch. Pearl Abyss, which had caused a sensation in North America and Europe with *Black Desert Online*, released four new games—*Shadow Arena*, *PLAN8*, *DokeV*, and *Crimson Desert* from G-Star 2019—and announced that it is developing all games for PC and console platforms.

Netmarble is currently developing the

3) Remastering: Process of improving the quality of the resolution or sound quality of a previously existing game.

4) www.nintendo.com/games/buy-digital

5) store.steampowered.com

Nintendo Switch version of *Seven Knights* and NCSOFT is developing the console version of *Project TL: The Lineage*. Nexon's American subsidiary, the OC Studio is currently developing a martial arts console game, and even did a surprise unveiling of *KartRider: Drift* at the Microsoft Xbox Fan Festival. Smilegate also plans to release *Crossfire X* for the Xbox platform and Shiftup is planning to release the action game *Project EVE* for the PC game market through platforms like Steam and the Epic Games Store,⁶⁾ and also plans to enter the console market (Kim, Eun-tae, 2019). As the PC game market is gradually shrinking, expectations for the console market are rising through the success of Nintendo Switch and the announcement of its ninth generation console. The console platform is now becoming a must and is no longer an option for game makers.

3) VR Games: Laying the Groundwork for Entrance into the Global Market

VR game developers have laid out the groundwork to enter the global market by establishing theme parks, securing original technologies, and utilizing intellectual property (IP). DragonFly opened the industry's first VR e-sports theme park, Lenovo VR Magic Park, and CJ ENM introduced a VR attraction based on its popular animation series, *The Haunted House*. In this VR attraction, players can go on a VR adventure with the characters from the animation. OneIMMERS, an affiliate of YJM Games that, is actively pursuing the VR game business, has applied for four patents pertaining to VR game development in order to secure the original technology. MotionDevice, a VR entertainment company, has actively

6) www.epicgames.com

engaged in activities such as supplying *High Experience VR* to SEGA Primetree Akaike, which is run by Japan's SEGA Entertainment (Cho, Hak-dong, 2019).

Smilegate launched the romance adventure VR *Focus on You* and stealth action adventure VR, *Rogan: The Thief in the Castle* in July 2019. In *Focus on You*, the player becomes a high school student whose hobby is photography and engages in various activities such as going on a date in cafes, school, resorts and taking photos with the heroine Yoo-ah Han. It was selected as the "Best Game of the Month in the Second Half of 2019" by the KOCCA. *Rogan* is a game set in the Middle Ages, where the player becomes the main character, Rogan, who is a thief, and solves various cases at Blackstone Castle (Lee, Won-hee, 2019).

4) WHO Decides to Include "Gaming Disorder" in the International Classification of Diseases

On May 25, 2019, the World Health Organization (hereinafter WHO) passed the 11th amendment to the International Classification of Diseases (hereinafter ICD-11) and included "gaming disorder" within it. Gaming disorder is categorized under the disorders due to addictive behaviors which also includes gambling addiction. ICD-11 is expected to go into effect in 2022. As games have a large share in the pop culture industry and daily life, relevant agencies in various countries world over, including the Entertainment Software Association (ESA) in the US, the Interactive Software Federation of Europe (ISFE), and the Association for UK Interactive Entertainment (UKIE), have come forward to oppose the WHO's decision.

Korea has also strongly and actively opposed the WHO's

decision. The Ministry of Culture, Sports, and Tourism and the KOCCA expressed their opposition since before the decision was made and conveyed their opposition immediately after it was made official. The industry and players are also participating in the opposition movement. Korean game makers have utilized social media to convey the idea “Gaming is a culture, not a disease” and have criticized the WHO’s decision. Nevertheless, the Ministry of Health and Welfare will reflect this decision in the Korean Standard Classification of Disease and Cause of Death (KCD) in 2025. The WHO’s decision is problematic in that it is likely to serve as an important framework for regulating the game industry, gaming, and players in the country.

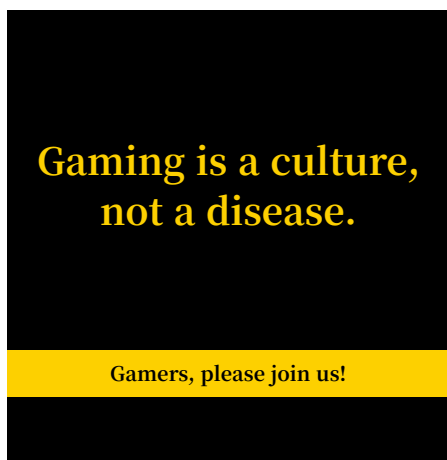


Figure 2.
Slogan Used by Gamers
on Social Media to
Oppose the WHO’s
decision

Source: Daniel Lee (May
27, 2019)

Is gaming disorder really a disease? If it is a disease, can it be considered a disorder because of the addictive behaviors associated with it? While the WHO answered in the affirmative, several researchers and players have answered in the negative. It is true that there is a need for serious discussion as some players are often overly engrossed in

games. Some research and media have defined excessive time and behavioral input into the gaming as “addiction,” similar to that of drugs or alcohol, and have explained the adverse effects that may appear in the game play process, with a focus on pathological perspectives. However, game addiction is more of a rhetorical expression rather than a strict academic notion (Yoon, Tae-jin et al., 2018). As is the way game addiction assumes, WHO’s decision is also based on the “abuse of materials” rather than on treating gaming as a form of media consumption. The problem is that game addiction does not show serious clinical damage as a pathological-psychological disorder, and the pathology of game play can have an adverse effect on the healing environment. WHO characterizes gaming disorder by; (a) “impaired control over gaming; (b) increasing priority given to gaming over other activities to the extent that gaming takes precedence over other interests and daily activities; (c) continuation or escalation of gaming despite the occurrence of negative consequences.” The criteria listed are largely behavioral and psychological, which are explained as lacking cultural and phenomenological understanding of the origin of behavior (Bean, A. M., Nielsen, R. K. L., van Rooij, A. J., & Ferguson, C.J., 2017).

Currently, it is difficult to draw an absolute conclusion on whether gaming disorder is a disease or not. However, considering the discussions thus far, it is clear that there has been no scientific confirmation that gaming disorder can be considered an addictive disease. Therefore, it seems more appropriate to use the term “overindulgence” rather than “disease” or “addiction” for the excessive use of games. Indeed, gaming is a very important part of our daily lives, society, and culture. As there are some players who do

overindulge games, it. It is necessary to take measures to prevent and solve problems that may arise as a result (Kang, Shin-gyu, 2019).

5) The Battle Royale Genre Remains Successful

The popularity of the Battle Royale genre has continued from 2017-2018, into 2019. *Battlegrounds* can be seen as the game that opened a new horizon for the Battle Royale genre in 2017. With its independent IP establishment, it has contributed greatly toward enhancing the status of Korean games in the global gaming market. It surpassed 10 million units in sales on March 23, 2017, which was six months after it was released through Steam Early Access. It was officially released through Steam in December 2017, and in 2018, it expanded its scope to console platforms. Cumulative sales reached over 50 million games in 2018, and by November 2019, the cumulative sales for PC and console platforms exceeded 65 million games. *Battlegrounds* ranked fifth in the world's single bestselling game as of January 2020 following *Minecraft*, *Tetris*, *Grand Theft Auto 5: GTA5*, and *Wii Sports* (Park, Kwang-seok, 2019).

The novel setting of 100 people competing for survival on a huge map at the same time affected both the players and many game makers world over. This has led to the emergence of numerous Battle Royale genre games. While there were completely new Battle Royale genre games that were produced, the mode itself was often incorporated into existing games. A prime example is the Battle Royale mode in Epic Games' *Fortnite*. *Fortnite Battle Royale* combines the 100-person Battle Royale system with fewer defense elements than in *Fortnite*, an action defense game in which the player

constructs buildings to block enemies. It gained popularity almost immediately with one million users logging in on the day of the mode update and 1.75 million simultaneous users within the first month. *Fortnite* soon split the Battle Royale game market with *Battlegrounds*.

Respawn Entertainment's *Apex Legends* is an intimidating newcomer with 25 million subscribers and 2 million simultaneous users within the first week of its launch in February 2019. In contrast to *Call of Duty: Black Ops 4*, which ambitiously made its debut in 2018, it entered a three-way race with *Battlegrounds* and *Fortnite*. While *Battlegrounds* showed the authentic aspects of Battle Royale and *Fortnite* added the fun of construction to Battle Royale, *Apex Legends* captured the users' attention by incorporating the strengths of *Overwatch* (Kim, Nam-gyu, 2019). *Battlegrounds* reignited the flame for Battle Royale, which was an unpopular genre, and latecomer *Fortnite* reached the apex; *Apex Legends* led to the establishment and expansion of the Battle Royale market (Cho, Hak-dong, 2019).

Pearl Abyss' MMORPG *Black Desert* also unveiled the Battle Royale mode, called *Shadow Battlefield*, in January 2019. In this mode, 50 characters gather in one space and fight until a single person remains. Whereas firearms do not appear, it is played in almost the same way as other Battle Royale games. The Battle Royale boom is not expected to die down for quite some time, given that various PC games continue to introduce the mode (Cho, Hak-dong, 2019). However, it is necessary to continue observing the scene carefully to see if there will be another runner who will create another Hallyu Battle Royale boom following *Battlegrounds*.

3. Major Countries and Routes of Hallyu in Games/e-sports:

In order of the Great China Region > North America > Japan > Southeast Asia > Europe

A survey of the export share by major countries revealed that China (China, Hong Kong, and Taiwan) had the highest share at 46.5%, followed by North America (15.9%), Japan (14.2%), Southeast Asia (10.3%), and Europe (6.5%).

Compared to 2017, the share of the Greater China region decreased by 14.0%, and the proportion of the rest of the countries changed slightly as a result. Southeast Asia, which ranked second with 12.6% in 2017, fell to fourth, and North America's share, which stood at 6.6%, rose significantly from fourth to second place. Japan and Europe maintained the rankings despite the increase in exports to the United States.

In terms of the proportion of export countries by PC and mobile games, which are the two most exported platforms, the following findings come to light. Among PC game export countries, China has the largest share with 54.5%. This is higher than its share (46.5%) for overall game exports, which indicates that PC games have a far higher proportion of exports to China than mobile games. Despite these figures, PC game exports dropped by 20.3% when compared to the previous year. Unlike overall game exports, Japan accounted for 14.7%, followed by North America (13.2%), Europe (6.4%), and Southeast Asia (5.3%). Its relatively high proportion has certainly contributed significantly to Japan's third rank in overall game exports.

While the Greater China region also accounted for the

largest share of mobile game exports, the proportion was lower than that of PC games and overall game exports. Unlike in the case of PC games, North America accounted for 18.4% of the total exports and ranked second. Southeast Asia (16.4%), Japan (13.2%), and Europe (5.9%) followed, representing proportions that were slightly different from those for overall game exports. There seems to be a lesser degree of concentration on the Greater China region when it comes to mobile games, with China accounting for a little more than a third of the share of the market and North America, Southeast Asia, and Japan all recording double-digit percentages. This is in direct contrast to PC games, where the Greater China region accounted for over half the share and only Japan and North America recording double-digit percentages.

Figure 3.
Comparison of the Proportion of Korean Game Exports by Country (2017~2018)

Source: KOCCA (2019). *2019 Korean Games White Paper*, p. 43.

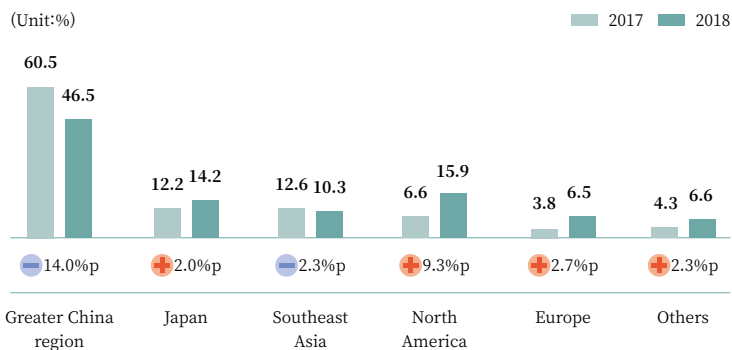


Figure 4.

Comparison of the Proportion of Korean PC Game Exports by Country (2017~2018)

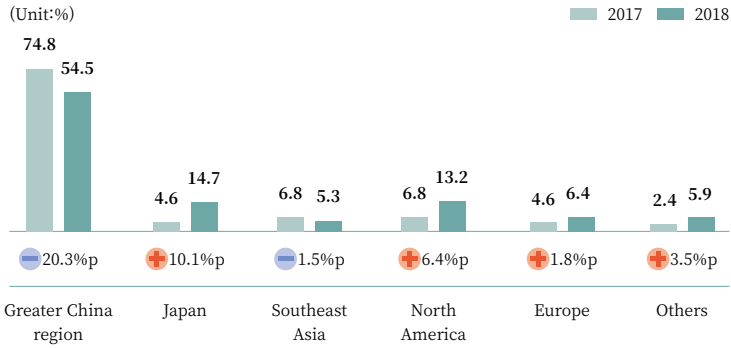
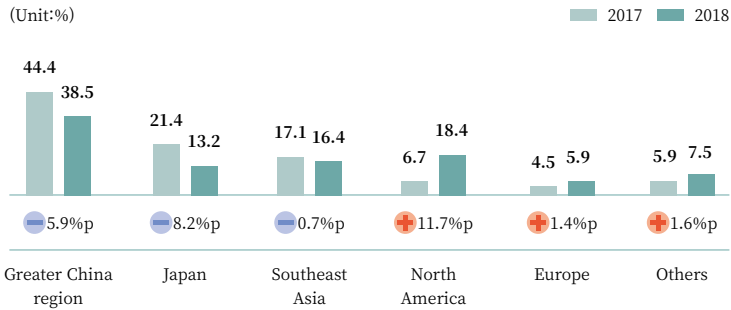
Source: KOCCA (2019). *2019 Korean Games White Paper*, p. 44.

Figure 5.

Comparison of the Proportion of Korean Mobile Game Exports by Country (2017~2018)

Source: KOCCA (2019). *2019 Korean Games White Paper*, p. 44

4. 2020 Outlook for Hallyu in Games/e-sports

1) Expansion of Cloud-based Game Streaming Services

2019 was the first year of “cloud-based game streaming services” (hereinafter “cloud game services”) and a competitive atmosphere was created when Google and Microsoft officially entered the market. Among the many factors that made cloud game services possible, one was the 5G network. With the creation of a fast and uninterrupted network environment, the range of services available such as streaming and subscriptions expanded. Interest in cloud games is also growing in South Korea, which was the first country in the world to commercialize 5G services. SK Telecom and LG U+ partnered with Microsoft and NVIDIA, respectively, and carried out testing. KT is also joining the ranks of cloud game service providers with the Taiwanese company Ubitus. Cloud services from each company that began both at home and abroad are expected to enter full-scale competition through commercialization in 2020 (Kim, Eun-tae, 2019).

Cloud games allow users to play by accessing the platform without having to purchase or download the games itself. Merely having access to the Internet allows one to play on any device. Existing games store data on users’ consoles, PCs, and mobile devices, which inevitably created the need for high-performance devices based on the requirements of the game. However, cloud games stream data from the cloud center and send content to players in real time. Streaming creates content by sending data on what is played in real

time. If cloud game services are used, there is no need for a separate execution or update process. Also, as game data are stored in a cloud server, high-end devices are not needed. The key elements of cloud game services include competitive game content, a stable service environment, and platform accessibility. The services of the representative companies for these three elements are detailed below.

The first is Microsoft's xCloud, which is currently considered the most stable cloud game service. Users can enjoy all exclusive titles of Xbox consoles, and the stable service environment has been proven through the pilot conducted at the international game exhibition, Electronic Entertainment Expo (E3) 2019. It is available through PCs, tablet PCs, and smartphones and provides a favorable environment for developers. If a game is developed for Xbox One, developers can provide services through xCloud without additional modifications or changes. The second is Google's Stadia, which entered the market in 2019. On November 19, 2019, the first service was conducted in 14 countries, including the United States, UK, Germany, and France. With its own platform, it can be played on TVs, PCs, laptops, tablet PCs, and smartphones (only supports Pixel 3 and Pixel 3a). Many had high expectations as it was the first to announce a game environment without boundaries, and because it is a game service backed by Google's powerful data center. However, there have been criticisms regarding problems such as delayed input, dual payment model, lack of content, and limited smartphone support.

The third is NVIDIA's GeForce NOW, which has operated as a beta service for two years in the United States and Europe and in Korea until recently. GeForce Now uses Valve's Steam platform to enable streaming game services on PCs and

mobile devices. Although it is less competitive in terms of exclusive content, its biggest strength is that users can play games released by Steam. It also supports Ubisoft's platform, UPlay, which recently conducted beta tests in Korea through LG U+.

In the domestic market, major cloud game services are expected to launch in collaboration with mobile carriers, such as Microsoft xCloud with SK Telecom and NVIDIA GeForce Now with LG U+. KT is also preparing cloud game services with the Taiwanese company Ubitus. Although mobile carriers have put forth realistic content after announcing 5G services in 2019, they have not been able to adequately promote device performance, accessibility, and content. Cloud game services, however, have far greater advantages over realistic content in terms of devices, accessibility, and content, making them more suitable for 5G services (Jung, Hyuk-jin, 2019).

Unlike mobile carriers, cloud game services are yet to be fully accepted by most domestic game companies that produce and distribute games through traditional platforms. Cloud game services are not necessarily superior to game services on traditional platforms, and there is no guarantee that they will succeed. They are only just taking their first steps. The fact that companies that are fully engaged in cloud game services are usually global giants can also be a significant barrier to entering the market. In the future, serious consideration must be given to how to view cloud game services, their potential, and how to compete or cooperate with companies that entered the market first. However, this must be done before it is too late.

2) Expansion of Contact between Games and K-pop Idols

K/DA, a girl group comprising game characters, attracted worldwide attention in 2018. K/DA is a virtual project girl group comprising champions Ahri, Akali, Kai'Sa, and Evelynn of the Multiplayer Online Battle Arena (hereinafter MOBA) *League of Legends (LoL)*. On November 3, 2018, K/DA performed their debut song, Pop/Stars at the opening ceremony of the 2018 LoL World Championship finals held at Incheon Munhak Main Stadium. While K/DA gained popularity during the performance, the music video released later on YouTube garnered over 6.16 million views within 24 hours of release. The music video surpassed 15 million views three days later on November 3 (Seo, Dong-min, 2018), it topped the US iTunes K-pop chart on the eighth day and reached fourth on the pop chart (Kim, Hyung-eun, 2018).

Although it is a girl group formed with game characters, actual artists sing the songs. Soyeon and Miyeon from (G) I-DLE play the parts of Akali and Ahri, respectively, while American solo artist Madison Beer took on the role of Evelynn and Jaira Burns took on the role of Kai'Sa. The singers and characters performed together on site through augmented reality technology. The joint performance was made possible by applying some of the artists' choreographic moves to the characters through motion capture. This made it possible to reduce heterogeneity in the movements between the artists and the characters, and simultaneously increased realism and three-dimensionality (Kim, Hyung-eun, 2018).

Meanwhile, the online action RPG *Elsword* developed by KOG and serviced by Nexon announced PROJECT EL*STAR, which is centered on the idolization of game characters in April 2019.

Through this, four groups, Trinity Ace, Mega Cake, Maze, and Alter Crown were presented sequentially, and each group

released their own music and music videos and held offline fan meetings (Kim, Chul-hyun, 2019). The Elsdor Hologram Concert, which was held on January 18, 2020 sold out 1,000 seats as soon as ticket sales began (Lee, Do-won, 2019).

There are game-based idols and also idol-based games. Among these, the most sensational was *BTS World*, a mobile game developed by Takeone Company and serviced by Netmarble in June 2019. *BTS World* is a storytelling-type grooming game in which players interact with BTS from the perspective of BTS' manager. It is played by collecting and upgrading cards containing pictures of each member and using them to complete missions. As the story unfolds, players can experience a variety of content including videos, photos, and interactive game elements. It has been launched worldwide, with the exception of China (Cho Gwang-min, 2019).

*IZ*ONE Remember Z*, a game that features the girl group IZ*ONE, was produced in Japan in July 2019. While not a game, *Game Dolympic 2019: Golden Card*, a broadcast program where games and idols come together, has also been aired on OGN since July 2019. *Game Dolympic* is a combination of the words "game," "idol," and "Olympics," and the program uses the concept of an idol e-sports competition in which idol stars who enjoy playing games compete with each other.

These are meaningful attempts in that they can lead to a co-evolution of the gaming and music industries (especially the idol industry). MOBA or RPG characters already have both universe and recognition, making it natural for fans to accept new attempts with ease. Similarly, idol-themed games also increase accessibility for fans. Korean game and idol cultures can have significant impacts on players and fans

world over as some kind of a trendsetter. Now that overseas fans have grown more interested in K-pop through BTS, attempts at collaborations between games and idols can also have an impact on the popularity of Korean games and K-pop.

6

Hallyu in Comics/Webtoons

Content Franchise Strategy, K-Webtoons and its Universe

— **Mingi Jang**

Senior Researcher, Industrial Policy Team, Korea Creative Content Agency

1. 2019 Hallyu in Comics/Webtoons

1) The Global Comics Market

The size of the global comics market in 2018 was estimated to be \$8.27 billion, up 5.3% from the previous year. In 2017, the global comics industry recorded a 2.2% decline when compared to 2016, which was attributed to the decrease in the print comics sector, which accounts for 76.9% of the overall comics market. However, in 2018, both print and digital comics recorded an increase, indicating that the global comics market has grown. The share of digital comics in the global comics market increased by nearly 15.9% from 2016 to 23% in 2017, and to 26% in 2018, which is a rapid increase when compared to the print comics market. This means that digital media platforms are gaining importance in the comics

Table 1.

Global Comics Market Size and Growth Rate (2014~2023)

Source: PwC (2019); ICv2 (2019); SNE (2019); 公益社団法人全国出版協会, 『出版月報』 (2019); BoxOffice Mojo (2019); LIMA (2019); KOCCA (2020).
2019 Analysis of the Overseas Content Market.

Classification	(Unit: billion USD,%)										2018-23 CAGR*
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Comics	77	72	78	76	80	81	81	81	81	81	0.09
Rate of change**		-6.2%	7.6%	-2.2%	5.3%	0.9%	0.3%	0.1%	-0.2%	-0.7%	

* Average annual growth rate from 2018 to 2023.

** As decimal points were rounded off, there may be differences between the value and the rate of change.

industry. This presents the possibility that the digital comics sector will gradually offset the decline in the print comics sector.

2017 witnessed rapid growth in the penetration of digital comics platforms in the global market. As a result, in 2018, digital comics, based on webtoon platforms expanded in China, Japan, and all over Asia, and in Western countries like the United States. The size of the digital comics market, which was at 10.7% in 2013, 23.3% in 2017 and is expected to continue to grow to exceed 28% in 2022.

Table 2.
Scale and Prospects of the Overseas Comics Industry (2014~2023)

Source: KOCCA (2020). *2019 Analysis of Overseas Content Market*.

Classification	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2018-23 CAGR*
Print	6,683	6,084	6,209	5,846	5,965	5,932	5,899	5,862	5,821	5,772	-0.7
Digital	1,034	1,158	1,586	1,779	2,062	2,169	2,229	2,276	2,297	2,293	2.1
Total	7,718	7,241	7,794	7,625	8,027	8,100	8,128	8,137	8,118	8,065	0.1

* Market size indicated in this table is limited to that of 34 countries surveyed and not the overall global market.

2) Current Status of Hallyu in Webtoons

According to the Korea Creative Content Agency(hereinafter KOCCA)’s “2019 Survey of Webtoon Companies,” the domestic comics industry, particularly the webtoon industry, grew by ₩86.4 billion from the previous year to reach ₩466.3 billion in total industrial sales in 2018. Of these sales, 76.2% were related to webtoons. “Paid content sales” was the highest among the categories of sales, at 70.9%.

The survey showed that 23.3% of the respondents owned local subsidiaries in foreign countries, 86.7% were involved in exports, 36.7% were involved in imports, and 10% had not entered overseas markets. Exports to China accounted for 40.7% of the total. Among the export methods, “individually pioneering overseas routes” was the highest at 35.8%, and in terms of export format, “export of original work” was highest at 94.6%. On the other hand, China (49.0%) also had the highest proportion of imports, and the most common import format was the “online right of transmission” (90%).

Table 3.
Size of the Domestic Webtoon Industry (2017~2018)

Source: KOCCA (2019). *2019 Survey of Webtoon Companies*.

(Unit: KRW)

Classification	2017	2018
Platform	242,206,987,049	261,549,645,933
Agency/Production studio	137,722,733,662	204,793,140,000
Total	379,929,720,711	466,342,785,933

2. Hot Issues for Hallyu in Comics/Webtoons

1) Transmedia Strategy and Formation of Fictional Universe

The world's most representative work of transmedia storytelling is the Marvel Cinematic Universe (hereinafter MCU). The story of a character crossing multiple media or content is called "transmedia storytelling." It refers to a particular narrative structure where a story is told through various media platforms. Each text is defined as contributing to a larger story structure.

Among several elements, fictional universe is an important one that forms the time and spatial background constituting characters in the content (Seo, Sung-eun, 2009). Plots and characters each form elements that help build narratives, and the tendency to emphasize the interdependence of plots and characters have become an important motif in the fictional universe. Previously, the term "worldview" was used only in philosophical contexts. In the content industry, however, the terms "worldview" and "universe" tend to collectively name the elements that construct the background of the content so created. For example, MCU refers to the fictional universe that form the plot of comic books published by Marvel Comics and the content provided by Marvel Studios.

Spreading the fictional universe through transmedia strategies leads users to try their best to consume or collect more stories with greater immersion and active user behavior.

Fans immersed in MCU try to understand and comprehend the fictional universe on their own, and begin to use the

derived content (in the expanded form of IP rights) like franchises. Games, movies, animations, and digital comics are consumed as a series through cross-media. This is the case only when it is backed by capital and production in the form of cross-media content.

The transmedia strategy in Korea, especially the fictional universe related to webtoons and storytelling through the conversion of webtoons into various media, can be seen as a notable trend in Hallyu in 2019. OCN (Orion Cinema Network)'s universe and transmedia strategy can be seen as being very Korean and as a realistic series shift. OCN has long laid the foundation as a channel specializing in genre works. It has become a very professional channel for its video production specialized in the criminal investigation genre. Starting with *Quiz of God* in 2010, *Voice*, *Vampire Prosecutor*, and *Special Affairs Team TEN* continue to be broadcast over several seasons. This requires not only producing and airing the dramas, but also creating links between different works. OCN has begun to build a universe not only through broadcast, but also through transmedia storytelling such as webtoons, books, and VR, and has even built “storytainment” through an offline fandom called Thriller House. OCN is building both its identity as a movie channel that coordinates dramas and is also gathering the fandom of content franchises, while creating added value by building worldviews.

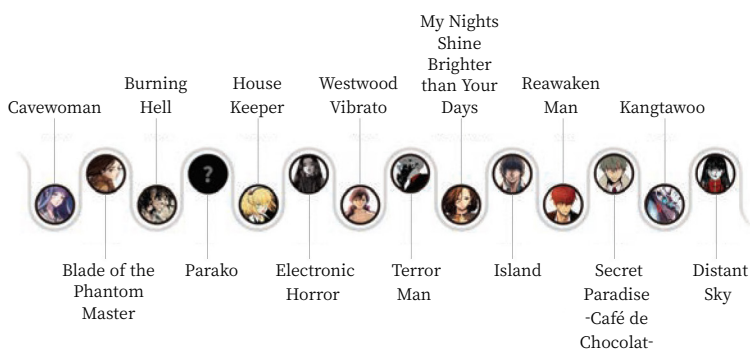
YLAB is one of the representative studios that has built a universe of Korean-style webtoons. Super String tells the story of those with superpowers confronting evil forces in the face of global extinction. Super String comprises 13 works, including *Distant Sky*, *Terror Man*, *Reawaken Man*, and *Blade of the Phantom Master*. In August 2018, Naver

Webtoons launched a Super Strings hall with a collection of YLAB's works. The Super Strings project utilizes a model in which the IP of each work and the Super Strings universe is owned by YLAB. Sharing the universe of individual works while owning the IP of the works is a studio system that is borrowed from American comics. The case of YLAB can become a successful model for the establishment of a Korean-style webtoon studio system.

Figure 1.

Official Timeline for Super String

Source: YLAB Official website (URL: www.ylabcomics.com)



2) The “Webtoonization” of Web Novels and Visual Adaptations of Webtoons

2019 was the most active year for the visual adaptations of webtoons. Though there have been visual adaptations of comics in the past, 2019 marked the first year when the Korean drama lineup was based largely on webtoons. MBC’s *The Item* and *Extraordinary You*, KBS’ *The Tale of Nokdu*, tvN’s *Possessed*, *Pegasus Market*, and *Hell is Other People*, and JTBC’s *Way to Dislike You*, and even Netflix’s *Love Alarm* and *Kingdom* are examples of this trend.

According to Bo-ra Kang’s “Strategy for Broadcast Visual Adaptations of Web Contents IP” (2019), broadcasting and

visual adaptations of webtoon IPs achieved rapid quantitative growth between 2014 and 2015, which can be attributed to the growth of webtoon platforms. Utilizing its advantages as a portal site, Naver established strategies to increase the utilization of Naver TV every year. According to the above report, Naver TV was the most active platform for the dramatization of webtoons from 2010 to 2019. Meanwhile, Kakao Page has also consistently implemented strategies to focus on webtoons and visual adaptations of webtoons since its launch.

The biggest advantage of visual adaptations of webtoons is its genre and the franchise content consumption method of the main user base. In other words, a fandom consuming the same webtoon is likely to re-consume movies, dramas, games, and animations based on the same subject. Webtoons and web novels can easily overcome the genre limitations of existing dramas and movies, and cultural technology has reached a level that can surpass the genre limits of the original works. All these factors lead to the advantage of eliminating the problem of material depletion and securing a fandom and user base.

Visual adaptation is the best way to overcome language barriers that webtoons and web novels encounter while entering overseas markets. One of the biggest issues for webtoons' and web novels' overseas expansion is the issue of translation. However, if you look at Kakao Page's Noble Comics, which is making active efforts to enter overseas markets, you can see that webtoonization of web novels and visual adaptations of webtoons are excellent strategies for overseas exports. *What's Wrong with Secretary Kim* (2018), aired on tvN, is a representative example. Noble Comics, which produced a second batch of works by webtoonizing

popular web novels such as *What's Wrong with Secretary Kim* and *Solo Leveling* in 2016, is a strategic model for Kakao Page's extensive overseas exports. So far in 2019, over 200 works have been derived from novels to make webtoons. A total of 110 works are being provided to 4 countries, including Korea, Japan, China, and Indonesia. The game fantasy webtoon *Solo Leveling* has surpassed 1 million cumulative readerships in Japan (Financial News, 2019).

Figure 2.

Posters of Lezhin Comics' *Kingdom* (left) and Daum Webtoon's *Love Alarm*, (right) Which Captured the Attention of Netflix

Source: Netflix



The hell gates are opening to a bloody Chosun
Kingdom

Director Seong-hun Kim(*Tunnel*)
Writer Eun-hee Kim(*Signal*)
January 25



Netflix Original Series
Love Alarm

The fact that Netflix, a global video platform paid attention to Daum Webtoon's *Love Alarm* and Lezhin Comics' *Kingdom* reflects the abovementioned trend. It is

not an exaggeration to say that Korean webtoons and web novels have proved successful in overseas expansion through visual adaptations. It is also an indicator of foreign attention to Korean stories, and an important example of the potential global success of webtoons. The distribution route, in which investments are acquired for the original work's potential for IP expansion and distribution in a transnational manner after visual adaptation has already been secured through OTTs in 2019.

3. Major Countries and Routes of Hallyu in Comics/Webtoons

1) Digital Comics and Hallyu Trends in the United States

The US comics industry, which was worth \$930 million in 2018, can be divided into the comics market, which is printed, published, distributed, and sold through traditional methods, and the digital comics market, which is published and distributed on digital platforms. The digital comics market in Europe and the United States is led by Amazon's Comicology and Marvel Comics. The United States is believed to have a large stake in the structure of the print comics industry, but owing to changes in the usage behavior among readers through the use of smartphones, tablet PCs, desktops, and screens, large US comics publishers have begun publishing graphic novels in digital formats.

Korean webtoons constitute a new genre that has never been seen in the United States before. As the webcomics genre was created to collectively refer to all comics posted online in the United States, the page breaks, continuous cuts, and new touchdown methods of Korean webtoons are completely different from those of existing webcomics.

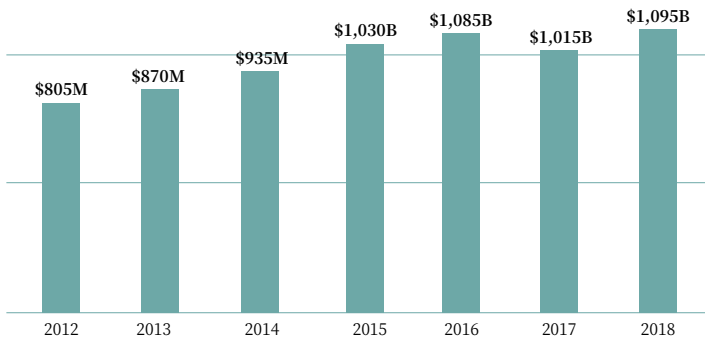
The sales of US comics was at its highest in 2018. The US is the second largest global comics industry after Japan, accounting for 50% of the total market when combined with Japan. According to ICV2 and Comichron, which conduct annual surveys of the US comics industry, the sale of US comics hit record highs in 2018. The figure is a sum of both paper publishing and digital download sales, and in 2018, North America's comics sales revenue was estimated as \$1.95

billion (approximately ₩1.28 trillion).

Figure 3.

Annual US Comics Sales Revenue (2012~2018)

Source: Comichron website (URL: www.comichron.com) KOCCA (2019).
U.S. Content Industry Trend Report, Issue 13.



Naver’s LINE Webtoon is a Korean webtoon company that has entered the growing US digital comics market. LINE Webtoon is a subsidiary of Naver and is thought to have pioneered overseas markets based on its vast financial resources. In 2014, LINE Webtoon launched global services to include China, other parts of Asia, and the United States, and laid the foundation for American webtoon artists to serialize through the LINE Webtoon platform. As of November 2017, a total of 203 works had been translated into English by LINE Webtoon. This included 108 ongoing and 95 completed works. LINE Webtoon also uses the daily system similar to the domestic service, “Webtoon by Day,” to organize different webtoons each day to serialize new episodes. It also has devices for users to revisit the platform. LINE Webtoon has also applied various models that have been successful in Korea through the Naver Webtoon service. It renamed its challenge systems such as “Challenge Cartoon” to “LINE Webtoon Discover.”

Lezhin Entertainment's global webtoon platform entered the US and Japan simultaneously in 2015 and ranked number 1 in the comics category on the US App Store in 2017. In April 2019, Lezhin Comics recorded ₩46.9 billion in sales for 2018. For the first time in the history of Korean webtoons exports to the US market, Lezhin exceeded ₩10 billion in sales.

Finally, Tapas Media's global webtoon platform, Tapastic, was the first Korean webtoon publisher to enter the US, and was the first and only webtoon portal in the US after launching in October 2012. When Tapastic entered the US market, it provided free English translation services for Korean webtoons that were expected to be very popular in the North American market. Daum Webtoon introduced its content to the US through Tapastic. Among webtoons exported by Tapastic, the most popular ones in North America were *The Interview* by Ludvico and *Cry Like a Wolf* by Se-young Lee.

Korean webtoons entered the US market with two formats: content and platforms. In the future, it is worth considering a strategy for developing localized content that is suitable for the North American market in the form of IP licensing.

2) Digital Comics and Hallyu Trends in China

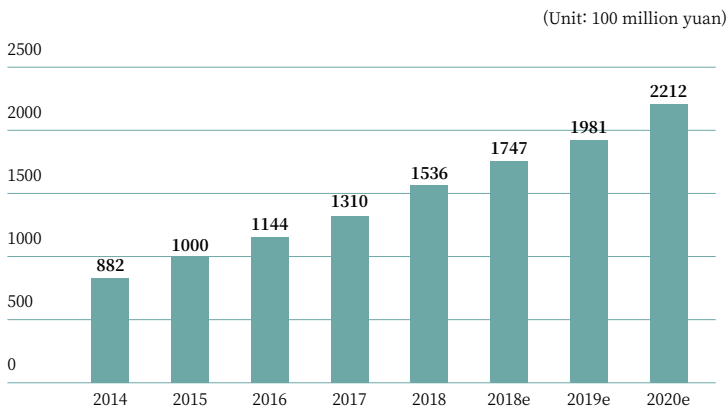
According to iResearch Consulting, a leading Chinese market research firm, the total output of the Chinese comics and animation industry in 2018 exceeded 150 billion yuan (approximately ₩25.76 trillion), and grew by over 10% for the eighth consecutive year (KOCCA, 2019). For comic industry, excluding the animation industry, the total number of users on Chinese webtoon platforms estimated by data

published by each platform is about 100 million, the annual production volume is about 5 billion yuan (approximately ₩860 billion), of which 500 million yuan (approximately ₩86 billion) is revenue from paid webtoons.

Figure 4.

Total Production of China's Animation Industry (2013~2020)

Source: KOCCA (2019). *China Content Industry Trend Report*, Issue 11.



As of 2019, there were 20 Chinese comics platforms with more than 10 million monthly users each, and among them, Kuaikan Manhua had the largest number of users, at over 45 million, which was thrice that of Tencent Dongman, which came in second. About 5,000 works are officially published on these 20 platforms and are serialized through more than 500 comics studios and 2,000 independent artists.

Genres preferred by users in the paid market include fantasy, mystery, city, BL¹⁾, and time travel. Most paid original works are adaptations of web novels, which may be because they have stronger storytelling elements. Currently, paid foreign works available in the Chinese comics market are mainly Korean and Japanese ones. Although Japan entered the Chinese comics market before Korea, Korea has performed better in the paid market. Five of Kuaikan Manhua's top 10 comics

1) Abbreviation for "Boy's Love," a genre for women based on homosexuality in men.

are Korean, and *Became a Princess One Day* has maintained the top spot. Works such as *The Emperor's Only Daughter*, *Honey Blood*, *At the End of the Road*, *My Nights Shine Brighter than Your Days*, and *Surgeon Elysee* have also done well in the paid market in China.

Table 4.

Number of Monthly Users on Top 20 Chinese Comics Platforms




Source: KOCCA (2019). *China Content Industry Trend Report*, Issue 11.

Rank	Comics platform (monthly)	No. of users (10,000)	Rank	Comics platform (monthly)	No. of users (10,000)
1	Kuaikan Manhwa (快看漫画)	4,551.55	11	Fu Ciyuan (腐次元)	118.37
2	Tencent Dongman (腾讯动漫)	1,379.04	12	You Yao Qi (有妖气)	167.24
3	Weibo Dongman (微博动漫)	1,087.84	13	Shen Manhwa (神漫画)	158.77
4	Kan Manhwa (看漫画)	930.84	14	Manhua Dao (漫画岛)	145.16
5	Boodo (波洞星球)	616.77	15	Manman Manhwa (漫漫漫画)	135.15
6	Dongman (咚漫)	473.22	16	Shenshi Baodian (绅士宝典)	112.72
7	Chuman (触漫)	354.40	17	Mi Gu Quan Quan (咪咕圈圈)	108.60
8	Wangyi Manhwa (网易漫画)	248.82	18	Dongman Zhi Jia (动漫之家)	106.11
9	Di Yi Dan (第一弹)	226.20	19	Zhiyin Ke Man (知音客漫)	101.12
10	Manhua Dai (漫画台)	219.32	20	Bu Ka Manhwa (布卡漫画)	87.83

Table 5.

Korean Comics Rankings in Kuaikan Manhwa Top Charts

Source: KOCCA (2019). *China Content Industry Trend Report*, Issue 11.

Rank			Genre
1	Became a Princess One Day		Drama/Romance
6	Surgeon Elysee		Fantasy/Popular
10	Born as the Daughter of a King		Daily Life/Fantasy

3) Digital Comics and Hallyu Trends in Japan

In Japan, Korean webtoons are referred to as “web comics,” but the share of the entire digital comics market is low.

However, the term webtoon is also known among Hallyu fans and those within the content industry, and there is a strong perception that the term refers to the content and platforms of Korean comics. However, in Japan, releasing comics for free and generating profits from advertising is a foreign concept.

Along with offline bookstores, Amazon Japan’s Kindle Store has emerged as a major distribution channel for Japanese comics. In 2019, the Amazon Kindle Store accounted for the greatest sales of Japanese digital comics. There has been a growing preference for consuming digital comics through smartphone applications among women in their teens and 20s; about 80% of women in their teens and 20s and about 60% of men in their teens and 20s and women

in their 30s responded saying that they consume digital comics through smartphone applications, showing that the webtoon model is spreading among younger generations.

Table 6.

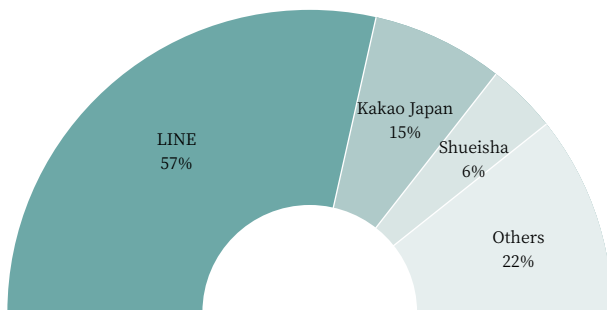
Japanese Comic Application Sales Rankings (2018)

Source: KOCCA (2019). *Japan Content Industry Trend Report, Issue 8.*

Rank	Application	Estimated sales (billion yen)	Operating company
1	LINE Manga	218	LINE
2	Piccoma	57	Kakao Japan
3	Shonen Jump+	24	Shueisha
4	Comico	15	NHN Japan
5	Renta!	11	Papyless
6	Manga Box	10.8	DeNa
7	Manga One	10.1	Shogakukan
8	Manga BANG!	8	Comic Apps
9	Magazine Pocket	7.1	Kodansha
10	Manga UP	5.8	SQUARE ENIX

According to Figure 5, Korean companies that operate their own mobile platforms have a significant share in the market, including the first ranked LINE, Kakao Japan, which ranked second, and NHN Japan, which ranked fourth. LINE, which has the largest share in the Japanese mobile messenger market, launched LINE Manga in 2013 and has remained the number 1 app in the books/comics category since 2015. With the launch of Piccoma in 2016, Kakao Japan quickly emerged as the second largest company by introducing new business models such as *Free If You Wait*. Kakao Japan is seeking to differentiate its services through OSMU by launching Piccoma TV, which provides webtoons through video clips as mobile content.

Figure 5.
Market Share of Japanese Comics Operators in 2018
 Source: KOCCA (2019).
Japan Content Industry Trend Report, Issue 8.



According to a survey of the top 33 countries in the global content industry conducted by the KOCCA in 2018 titled “Overseas Achievement of Comics/Webtoons and Future Directions,” Japan ranked first as the target market for the comics industry, followed by the US, China, and France. In other words, Japan has proven to be a profitable destination for Korean webtoons that desire to go abroad. Content-oriented webtoon operators follow a strategy of increasing users by entering Japan to overcome the limitations of the saturated market in Korea.

Several Korean works have been introduced on Japanese webtoon platforms and have led to the creation of a young female readership centered on romance comics, but Korean webtoons are yet to enter the mainstream market. This is because of the diversity in the existing Japanese market, and readers are used to a specific page viewing method. Thus, artists have adopted a right-to-left reading configuration, which makes it uncomfortable to read scroll-style foreign comics. Nevertheless, the potential of Korean webtoons lies in the fact that there are Hallyu fans and content users who are familiar with Korean sentiments, and the Japanese media have positive

evaluations of business models and technologies related to webtoons.

Compared to China and Southeast Asian countries, Japan has a high degree of awareness of copyright laws, so plagiarism and illegal distribution of digital comics is extremely low. This is very positive in that it allows for the launch of a new paid webtoon model. The possibility of utilizing Korean webtoons is likely to increase as the range of Internet advertisements that incorporate webtoons to increase familiarity with local governments and the younger generation expands.

4) Digital Comics and Hallyu Trends in Thailand

Thailand's publishing market was estimated to be about \$1.949 billion (approximately ₩2.26 trillion) in 2019. The print publishing sector is continuing to shrink, while the e-book sector is showing a rapid growth rate of about 13.6% per year, and the electronic publishing market is expected to grow to \$148 million (approximately ₩171.6 billion) by 2022. Thailand is Japan's industrial base in Southeast Asia, where there are active investments in cultural content, and therefore Japanese comics and characters are popular IP items.

However, as Naver Webtoon entered the Thai market in 2014, Korean webtoons began to gain influence in the Thai comics market. Since then, Naver's LINE messenger has successfully stabilized in the market by taking advantage of its local market dominance, and is currently ranked 10th²⁾ in sales for Android OS apps in Thailand. In the Thai webtoon market, ToryComics (Toryworks, Korea), COMICO (NHN Entertainment, Korea), LINE Webtoon (Naver Webtoon, Korea), and Ookbee (Ookbee,

2) KOCCA (2019). *Thai Webtoon Market Trend Report, Issue 3*

Thailand) are actively competing in the market.

LINE Webtoon has over 100 ongoing webtoons, a total of 116 completed works, and 2.3 million subscribers for popular webtoons. As of July 2019, the webtoon *True Beauty* by Yaongi alone had over 1.5 million subscribers. Platforms like Tapas (US), Lezhin Comics, Tappytoon Comics, and Toomics (Korea), and Mangatoon (China) provide global services in English and are ranked in the Android OS comics sales category. Thailand has a strong preference for romance and drama because of the high consumption of comics among female users, and recently, various genres such as action and horror have been widely consumed by the growing user base.

Table 7.

Thai Webtoon Rankings by Platform

Source: KOCCA (2019). *Thai Webtoon Market Trend Report, Issue 3.*

Rank	LINE Webtoon	Ookbee Webtoon
1	Lookism (Drama)	Boss in School (Action)
2	I Became a Princess (Fantasy)	Dokgo (Action)
3	The Female Guardian (Fantasy)	Love Relationship (Romance, BL)
4	Teen Mom (Drama)	Escape the Love from Ground (Romance, BL)
5	Change the Dashing Girl (Comedy)	Darling Soup (Romance, BL)
6	Char Por (Comedy)	Boy's Life (Romance, BL)
7	Study Group (Action)	Turn over the Life of a Pop Boy (Romance, BL)
8	Cross Dimensional Love (Fantasy)	Horror Story (Horror)
9	Freaking Romance (Romance)	The New Sky will be a Star (Romance)
10	Weak Hero (Action)	The Love of the Curse of Loan Lan (Romance)

5) Digital Comics and Hallyu Trends in Vietnam

Vietnam's publishing market was at about \$321 million (approximately ₩372 billion) as of 2019, with the highest

share taken by the print newspaper market. Nevertheless, the digital publishing market is growing gradually because of the high penetration rate of smartphones in Vietnam and the expansion of Internet infrastructure, which is excellent when compared to other parts of Southeast Asia. Vietnam's share in the book market within the comics market is high, but it had a late start, with Japanese comics first being published in 1992.

Table 8.

Major Paid Webtoon Operators in Vietnam

Source: KOCCA (2019). *Vietnam Content Market Trend Report, Issue 4.*

Rank	Business name	Overview
1	Comicola	<ul style="list-style-type: none"> - Service name: Comi (Comicola) - Vietnam - Features: Started with webtoons from local Vietnamese artists but has expanded the scope of sourcing to Korea and China - Korea: People & Story, D& C Media, Daum Webtoon, Toyou's Dream, The Ganji, DCCENT, Mr. Blue, etc. - China: Zhiyin Man Ke (知音漫客)
2	Vinatoon	<ul style="list-style-type: none"> - Service name: Vinatoon (Mobico) - Korea - Features: First webtoon service to launch in Vietnam (April 2018) - Mainly services Korean webtoons such as Daum Webtoon and Mr. Blue and has established a local corporation in Vietnam
3	Tory	<ul style="list-style-type: none"> - Service name: Toryworks (Toryworks) - Korea - Features: First webtoon translation platform in which Vietnamese translators participate directly, customizes marketing by country
4	Mangatoon	<ul style="list-style-type: none"> - Service name: Mangatoon (Mangatoon HK Limited) - China - Features: Services in English, Indonesian, Chinese, Vietnamese, and Spanish - Operates social media by country, Vietnamese: facebook.com/MangaToonVI

The Vietnamese webtoon market began in April 2018 when Mobico, a Korean company, launched the Vinatoon service. ToryComics of Toryworks, Comi, a Vietnamese company, and Mangatoon, a Chinese company, are competing in the young webtoon market. In addition to the webtoon platform, the number of Korean webtoon studios

and companies supplying webtoons to operators in Vietnam is increasing. The number of webtoon platforms offering Vietnamese webtoons is still small, but considering mobile infrastructure, it is an emerging market that is likely to expand in the near future.

Vietnam, like Thailand, has a strong overall preference for drama and romance, and Korean webtoons seem to be performing well. On the other hand, there is also high preference for local webtoons, particularly for lifestyle and daily webtoons that incorporate the Vietnamese artist's emotions well.

4. 2020 Outlook for Hallyu in Comics/Webtoons

The outlook for Hallyu in comics and webtoons in 2020 will center on the expansion of webtoon IPs. If the quantitative growth of the webtoon market dominated the Korean comics market until 2018, the qualitative growth of webtoons and the global expansion of webtoon IP is expected to be the center of the Hallyu trend in 2019 and 2020. As the demand for domestic webtoons has already reached its limit, a strategy to secure and focus on IPs with high global or business scalability is needed for qualitative growth.

Such an expansion of IP requires a significant amount of communication, public relations, and other efforts in addition to current strategies. Even if webtoon IP has successfully gained popularity in Korea, if it is distributed without a localization strategy, negotiations may be difficult because of complicated issues involving writers, original authors, and secondary copyrights. Webtoon IP expansion can only be materialized by examining whether it has potential for global success, deciding whether to invest in source IP or not, and adjusting the strategy to suit each country and media (KOCCA, 2019). At the same time, if IP expansion becomes active, it is highly likely that a studio-style webtoon agency will be established. With the possibility of global diffusion in mind from the production and planning stages, co-creation methods by various cooperative artists is also possible.

If Korean webtoons actively enter overseas markets, the most important aspect would be copyright awareness. Low copyright awareness, not only in Korea, but also in several foreign countries, leads to the overflowing of online piracy

and becomes a major barrier that prevents creators, agencies, and producers from pursuing overseas markets. Although the government does make various efforts to crack down on and prevent piracy, it is not easy for creators or agencies to deal with piracy on foreign sites. Illegalities are currently being monitored by a private organization, the Copyright Overseas Promotion Association. Follow-up measures are necessary.

It is impossible to unify the copyright protection system in Korea and in various countries around the world into one. However, given that webtoons are a new form of comics that originated in Korea and are highly likely to expand globally, the government must make efforts to address new types of infringement.

7

Hallyu in Publication

Korean Literature Joins Hallyu
— **Buhan Yoon**

Director, Division of Literature Promotion, Literature Translation
Institute of Korea

1. 2019 Hallyu in Publication¹⁾

If Hallyu forms a certain “flow” that goes beyond simply an increasing interest in Korean culture, what is the true image of Korean publication? It is well known that publication is determined by the market. However, Hallyu in publication as seen by the public domain, such as the Literature Translation Institute of Korea (hereinafter “Translation Institute”), differs from the perspective of the commercial markets such as domestic publishers and agencies. On the one hand, from an industry (or commercial) point of view, Korean literature tends to focus on commerciality despite its cultural guise. On the other, Korean literature, as seen by the public domain, is a medium that contains Korean culture in the form of literature, rather than a product that spreads through the market.

In this context, Hallyu in publication should secure both the commercial and cultural aspects at the same time. With this in mind, the Translation Institute’s overseas publication support project has the task of both promoting and disseminating Korean literature, as well as entering the market. This calls for projects that are divided according to region and language as well as translation and literary events to support the publishing industry.

In the poem *Lamp of the East* translated and published in the Dong-A Ilbo in 1929, through the lines, “...and that lamp is waiting to be lighted once again / For the illumination of the East,” Tagore, who may have foreseen the current Hallyu, said that language is like a jealous monarch that does not allow

1) Statistics related to Hallyu in publication (literature) discussed in this article do not reflect the overall status of Korean publication companies’ overseas expansion. The publications referred to in this article are literary ones, and are limited to Korean literary works published overseas through the support of the Translation Institute.

travelers to cross the heavily guarded borders easily. We will now examine Korean literature that was able to cross the heavily guarded border of language in 2019.

Table 1.
List of Publications Supported by the Literature Translation Institute of Korea in 2019 by Language

Serial number	Genre	Language	Original title	Original author	Translated title	Publisher
1	Novel	English	The Underground Village and Other Stories (Short Stories by Kang Hyeong-ae)	Kyeong-ae Kang	The Underground Village: Short Stories by Kang Kyeong-ae	Honford Star
2	Novel	English	The Plotters	Un-su Kim	The Plotters	Text Publishing
3	Novel	English	Rabbit's Tale 2020 (Novel by Tok-kyu Park)	Tok-kyu Pak	Rabbit's Tale 2020	Homa & Sekey Books
4	Novel	English	What Makes a City?	Sung-won Park	What Makes a City	White Pine Press
5	Novel	English	Yeoyu – Korean Short Stories Chapbook Series (8 works)	Bae Suah, Han Kang, Hee-ran Cheon, et al.	Yeoyu	Strangers Press
6	Novel	English	Silvery World and Other Stories (Cornell Korean Literature Anthology Volume 1)	In-jik Lee et al.	Silvery World and Other Stories	Cornell East Asia Series
7	Novel	English	Seven Samurai Swept Away in a River	YoungMoon Jung	Seven Samurai Swept Away in a River	Deep Vellum Publishing
8	Novel	English	I Met Loh Kiwan	Cho Haejin	I Met Loh Kiwan	University of Hawai'i Press
9	Novel	English	Ginger	Chon Un-yong	The Catcher in the Loft	Codhill Press
10	Novel	English	Anthology of Korean SF	In-hoon Choi and 12 others	Anthology of Korean SF	Readymade Bodhisattva Kaya Press
11	Novel	English	City of Ash and Red	Hye-young Pyun	City of Ash and Red	Skyhorse Publishing
12	Novel	English	Woman Next Door	Seong-nan Ha	Flowers of Mold	Open Letter
13	Poetry	English	Bari's Love Song	Eun-gyo Kang	Bari's Love Song	Parlor Press
14	Poetry	English	Anthology of Women's Poetry	Sun-woo Kim, Seung-hee Kim, Kim Yideum, Kim Hyesoon, Seo-won Park, Hyeon-rim Shin, Yeon-ju Lee, Seung-ja Choi, Young-mi Choi	Against Healing	Tilted Axis

15	Poetry	English	Have You Been Feeling Blue These Days?	Eon-hee Kim	Have You Been Feeling	Noemi Press
16	Poetry	English	Hysteria (Poetry by Kim Yideum)	Yi-deum Kim	Hysteria	Action Books
17	Poetry	English	Blood Sisters	Yi-deum Kim	Blood Sisters	Deep Vellum Publishing
18	Poetry	English	An Embroidery Sampler	Jung-hwan Kim	An Embroidery Sampler	Asia Publishers
19	Poetry	English	A Ghost Poet (Poetry by Jung-il Kim)	Jung-il Kim	A Ghost Poet	Asia Publishers
20	Poetry	English	Autobiography of Death	Kim Hyesoon	Autobiography of Death and Faces of Rhythm	New Directions Publishing
21	Poetry	English	I Gave the Sun a Long Look (Poetry by Young-kwang Lee)	Young-kwang Lee	I Gave the Sun a Long Look	Asia Publishers
22	Poetry	English	Evening of the Whale	Il-geun Jung	Evening of the Whale	Asia Publishers
23	Poetry	English	Poems (Poems of Cho Jihoon 1)	Ji-hoon Cho	hedding of the Petals (Poems of Cho Jihoon)	Cross- Cultural Communications
24	Poetry	English	The Nine Cloud Dream	Man-jung Kim	The Nine Cloud Dream	Penguin Books
25	Humanities	English	Shamanistic Spirits of Korea	Tae-gon Kim	The Paintings of	Renaissance
26	Humanities	English	The Chief Royal Secretary (Recording the Historical Site of the Seungjeongwon Diaries)	Seungjeongwon Diary Translation Team, Korean Classics Translation Institute	The King's Mouth piece	Jipmoondang Publishing Co.
27	Humanities	English	Love For Imperfect Things	Haemin	Love for Imperfect Things	Penguin Books
28	Other	English	Grass(A Living History, Testimony of a Survivor of Japan's Comfort Women)	Geum-sook Kim	Grass	Drawn & Quarterly
29	Novel	French	The Old Garden	Dae-eun Kim	Le Jardin Interdit	Atelier des Cahiers
30	Novel	French	Bleach	Chang Kang-myong	GENERATION B	Decrescenzo Éditeurs
31	Novel	French	The Hole	Hye-young Pyun	LE JARDIN	Éditions Payot & Rivages
32	Novel	French	The White Book	Han Kang	Blanc	Le Serpent à Plumes
33	Poetry	French	Collection of Poems by Sang Yi Sang (The Five Senses and Others)	Sang Yi	PLAN A VOL DE CORBEAU	La Barque
34	Classics	French	Geumo Sinhwa	Si-seup Kim	Histoires merveilleuses	Éditions IMAGO
35	Other	French	Ttongttaki ttongttak	Chi-ha Kim	Théâtre de résistance (1970-1974)	Éditions IMAGO

36	Other	French	Korean Theme Literature Selection Volume 2 - Korean Beverages	Sun-won Hwang, Jin-geon Hyun, Chun-euk Pi, Oisu Lee, Yakyong Jeong, and 27 others	Boire cent façons:La Corée par ses textes	Atelier des Cahiers
37	Novel	German	Your Shadow is a Monday	Jung-hyuk Kim	Dein Schatten ist ein Montag	Cass
38	Novel	German	Nana in the Morning	Park Hyoung-su	Nana im Morgengrauen	Septime
39	Novel	German	Buk Gan Do	Su-gil Ahn	Buk Gan Do	Konkursbuch
40	Novel	German	The Good Son (Novel by You-jeong Jeong)	You-jeong Jeong	Der gute Sohn	Unions
41	Novel	German	The Hole	Hye-young Pyun	Der Riss	btb
42	Novel	German	Simcheong the Lotus Path	Hwang Sok-yong	Die Lotos Blüte	Europa Verlag
43	Poetry	German	Anthology of So-wol Kim's Poems	So-wol Kim	Azlien-Blüten	Peperkorn
44	Poetry	German	In the Shadow of Silence	Hu-ran Kim	Im Schatten der Stille	Ostasien
45	Novel	Spanish	The Hour between Dog and Wolf	Kyung-uk Kim	la hora entre el perro y el lobo	Bonobos Editores
46	Novel	Spanish	Risky Reading	Kyung-uk Kim	Lecturas Peligrosas	Bonobos
47	Novel	Spanish	Memoir of Murderer	Young-ha Kim	Quién sabe si mañana	Temas de Hoy
48	Novel	Spanish	First Feminist Writers in Korea	Il-ryeop Kim, Hye-sok Na, Myeong-sun Kim	¿Por qué te empeñas en sufrir así?	Hwarang Editorial
49	Novel	Spanish	The Good Son (Novel by You-jeong Jeong)	You-jeong Jeong	El buen hijo	Reservoir Books
50	Novel	Spanish	Kim Ji-young: Born 1982 (Today's 13 Young Writers, Novel by Nam-joo Cho)	Cho Nam-joo	Kim Ji-young, nacida en 1982	Alfaguara (Penguin Random House)
51	Novel	Spanish	Shoko's Smile (A Eun-young Choi Novel)	Eun-young Choi	La Sonrisa de Shoko	Bonobos Editores
52	Poetry	Spanish	Heavenly Post Office	Soo-bok Kim	Casa de correos celestial	Editorial Verbum
53	Novel	Russian	Journey by Night	Seung-ok Kim	Зарисовки	Гиперион
54	Novel	Russian	The Plotters	Un-su Kim	Планировщики	Фантом Пресс
55	Novel	Russian	Toji 2	Kyong-ni Pak	Земля. Том 2	Новый Хронограф
56	Novel	Russian	Castella	Park Min-gyu	Коврижка	Гиперион
57	Novel	Russian	Lonesome You	Wan-suh Park	Очень одинокий	Гиперион

58	Novel	Russian	Seven Years of Night	You-jeong Jeong	Семилетняя ночь	АСТ Лингва
59	Novel	Russian	Mongyu Dowondo	In-ho Choi	Прогулка во сне по персиковому саду	Гиперион
60	Novel	Russian	Short Stories by Jin-geon Hyun	Jin-geon Hyun	Удачный день: сборник рассказов - Хён Чжингон	АСТ Лингва
61	Poetry	Russian	Ah, Mouthless Things	Seong-bok Lee	А, у вас нет рта	Гиперион
62	Classics	Russian	Namhun Taepyeong-ga	Yoon-seok Lee, Yoo-kyeng Kim	Песни великого спокойствия при южном ветре	Гиперион
63	Classics	Russian	Cat School Series (Volume 1)	Jin-kyeong Kim (author) Jae-hong Kim (illustrator)	Кошачья школа: Тайна хрустальной пещеры	АСТ Лингва
64	Humanities	Russian	100 Folk Stories We Need to Know 1, 2	Chong-o So	100 старинных корейских историй том 1, 2	Художественная литература
65	Novel	Chinese (Simplified)	I Like Lao Lao	Kyung-mi Koo	我爱劳劳	人出出版文社学
66	Novel	Chinese (Simplified)	Summer Outside (Novel by Ae-ran Kim)	Ae-ran Kim	外面是夏天	人出出版文社学
67	Humanities	Chinese (Simplified)	Management is About People (A Sustainable Market, Symbiosis of Companies and Humans)	Byeong-nam Lee	经营在人	当出版版中社国
68	Novel	Chinese (Traditional)	Contrail	Ae-ran Kim	飛機雲	凱特文化
69	Novel	Chinese (Traditional)	World's End Girlfriend	Kim Yeonsu	世界的盡頭我的女友	暖暖書屋
70	Novel	Chinese (Traditional)	Quiz Show	Young-ha Kim	猜迷秀	漫遊者文化
71	Novel	Chinese (Traditional)	Your Republic is Calling You	Young-ha Kim	光之帝國	漫遊者文化
72	Novel	Chinese (Traditional)	The Pilgrim's Book	Yi-kyeong Kim	活著的圖書館	暖暖書屋
73	Novel	Chinese (Traditional)	A House with a Yard	Jin-young Kim	有院子的家	凱特文化
74	Novel	Chinese (Traditional)	Wish (Finding the Wings of Hope)	Jae-won So	為愛重生 : 找尋希望的翅膀	暖暖書屋
75	Novel	Chinese (Traditional)	Counterattack at Thirty (5th Jeju 4.3 Peace Literature Prize Winner)	Won-pyung Sohn	三十歲的反擊	凱特文化
76	Novel	Chinese (Traditional)	Comments Unit (3rd Jeju 4.3 Peace Literature Prize Winner)	Chang Kang-myong	網軍部隊	布克文化

77	Novel	Chinese (Traditional)	For Comaneci (2nd Hwangsan Bee Youth Literature Prize Winner)	Cho Nam-joo	獻給柯曼妮奇	布克文化
78	Novel	Chinese (Traditional)	A Harmless Person to Me (A Eun-young Choi Novel)	Eun-young Choi	對我無害之人	商(台灣印) 書館
79	Novel	Chinese (Traditional)	One Hundred Shadows	Jung-eun Hwang	一百個影子	凱特文化
80	Humanities	Chinese (Traditional)	East Asia Faces the Ocean and China (500 Years of East Asian History, from the Japanese Invasion of Korea to the Pacific War)	Si-duk Kim	不平靜的半島: 海洋與大陸勢力的五百年競逐	馬可孛羅
81	Humanities	Chinese (Traditional)	How We See the Joseon Society	Joseon Society Research Institute	朝鮮王朝面面觀	永望文化
82	Novel	Japanese	Your Neighbor's Table (Novel by Byeong-mo Gu)	Byeong-mo Gu	四隣人の食卓	書肆侃侃房
83	Novel	Japanese	Saimdang's Red Silk Cloth (Novel by Ji-ye Kwon)	Ji-ye Kwon	師任堂の真紅の絹の包み	国書刊行会
84	Novel	Japanese	The White Mask/Golden Cave	Nae-song Kim	白仮面	論創社
85	Novel	Japanese	Summer Outside	Ae-ran Kim	外は夏	垂紀書房
86	Novel	Japanese	Central Station (5th Joongang Literary Award Winner, Novel by Hye-jin Kim)	Hye-jin Kim	中央駅	彩流社
87	Novel	Japanese	About Daughters	Hye-jin Kim	娘について	垂紀書房
88	Novel	Japanese	Terrible Light	Sou-linne Baik	慘憺たる光	書肆侃侃房
89	Novel	Japanese	Almond (Novel by Won-pyung Sohn)	Won-pyung Sohn	アーモンド	祥伝社
90	Novel	Japanese	Blow (驟雨)	Sang-seop Yeom	驟雨	書肆侃侃房
91	Novel	Japanese	A Gift From a Bird	Hee-kyung Eun	鳥のおくりもの	段々社
92	Novel	Japanese	Korean Literature Short Shorts Series SE.1	Mi-kyung Jeong, Kyung-ran Cho, Seong-tae Jeon, Seong-ran Ha, Ki-ho Lee	韓国文学ショートショート きむふなセレクション	クオン
93	Novel	Japanese	Yeonghui Next Door	So-yeon Jeong	となりのヨンヒさん	集英社
94	Novel	Japanese	The Good Son (Novel by You-jeong Jeong)	Yu-jeong Jeong	種の起源	早川書房

95	Novel	Japanese	Kim Ji-young: Born 1982 (Today's 13 Young Writers, Novel by Nam-joo Cho)	Cho Nam-joo	82年生まれ・キムジヨン、	筑摩書房
96	Novel	Japanese	To Hyun-nam Oppa (Feminism Novel)	Cho Nam-joo, Eun-young Choi, Yi-seol Kim, Jeong-hwa Choi, Bo-mi Son, Byeong-mo Gu, Seong-jung Kim	ヒョンナムオッパへ: 韓国フェミニズム小説集	白水社
97	Novel	Japanese	Shoko's Smile (An Eun-young Choi Novel)	Eun-young Choi	ショウコの微笑	クオン
98	Novel	Japanese	The Square	In-hoon Choi	広場	クオン
99	Novel	Japanese	Evening Proposal	Hye-young Pyun	モンズーン	白水社
100	Novel	Japanese	Yellow-patterned Eternity	Han Kang	回復する人間	白水社
101	Novel	Japanese	The White Book	Han Kang	すべての、白いものたちの	河出書房新社
102	Novel	Japanese	The Children of Moraenmal	Hwang Sok-yong	モレ村の子どもたち	新幹社
103	Japanese	Japanese	The Sound of Pine Wind in a Mountain (Collection of Poetry by Seon-bong Kang)	Seon-bong Kang	姜善奉詩集 小鹿島の松籟	解放出版社
104	Poetry	Japanese	Collection of Poetry by Young-rang Kim	Young-rang Kim	金永郎詩集	土版曜販美売術社出
105	Classics	Japanese	Cheonggyadam	Unknown	青邱野譚	作品社
106	Classics	Japanese	Eou Yadam 1·2·3	Mong-in Yu	統於于野譚	作品社
107	Humanities	Japanese	A Study on the History of Commercial Development in Seoul in the Late Joseon Period	Dong-hwan Ko	史鮮研後究期ソウル商業発達	東京堂出版
108	Humanities	Japanese	History of Goguryeo's Foundation	Ki-heung Kim	高句麗建国物語	彩流社
109	Humanities	Japanese	Conversation (The Life and Thoughts of an Intellectual)	Yong-hui Yi	対話- 韓国民主化運動の歴史	明石書店
110	Humanities	Japanese	The Structure of Korean Consciousness that High School Students Must Know	Kyu-Tae Lee	韓国人のこころとくらし; 「チンダルレの花」と「アリラン」	彩流社
111	Other	Japanese	Days of Being Happy with Just One Coin	Mi-kyung Lee	クよモロンズカ屋ゲ 韓国の小さな	クオン
112	Novel	Norwegian	There Comes a Boy (Novel by Kang Han)	Han Kang	Levende og døde	Pax Forlag

113	Novel	Malay-Indonesian	Kim Ji-young; Born 1982 (Today's 13 Young Writers, Novel by Nam-joo Cho)	Cho Nam-joo	KIM JI-YEONG, LAHIR TAHUN 1982	PT. Gramedia Pustaka Utama
114	Novel	Malay-Indonesian	Anthology of Korean Literature (Indonesia Region)	Hye-young Pyun and 6 others	POTONGAN TUBUH	PT. Bentara Aksara Cahaya
115	Novel	Vietnamese	Blue, High Ladder	Ji-young Kong	CHIẾC THANG CAO MÀU XANH	Nhà xuất bản Phụ nữ
116	Novel	Vietnamese	Everyone Cam On (A Novel by Joong-mi Kim)	Joong-mi Kim	Cảm ơn tất cả	Nhà xuất bản Phụ nữ
117	Novel	Vietnamese	Kim Ji-young; Born 1982 (Today's 13 Young Writers, Novel by Nam-joo Cho)	Cho Nam-joo	Kim Ji Young, sinh năm 1982	Nhà xuất bản Phụ nữ
118	Children	Vietnamese	Durun, the Ruler of Fire (The Birth of the Alchemist)	Jeong-ran Kim	Tu-Run (Vol I)	Nhà xuất bản
119	Classics	Bulgarian	Memorabilia of the Three Kingdoms	Il-yeon	Истории и легенди за Трите корейски царства	Контекст
120	Novel	Romanian	I'm Sick of You	Bae Suah	M-am săturat de tine	Editura
121	Novel	Romanian	The Eternal Empire	In-hwa Yi	Imperiul fara de sfarsit	Editura Humanitas Fiction
122	Novel	Romanian	Modern Family	Myung-gwan Chun	O familie modernă	Editura Univers
123	Novel	Lithuanian	Please Look After Mom	Kyung-sook Shin	Prašau, pasirūpink mama	UAB Baltų lankų leidyba
124	Novel	Lithuanian	Lee Jin	Kyung-sook Shin	Ri Dzine	UAB Baltų lankų leidyba
125	Novel	Lithuanian	House with a Deep Garden	Won-il Kim	Тийм л хүнд би хайргай	СОЁМБО
126	Poetry	Mongolian	The Person I Love (Collection of Poetry by Seung-ho Jeong)	Ho-seung Jeong	Тийм л хүнд би хайргай	СОЁМБО
127	Classics	Mongolian	Creating a Minimal Tour Story (Criticism by Joo-yeon Kim)	Joo-yeon Kim	Минимал аялал	СОЁМБО
128	Novel	Serbian	Eulhwa	Dong-ri Kim	ULHVA, ŠAMANKA	Geopoetika
129	Novel	Arabic	The White Book	Han Kang	الابيض الكتاب	التنوير دار
130	Novel	Azerbaijani	Please Look After Mom	Kyung-sook Shin	Anam sənə əmanət	Qanun Nəşriyyatı
131	Novel	Azerbaijani	The Vegetarian	Han Kang	VEGETARIAN	Qanun Nəşriyyatı

132	Novel	Albanian	Familiar World	Sok-yong Hwang	Shpirtra të flakur	OMBRA GVG
133	Novel	Ukrainian	Baradegi	Sok-yong Hwang	Паридери	Комуьук
134	Poetry	Ukrainian	Anthology of Korean Poetry from 1st to 20th Century	Sol-wol Kim and 125 others	Антологія корейської поезії (I ст. до н.е. - XX ст.)	Дмитро Бураго
135	Novel	Italian	Short Stories by Man-sik Chae	Man-sik Chae	Una Vita readymade	Atmosphere libri
136	Novel	Italian	Fruit of My Woman	Han Kang	CONVALESCENZA	Adelphi Edizioni
137	Classics	Italian	Eou Yadam (Original Text)	Mong-in Yu	I racconti di Ou	Carocci Editore
138	Poetry	Georgian	Human Because You're Lonely	Ho-seung Jeong	ადამიანი დაბადებულია მარტობისთვის	გამომცემ ლობა ტრასიგამომცემ ლობა ტრასი
139	Novel	Czech	The Plotters	Un-su Kim	KNIHOVNA NÁJEMNÝCH VRAHŮ	Dobrovsky-Vendeta
140	Novel	Czech	The Good Son (Novel by You-jeong Jeong)	You-jeong Jeong	Vzorný syn Vendeta	Dobrovsky-Vendeta
141	Humanities	Czech	Classics Translations (1714-1954 Transitional Period: The Site of Hot and Fascinating History Unearthed From Our Classics)	Kwan-beom Noh	Klasické korejské písemnictví v proměnách doby	Filozofická fakulta Univerzity Karlovy
142	Novel	Turkish	City of Ash and Red	Hye-young Pyun	Küller ve Kızıl	Doğan Egmont Yayıncılık
143	Novel	Turkish	There Comes a Boy (Novel by Han Kang)	Han Kang	Çocuk Geliyor	April Yayıncılık
144	Novel	Portuguese	Familiar World	Hwang Sok-yong	Tandık Şeyler	Doğan Egmont Yayıncılık
145	Novel	Portuguese	The Plotters	Un-su Kim	Os conspiradores	Lua de Papel
146	Novel	Portuguese	The Good Son (Novel by You-jeong Jeong)	You-jeong Jeong	O Bom Filho Livros	Atualmente
147	Novel	Portuguese	The White Book	Han Kang	O Livro Branco	Dom Quixote
148	Novel	Polish	Songs on the Ground (Novel by Lee Seung-woo)	Seung-woo Lee	Pieśń ziemi	Kwiaty Orientu
149	Novel	Polish	Familiar World	Hwang Sok-yong	Znajomy świat	Sonia Draga
150	Novel	Finnish	Lee Jin	Kyung-sook Shin	Hovitanssija Kustannus	Into
151	Novel	Hungarian	Kim Ji-young: Born 1982 (Today's 13 Young Writers, Novel by Nam-joo Cho)	Cho Nam-joo	Született 1982-ben	Athenaeum Kiadó

2. Hot Issues in Hallyu in Publication

1) The Success of Female Authors

In 2019, 151 Korean literary works were published with the support of the Translation Institute. Among the 125 types of pure literature, excluding classics, 72 were by female writers, accounting for 58% of the total. The works of Ae-ran Kim, Kyung-sook Shin, Hee-kyung Eun, Cho Nam-joo, Yoo-jung Jung, Hye-young Pyun, and Han Kang accounted for 49 of the 72 works as they were the most popular among readers in the Korean literature market (see Table 1). The success of female writers has been a major issue in Korean literature in the last two or three years. The fact that female writers in their thirties won major literary awards in 2017, including the Daesan Literary Award, the Contemporary Literature Prize, and the Hankook Ilbo Literary Award, was symbolic in that it predicted the changes that were to come in the perception of Korean literature.²⁾ The fact that the first volume of *Critter*, a literary critique magazine-book that was launched in early 2019, focused on feminism indicates the status of feminism in the field of creation and critique of Korean literature.³⁾ This phenomenon was also apparent in the overseas publication of Korean literature in 2019.

First, Cho Nam-joo's *Kim Ji-young, Born 1982*, which was released in December 2018 in Japan, became a bestseller in the "Foreign Language Novel" category on Amazon. This led to a special issue being dedicated to Korean literature in

2) Lee, Yoon-ju (Nov. 17, 2017). "The Generational Shift of Literary Awards... Female Writers Born in the 80's Make a Clean Sweep of the Awards. *Hankook Ilbo*. Retrieved from: www.hankookilbo.com/News/Read/201711170455183100.

3) Critter Editorial Department (2019). *Critter*. Seoul: Minumsa.

the literary magazine *Bungei*, 文藝 with the theme “Korea, Feminism, Japan.” Although this special issue focuses on the relationship between Hallyu and Korean literature covering from Cho Nam-joo, Yi-hyung Yoon’s novels, Eun-young Choi’s essays, the map of modern Korean literature and *Kim Ji-young, Born 1982*, to *BTS*, it goes beyond the simple reflection of the popularity of Korean literature in Japan. In fact, as the title of the special issue of *Neighbors in World Literature* indicates, Korean literature has now been recognized as part of world literature and not simply the literature from a neighboring country.

Poet Kim Hyesoon winning the International Griffin Poetry Prize, the top English-language poetry award, was another global achievement by a female writer in Korean literature. The award-winning *Autobiography of Death* was translated into English by Don-mi Choi, a poet and translator based in the United States. In this respect, Korean literature also gained an excellent poetry translator, and this is a valuable benefit for the expansion of Korean poetry into English-speaking countries. Kyung-sook Shin’s *Please Look After Mom* entered the U.S. publication market in 2011 and showed the competitiveness of Korean literature in the global literary market. In total, four works were published in Lithuania and Finland. Han Kang, who won the Man Booker International Prize in 2016, also led the overseas expansion of Korean literature in 2019 by publishing nine works in France, Japan, Turkey, and Norway.

2) “Peripheral” Genres Stand at the Center

Mystery novels and science fiction (SF) received attention overseas in 2019. This is notable as such peripheral genres have not received much attention in Korean literary circles.

The fact that works of Un-su Kim and You-jeong Jeong were classified as mystery and crime novels overseas has led to an increased interest in peripheral genres in Korean literature from overseas publication markets. The two authors continued to enjoy momentum in the overseas publication market in 2019. U-soo Kim's novel *The Plotters* was translated and published in the Czech Republic, Russia, and Portugal, based on the success, in the US. You-jeong Jeong's novel, *The Good Son* was published by Penguin Books, one of the largest publishing groups in the United States, in 2018 and was able to reach readers in Germany, Spain, Russia, Japan, the Czech Republic, and Portugal in 2019.

Beginning with So-yeon Jeong's *The Flowering*, in April 2019 and Cho-yeop Kim's *Symbiosis Theory* in December, *Clarkesworld*,⁴⁾ an American monthly magazine specialized in SF, has featured a work by a Korean author each month. This has attracted attention from English publishers who are curious about other genres in Korean literature, beyond pure literature. Works published in the magazine have won or have been shortlisted for the World Fantasy Award, the Hugo Award, the British Fantasy Award, and the Shirley Jackson Award. *Clarkesworld* served as the best medium for Korean SF literature to gain a global reach. China, which had conducted the "SF Novel Project" in *Clarkesworld* magazine four years ahead of Korea, won the Hugo Award, which was referred to as the "Nobel Prize of SF Literature" twice since its publication. In fact, *The New York Times* published an article titled "How Chinese Sci-Fi Conquered America,"⁵⁾ which offers hope for Korean literature to also draw attention in the global publication

4) The works of So-yeon Jeong, Myung-hoon Bae, Geo-il Bok, Djuna, You-ha Nam, Bo-young Kim, Chang-kyu Kim, Cho-yeop Kim, and I-hyeong Yun were published each month in *Clarkesworld*. (URL: clarkesworldmagazine.com)

5) Alter, A. (2019, December 3). How Chinese Sci-Fi Conquered America. (URL: <https://www.nytimes.com/#publisher>)

market with SF literature. As, SF novels have great potential in combination with K-pop, dramas, and movies, they are expected to have a great impact on Hallyu overall.

3) Korean Literature Reaches Asia and the Middle East

Other than Japan and China, where the impact of Hallyu is generally strong, and Vietnam, where the demand for Korean literature has been soaring, the rest of Asia remains uncharted territory for Korean literature. This is mainly because language is the medium through which Hallyu in publication can enter overseas markets. As a result, the industry is heavily dependent on translators. Unfortunately, there is a lack of native-speaking translators in certain regions. The Translation Institute has tried to resolve the imbalance between high interest in Korea and low awareness of Korean literature in Asia by planning, translating, and publishing the *Anthology of Korean Literature*. This attempt aimed to maintain interest and discussion on Korean literature in the region. It also includes a roadmap to continue the expansion of Hallyu and convey a different cultural image of Korea by adding Korean literature to Hallyu, which has been formed around popular culture.

The Anthology of Korean Literature, which was translated into Vietnamese, Thai, Mongolian, Indonesian, Bengali, and Arabic, was published in Vietnam, Egypt, Indonesia, and Mongolia in 2019 and is set to be published in Bangladesh and Thailand in early 2020. The absence of translations for Korean literature also limited the literary exchanges with these regions. Thus, the anthology, which covers both classic and recent literary achievements, is expected to serve as a basis for exchanges between Korean and local literature in Asia in the future.

3. Major Countries and Routes of Hallyu in Publication

In 2019, 151 works were published overseas in 27 languages with the support of the Translation Institute. Of these, 30 were in Japanese; 28 in English; 8 each in French, German, and Spanish; 12 in Russian; 14 in traditional Chinese; 3 in simplified Chinese; 4 in Vietnamese; 3 each in Romanian, Italian, Mongolian, Czech, Portuguese, and Turkish; 2 each in Malay-Indonesian, Lithuanian, Azerbaijani, Ukrainian, and Polish; and 1 each in Arabic, Norwegian, Bulgarian, Serbian, Albanian, Georgian, Finnish, and Hungarian. Although there were achievements in major language translations, there were also linguistic and regional problems for Hallyu in publication. These will be examined in detail.

1) Hallyu Publication in Japan

In 2019, Japan accounted for the largest number of published works supported by the Translation Institute. The number of published works showed a sharp increase from 4 in 2011 to 20 in 2015, reaching 30 in a matter of 4 years. This was quite unexpected, given the political and economic conflict between Korea and Japan in 2019. Publication trends will be examined through a list of published works before determining how such a result was possible.

The diversity of Genres and periods should be examined first. Although 21 novels accounted for the majority on the list, there was a relatively even distribution of poems, classics, and humanities. The periods of the works also vary from Gim Yeong-rang's Poems, and Nae-seong Kim's The

White Mask/Golden Cave, which is faint in our memories but can be seen as the origin of Korean mystery novels, to recent works by Eun-young Choi, Jeong-eun Hwang, Hye-jin Kim, and Ae-ran Kim. The re-release of *The Square* by In-hun Choi who passed away in 2019, is significant not only for the re-introduction of significant achievements for Korean literature in Japan, but also for literary exchanges between Korea and Japan in the future with respect to the subject of the work. Cho Nam-joo's *Kim Ji-young: Born 1982*, which became a bestseller in Amazon Japan's "Foreign Language Novel" category, spurred interest in Korean feminism and female writers and led to a special issue on Korean literature under the theme of "Korea, Feminism, Japan" by *Bungei*, a leading Japanese literary magazine. The special issue attracted enough attention to be reprinted thrice, which had never happened before since its first print in 1933. The interest in female writers was also seen through the publication of Hee-kyung Eun's *A Gift from a Bird*, Hye-young Pyun's *Evening Proposal*, Won-pyung Sohn's *Almond*, and Han Kang's *A Yellow Patterned Eternity* and *The White Book*.

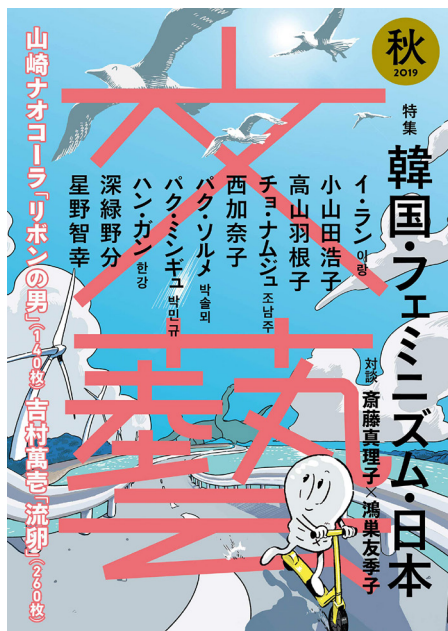
In 2019, Japan's attempts to cover Korean literature continued with publications that focused on social issues, and also aimed to maintain the continuity of the times. An example of this is Sang-seop Yeom's *Blow*, which was published in the first volume of Shoshikankanbou's series, *Origin of Korean Literature*, which covers works from modern Korean literature to the present. Hallyu in the publication is strong from the bottom up, and not just in bookstore sales.

The advancement of the publication of Korean literature in Japan was driven by the independent efforts of local

publishers and publishing organizations. After Tokyo International Book Fair shut down in 2017, 19 Japanese publishers participated in the K-Book Festival, which was first held on November 9, 2019, in Tokyo's largest bookstore, Jinbocho, to introduce Korea literature and publication. Novelist Ki-ho Lee, who is set to be published in 2020, attended the book fair and met with Japanese readers. Large international book fairs have disappeared in Japan despite it being one of the world's leading publication markets. With this in mind, it is noteworthy that a literary event for Korea was held there in collaboration with private publishers in Japan, and NHK News covered the event in detail.⁶⁾ Given that the success of Korean literature in Japan in 2019 was not a mere one-time occurrence, it brings us hope for a bright future ahead.

Figure 1.

Cover of the Korean Literature Special Issue of *Bungei*, which was reprinted thrice



6) On November 11, 2019, NHK published an article covering the K-Book Festival, mentioning that the popularity of Korean literature was high in spite of the tension between Korea and Japan. (URL: www3.nhk.or.jp/news/html/20191109/k10012171041000.html)

2) Hallyu in Publication in the Greater China Region (China, Taiwan)

As is the case with Japan, the entry of Korean literature into the Greater China Region was largely influenced by factors outside the publication market. China's ban on Hallyu has significantly reduced the number of Korean literary works published in China. Only three Korean works were published in 2019, as opposed to 23 in 2014. The decline in the number of Korean literary works in China is worrisome, given that China has been one of the largest markets for Hallyu and its cultural affinity differs from that of other countries. It is also disappointing as there are a good number of outstanding translators in China, and the interest of the Chinese publishers is quite high. Ae-ran Kim's *Summer Outside* was published by the People's Literature Publishing House, one of China's largest publishers, and received great acclaim from Chinese readers. It is also encouraging to note that Korean writers do participate in the Beijing International Book Fair and various literary festivals in China, thus expanding the scope of exchange. Despite the limited number of published work, Ae-ran Kim and Un-yeong Cheon relieved the Chinese readers' thirst for Korean literature by interacting with readers in the downtown bookstore during the Beijing International Book Fair. Writers such as Mun-yol Yi, Kyung-ran Jo, and Hee-du Ra participated in the Hangzhou International Poetry Festival and Guangzhou International Literary Week to overcome the Chinese ban on Hallyu in the Chinese publication market through direct interactions and communication with readers.

Korean literature in Taiwan in 2019 centered on writers who drew attention in the Korean literature market that year. These writers included Young-ha Kim, Ae-ran Kim, Won-

pyung Sohn, Kang-young Chang, Eun-young Choi, and Jung-eun Hwang. While diverse works in terms of period and genre, ranging from classics to modern and contemporary works attract readers from other languages, the market is slightly different in Taiwan. The Taiwanese publication market tends to focus on new works published in Korea in consideration of the demands of the publication market and young readers' interest in Korea. China's ban on Hallyu created a "balloon effect" that led to a boom in Korean literature in Taiwan. The closure of the Chinese market ended up contributing to the development of a new publication market for Korea. This interest in Korean literature is reflected through the publication of a series of Korean books by major Taiwanese publishers. Major publishers in Taiwan, including Taiwan Commercial Press (商務印書館), continues to publish Korean literature. The enthusiasm for Korean literature is expected to spread further in May 2020 at the Taipei International Book Exhibition, in which Korea will participate as a guest country.



Figure 2.
Chinese edition of Ae-ran Kim's *Summer Outside*

3) Hallyu in Publication in English-speaking Regions

A notable trend in English-speaking regions, where 28 Korean literary works have been published, is the increase in the publication of poetry books. This can be seen as a small revolt by the Korean publication industry against the perception that poetry is a genre of the West. This shows that the quantity and quality of poetry created in Korean literature remains one of the pillars of the Korean literary world, and leads to expectations for Korean poetry to go beyond being one of the pillars of Korean literature and to enter the global publishing market.

In 2019, poet Kim Hyesoon confirmed everyone's expectations after *Autobiography of Death* was published by New Directions, one of the largest literary publishers in the US, and by winning the Griffin Poetry Prize, the most prestigious poetry award in the United States. With the publication of *The Plotters* by Un-su Kim, the craze for Korean mystery novels, which had already been gaining attention in Europe since 2018, spread to the United States market. Korean mystery novels began to gain steam. *The Hole*, which was published in 2017, was selected as the best novel among the psychological suspense, horror, and dark fantasy works, while Hye-young Pyun, who won the Shirley Jackson Award the same year, published *City of Ash and Red*. America's interest in Korean genre literature led to the publication of Readymade Bodhisattva, a collection of Korean SF works, including books by In-hun Choi and Djuna. In fact, Korean SF literature, which has recently departed from being labeled as a peripheral genre with the emergence of outstanding SF writers, was published regularly in the world's largest SF, Clarkesworld. Furthermore, the

publication of the long-time classic, *The Cloud Dream of Nine*, and Haemin Sunim's *Love for Imperfect Things*, once a bestseller in Korea, by world-renowned publisher Penguin Books also shows the potential of Hallyu in publication.

Figure 3.
English Edition of Kim Hyesoon's
Autobiography of Death



Figure 4.
Cover of *Clarkesworld*, in which a Korean
sci-fi piece was published each month



4) Hallyu in Publication in Europe

As Korean literature was introduced in France and Germany relatively earlier than other countries, a diverse range of works mark Korean literature in these two countries. Representative writers and their work in modern-day Korean literature, including Si-seup Kim's *Geumo Sinhwa*, Sang-eui Lee's collection of poems, Han Kang and Chang Kang-myong are being read in France currently. Furthermore, *The Old Garden*, a Korean-style fiction novel by Da-eun Kim, was published showing various aspects of Korean literature

that broke away from the genre bias.

The situation is similar in German-speaking countries, with the publication of older works like So-wol Kim's collection of poetry, Su-gil Ahn's *Bukgando*, (1963) which deals with the struggles of four generations of immigrants to Bukgando, Hwang Sok-yong's *Simcheong*, to more recent works by Hyoung-su Park, Hye-young Pyun, and Jung-hyuk Kim. You-jeong Jeong, the author of *Seven Years of Night*, which was selected as one of the best mystery novels of the year in 2018 by the Germany weekly *Die Zeit*, reached German readers again with her novel, *The Good Son*.

What is striking about Spanish language publications, which also covers most of Latin America in addition to Spain, is that Mexican publisher Bonobos Editores published two works by Kyung-uk Kim, *The Hour between Dog and Wolf* and *Risky Reading*, simultaneously. Writers of interest in Spanish-speaking countries in 2019 are similar to those in the Korean market, including You-jeong Jeong, Cho Nam-joo, Eun-young Choi, and Young-ha Kim. Particularly, Cho Nam-joo's *Kim Ji-young: Born 1982* was published by Alfaguara, Spain's largest literary publisher and subsidiary of the global publishing group Penguin Random House. In Italy, 2019 marked a year where classics, colonial literature, and contemporary works coexisted. These include Mong-in Yu's *Eou Yadam*, a collection of short stories by Man-sik Chae, and Han Kang's *The Fruit of My Woman*. In contrast, Portuguese language publications centered on recent works, including *The White Book* by Han Kang, *The Plotters* by Un-soo Kim, and *The Good Son* by You-jeong Jeong, which was published in Brazil.

In Russia, where Kyong-ni Park's *Land 2* was published, not only the major works of modern Korean literature and

classics⁷⁾ but also works like Un-su Kim's *The Plotters* and You-jeong Jeong's *Seven Years of Night*, which achieved great success in the English-speaking market, were published by one of Russia's leading literary publishers, Phantom Press and ACT. Moreover, Korean literature achieved success for the first time in Ukraine, another Slavic country with Sok-young Hwang's *Princess Bari* and *The Anthology of Korean Poetry*. Although cultural exchanges between Russia and Ukraine lack because of political conflicts, the acceptance of Korean literature in both countries will significantly help Korean literature enter Central Asia and the regions of the former Soviet Union in the future after relations improve.

Figure 5.
Russian edition of Un-su Kim's *The Plotters*

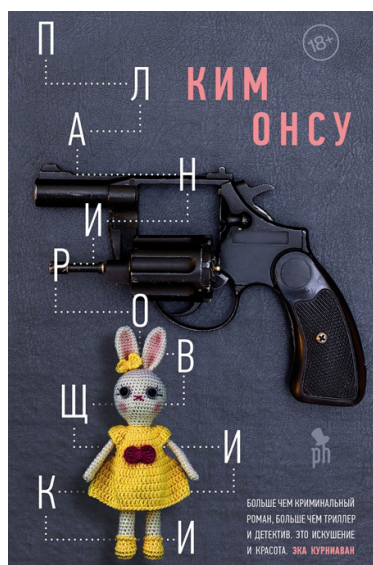


Figure 6.
Bulgarian edition of *Memorabilia of the Three Kingdoms*



7) This includes *Namhun Taepyeong-ga* by an unknown author, *Select Short Stories of Hyeon Jin-geon* by Jin-geon Hyeon, *Lonesome You* by Wan-suh Park, *Deep Blue Night* by In-ho Choi, *Journey by Night* by Seung-ok Kim, and *Ah, Mouthless Things* by Seong-bok Lee.

The publication of Korean literature in Eastern and Northern Europe reflects the extent to which Korean literature has reached these regions thus far. In areas where Korean literature has been actively studied since the inception of socialist regimes such as Bulgaria, the Czech Republic, Serbia, and Hungary, the demand for both classical and traditional Korean literature has been steady. This is reflected in the works published in the Czech Republic, Bulgaria, and Serbia, which was a result of their existing understanding of Korean classical and traditional literature. These works include *Memorabilia of the Three Kingdoms*, which was published in Bulgaria, *Gojeon Tongpyeon* published in the Czech Republic, and *Eulhwa* published in Serbia. In contrast, in Romania, Albania, Lithuania, and Finland, more contemporary Korean literature is being introduced to readers. *Modern Family* by Myung-gwan Chun was published in Romania, *Please Look After Mom* by Kyung-sook Shin was published in Lithuania, and *Familiar Things* by Hwang Sok-yong was published in Albania. Given the size of the publication market in Eastern Europe, the intensive introduction of Korean literature is practically impossible. Rather, it is highly likely that a work that has been highly recognized by the European market will be published.

5) Publication of Korean Literature in Central Asia and the Middle East

A major change took place in Central Asia, which was once an uncharted territory for Korean literature. Although the number of publications remains low, it is not a cause for concern given the size of the local publishing market, like Eastern Europe. Arabic speakers account for a majority of the population of readers. A more detailed analysis of their preferences follows below.

In the case of Turkey, which is leading in the introduction of Korean literature among the Central Asia regions, the quality of Korean literature and publications is being enhanced each year with excellent translators being provided through local Korean studies departments. Three works were published in 2019 by top quality publishers that ranked first and second in the Turkish literary publishing industry. The talents of excellent translators from Ankara University and Erciyes University also played a role in enhancing the quality of the translated versions of Korean literature. Furthermore, the publishers' understanding of Korean literature has gone beyond introducing the literature of "the unknown" and now treats Korean literature as world literature, equivalent to that from European and English-speaking countries. In 2019, Hwang Sok-yong, Han Kang, and Hye-young Pyun's works, published the world over, were also published in Turkey. The fact that Korean literature is being published even in neighboring Azerbaijan shows that the number of uncharted territories for Korean literature is gradually decreasing. After Korean literature was first introduced to Azerbaijan in 2018 with Young-ha Kim's *I Have a Right to Destroy Myself*, works by Kyung-sook Shin and Han Kang were published in 2019. This shows that Korean literature majors and translators recruited locally are now active, which leads to hopeful expectations for the number of Korean literary publications in the region to continue to increase in the future.

About 206 million people speak Arabic. It is the official language in 25 countries in the Middle East and North Africa. Despite the importance of the language and the region, Arabic is an unexplored language for translations of Korean literature. Accordingly, it is necessary to take a detailed look at the publication of Korean literature in the region. Only nine works

were published from 2001 to 2018 in the Arabic speaking region. One reason for this is that Korean literature's overseas expansion, which officially began in 2001, was centered on “Western languages,” along with Japan and China. This reflects realistic reasons and shows that there were not enough opportunities to access Korean literature in the region, which has created a vicious cycle of local publishers’ indifference to Korean literature. Another reason can be attributed to the lack of eloquent native translators in the region. However, this is expected to improve gradually because of the rapid increase in the number of students pursuing Korean studies in the region owing to their growing interest in Hallyu.⁸⁾

Considering the translation of Korean literature and the promotion of writers as the preparation stage for publication, 2019 was a year that serve as the foundation for Korean literature’s entry into the Arabic speaking. Poets like Seung-hee Kim and Cheol-gyu Shin participated in the Cairo International Festival, and the Tantar International Poetry Festival. In addition, the Arabic literary magazine *Aljadeed*, which is published in the UK, and *Akbar al-Adab*, the largest Arabic literary weekly, prepared special issues on Korean literature.

In particular, *Akbar al-Adab*'s special issue featured excerpts from novels by Jang-wook Lee, Soom Kim, and Yeojeong Hwang, and poems by Haeng-sook Kim, Sun-woo Kim, and Chan-ho Song to introduce current

Korean literature to Arabic readers. Editor Sherif-Joseph Rizk of Dar Al Tanweer publishing house in Egypt was invited to the Seoul International Book Fair to interact with Arabic publisher closely. As a result, *The White Book* by

8) The first Korean language department in the Arabic speaking regions was established at Ain Shams University in Egypt in 2005. There were initially 30 students in the Korean Studies Department, and the number exceeded 130 in 2019, with 9 students pursuing master’s and 2 students in Ph.D. courses in Korean language and literature. In addition, a Korean-Arabic translation course has been established, and serves as a cradle for Arabic translators.

Han Kang was published by Dar Altanweer and *There Comes a Boy* is set to be published in 2020.

The Figure 7.

Turkish edition of *Familiar Things* by Sok-young Hwang

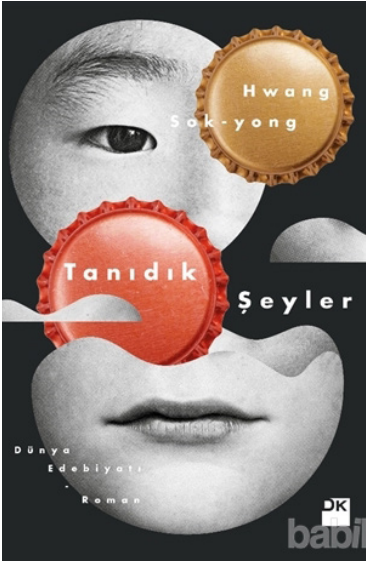
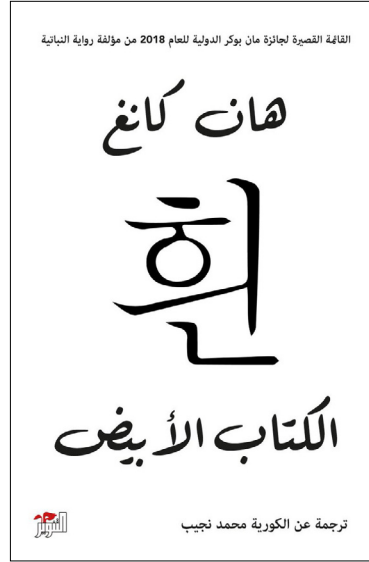


Figure 8.

Arabic edition of *The White Book* by Han Kang



The advancement of Korean literature has been slow in the Arabic speaking region. The path leading the readers in the Arabic speaking region to Korean literature is aimed at helping readers understand the historical aspects of Korean literature and to show the current works of Korean literature based on its progress in the global literary market. An example is *Anthology of Korean Literature Series* published by the Sefsafa Publishing House in Egypt. Korean colonial-era literature, which includes works by Chae-ho Shin, Kwang-su Yi, Tae-jun Lee, Seo-hae Choi, Man-sik Ch'ae, Jin-geon Hyun, Nam-cheon Kim, and Kyung-ae Kang, can provide easy access to Korean literature for readers in Arabic speaking regions, who share the same colonial experience. In

addition to Han Kang's work, Al Kotob Khan Publications is preparing to publish Kyung-sook Shin's *Yi Jin*, and Sefsafa Publishing House is also planning a collection of recent literary works that goes beyond colonial-era literature.

6) Publication of Korean Literature in Asian Countries

First, a total of three Korean literary works was published in Mongolia, with genres distributed evenly among poetry, novels, and literary criticism. In Southeast Asia, increasingly important region in terms of the policy, four works were published in Vietnamese, two in Malay-Indonesian, and none in Thai. Cambodia and Laos are also areas where Korean literature has yet to be introduced. A collection of short stories in Korean literature, *Potongan Tubuh* (The Corpses) was published in Indonesia in collaboration with the Lontar Foundation, which supports the overseas publication of Indonesian literary works. The project was carried out in the form of cross-publishing each country's literary works in both Korea and Indonesia, and was designed to support publishing exchanges with regions in which Korean literature is lesser-known. Hallyu in publication did not produce any remarkable results in Southeast Asian countries in 2019, but many projects were carried out to improve conditions for future entry into the region. In Vietnam, a collection of Korean literature, which includes representative works of modern Korean literature, is set to be published in 2020. This collection, which will be published by Vietnam's Nhà Xuất Bản Phụ Nữ (Women's Publishing House), will include *Silvery Tears* by In-jik Yi and short stories by Kwang-su Yi, Dong-in Kim, Sang Yi, and Nam-chon Kim. In the case of Thailand, publishing house Nanmeebooks plans to publish

a collection of Korean literary short stories in 2020, which includes diverse works from the 1960s to the 2000s, such as Ho-cheol Lee's *Panmunjom*, Heung-gil Yun's *The Man Who Was Left as Nine Pairs of Shoes*, and Hee-kyung Eun's *Poor Man's Wife*.

Figure 9.
Vietnamese edition of *Blue, High Ladder*
by Ji-young Kong



Another highly anticipated language in the Asian region for 2020 is Bengali. Only one Korean literary work has been published so far in Bengali, which is used as the official language in Bangladesh and parts of India. As was the case with Arabic, the biggest problem is the lack of translators. The Translation Institute has determined that it is imperative to promote Korean literature in this region and is currently preparing anthologies of short stories and poetry, even if it means that the English translations of these works have to be translated into Bengali. These works are set to be introduced

to Bengali readers through Bangladesh publishing house, Ujan (উজান). The anthology of short stories will include works by 15 writers, including Hae-jo Yi, Sok-ze Song, and Ji-young Kong, while the anthology of poetry will include works by Yong-un Han, Cheong-myeong Noh, Kim Hyesoon, Hee-duk Ra, Tae-jun Moon, and Seok-man Chang.

Some of the characteristics of the 2019 Hallyu in publication by language and region will be examined closely to understand their implications for Hallyu in publication in the future.

First, owing to the short history of Korean literature overseas (only 20 years have passed since the Translation Institute was founded), various works from classical to modern ones, are being published in the overseas publication market rather than reflecting the current Korean publication market. This diversity can also be seen as a process of exploring overseas publication markets for Korean literature. Accordingly, the overseas expansion of Korean literature should begin by introducing a variety of works, whereas works suitable for the region in question should be selected in the future.

A second characteristic is that the writers who have recently gained attention in the Korean publication market have been prominent in the overseas entry. This indicates a break from the publication convention that was centered on authors who hold literary significance in the Korean literature standard. This can certainly be understood in conjunction with the current Hallyu. The readers' desire to understand today's Korea in real-time leads to the demand for the latest Korean literature. Among the writers who led Hallyu in 2019, Sok-young Hwang published six works, Han Kang published nine, Cho Nam-joo and You-jeong Jeong published six each,

Hye-young Pyun published five, Un-su Kim published four, and Young-ha Kim, Ae-ran Kim, and Eun-young Choi each published three works. Another important characteristic is the change in the way Korean literature enters the overseas publication market. Currently, the Translation Institute's overseas publication market development is carried out in two ways: recruiting local publishers directly or giving support after screening applications from overseas publishers. Over the past five years, the number of voluntary requests for Korean literature by overseas publishers has increased at a rapid pace when compared to direct recruitment, which is a sign that the accumulation of Korean literature introduced overseas is slowly paying off. This also reflects the power of Hallyu from other cultural sectors.

Table 2.
Statistics on Translation and Publication Support for Overseas Publishers in the Last 6 Years (2014~2019)

Year	2014	2015	2016	2017	2018	2019
Number of applications selected for translation support by overseas publishers	11	41	62	63	65	81

A sustainable and stable Hallyu in publication requires excellent translators, and this, in turn, requires continuous training for translators. In addition to translators specializing in literature, the demand for translators who satisfy the diversity of publishing content will also continue to grow. If the government does not prepare for this, it will hinder the overseas expansion of published content, which goes beyond the intolerance of Hallyu in publication. To address this, considerations should be made to foster translators in various

ways at the policy level in addition to the provision of native translators through overseas Korean language departments.⁹⁾

9) The Translation Institute currently runs a translation academy program to foster native translators for seven languages: English, French, German, Russian, Chinese, Japanese, and Spanish. In 2020, a new project will be implemented to foster non-literature publications/video content translators. (URL: www.ltikorea.or.kr/kr/contents/business_tra_i_1_1/view.do)

4. 2020 Outlook for Hallyu in Publication

This chapter looks at various efforts to drive Hallyu in publication. Rather than making direct predictions for Hallyu in 2020, it focuses on 2019 to draw attention toward related projects that can enable the sustainability of Hallyu in publication.

Efforts to upgrade the content and level of Hallyu in publication have been made without distinction between internal and external activities. While visiting major international book fairs, the site of copyright transactions, to meet with local publishers and readers is considered an external activity, events related to Korean publication such as the Seoul International Book Fair are internal activities that aim to expose Korean works and writers to overseas publishers. Domestic efforts to support Hallyu in publication should be carried out in the same way as exposure to Korean literature is planned and implemented overseas.

1) Korean Literature Showcase

One of the efforts made within the Korean market was the Korean Literature Showcase, which was held on June 18-22, 2019. It took place during the period of Seoul International Book Fair under the theme “The Varying Flows of Korean Literature in the World.” It involved nine overseas publishers from nine countries (the United States, France, Germany, Russia, China, Taiwan, Japan, Egypt, Indonesia, etc.), six people working in the Korean literary publication industry, and eight Korean authors, including Geum-hee Kim. The

showcase comprised international workshops on translation and publication, cross-lingual reading, translator mentoring, and copyright interviews. While global publishers discussed the translation and publication of Korean literature at the workshop, the reading was a place to introduce Korean writers to overseas publishers in person. Translator mentoring was place for translators and publishers, the most important partners in overseas publishing, thought about translations for overseas publication with the actual translations in front of them. The outcomes of these sessions played a great role in copyright interviews between Korean and overseas publishers.

The most remarkable session at this event was “The Evolution of Female Writers.” As those who led Hallyu in publication in 2019 were mostly female writers such as Han Kang, Hye-young Pyun, You-jeong Jeong, and Cho Nam-joo, the achievements of female writers in Korean literature have been a matter of interest not only in Korea, but also for overseas publishers. At the session, which was attended by Claire Do Serro, editor-in-chief of NiL publishing house and Kirill Ignatiev, the head of AST publishing’s overseas business team, overseas publishers looked at the level of acceptance of Korean female writers and revealed plans for future publications. Bringing overseas publishers together not only facilitates Korean publishers’ access to overseas publishers and their publication markets through shared interests, but also serves as a great help for overseas publishers to develop Korean literary publication items.

2) Guest of Honor at Book Fairs (Göteborg Book Fair)

In 2019, Korea participated as a guest of honor at the Sweden

Göteborg Book Fair, held from September 26 to 29, to mark the 60th anniversary of diplomatic relations between Korea and Sweden. First, we look at the meaning of the book fair before looking at the outline of the event. The book fair is where knowledge accumulated by humankind through books over the past year gathers in one place. Participating as a guest of honor is a valuable opportunity to introduce Korean publication culture and literature through the local media in the host country. Book fairs go beyond serving an intermediary role in the publication market by merely selling copyrights. The book fair may serve as a place for copyright transactions between publishers, but has a greater meaning in that it represents books as an integral part of the culture. The world of book fairs represents both the world of markets and of the universal ideology of culture, and this has important implications for Hallyu in publication. As of publication statistics show, 2019 marked an opportunity for Korean literature to be introduced to the Northern European region, which had been uncharted territory for Korean literature because of the language barrier (i.e., owing to the lack of native translators). The Göteborg Book Fair, which began in 1985, is the largest book fair in Northern Europe, with about 80,000 visitors. Over 800 publishers from 32 participating countries visited the book fair in 2019. Nine writers: Ki-young Hyun, Haeng-sook Kim, Eun-young Jin, Han Kang, Un-su Kim, Soom Kim, Yong-mok Sin, Hye-jin Cho, and Geum-hee Kim attended the guest of honor event. These writers, along with various figures in literature and the arts, including Swedish writers, critics, and journalists, shared their thoughts on the theme of “Human and Humanity,” discussing topics like “the community of time,” “refugees and humanism,” “sociohistorical trauma,” “national violence

and literature,” “gender and labor issues,” and “literature in the IT era.” These topics, which are shared by humanity, are expected to help authors writing about these topics get published in the global publishing market. There are similar expectations for the Taipei International Book Fair (May) and the Moscow International Book Fair (September), where Korea will participate as a guest of honor in 2020.

3) Overseas Korean Literature Essay Contests

Korean literature essay contests that target Korean literary works published overseas have the potential to promote reader-oriented Hallyu in publication. The Translation Institute currently hosts the event in various countries around the world each year, and in 2019, 23 contests were held in 18 countries. As these contests primarily target young readers who currently form the foundation of Hallyu while also including ordinary readers, they are helpful for the sustainability of Hallyu in publication. Given that most local organizers are universities, it appears to be far from providing any direct benefits for the publication market but is a valuable opportunity to attract local students as readers of Korean literature to secure future readers. These contests have contributed significantly to the promotion of Korean literature when they are held in countries in which Hallyu in publication has a minimal presence. Some examples include Bulgaria, Azerbaijan, Indonesia, Jordan, and Brazil. Most award-winning essays reflect the latest achievements in Korean literature, taking into account the aesthetic abilities of the participating students.

In his poem, “Mending Wall,” American poet Robert Frost wrote, “Good fences make good neighbors.” Building

a fence, one must ponder over what it is “walling in or walling out.” Breaking down the fence is not necessarily an act of exchange, as it can lead to the loss of a neighbor. For Hallyu in publication, which seeks to publish works beyond the language barriers posed by translations, breaking down this fence is impossible, to begin with. Hallyu in publication is only possible by crossing the fence, that is, the language barrier. The neighbors outside the fence are not situated only in the West. Indeed, while the world’s major publication market is centered on the West, most Hallyu regions are non-western. Crossing the fence cannot be a one-way ordeal but must go both ways, as the way we go may also be the way others enter.

In that sense, we would like to introduce a small, but precious cross-publishing project of the Translation Institute. This project was launched in 2017 and aimed to cross-publish works that have secured workability but find it difficult to enter the publication market. It seems to promote a mutual understanding of language, culture, and tradition through literature by enabling cooperation between public institutions in Korea and partner countries. Cross-publishing will also provide Korean readers with an opportunity to enjoy new literature. The anthology of short stories from each country that was cross-published in Korea and Indonesia in 2019 represents the fruits of this project. Such cross-publishing projects were carried out with Iran, the Netherlands, and Georgia, and collaboration with Belarus is expected in 2020.

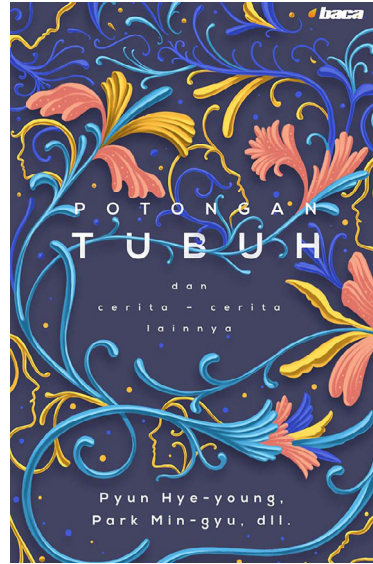
Table 3.
Essay Contests Hosted by the Literature Translation Institute of Korea
in 2019 (National and Grand Prizes)

No.	Country	Local Organizer	Grand Prize	
			Author	Title
1	Central US	Indiana University	Han Kang	The Vegetarian
2	Central US	Sejong Cultural Society	Hye-young Pyun	Rabbit's Tomb
			Mun-yol Yi	An Appointment with My Brother
3	Eastern US	George Washington University	Bae Suah	The Low Hills of Seoul
4	Western US	UC Berkeley	Eon-ho Lee	Ground Cherry Washing Plant
5	India	Nehru University	Sa-gwa Kim	Mina
6	France	Centre Culturel Coréen Serge Safran Publishing	Hwang Sok-yong	Evening Star
			Park Hyoung-su	Nana in the Morning
7	Austria	University of Vienna	You-jeong Jeong	The Good Son
			Chul-woo Lim	Lighthouse
8	Spain	Malaga University	Ji-young Kong	Our Happy Time
9	Brazil	São Paulo University	Heo Gyun	Hong Gildong Jeon (to be published)
10	Brazil	Associação Nacional de Escretores	Byeong-yoong Kang	Aluminum Cucumber
11	Mexico	The Autonomous University of Nuevo León	Eun-young Choi	Shoko's Smile
			Kyung-uk Kim	Risky Reading
12	Russia	Moscow State University	I-hyun Jung	My Sweet City
13	China	Southwest Minzu University	Kyung-mi Koo	I Like Lao Lao
14	China	Minzu University of China	Ae-ran Kim	Contrail
15	Taiwan	National Chengchi University	Eun-young Choi	Shoko's Smile
16	Japan	K-BOOK Promotion Association	Cho Nam-joo	Kim Ji-young: Born 1982
			Eun-young Choi	Shoko's Smile
			Hye-jin Kim	About Daughters
			Yeo-sun Kwon	Hello, Drunkard
17	Vietnam	Thang Long University	Hyang-I Kim	The Moon Knows
18	Italy	University of Siena	Hwang Sok-yong	Baradegi
19	Turkey	Erciyes University	Hwang Sok-yong	Familiar World
20	Bulgaria	Sophia University	Hee-kyung Eun	My Wife's Boxes
			Kwang-soo Lee	A Boy's Sorrow
21	Azerbaijan	Azerbaijan University of Languages	Kyung-sook Shin	Please Look After Mom
			Han Kang	The Vegetarian
22	Indonesia	Jakarta University of Education	Dong-ju Yun	Sky, Wind, Star, and Poem
23	Jordan	University of Jordan	Han Kang	The Vegetarian

Figure 10.
The Magician with the Moon and the Red Jeogori, an Anthology of Indonesian Short Stories Published in Korea



Figure 11.
Potongan Tubuh (The Corpses), an Anthology of Korean Short Stories Published in Indonesia



8

Hallyu in Fashion

Hallyu in Fashion Discovers an Opportunity Amidst a Crisis
— Sujin Myeong
Fashion Columnist

1. 2019 Hallyu in Fashion

1) The Necessity of Exploring Overseas Markets Has Increased with the Slowdown in the Domestic Market

The domestic fashion industry is continuing to experience slow growth from a combination of the slowing growth of private consumption and external factors such as the United States-China trade disputes and the strengthening of protectionism in the United States. According to the Korea Federation of Textile Industries (KOFOTI), the average annual growth rate of the domestic fashion industry has remained at 0.9% from 2016 to 2019, with worse export performance figures. According to the Korea Fashion Industry Association (KFA), clothing exports fell by 8.9% year-on-year to \$1.4 billion (approximately ₩1.55 trillion), the lowest since the global financial crisis in 2009, while imports increased by 3.8%. There is a slowdown in the domestic fashion industry when compared to the global fashion industry. According to the market research firm Euromonitor, the size of China's fashion market in 2019 was about \$300 billion, with an average annual growth rate of 6.2% between 2012 and 2017. The global fashion market grew by 3.9% year-on-year to \$1.418 trillion in 2018, which is in stark contrast with the Korean fashion industry's low growth. According to the Bank of Korea's economic outlook report, private consumption growth was expected to stagnate at 2.8% in 2018, 2.5% in 2019, and 2.5% in 2020.

2) “Show-off Consumption” vs. “Cost-effectiveness” and Market Polarization

The competition for cost-effectiveness has intensified as consumption has become more passive with the rapid increase in the number of single-person households. The growth of the online distribution market, where it is easy to compare prices, also has a negative impact on purchase prices. The domestic luxury goods market is growing rapidly. According to statistics for major retailers' sales trends from the Ministry of Trade, Industry and Energy released in February 2019, the sales of foreign luxury goods through department stores are steadily increasing, at 13.5% in 2016, 15.8% in 2017, and 19.3% in 2018. According to Euromonitor, the size of the luxury market in Korea in 2019 was ₩14.2 trillion, up from ₩11.46 trillion in 2014. This is the fourth-fastest growth rate in the world and the eighth-largest in the world in scale. The preference for luxury goods is quite high, considering the fact that Korea ranks 28th in the world in terms of population. Millennials, born between the early 1980s and the 2000s, enjoy the so-called "flex" culture, in which photos of purchases are posted on social media such as Instagram and Facebook, leading to the consumption of luxury goods. As a result, foreign luxury brands such as Louis Vuitton and Fendi respond to these changes by opening both flagship stores and the world's first pop-up store in Korea. As millennials are sensitive and respond quickly to trends, they are rapidly emerging as the testbed, both in Asia and in the global market.

3) Fashion Hallyu Rather than Hallyu in Fashion

2019 was a meaningful year for Hallyu in fashion, where it managed to strengthen its position despite adverse circumstances. The situation is quite different from what it was a few years ago when fashion tried to expand overseas

following the popularity of Hallyu but failed to achieve great results. K-Fashion is emerging rapidly as the successor of K-Beauty as it is a powerful Hallyu trend in itself, and not just a sector that gained strength from the popularity of Hallyu in other sectors. Clare Waight Keller, the designer of the French luxury brand Givenchy, said that she was “inspired by Korean street fashion” when she announced her 2020 spring/summer collection show in Florence, Italy. It shows how far Korean fashion has come.

At the center of K-Fashion’s success are brands targeting millennials such as FILA and MLB. By responding quickly without missing out on global street fashion trends, these brands are rapidly creating trendy items that consumers want most. These items were promoted effectively by influential stars and influencers, who made a very strong global impression.

Amazon Japan¹⁾ opened a dedicated K-Fashion brand store in December 2019 and brought together various Korean fashion brands and products. The dedicated K-Fashion brand store was opened to meet the growing preferences for and online purchases of Korean fashion by Generation Z, born in 1995, in Japan. Dozens of domestic and internationally recognized brands, including ENVYLOOK, CRUMP, and STIGMA, were included in the store.

The global online platform Net-a-Porter,²⁾ which has 9 million members, also introduced the “Korean Collective Line” in October 2019. This is an exclusive capsule collection of Net-a-Porter that captures Korean culture with a unique sensibility. Five designer brands that were sought out by Net-a-Porter include Pushbutton (Seung-gun Park), Andersson Bell (Hyun-ji Kim), LE917 (Eun-hye Shin), 1064STUDIO (So-dam No), and gu_de (Ji-hye Koo).

1) www.amazon.co.jp

2) www.net-a-porter.com

LE917 and gu_de received global attention when they were previously selected for Net-a-Porter’s brand discovery program, *The Vanguard*. With Korean youth fashion brands being accepted overseas, Hallyu in fashion is gaining recognition as a sophisticated style with a youthful sense that is also popular.

4) Designer Brands that Compete With a Contemporary Style

Korean designer brands lost their place when various foreign brands entered Korea in the 1990s and 2000s. As a result, calls for the strategic nurturing of Korean designer brands have risen, and various organizations have taken up the challenge. Although no significant results have been achieved yet, the recent emergence of young designers with a global sense is a result of these unseen efforts.

The Ministry of Trade, Industry and Energy’s “K-Collection in Paris,” KFA’s “K-Fashion Audition,” the Korea Creative Content Agency’s “Concept Korea” and “The Selects,” and the Seoul Design Foundation’s “Seoul’s 10Soul” are all projects that support the development of global fashion brands within each institution. These institutions have discovered talented designers in Korea. They have introduced Korean fashion in a variety of ways, including collections as well as showroom and pop-up store exhibitions in major fashion cities such as Paris, New York, London, Milan, and Berlin. To help brands survive in the new fashion ecosystem that is being reorganized online, these institutions have also arranged for connections to domestic and overseas online platforms like Coupang, Naver, and Lotte Duty-Free, as well as Xiaohongshu, a Chinese community platform.

Figure 1.

The Finale of the K-Collection in Paris

Source: Ministry of Trade, Industry and Energy



The Samsung Fashion and Design Fund (SFDF), established by Samsung C&T Fashion Group, is an ideal program for companies to discover and sponsor designers. For 15 years since its establishment, SFDF has provided over \$3.3 million (approximately ₩3.8 billion) in sponsorships and has produced 23 teams of designers who have enhanced K-Fashion's status in the global fashion market. The number of global designers is increasing through the efforts of the government and various companies. Pushbutton (designer Seung-gun Park) successfully finished its third collection at London Fashion Week, followed by the Shanghai collection, and established itself as a designer brand in Korea with artistic and commercial appeal. Other examples include the 15th SFDF winner, Kimhekim (designer In-te Kim), who participated in Paris Fashion Week for fall and winter 2019,

and 14th SFDF winner, Blindness (designers Kyu-yong Shin and Ji-sun Park), who were the first to make it to the semifinals of the LVMH Prize, won the best designer at Seoul Fashion Week and were the finalists at the 2020 International Woolmark Prize. Rejina Pyo (by designer Ji-young Pyo), who won SFDF for two consecutive years (13th and 14th) and British Emerging Talent – Womenswear; Rokh (by designer Kyung-rok Hwang), who was awarded a runner-up Special Prize at the LVMH Prize after making it to finals; and KIJUN (by designers Hyun-woo Kim and Myung-jun Shin), who were selected in the top ten at the 2017 Hyeres Festival, officially entered the fashion industry and began gaining attention. These brands are heightening the status of Korean fashion by developing their presence at department stores and multi-brand stores in New York, Paris, Milan, London, and Hong Kong, and in about 60 global online and offline stores, including e-commerce Net-a-Porter, Farfetch, SSENSE, and Moda Operandi.

Figure 2.
PUSHBUTTON 2020 Spring/
Summer Collection
Source: PUSHBUTTON



Figure 3.
KIJUN 2019 Spring/Summer
Collection
Source: KIJUN



The influence of Hallyu stars continues to remain strong. At the 61st Grammy Awards held on February 19, 2019, BTS wore tuxedos made by Korean designers rather than foreign luxury brands. J-Hope wore a tuxedo from the Kim Seo-Ryeong Collection (designer Seo-ryeong Kim), while the other members wore tuxedos from JayBaek Couture (designer Ji-hoon Baek). The fashion magazine, *Vogue*, covered an online article titled “How BTS Showed Korean Pride and Won the Grammy’s Red Carpet.” BTS has previously worn Solid Homme (by designer Young-mi Woo), Juun.J (by designer Wook-jun Jan), and Ordinary People (by designer Hyeong-chul Jang) and promoted the top designers' brands of the Korean fashion industry to the world.

2. Hot Issues in Hallyu in Fashion

1) The Growth of Street Fashion to Fit the Tastes of Millennials

Domestic sportswear brands such as FILA, MLB, and National Geographic Apparel, and new brands that have gained popularity online such as Covernat, O!Oi, KIRSH, and LMC have quickly responded to trends in street fashion that are currently leading the global fashion market and have captured the hearts of millennials and Generation Z. These brands' stores have become must-see tourist destinations for those visiting Korea. FILA lowered its entry barriers with low prices between ₩50,000 and ₩300,000 and increased its brand value by being the only sports brand to participate in Milan Fashion Week for two consecutive years. In 2019, FILA Korea's sales were estimated at ₩3.4948 trillion. The strategies for overseas entry of MLB was timely in 2019. After successfully executing global marketing campaigns in Hong Kong, Macau, Taiwan, and Thailand in 2018, the demand among Chinese consumers for "ugly shoes" such as the "Big Ball Chunky Shoes" increased. In 2019, FILA formed a strategic partnership with China's Alibaba Group, a global e-commerce company, to enter the Chinese market officially.

During the soft-opening period of MLB's flagship store on T-mall, China's largest online shopping mall run by Alibaba, MLB proved its popularity with the number of visitors crossing 3.55 million over a span of just two months from June 2019. Since then, more than 800 brands have rapidly risen to 13th place in the rankings for total payments in T-mall's sporting

casual clothing category. In August 2019, MLB participated in YOHOOD, the largest street fashion fair in Shanghai, China, and over 60,000 Chinese millennials visited the MLB Lounge in two days. During this period, there were 1.5 million searches for MLB on WeChat, China’s flagship social media channel. This number was similar to that of Nike and two to four times more than those of Adidas and FILA.

As Korean street fashion brands made impressive achievements in overseas markets, new brands such as Mainbooth, MAHAGRID, and Mark Gonzales also emerged. Launched in late 2017, Acmedelavie sold about 300,000 pieces of its hit product, the “Babyface Hoodie” in two years. Its sales in 2018 totaled ₩4.8 billion and reached nearly ₩50 billion in 2019, more than tripling in just a year. Korean street brands have firmly established themselves in the global market, with fully functioning companies with organizational skills and Small Caps¹⁾ with unique ideas. The size of the domestic casual clothing market reached ₩15.8758 trillion in 2019, which was more than double the amount for women’s (₩3.4011 trillion) and men’s (₩4.362 trillion) suits.

2) The Great Success of Athleisure Brands

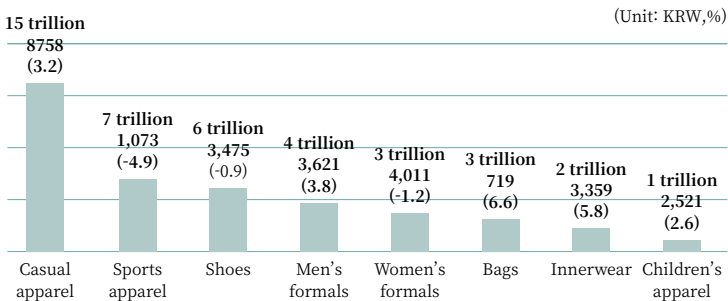
The concept of “work-life balance” has become a global trend, and the Athleisure market, which combines athletics and leisure, is also growing rapidly. The fashion market in North America, including the United States and Canada, is seeing a trend in which yoga wear, represented by leggings, is not only worn while working out but is also worn in everyday life. Some predict that yoga wear will soon surpass

1) “Small Caps” is the shortened term for “Small Capital.” It refers to small and medium-sized business owners whose listed or registered market capital is small. In Korea, the top 100 market caps are classified as Large (Large Cap), top 101 to 300 caps are classified as Mid (Mid Cap), and the rest are classified as Small (Naver Knowledge Encyclopedia, Current Economics Dictionary, 2017) Caps.

the denim market. A prime example is Lululemon; a Canadian yoga wear brand. It has the highest performance figures among clothing companies, with annual sales of about ₩3.7 trillion, steady sales growth for 11 consecutive years, a sales growth of 21%, and net profit growth of 65% as of the third quarter of 2018. Lululemon launched in Korea in 2016 when the outdoor apparel market in the country began to decline, and the Athleisure market began to grow. In 2015, Andar and XEXYMIX, Korea's leading Athleisure brands, launched and continue to grow rapidly. Andar is growing by over 300% each year, from ₩890 million in sales in its first year to ₩6.8 billion in 2016, ₩18 billion in 2017, ₩40 billion in 2018, and is expected to reach ₩80 billion in 2019. XEXYMIX is involved in B2B sales to 7 countries, including Hong Kong and Japan, and sells B2C to 36 countries, including the US and Singapore. In December 2019, it established a local subsidiary in Japan and officially began its expansion there. Andar intends to expand its presence abroad with a focus on the Chinese market. In 2020, the size of the domestic Athleisure market is expected to reach ₩3 trillion, enough for Korean Athleisure brands to challenge the global market based on their stable growth in the domestic market.

Figure 4.
Size of the Domestic Fashion Market by Clothing Type

Source: KOFOTI (2019).



* Estimates and figures in parenthesis indicate the year-on-year rate of change.

3) Sustainability Conflict of SPA Brands that Consolidate Manufacturing and Distribution

The growth of the SPA market, which caused a boom in fast fashion because of its ultra-low-priced strategy, has slowed down. For instance, Forever 21, a global SPA brand founded in 1984 by Chairman Do Won Chang and his wife, filed for bankruptcy in the US in September 2019, indicating the adverse state of SPA brands. The bankruptcy of Forever 21 can be attributed to its failure to adapt quickly to the online environment. There were some interpretations that SPA brands that are characterized by easy and fast consumption are collapsing with the emphasis on values like sustainability, which has become an important area of focus in the fashion industry. According to the Ellen MacArthur Foundation in Britain, the average length of time that an outfit is worn for had reduced from 195.3 days in 2003 to 127.5 days in 2016. This was because people discarded clothing faster with the increased popularity of fast fashion. Of the discarded clothing, 73% were buried or incinerated, and less than 1% were reused. With the emergence of fashion waste, millennials who are interested in social issues such as the environment and climate change have begun reducing their consumption of fast fashion. This generation is prioritizing sustainability while purchasing fashion items. According to a September 2019 survey of 4,500 consumers in the US by McKinsey & Company, 66% of the respondents said that they considered sustainability when purchasing luxury goods.

The effort of clothing companies to innovate materials is also in line with the recent emphasis on sustainability. In August 2019, 32 fashion companies from around the world gathered at the G7 summit in Biarritz, France, to sign

their own agreement, the “Fashion Pact.” Through this, the companies committed to minimizing the impact of the fashion industry on climate change, biodiversity, and the ocean from 2030 to 2050. At the time, the French government legislated a clause banning the incineration of malicious inventory products.

According to McKinsey, the number of patents in 2019 pertaining to textile innovation was expected to increase nearly eight-fold when compared to 2013. As many as 45% of clothing companies had indicated their intention to use innovative bio-based materials more actively. The global textile fashion industry began introducing zero pollution methods with the deployment of 100% biodegradable materials, natural fibers, and eco-friendly biotech to make fashion more sustainable. Products using eco-friendly fibers ranging from organic cotton, Tencel, modal, and recycled polyester to nylon and eco-friendly dyeing processing technology are the most frequently mentioned topics in the current world of fashion. Adidas, for example, has decided to stop using raw polyester by 2024, and Zara intends to use 100% recyclable, eco-friendly fabrics by 2025. Chanel has also invested in a startup called Evolved by Nature and is focusing on making eco-friendly silk fabrics.

On November 25, 2011, Patagonia published its controversial ad, “Don’t Buy This Jacket” in the New York Times, becoming the first brand to mention the seriousness of environmental problems to consumers. Patagonia recently introduced the “#wornwear” series on YouTube and its “Retro-X,” which uses fleece made from regenerated polyester. It has gained popularity among both men and women despite its ₩200,000 price tag.

Although regenerated polyester fibers have gained

popularity through Patagonia, Korea, one of the major textile producers and exporters, currently has no regenerative polyester production base. Taiwan's Far Eastern and King Kong, and Unifi in the US dominate the market. In Korea, some large chemical fiber manufacturers import chips from Japan and supply fiber after spinning. However, this method of importing intermediate goods and spinning yarn has disadvantages in the form of unstable supply and demand and price competitiveness. Therefore, it is critical to formulate measures for the production of regenerative polyester fiber. As sustainability is not a temporary trend but is rather expected to be an important value in the future, everyone in the industry must approach it with a long-term perspective.

4) The Rapid Growth of the Online Market

As many as 25,000 offline retail stores closed their doors in the US over the past few five years, and over 2,000 stores closed in the first month of 2019. Retail sales in the US increased by 4.6% in 2018, but this was because of the growth of e-commerce like Amazon. The situation in Korea is no different. According to Euromonitor, the domestic online distribution market that was worth ₩22 trillion in 2010, was expected to surpass ₩100 trillion in 2019, following ₩30 trillion in 2013 and ₩79 trillion in 2018. In contrast, the offline retail market has remained largely stagnant, reaching ₩230 trillion in 2018 after surpassing ₩200 trillion in 2013.

The fashion industry has already been dominated by e-commerce as the Millennial generation, which is accustomed to using IT devices, has emerged as the main consumer group alongside rapid changes in the distribution industry. To increase touchpoints with the Millennial

generation, brands that quickly shifted their focus to online channels are doing well. Handsome, a fashion retailer, saw its sales grow by 5.7% year-on-year to ₩1.2992 trillion in 2018. Over the same period, Handsome's profits rose by 67% to ₩92 billion. The launch of thehandsome.com in 2015 led to an increase in its sales, to the tune of ₩80 billion. DECKE, Handsome's accessories brand, eliminated all its offline distribution networks in March 2019 and switched to an online-only brand, with sales rising by 61% from August to September 2019.

The growth of major online fashion platforms, including Musinsa, W Concept, Style Share, and 29CM, is also remarkable. The turnover of major online fashion platforms in 2019 increased by over 40 to 100% when compared to 2018. It is all the more meaningful in that in addition to increasing sales, online fashion platforms introduce brands as interesting content, and with the acceleration of overseas entry, they act as incubators to promote Korean fashion abroad. Musinsa overwhelmingly takes the number 1 spot among the four platforms, accounting for 70% of the ₩1.3 trillion of the total quantity transactions of all four companies. Although it fell short of the initial estimate of ₩1 trillion, it recorded over ₩900 billion in sales, up 100% from 2018, and its market share was even higher in 2019 than the 60% in 2018. Through the effective utilization of exclusive collaborations and by releasing special collections, revisits by existing customers and new visits from new customers have increased significantly, leading to 13 million monthly visitors. It would not be an exaggeration to say that Musinsa, which mainly comprised small online brands in its early days, has been fostering youth brands that have played a pivotal role in Korean fashion. Musinsa currently has various brands ranging

from national to global luxury ones. About 50 brands had been launched exclusively on Musinsa in 2019 (double that of 2018), which shows that it still serves as a strong platform to foster brands that are newly entering the market. Recently, the world's largest venture capitalist, Sequoia Capital, recognized Musinsa's value, estimated at ₩2 trillion, and began engaging in discussions to attract investments of the right size. Musinsa currently only offers domestic shipping services, but overseas demand is on the rise, with over 20,000 reverse direct purchases. It intends to implement international shipping services through an integrated distribution center to meet overseas demand.

According to the KOCCA, the percent age of domestic online sales (70%) is still much higher than that of overseas online sales (30.1%). The online fashion market, which can extend beyond the regional limits to the world, can be seen as having promising growth potential.

Key global platforms in the online luxury market, like MatchesFashion, Net-a-Porter, and YOOX, are gaining ground in Korea. In May 2019, 24S, an online multi-brand shop launched by LVMH, the world's largest luxury group, officially launched in the Korean market. Based on the robust portfolio of LVMH, which comprises over 220 brands, including Louis Vuitton, Dior, and Celine, 24S aims to recreate the luxury shopping experience at Bon Marché Department Store in Paris, online. While only English and French services were provided in the past, in 2019, the company launched services in Korean and German.

Table 1.**Sales of Major Online Platforms**Source: *Apparel News* (Dec. 30, 2019).URL: www.apparelnews.co.kr/news/news_view/?idx=180173

Online platform	Turnover (won)			Number of monthly visitors	Top brands
	2018	2019	Elongation rate		
Musinsa	450 billion	900 billion	100%	130 million	Vans, Musinsa Standard, Covernat, Viva Studio, In Silence
W Concept	120 billion	200 billion	33%	Undisclosed (42% increase)	FRONTROW, Nill by P, Ader Error
Style Share	70 billion	100 billion	42%	1 million	Beauty - romand, Bbia, Eglips, Fashion - Ellioti, National Geographic, Key
29CM	50 billion	100 billion	100%	2 million	MOIA (Women's), Thomas More (Men's), Freitag (Global)

5) The Fashion Industry Shifts Focus to Accessories

During a long-term recession, the clothing industry shifted its focus to accessories such as shoes and bags, instead of clothes. While clothing is mainly purchased in the form of low-priced fast fashion, consumers tend to spend more generously on shoes and bags. According to KOFTI, the domestic shoe market is expected to reach ₩6.5 trillion in 2019. The market size has increased by more than 70% in 10 years, from ₩3.8 trillion in 2009. Within the shoe industry, the proportion taken by sneakers increased from 36.2% in 2010 to 53% in 2017.

Brands that shifted their focus to accessories early on have not been swayed by the recession. Handsome, which acquired SK Network's fashion division in 2017, reflected the growth of the accessories market in its brand operation strategy

through extensive brand rebuilding work. A prime example is Tommy Hilfiger, which expanded its existing product line beyond men's and women's clothing to shoes and other accessories and introduced Tommy Hilfiger footwear for the first time in Asia in 2018 and opened its first global exclusive store at Hyundai Department Store. Tommy Hilfiger achieved ₩220 billion in sales in 2018, which represented an 11% increase from ₩95 billion in 2017.

FILA, which had been performing poorly for quite some time, completely changed its brand image with well-made shoes. The company recorded ₩2.9 trillion in consolidated sales in 2018 with the success of its "Court Deluxe," released in 2016 and "Disrupter 2," released in July 2017. Shoes accounted for only 17% of FILA Korea's sales in 2017, but rose to 22% in 2018, and is expected to reach 27% in 2019. F&F, which operates outdoor apparel brands like Discovery Expedition and sports apparel MLB, also implemented a shoe reinforcement strategy. Discovery's ugly shoes, "Bucket Dwalker," which was introduced in January 2019, sold over 200,000 pairs, exceeding ₩30 billion in total sales. Shoes accounted for 40% of sales, a significant increase from the previous 8%.

There was also a clear trend among buyers where they preferred "category killer brands" like Find Kapoor. This was because of a trend among consumers of finding small brands appealing and the ease of selling it online. Accessories brands are also competitive in targeting overseas consumers. However, the limitations are obvious that the sales structure, which only a few items lead most of the sales, makes the brand difficult to stabilize in the market.

6) Globalization Through a Korean Image

Louis Vuitton's flagship store, Louis Vuitton Maison Seoul, which opened in Cheongdam-dong, Seoul, on October 31, 2019, was designed by architect Frank Gehry and the interior design was overseen by Peter Marino. Frank Gehry, the Master of Modern Architecture, is said to have referred to the Louis Vuitton Foundation Museum of Art and the Suwon Hwaseong Fortress, an 18th-century structure, and the traditional Dongnae crane dance, which embodies the shape of a crane with a white robe, to design the Louis Vuitton Maison Seoul store.

Young Korean designers who are challenging overseas collections are also receiving positive responses by actively utilizing the Korean image. A designer In-tae Kim, who studied fashion design at Esmod Seoul and Studio Bercot in Paris and gained experience while working in the collection team at Balenciaga, launched a brand in 2014 under the name of Kimhekim, after his family clan. He received positive responses from Europe and other countries first. The first collection comprised seven dresses made of organza fabric. The silhouettes of the dresses were modern, but the hanbok inspired the material and method of production.

In-tae Kim said, "I learn a lot by working with hanbok craftsmen in Seoul. I plan to continue to work closely with the hanbok artisan to continue the tradition." He strongly



Figure 5.

Maison Kimhekim Collection

Source: Maison Kimhekim Instagram
(@maison_kimhekim)

believes that only Korean artisans can finish a hand-sewn hanbok made of thin organza material. The pleated wrap skirt with a ribbon, reminiscent of a hanbok skirt, is one of his bestselling products. Top stars like Beyoncé, Lady Gaga, and Rihanna have worn his pieces, and Elle Fanning appeared in a Kimhekim pink ribbon dress on the red carpet at the 2019 Disney 23 Expo. Maison Kimhekim officially became a regular member of the Fédération de la Haute Couture et de la Mode in 2019.

3. Major Countries and Routes of Hallyu in Fashion

1) Diversification of Overseas Expansion

According to the “Report on the Development Plan for the Fashion Culture Industry’s Ecosystem” released by the KOCCA, Korean fashion brands have expanded overseas through various methods such as direct entry, licensing, wholesale, and online expansion. The method has been changing to minimize the initial investment risk of overseas expansion.

Table 2.
Korean Fashion Brands’ Methods of Overseas Expansion

Source: KOCCA (2019). *Report on the Development Plan for the Fashion Culture Industry Ecosystem*.

(Unit: Companies, as of December 31, 2019)

Classification	Method of entry	Key characteristics
Direct entry	Set up a local subsidiary in the area of entry and establish offline stores	High risk-high return
Licensing	Sign licensing agreements with foreign partners	Lower risk for investment costs-returns, but brand management is important
Wholesale	Entry through overseas distribution companies or showrooms	Mainly used by small businesses or designer brands
Online	Directly operate an online store or enter a joint venture with an online distributor in a foreign country	The trend is growing regardless of the size of the company or brand characteristics because of the increase in cross-border trade centered on online and mobile markets

Small brands tend to enter overseas markets through wholesale business and online. There are two types of wholesale business methods. The first involves participating

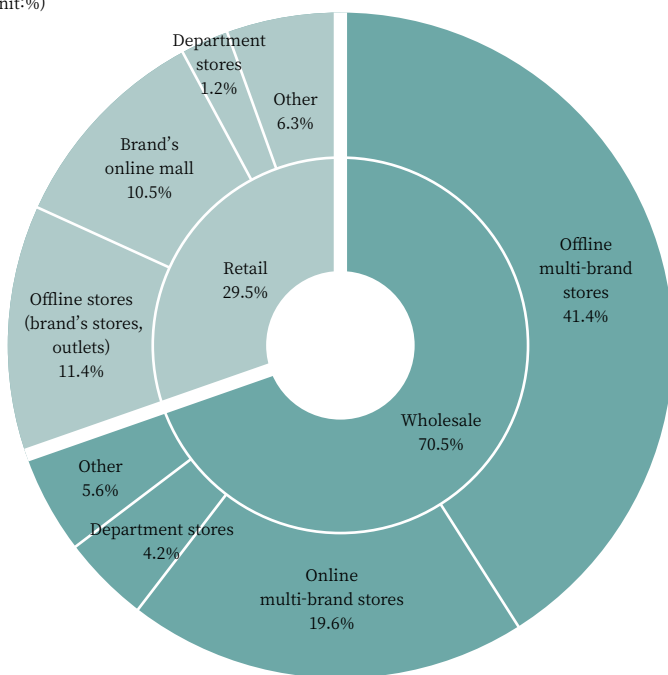
in trade shows. Doing so can reduce the cost of trade deals by identifying trends in overseas markets and securing foreign buyers. It is also an opportunity to enter the fashion market in other countries as well as the country in which the trade show is held. The second method is to utilize sales representatives (also called sales agents), who connect the brand with the retailer. Sales labs, which are multi-brand showrooms that gather multiple brands in one place to conduct sales, are suitable for small businesses with low brand awareness, or new brands entering overseas markets. Sales labs can help with market expansion and the systematic management of buyers through sales experts. A prime example is the Tomorrow Showroom, the largest overseas sales showroom under the Diesel group based in Europe and the United States, which secured overseas expansion rights for Plac, SJYP, and Ader Error, and aggressively placed them in leading stores overseas.

In addition to the methods mentioned above, brands can enter the overseas market through the overseas entry of home shopping channels and/or domestic multi-brand stores. The advantage of overseas expansion through online distribution channels is that it is easier to overcome regional limitations. It also has a higher margin rate than offline stores. The changes in the environment of global online distribution channels have created decent conditions for new small and medium-sized brands to enter the overseas market.

Figure 6.**Percentage of Sales by Overseas Distribution Network**

Source: KOCCA (2019). 2019 Survey on the Designer Fashion Industry.

(Unit:%)

**2) Alliances Between Companies and Designers**

What happens when the capital, systems, and global networks of conglomerates and the sensibilities of designers come together? The result of such an alliance is the establishment of ideal conditions for the creation of a powerful brand. Juun. J, which was acquired by Samsung C&T in 2011, is a success story. Rather than opening up in domestic department stores and opening independent stores, which are conventional methods used by Korean fashion companies, Juun.J achieved success by launching European collections and participating in trade shows, which is a method of distribution used by

global brands. Juun.J has expanded its collection from menswear to womenswear and a commercial line and is sold in over 100 department stores across 30 countries, including Galeries Lafayette in Paris, Harrods in London, Neiman Marcus in New York, and La Rinascente in Milan.

KUHO, a womenswear brand, has established itself in Korea with sales to the tune of ₩100 billion and has changed its brand structure to suit the global market and to enter overseas markets. Its efforts are focused on proposing products that buyers will be interested in by organizing each collection by color, material, and style, and by moving up the planning schedule for the overseas market six months ahead of the domestic market. It held presentations in the United States focusing on the wholesale industry and entered Bergdorf Goodman, Lane Crawford, and the online multi-brand store Sense. KUHO's case shows that there is a need for cooperation between fashion conglomerates and Korean fashion designers to become both globally competitive and global brands.

3) Overseas Entry of Multi-brand Stores

Korea's leading multi-brand stores accumulate know-how as they enter overseas markets. Handsome's brand Tom Greyhound, which opened in the affluent area of Dosan Park in 2008, launched in Paris in 2014. A lot has changed since the days of being overwhelmed by seeing clothes by the domestic brand SYSTEM hanging alongside products by Sweden's Acne Studios. With the rise of Korean fashion, Tom Greyhound is one of the most notable boutique stores in Paris.

Handsome uses the Tom Greyhound boutique in Paris as a showroom to promote Korean brands, and as an advanced base to identify global fashion trends and information.

ALAND, a domestic multi-brand store that first opened its doors in Hongdae in 2005, sells clothing by up-and-coming designers. It opened its first store in Harbour City, one of Hong Kong's largest shopping malls, in 2012, and expanded to Lee Theater Plaza and PAM before entering Southeast Asian markets like Thailand. In 2018, ALAND opened its Brooklyn store, and it has been promoting Korean fashion by selling designs and styles that are popular in Korea. ALAND has proven itself through its local sales and plans to open its second store in East Rutherford, New Jersey, and to expand its business to Japan, the Philippines, and Europe.

Multi-brand stores often introduce their brands directly to overseas markets and have expanded the role of sales labs. Both Tom Greyhound and ALAND manage their overseas business on their own. Samsung's online and offline multi-brand stores BEAKER and ANOTHER# are also carrying out wholesale of their brands. BOONTHESHOP, which is operated by Shinsegae Department Store, launched its own brand to target overseas markets and pursued entry into the four major fashion cities of Paris, Milan, New York, and London. It entered Barney's New York in 2017, Bon Marché Department Store in France in 2018, and Bergdorf Goodman Department Store in the United States and Harrod's Department Store in the UK in 2019. This marks the first time that a Korean fashion brand entered Harrod's. The BOONTHESHOP store is located on the second floor of Harrod's alongside foreign luxury goods, such as Bottega Veneta and LOEWE.

4) Modification of Strategies to Enter China

The domestic SPA brand 8Seconds, operated by Samsung C&T, opened a 3,600m² flagship store in Shanghai in September 2016 but closed down in just two years because of poor performance. The worsening market situation, which began with the THAAD conflict with China in 2016, has served as an opportunity for Korean fashion companies to modify their strategies for entering China. Instead of entering China directly, companies are taking detours through licensing and M&As. E-Land Group entered the Chinese market in 1994 and surpassed ₩1 trillion in sales in China in 2011. It operated over 7,700 stores in 2016. It expanded its department store business, which was focused on major cities such as Beijing and Shanghai to second- and third-tier cities such as Qingdao, Hangzhou, and Nanjing, and enhanced its online shopping mall channels. In January 2017, it also improved its financial structure by selling TEENIE WEENIE to a Chinese company. After the Chinese fashion company V-Grass acquired TEENIE WEENIE, its sales in the first half of 2018 reached ¥1.38 billion, up 48.3% from the previous year.

Establishing a joint venture with a Chinese company is currently the most preferred means of entering China. Korean companies provide Hallyu content and systems, while Chinese companies invest funds to create synergy. Handsome has signed an exclusive distribution and export contract with China's Bailian Group for the women's casual apparel brand SJSJ. Handsome has already exported products by eight brands, including SYSTEM, OBZEE, O'2ND, THE CASHMERE, and SJYP to more than ten countries including the United States, Taiwan, and Hong Kong, and plans to expand its overseas exports to around ₩40 billion per year by 2022.

Shinsung Tongsang, which established a subsidiary in

Shanghai in 2013 to independently localize Ziozia, also set a new joint venture with China's largest menswear company, Jomoo, after facing the limitations of foreign-invested companies and the THAAD conflict. Since then, menswear brands Ziozia and AND Z have been effectively developing their business in China. Ziozia, which closed its Myeongdong store in 2017, reopened a two-story flagship store in Myeongdong after two years and eight months.

FILA Korea is operating in China, Hong Kong, and Macau through FILA China, which is a joint venture established in 2009 with sports company ANTA, known as the “Nike of China.” FILA's fourth-quarter sales in 2018 exceeded ₩250 billion, which is the most massive quarterly sales ever by a Chinese subsidiary. This has been considered a successful case resulting from FILA Korea's planning and ANTA's capital.

Street and designer brands prefer the wholesale business method through local distribution partners in China. The leading distribution partner in China is the IT Group, which operates over 100 stores in China. Korean brands like Style Nanda, ROCKET X LUNCH, Andersson Bell, LAP, and thisisneverthat officially began entering overseas markets after starting to do business with IT.

5) Overseas Entry through Duty-free Stores

Korean fashion is expanding overseas by using duty-free stores as a stepping-stone. They enter new markets after testing the waters to understand their chances for success at duty-free stores by engaging with Chinese customers, who are known to have deep pockets. People in their teens and 20s in China tend to prefer brands sold at duty-free stores, so duty-free stores can provide a foothold in overseas markets at a lower cost than

entering foreign markets directly. STUDIO TOMBOY, G-CUT, and VOV opened their shops at duty-free stores first before advancing to online malls in China. New brand ACME DE LA VIE saw its sales jump by more than tenfold in just a year after entering duty-free stores at the beginning of the year.

As the Korean fashion sales at major duty-free stores in Seoul, including Lotte, Shilla, and Shinsegae, have increased by up to three times when compared to the same period last year from January to November 2019, duty-free stores are also transforming into overseas bases for Korean fashion. The duty-free industry has reorganized its existing merchandisers and stores that were previously centered on luxury fashion and cosmetics. Lotte Duty-Free, which had been operating casual streetwear brand ACME DE LA VIE as a temporary shop, promoted it to a regular store. The Myeongdong branch of Shinsegae Duty-Free brought in NERDY and KIRSH after reorganizing its merchandisers with street fashion content. The Shilla I'Park Duty-Free Store in Yongsan sells KIRSH and LMC, while Doota Duty-Free in Dongdaemun operates a section with 13 brands from Musinsa, such as Covernat and VIVASTUDIO.

Brands that particularly receive attention at duty-free stores are domestic street fashion ones such as MLB and FILA. Since it entered into domestic duty-free stores in 2017, MLB has ranked first in sales per 3.3m² in the fashion and accessories categories, which includes luxury brands, at major duty-free stores in 2018 and 2019. However, it is regrettable that most of the sales are concentrated in China. According to the KOCCA's "Report on the Development Plan for the Fashion Culture Industry's Ecosystem," sales of clothing and fashion-related products at duty-free stores amounted to ₩227 billion in 2018, with China accounting for 88.3% of the total.

4. 2020 Outlook for Hallyu in Fashion

1) The Need for Korean Fashion to Become High-End

According to the “The State of Fashion 2020” jointly published by McKinsey and British fashion magazine Business of Fashion, a majority (55%) of fashion executives predicted that the industry’s growth rate in 2020 (3 to 4% forecasted) would fall by 0.5% from the 3.5 to 4.5% in 2019. As growth slows down, it is vital to respond promptly to opportunities for value creation and to interact with consumers to lead innovation within the industry.

Although the consumption of luxury goods is increasing mainly among millennials who were born in the early 1980s to the early 2000s, none of the luxury brands are from Korea. In the fashion world alone, not only the highest-end luxury brands but also cost-efficient popular brands are foreign. It is critical to foster Korean luxury brands, as doing so can create high-value products and become the driving force behind the new global market. To target high-end consumers in China, who purchase more than ₩23 trillion in luxury brand products per year, it is necessary to actively utilize the perceptions that “Korea is cutting-edge” and “Korean products are stylish.” The quality of Korean-made goods has already reached the highest level in each field. Now, it is necessary to wrap it up with an image and a story that imprints the brand onto consumers’ minds. However, improvements are required as this aspect seems most lacking.

2) The Continuity of Live Streaming and E-commerce

Accessories brand 1064STUDIO and handbag brand gu_de, which attracted attention after entering the Korean collective of

Net-a-Porter, started overseas sales through Instagram, without great expense. 1064STUDIO produced a bold art piece that was better seen online and uploaded a photo of it on its official Instagram account. It became known world over after the post was “regrammed” by global influencers. In the case of *gu_de*, the buying director at Net-a-Porter visited the showroom after seeing an Instagram post and began doing business. Social media is the most competitive and effective means of promoting brands around the world.

The influence of social media is already strong, and it is evolving into a system that utilizes the platform to lead to e-commerce directly. “Social commerce,” where the consumer is also the seller, or the “sellsumer” (seller + consumer), exerts a strong influence. These “sellsumers” broadcast live on Instagram and sell their own clothes, often selling thousands of pieces in just an hour. “Wanghong,” which refers to Chinese influencers who sell products to consumers in China, which has a population of 1.4 billion, through live broadcasting, are emerging as major players in the distribution industry. Brands are already working with messenger-based app WeChat, Yizhibo, China’s largest online mall live platform, Kuaishou, the Chinese version of YouTube, and Xiaohongshu, China’s largest review community, to sell products. For millennials, “sellsumers” are more familiar than celebrities. Even Hollywood star Kim Kardashian hosted a live streaming broadcast with Viya Huang, a famous influencer, to sell her newly launched perfume. China’s video-sharing platform, Douyin, which is known around the world as TikTok, launched a service in September 2019 that allows users to search for and purchase products that are seen in videos posted by users, rather than videos produced by companies, and social commerce is expected to continue growing in the future. China expects social commerce to reach \$166 billion, or 20% of online sales,

by 2023. Though fierce competition has already begun, public relations through social media, sales through social commerce, and the operation of flagship and pop-up stores that offer unique experiences are three main strategies that must be relied on in order to foster a global brand.

3) Seeking to Enter a Multinational Market

Over the past decade, China has contributed 38% to the growth of the global fashion industry and has accounted for 70% of the growth of the luxury fashion market since 2012. As the market size is large, brands that do well in China recorded high growth rates, while those that struggled in China faced losses. Companies need to consider ways to spread risks by expanding their businesses to high-growth areas such as India, East Asia, and Russia.

Fashion markets in emerging Asian countries are expected to grow by 6 to 7% this year, which is the highest in the world. These markets are not only large but also have great growth potential for e-commerce with a large population of consumers who are young and familiar with digital devices. India's clothing market is expected to grow to \$53.7 billion in 2019. With the popularization of the Internet, clothing sales through e-commerce account for 11% of the total (as of 2018). Sales in the Southeast Asian clothing market, where about 40% of the population is under 25 years, amount to \$5 billion. Among the sales, e-commerce only accounts for 6% of fashion sales (as of 2018). Still, the total transactions of the three largest e-commerce companies in Southeast Asia, including Lazada, Shopee, and Tokopedia, increased nearly seven-fold between 2015 and 2018, revealing the high growth potential of Southeast Asia in the e-commerce market.

Russia is the world's ninth-largest consumer market. As the price-sensitive consumer population increases, price comparisons and searches are becoming more and more critical. E-commerce accounted for over 10% of the overall clothing market in 2018, nearly doubling from what it was five years ago. China's AliExpress and Russian Internet distribution company Lamoda are driving the growth of the e-commerce market. Per capita spending on clothing in the UAE and Saudi Arabia is six times, and twice that of China, respectively. The consumption of fashion products in the Middle East is expected to increase with the recent easing of regulations on women's clothing.

4) Smart Responses to Sustainability

The fashion industry, which had only focused on designs in the past, is currently reflecting on the environment. There have been criticisms that the clothing industry accounts for a significant portion of greenhouse gas emissions, and the emergence of the fast fashion industry shortens the utilization cycle of clothes, exacerbating environmental and climate problems that are already severe. Consumers currently have no choice but to think about the environment and the future while choosing a product. Even fashion brands are being asked to carefully consider the utilization cycle of their products and environmental issues that may arise after utilization.

The sense of crisis that too many resources and too much energy have already been used to make fashion products is naturally leading to the growth of the clothing rental market and shared fashion platforms, and the resale market. The resale market is centered on designer brands that transcend time and space. According to the Samsung Fashion Research Institute's recently published "Resale Market Boom Report," the resale

market is expected to more than double its current size by 2022. Globally, the growth rate of fashion resale sites reached 49% between 2017 and 2018, which is significantly higher than the 2% growth rate of the fashion retail market.

Rent the Runway, one of the leading shared fashion platforms in the United States, is an excellent example of fostering a business despite the psychological resistance of “feeling uneasy about wearing clothes worn by someone else.” Rent the Runway started in 2019 by renting dresses that were thrown away after they were worn once and built a subscription service that rents clothes for a fee. Rent the Runway now has over 10 million members and has an entrepreneurial value of over \$1 billion. Front Row in the UK rents luxury brands, and the HURR Collective offers rental services at 20% of the original price. Other established fashion brands such as Banana Republic, Bloomingdale’s, Urban Outfitters, and American Eagle are also attempting to enter into the clothing rental market. Even H&M, a fast-fashion brand with over 5,000 stores worldwide, began testing its clothing rental business in Sweden, where it is headquartered, in November 2019. GlobalData, a British data analysis company, expects the US clothing rental market to grow nearly five-fold from \$1 billion (approximately ₩1.7141 trillion) in 2018 to \$4.4 billion (approximately ₩5.16 trillion) in 2028.

The Korean clothing rental market was pioneered by startup companies such as Want To Wear, WINGCLOSET, and CORENTAL in 2015. In 2016, SK Planet launched Project N and reached 400,000 cumulative members in about a year and six months. Unfortunately, by 2018, all companies shut down their services. Although Korean consumers criticized the Korean shared wardrobe services for being premature through unsuccessful cases, it left a lesson that technology must be

supported in order for such services to be sustainable and profitable.

For example, Stitch Fix in the US recommends and delivers items suitable for users after they enter their basic measurements, such as height and weight, along with additional information on color and pattern preferences. It is unconventional in that there are no products or photos on the website because it is a means of receiving recommendations rather than having the consumers choose products themselves. The reason why such services are possible is that 3,500 ‘human stylists’ select their own clothes while utilizing data algorithms based on artificial intelligence (AI). Stitch Fix is currently used by 3 million people, with annual sales of ₩1.5 trillion and a corporate value of ₩3 trillion as of 2018. It has created ripples in the fashion industry in the United States. Amazon also offers the “Personal Shopper by Prime Wardrobe” service, which delivers up to eight items selected by an AI stylist to customers who pay \$17 (approximately ₩20,000) and allows the customers to try them on for free and permits free returns. Amazon has focused on the technological development of the fashion industry, announcing that it will become the most preferred website for online fashion product purchases.

Furthermore, new technology will also change the planning, production, sales, and operation processes of fashion in an environment-friendly manner. Google is testing Project Muze, in which AI engages in fashion designing based on trends, user interests, and networks, while Amazon is working on developing fashion design algorithms using AI technology through its R&D division, Lab126. A series of attempts that seemed far from being commercialized emerged as a social issue in April 2019, when the work of an AI designer called “DeepVogue,” produced by China’s DeepBlue Technology took second place at the China International Fashion Design Innovation Competition.

There are endless technologies and possibilities for the smarter development of the fashion industry, such as the introduction of rapid production through online networks or the establishment of urban micro-factories. Designers in the US are introducing an online system in which products are manufactured in China and delivered directly to consumers. When the Smart Factory⁴⁾ is incorporated in the city center, small-scale designers will be able to produce fashion products at competitive prices quickly. If AI designers can promptly provide custom-tailored outfits to suit consumers' tastes, issues stemming from fashion inventories and waste resulting from mass production can mostly be resolved.

The Korean government is also making efforts to support the fashion and beauty industries that utilize new technologies such as IoT, VR, AI, and Big Data. In 2019, the Ministry of Trade, Industry and Design, along with the Korea Institute of Design Promotion, opened DKWorks, a space for innovative growth in style technology, near Samseong Station in Gangnam-gu, Seoul. It features Zigzag, a platform that suggests customized fashion like Stitch Fix, Closet Share, a fashion sharing platform that has entered Singapore and other countries, and Lologem, a VR-based jewelry experience service. When viewed with just a little bit of interest and affection, the fashion business remains an industry of the future with plenty of room for creation and innovation.

4) A factory where the entire production process of a product is automated through wireless communication.

9

Hallyu in Food

'Hallyu in Food 2.0'

: A New Leap Toward Diversification and Segmentation

— Bora Kang

Researcher, Institute for Communication Research, Yonsei University

1. 2019 Hallyu in Food

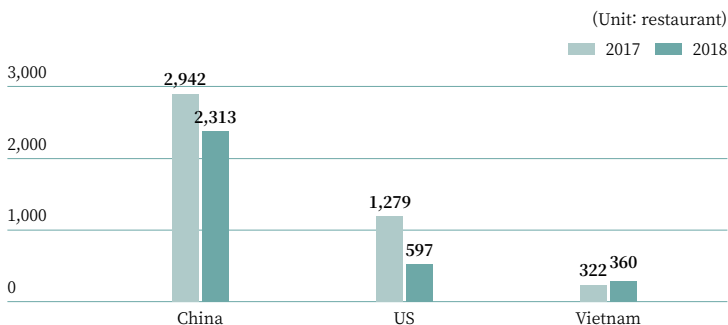
1) Overseas Expansion of Korean Food Service Companies Stagers While the Export of Agricultural and Fisheries Products Increases Steadily

According to the Korea Agro-Fisheries and Food Trade Corporation's *2018 Report on Overseas Expansion of Food Service Companies*, the overall overseas expansion of Korean food service companies has declined. This is a result of the increase in the number of companies withdrawing from overseas markets when compared to 2017 and the large number of Korean food service companies withdrawing from the Chinese market in the aftermath of the THAAD conflict. As seen in Figure 1, the number of restaurants run by Korean food service companies in China decreased from 3,000 in 2017 to 2,313 in 2018. The number of such restaurants in the US also reduced from 1,279 in 2017 to 597 in 2018, down by more than half. Despite the decrease in the overseas expansion of Korean restaurant companies, the expansion of Korean restaurant brands is gradually increasing in the Vietnamese market thanks to their favorable perception of Hallyu.¹⁾ Currently, China and the US account for a large portion of overseas expansion of Korean food service companies, while the share of the Southeast Asian markets, centered on Vietnam, is relatively small in comparison. As the overseas expansion of Korean food service companies to the US has decreased significantly over the past two years, detailed investigations and strategies are necessary.

1) aT (2019). *2018 Report on the overseas expansion of food service companies.*

Figure 1.**Number of Korean Food Service Companies' Restaurants Entering Overseas Markets**

Source: aT (2019). *2018 Report on Overseas Expansion of Food Service Companies*, p. 11, based on Figure 2-2.



The global food market was worth \$6.2 trillion in 2017, up 3.8% from 2016. Both the beverage and grocery markets are expected to grow in the global food market over the next two years, especially in the beverage market, which includes soft drinks and distilled spirits. Among groceries, meat, meat substitutes, and snacks are expected to grow significantly. Food markets in Asia and the Pacific regions are expected to grow the most in the future, beating both Europe and North America.²⁾ Considering the results of the analysis in Figure 1, it can be interpreted that the current dependence on the Korean food market has to take a strategy to shift forward to Asia and the Pacific, China, and Vietnam rather than North America.

Exports of agricultural, forestry, and fisheries products totaled \$93.03 billion in 2018, up 1.6% from 2017, and up 147.4% from 2007. Since 2007, exports of agricultural products have grown at an annual average rate of 8.6%.

The top export items for 2018 were cigarettes, tuna, laver, beverages, and instant noodles (see Table 1). In the same year, Japan,

2) aT (2019). *2018 Report on overseas expansion of food service companies*, pp. 13-16.

China, the US, and Vietnam were listed by the export amount as major importers of agro-fisheries products. The main export items in each country were as follows: tuna and laver in Japan; instant noodles, beer, and laver in China; laver and beverages in the US; and tuna and composite food preparations in Vietnam.³⁾ Given the top export items, food products that are not limited by food culture or religious reasons are expected to continue to remain in the limelight among exports.

Table 1.
Major Trade Items and Trade Countries in 2018

Source: MCST and aT (2019). *2018 Korea Agro-Fisheries & Food Trade Corporation's Import and Export Trends and Statistics for Agricultural, Forestry, and Fisheries*.

(Unit: 1 million USD)

2018 Top Export Items	1. Cigarettes	2. Tuna	3. Laver	4. Beverages	5. Instant noodles
	792.2	617.7	525.6	417.7	413.1
2018 Top Export Countries	1. Japan	2. China	3. US	4. Vietnam	5. Hong Kong
	2,084.1	1,501.6	1,080.0	584.9	424.2

2) Korean Food Remains an Important Factor Motivating Foreign Tourists to Visit, But a Detailed Approach Is Necessary

Two indicators were examined to understand the level of expansion of Hallyu in food. One addresses the experience of Korean food for foreigners visiting Korea, and the other focuses on the experience of Korean food for foreigners visiting Korean restaurants in foreign countries.

According to the Korea Tourism Organization's *2019 Survey of Foreign Tourists*, foreign tourists

3) aT (2019). *2018 Report on overseas expansion of food service companies*, pp. 71-72.

cited “shopping” and “food and gourmet tours” as the most important factors motivating their visit. Table 2 shows that the percentage of foreign tourists who mentioned “food and gourmet tours” as the reason for their visit to Korea had increased by 1.6% in the first quarter of 2019.⁴⁾ The 5% difference between “shopping” and “food and gourmet tours,” which are considered the most important factors motivating visits to Korea, indicates that foreign tourists consider those factors as most important. The ratio for “natural scenery,” when compared to “shopping” and “food and gourmet tours,” is significantly lower. Therefore, it is necessary to consider tourism products that can link the “natural scenery” to “food and gourmet tours” in terms of the type of content of the consumption of foreign tourists.

Table 2.

Factors Considered When Foreign Tourists Chose Korea as a Destination in 2019 (multiple responses)

Source: KTO (2019). *2019 Survey on Foreign Tourists. First Quarter (January to March 2019)*.

Factors motivating visit	First Quarter, 2018	First Quarter, 2019
Shopping	66.5%	69.8%
Food and gourmet tours	62.7%	64.3%
Natural scenery	33.6%	34.8%
Visiting friends and family	16.3%	21.0%
Sophisticated culture	12.6%	18.8%

From a broader perspective, the perception of food as a representative of Korea by foreign tourists who have visited over the past five years has not been changed significantly.

According to one survey, kimchi accounted for 39.5%, bibimbap 20.6%, and bulgogi and galbi 11.3% each as representative

⁴⁾ KTO (2019). *2019 Survey on foreign tourists*.

Korean food recognized by foreign tourists.⁵⁾ Before foreign tourists visit Korea, food recognized as being representative of Korean cuisine included: bibimbap (34.5%), kimchi stew (30.2%), samgyetang (27.2%), and bulgogi (18.7%). This shows that bibimbap, kimchi, and bulgogi are recognized as the representative Korean food regardless of whether tourists visit Korea or not.⁶⁾ A recent survey of foreign tourists also found that Korean restaurants visited by foreign tourists are mostly located in Seoul. In addition to Seoul (65.1%), there were almost no foreign tourists who said that they had visited Korean restaurants in areas other than Jeju (11.8%) and Busan (7.7%), showing that the Korean food experience is concentrated in certain regions.⁷⁾

Through a survey on Korean food conducted among foreigners residing in Korea, Park et al. (2014) examined how foreigners in Korea perceived the advantages and disadvantages of Korean food. They found that the positives of Korean food were seen as “tradition,” “balanced nutrition,” “home-style,” and “high quality,” and that the negatives were seen as “sharing food,” “complex cooking methods,” “spicy,” and “salty.” In another study, Muslims living in Korea mentioned “healthy” and “fresh” as advantages of Korean food, on the lines of the findings of previous studies, but mentioned “strong sweet and spicy flavors” as a disadvantage.⁸⁾ In

examining the influence of Korean food in Hallyu in food, the priority has been on reviewing how foreign tourists who visit Korea temporarily perceive Korean food, while acknowledging that foreign tourists residing in Korea for the extended period of time may have different experiences as they encounter

5) Yoon, Seong-ah. & Park, Geum-soon. (2013). Study on image, preference, importance and satisfaction to Korean traditional food of foreign visitors in Korea. *The East Asian Society of Dietary Life*. 23, pp.184-196.

6) KFPI (2018). *2018 Report on the Consumption Status of Foreign Tourists at Korean Restaurants*, p. 24.

7) KFPI (2018). *2018 Report on the Consumption Status of Foreign Tourists at Korean Restaurants*, p. 40.

a wider variety of Korean food.

Some points worth noting while studying the experiences of foreigners visiting Korean restaurants in foreign countries are as follows. First, the biggest weakness is that the perception of Korean food varies significantly from region to region. Foreigners from Asian cities such as Beijing and Bangkok had a high degree of awareness of Korean food, whereas people from European cities like Rome had low degrees of awareness. Korean food tends to be recognized by “spicy flavor,” “ethnic food,” or single dishes like bibimbap and bulgogi based on the low degree awareness of Korean food.⁸⁾ Whereas the preference for spicy food is expected to expand worldwide, the perception of “Korean cuisine=spicy” may not help popularize Korean food in foreign countries if it is difficult to discern how the spicy flavor of Korean food differs from, for example, the spicy flavor in Sichuan cuisine. The perception as an ethnic food is not necessarily positive in that it can give the impression of food for minority tastes or food chosen by those who are adventurous in their food choices.

Single dishes like bibimbap and bulgogi may be introduced for first-time promotions of Korean food. Still, at this point, it is necessary to adopt a more comprehensive approach. For example, Thai and Indian food are known to have vegetarian-friendly features, and food from the Mediterranean region such as Greece and Italy are introduced as healthy foods that rely on natural tastes of ingredients. If easy-to-understand features are explained to those who do not know much about Korean food, it can boost the satisfaction of foreigners who are exposed to Korean food through Korean restaurants in foreign countries.

8) Lee, Chang-hyun et al. (2017). The perceptions and preferences of Korean food by foreign Muslims according to the period of residence in Korea. *The Korean Journal of Community Living*, p. 90.

9) KFPI (2018). *Global Korean food consumer survey*.

2. Hot Issues in Hallyu in Food

1) The Connection Between Cultural Content and Korean Food

The most noteworthy aspect of Hallyu in food in 2019 is that the connection between cultural content and Korean cuisine has gained significance. There have been cases in which the combination of Korean chicken and beer became known through dramas like *My Love from the Star*.¹⁰⁾ However, it is different from before in that a variety of Korean foods are being introduced to foreigners through cultural content such as web entertainment programs, YouTube videos, and broadcast dramas. A representative example is “reaction videos,” which present the reactions of foreigners trying Korean food for the first time. Reaction videos featuring Korean food show reactions to food that are easily accessible to foreigners, alongside also food that is unfamiliar to foreigners, such as raw octopus and chicken feet. Korean food reaction videos, which can easily be found on online platforms like YouTube, also contain comments from ordinary users that reflect their curiosity or interest in Korean food and can reveal the potential possibilities for Korean food. Entertainment programs such as MBC *Everyone’s Welcome, First Time in Korea?* And tvN’s *Seoul Mate* that borrow from online Korean food reaction videos are also popular. These examples show how important it is to continue utilizing video content in the promotion of Korean food.¹¹⁾

On the other hand, “mukbang”

10) Hwang, Hee-kyung (2014, February 19). Fried chicken popular in China due to influence of Korean drama, *My Love from the Star*. *Yonhap News*. (URL: <https://www.yna.co.kr>.)

is being used by foreigners to refer to “eating videos.”¹²⁾ Mukbang created new meaning in that it helps with not only the spread of Korean food but also the culture of eating Korean food and the format of interacting with viewers while eating. Millennials are accustomed to accessing and disseminating information online or information transmitted by influencers. Thus, it is necessary to utilize digital cultural content in the future actively. As in the case of the New York K-Food Fair which was held in conjunction with KCON 2019 NY held in July 2019, it is necessary to find ways to form connections between K-pop and Korean food, which has already attained excellent results in foreign countries, so that foreigners can access Korean food without resistance.¹³⁾

2) The Success of Korean Instant Noodles and Seasoned Laver and the Development Potential of Health and Functional Foods and Beverages

According to the latest statistics on Korean food exports, both beverages and instant noodles have reached \$400 million (approximately ₩470 billion) in exports. The popularity of spicy ramen has continued in the US, Southeast Asia, and China. Exports of seasoned laver have grown significantly in the US, China, and Japan markets. As of 2017, the amount of seasoned laver exports, which totaled \$5.132 million (approximately ₩620 million) in 2017 increased by 2.4% in 2018 to \$5.13 million (approximately ₩630 million).¹⁴⁾ Whole Foods Market, a

11) Lee, Seung-yeon (2018, January 17). This is Korean style: “It” items chosen by foreigners in the media. *MBN*. (URL: <http://www.mk.co.kr>.)

12) KOFICE (2019). *2019 Global Hallyu Trends*.

13) Kim, Dong-un (2019, July 9). aT holds New York K-Food Fair consumer event in conjunction with KCON 2019 NY. *Pressian*. (URL: <https://www.pressian.com>)

14) MAFRA and aT (2019). *2018 Korea Agro-Fisheries & Food Trade Corporation. Import and export trends and statistics for agricultural, forestry, and fisheries*.

United States-based organic market brand, listed “snacks and seaweed from marine products” as one of the top 10 food trends of 2019.¹⁵⁾ Butter and noodles using laver and seaweed are in the spotlight, centered on organic brands such as Whole Foods. This trend is also consistent with surveys that show that snacks and noodles are commonly considered among foods that are expected to increase in global demand over the next few years.¹⁶⁾

Korean energy drinks were trendy in Vietnam and Cambodia, whereas Korean health drinks were popular in the United States. Korean character-based drinks have gained popularity in Indonesia, and aloe drinks have gained popularity among the Hispanic population in the US.¹⁷⁾ Energy drinks such as Bacchus recently recorded high sales in Vietnam because it featured Hang-seo Park, the head coach of the Vietnamese national team, as the model in advertising.¹⁸⁾ The success of Bacchus is noteworthy, as there have been very few cases of Hallyu in sports being linked to Hallyu in food in the past.

3) The Expansion of HMR and Delivery Food Markets and Matching Korean Menus

The rapid expansion of home meal replacements (HMR) and delivery food markets over the world is also a notable feature of Hallyu in food. The HMR market has grown by 63% over the past three years. In 2022, the global market for HMR is expected to reach \$5 trillion.¹⁹⁾ *Is the Kitchen Dead?*, a report

15) Whole Foods Market (2019). *Our Top 10 Food Trends for 2019*.

16) MCST and aT (2019). *Major Statistics from the Food and Dining Industry in 2019*.

17) MAFRA (2019). *2018 Korea Agro-Fisheries & Food Trade Corporation. Import and export trends and statistics for agricultural, forestry, and fisheries*.

18) Choi, In-joon (2018, September 5). In Vietnam, Bacchus = Park Hang-seo! *ChosunBiz*. (URL: <https://biz.chosun.com>.)

19) Park, Seong-jin (2019, August 4). Home replacement meal market grows by 64 percent in 3 years... expected to reach ₩5 trillion in 2022. *Yonhap News*. (URL: <https://www.yna.co.kr>.)

released by the Swiss financial firm UBS in 2018 stated that the online food delivery service market reached \$35 billion or about ₩39 trillion. The report also forecasted that the online food delivery market would reach \$365 billion, or about ₩408 trillion by 2030.²⁰⁾ This growth can be attributed to the Millennial generation's preference for delivered food when compared to the previous generation, and the fact that the cost of ordering food is almost the same as that of cooking at home.

A 2018 survey of Korean food consumers around the world showed that the proportion of people using HMRs or delivering food when compared to eating out was quite high. Respondents said that they usually ordered Chinese or Italian food for delivery, and the preference for Korean food was low. A large number of respondents also said that they had no opportunity to try Korean food because of poor physical accessibility.²¹⁾ Considering these consumption characteristics, increasing the accessibility to Korean food through delivery options or HMRs can also be a strategy to expand Hallyu in food. Considering that Korean food may be less recognizable when compared to Chinese or Italian food, it is also necessary to rely on a method that is familiar to each culture while developing HMRs.

20) Grunberg, C. (2018, June 18). *Is the Kitchen Dead?*. UBS.

21) KFPI (2018). *Survey on global Korean food consumers*.

3. Major Countries and Routes for Hallyu in Food

1) Expansion Status of Hallyu in Food

Taiwan was one of the major players for Hallyu in food between 2018 and 2019. Until 2017, “Korean dramas” or “Hallyu stars” topped the list of “images that come to mind for Korea.” In a survey conducted in 2018, “Korean food” topped the list. In recent times, there has been a growing number of restaurants specializing in foods such as snacks like tteokbokki and pork belly. Specialized Korean restaurants have been receiving positive responses as the number of young people experiencing Korean food as distinct from local food is on the rise, especially among those that are open to Korean culture.²²⁾

By region, Asia had the highest increase in Korean restaurants until 2018. The number of Korean restaurants in Asia has grown by about 277.6% over the past decade to 28,151 restaurants as of 2018. The unique feature is that growth was centered on Japan, China, Vietnam, and Southeast Asia, and these restaurants are operated by locals. They are different from the Korean restaurants in North America and Europe, where they are mostly run by Koreans. The fact that these Korean restaurants did not open in Korea Towns, where Korean restaurants are concentrated, but rather in other areas, shows a different trend from that of the past. The age of locals visiting Korean restaurants located in other parts of the world, like European and Asian countries, excluding South America, is quite high.²³⁾ These changes prove that

22) KOFICE (2019). *Hallyu Now*, vol. 33.

23) KFPI (2018). *Global Korean food consumer survey*.

Korean food has gained popularity and has been localized overseas. Until the early 2010s, Korean restaurants located in foreign countries were recognized widely as places for overseas Koreans or Korean tourists. Most restaurants were run by Koreans who have focused on maintaining the original flavors of Korean food as far as possible, even with local ingredients. The trend among new Korean restaurants is to attract local customers by focusing on localized Korean food.

Some concerns have been raised regarding the popularization and localization of Korean food. There has been some doubt as to whether it is authentic Korean food because Korean food is known and made in a way that is distinct from the traditional use of ingredients. On the other hand, experts say that Korean food should enter the daily lives of foreigners before it can achieve its sustainable development. For example, as jjajangmyeon was influenced by Chinese food but had been developed and Koreanized by numerous restaurants in Korea, the key is to use ingredients that are easy to obtain locally and to adapt to local tastes. After certain Korean dishes were perfectly settled within the daily lives of foreigners, traditional Korean recipes using Korean ingredients can enter a far more evolved form than before.²⁴⁾

Finally, more precise standards are necessary to aggregate the future status of Hallyu in food. For example, for the current state of Korean restaurants, as seen in various reports on their expansion, consideration may be given to whether target restaurants should serve only Korean cuisine or should also include other Asian cuisines. As mentioned above, if Korean food entering the daily lives of foreigners is an essential step in Hallyu in food, Asian restaurants

24) Kim, Bo-ra (2018, December 24). Interview: Jong-won Baek, CEO of The Born Korea: "Localization should come before globalization of Korean food." *New Daily*.

serving Korean food should also be included in the count for Korean restaurants. If this is so, the results may be somewhat different from those of past studies on the state of Korean restaurants. However, there is an advantage in that new subjects may be discovered, and different implications may be drawn when compared to the previous surveys. Another point to consider regarding the survey on the status of Hallyu in food expanding overseas is that different approaches should be followed based on how popular Korean food has become in different cultures. In China and Southeast Asian countries, where Korean restaurants have grown rapidly over the past five years, special dishes such as “Korean fried chicken,” “cheese dakgalbi,” and “instant tteokbokki” tend to be preferred, as people have had exposure to Korean food as pan-Asian food. In North America and Europe, on the other hand, Korean food is perceived differently by each country, and in some cases, people are closed off to not only Asian food but all foreign foods. For this reason, it is important to understand that the level of acceptance of Korean food in different cultures may differ from that in East Asia.

2) Methods of Entry of Hallyu in Food

With the changing times, online expansion is as significant as an offline expansion for Hallyu in food. Whether foreigners who visited Korea or foreigners who have visited Korean restaurants in their own countries, their experiences are far more influential than offline experiences when those are spread through online cultural content such as images and videos. According to the 2019 Global Hallyu trends, 58% of all respondents said that they had experience watching “mukbang.” This figure can be interpreted that there is a

large foreign population that is exposed to Korean food culture through videos.²⁵⁾ However, the concept of “mukbang” itself may face new problems as it settles as a term in the future. For example, it may be difficult to say that watching an eating show is directly related to the popularization of Korean food. Therefore, continuous observation is necessary to identify the patterns and meanings of Hallyu in food through video content such as “mukbang” and “reaction videos” related to Korean food.

From this, the spread of Hallyu in food, which first took place through Korean dramas, through “mukbang” has several implications. First, the food itself is influential as content. If Korean dramas or Hallyu stars drove the previous Hallyu in food, now, Korean food itself, which appears on “mukbangs,” is the driving force behind Hallyu in food. Of course, this includes not only interest in the food itself but also a complex storytelling process that contains the reactions of people who encounter Korean food, the kinds of Korean food they eat under different circumstances, and how they eat it. Therefore, Hallyu in food in the future may not only be driven by individual Hallyu stars or Korean TV programs, but also by inducing interest in the food itself. The spread of Hallyu in food through “mukbang” reminds us that food can still be consumed as a culture. The days of appetite being the primary motivation for food consumption are behind us. We are now living in an era where we consume food as an opportunity to experience various cultures. The emergence of social networking sites as a platform to share and spread experiences also marks an important turning point in creating food trends.²⁶⁾ Social media has become an essential factor in discussing today’s food trends. Thus, it is crucial to focus on spreading

25) KOFICE (2019). *2019 Global Hallyu Trends*.

26) Booth, M. (2019, December 26). 2020 Food trend forecast. *Hankyoreh*.

Korean food as cultural content while also considering ways to spread Hallyu in food through social media.

4. 2020 Outlook for Hallyu in Food

1) The Transition from Government-led Projects to a Private Sector-led Culture

Since 2009, when the globalization of Korean food took its first steps led by the Ministry of Food, Agriculture, Forestry and Fisheries and the “Korean Food Globalization Promotion Team,” the government has been playing a key role in Hallyu in food. The concept of Hallyu in food has always been primarily discussed at the government level rather than in the private sector. Every time a new government comes in, the only small changes in particular tasks or departments in charge have been made. The “K” that symbolizes the country or the government is not limited to food. When it comes to highlighting certain industries in Korea, such as K-Beauty and K-Tech, the government has emphasized the national brand image of Korea. A close look reveals that the emphasis on the “K” brand is not necessarily a classification indicator used at a nationalistic level. This is because K-Pop is classified as a musical genre, and Korean dramas made by the private sector are recognized as a specific genre in foreign markets. The difference here depends on which perspective is emphasized: that of the suppliers or of the consumers of the cultural content. While Hallyu in food focused on promoting Korean food to the world from the perspective of the government, that is, from the supplier’s perspective until the early 2010s, it has now begun to focus on supporting the natural spread of Korean food from the perspective of consumers. For example, attempts to promote Korean food

through content made by tourists visiting Korea, foreigners residing in Korea, or Koreans that target foreigners constitute actions in pursuit of this shift in focus. The government did not know how to approach actual consumers while trying to spread Hallyu in food. Therefore, it adopted traditional methods of advertising and publicity and carried out projects that were centered on pan-government agencies such as the Korean Cultural Center. Although some conventional methods can help spread Hallyu in food, it has limitations as media outlets that the public routinely encounters vary based on the diverse media environment. Therefore, efforts are urgently needed to support activities in the private sector so that various interpretations or approaches to Korean food can be created around people who are famous or influential on social media.

2) Requests for Access by Step or Level for Hallyu in Food

Hallyu in food will be over a decade old in 2020. It requires a subdivided approach by stage and level. First, the step-by-step approach refers to looking at Hallyu in food in the long-term and considering the kind of agenda it should focus on. It is necessary to analyze the approach from various angles to understand what has been achieved in spreading and promoting Korean food to the world over the past decade, and what challenges will result from it in the future. For example, given that Hallyu in food has focused on promoting it in all directions, a general understanding of Korean food may have been instilled in the public. However, there is still a lack of understanding of the specific characteristics and advantages of Korean food. An analysis of the past decade can help understand how Korean food should be emphasized to give

more power to Hallyu in food accordingly.

Approaches to Hallyu in food by level requires the establishment of plans based on different food cultures and trends in different societies and countries. As seen above, the preferences and how locals perceive Korean food differ between North America and Europe on the one hand, and Northeast and Southeast Asia on the other. For example, Rome and Bangkok are major cities in their respective countries, but locals in Rome have a significantly lower chance to experience Korean food when compared to locals in Bangkok. Each culture and country has different climates, tastes, and food preferences. Rather than promoting Korean food in the same way across the board, it is necessary to approach it at different levels based on the speed at which local people come to accept Korean food.

3) Marketing Strategies Focusing on Brand Image Rather than on Korean Dishes is Necessary

While Hallyu in food has focused on the question of “How much do foreigners know about Korean food?”, the question that should be asked after 2020 is, “How do foreigners perceive Korean food?” When asked how much they know about Korean food, most foreigners respond with fragmented comments pertaining to single dishes such as bulgogi and tteokbokki. When asked how they perceive Korean food, foreigners are more likely to recall experiences and feelings associated with Korean food, while relating unique personal experiences around it. In other words, there is a possibility of linking Korean food to a broader category of value to create a brand image.

For example, the Korean temple food episode featuring

Buddhist nun Jeong Kwan in season 3 of Netflix’s Chef’s Table, imprinted “fermented food,” “health food,” “vegetarianism,” “meditation,” and “training” on the minds of viewers in other countries. This type of recognition induces foreigners to have a much deeper interest in Korean culture and to try different kinds of food instead of just bibimbap, which was the only item they knew of before. Therefore, in establishing a future strategy for Hallyu in food, it is necessary to strategically target a representative brand image that can be associated with Korean food, rather than introduce more Korean dishes.

4) Considerations for the Preoccupancy of Korean Food According to Global Food Trends and Socio-cultural Changes

For Hallyu in food to continue to grow, it is important to be flexible with global food trends and socio-cultural changes. The following are representative examples of food trends that are well known world over in relation to Korean food. First, food culture related to vegetarianism, such as veganism, is being emphasized world over. Veganism, refers to vegetarianism at the strictest level and is a combination of eating habits and food culture that originate from a complex background, including ethical attitudes toward animal-based food, demands for eco-friendly food, and interest in healthier and safer food. In Northern Europe and large cities like Berlin, London, New York, Los Angeles, and Bangkok, there has been a movement to accommodate the vegan diet on the regular menu, and some restaurants have been in the spotlight for specializing exclusively in vegan food. Korean food definitely has advantages when it comes to meeting this

trend in that it utilizes a lot of vegetables. At the same time, there is also a disadvantage in that there are fewer vegan options while using broth or other ingredients. If options for the vegan population can be added to general food in addition to Korean temple food, Hallyu in food can take a step closer to expanding to the vegan population world over.

The expansion of HMRs can be considered in Hallyu in food. As mentioned previously, younger generations around the world, including the millennials, tend not to adhere to traditional recipes and do not spend much time cooking. If Korean restaurants are inaccessible for foreigners, it is also true that Korean food is inaccessible to foreigners because they cannot purchase the necessary ingredients and cook Korean dishes themselves. Therefore, if precooked HMRs or prepackaged meals, either including the main ingredients or requiring only the produce and sauces to be added, are distributed more widely, there may be significant changes in the extent of Korean food exposure and preference for Korean food.

5) Strengthening the Convergence of Social Media and Video Content

The final emphasis of the 2020 Hallyu in food is related to the use of media content. Social media based on videos and images such as YouTube and Instagram will continue to gain strength in 2020. How often Korean food is mentioned, and the type of content that is shared on social media can serve as a new criterion for Hallyu in food. “Mukbangs” and “reaction videos” are also likely to have aroused some curiosity about Korean food among foreigners who either know little or have had the insufficient experience of Korean food. Media content

has a significant impact, especially for today's generation, which reacts more quickly to information comprising images and videos than that comprising text. Therefore, it is necessary to seek an integrated and concrete attitude toward using social media and video content online while also making greater efforts to spread Korean food offline.

10

Hallyu in Tourism

We Came to Korea to See BTS!

— Juyoung Chung

Head Researcher, Advanced Institute of Convergence Technology
(AICT)

1. 2019 Hallyu in Tourism

The number of foreign tourists visiting Korea hit an all-time high in 2019. A total of 17.5 million foreigners travelled to Korea despite the domestic and foreign political unrest, such as sanctions by Chinese authorities against Korea after the deployment of THAAD and trade conflicts with Japan. It would not have been possible without the power of Hallyu. Recently, Hallyu has been spreading Korean culture abroad with a more substantial influence than ever before in Korean history. Hallyu triggered by dramas created synergy from all directions, such as movies, music, food, games, and literature, arousing curiosity about Korea among Hallyu fans and stimulating their desire to visit Korea.

Korean culture became known around the world only recently and has since gained worldwide attention. It has been about ten years since Hallyu tourists were categorized and analyzed separately within tourism. When the term Hallyu first appeared in the late 1990s, those who visited drama filming locations were only considered Hallyu tourists. As the popularity of Hallyu gradually expanded from dramas to K-pop, tourists increased. In 2012, K-pop appeared in tourist surveys as a purpose for visiting Korea for the first time.¹⁾ Since then, K-pop has continued to have a significant impact on the Korean market, and in 2019, K-pop focused on Hallyu in tourism, with BTS at the center.

It would not be an exaggeration to say that BTS drove Hallyu in tourism in 2019. The popularity of BTS was a

1) In the *Foreign Tourists Survey*, “to visit drama/movie filming locations” and “to experience Hallyu star fan meetings” were revised to “to experience K-Pop/Hallyu star fan meetings and performances and Hallyu events” as the purpose of visit in 2012. Source: MCST (2007-2018). *Foreign Tourist Survey*.

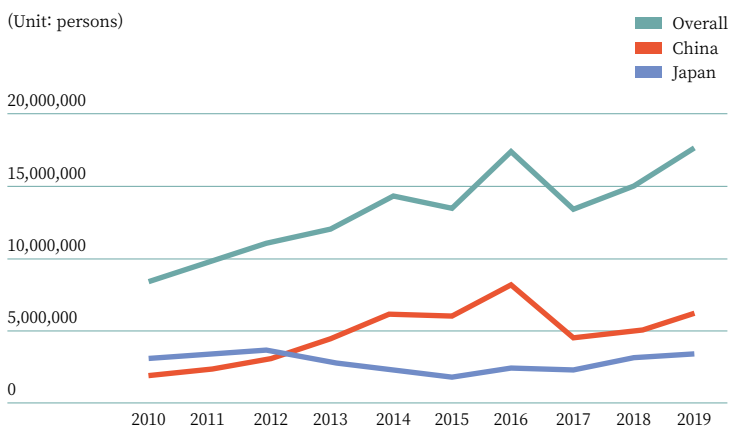
decisive opportunity for Hallyu to expand its reach beyond China, Japan, and Southeast Asia, which were the primary consumers of Hallyu, to Europe, the Americas, and Africa. From the first performance at Wembley Stadium in the UK by a Korean artist to the performance in Saudi Arabia, which had been closed off to foreigners in the past, BTS' world tour has awakened many potential tourists. Overseas fans even went as far as learning Korean to be able to understand the songs. Many fans began to visit Korea after becoming curious about the country that BTS lives in after seeing their performances in person. There was a noticeable increase in women aged under 20 years among foreign tourists who visited Korea in 2019. This demographic constitutes the majority of the Hallyu fan base.

Over the past decade, the number of foreigners who visited Korea has doubled from 8.79 million in 2010. The people who visited Korea the most were from China, Japan, Taiwan, the United States, Hong Kong, Thailand, and the Philippines based on accumulated tourism statistics. The age group of tourists who visit Korea decreases each year, and the proportion of female tourists under the age of 30 years is increasing. Ten years ago, Chinese tourists in their twenties and thirties accounted for 43% of the total number of visitors. The quantity, however, increased to 57% in 2018. In the case of Japan, those in their fifties accounted for the highest age of tourists in 2009, but it changed to those in their twenties in 2018. As many as 53% of Chinese tourists in 2009 were male, but in 2018, 59% of Chinese tourists were female. In Japan, the ratio of women increased from 57% a decade ago to 63% in 2018. The rising proportion of female tourists was also seen among those who came from Taiwan, Hong Kong, other countries in North America, and Europe. With the rising

popularity of Hallyu, which includes K-pop, dramas, beauty, and Korean food, the increase in the number of young female tourists between their teens and their thirties, who are the mainstay of Hallyu fans, played a significant role.

The number of long-term visits to Korea by people from Europe and the Americas has been on the rise, especially among young students. They visit for working holidays or to study abroad after being exposed to Korean culture through K-pop. Long-term stays in Korea to experience various cultural aspects rather than one-time visits are becoming a new trend in Hallyu. Behind this new Hallyu is online streaming services such as Over the Top (OTT) and online travel agencies (OTA). OTT has brought Korean culture closer to those around the world, and various OTAs have helped make visiting Korea more convenient and more accessible. Eventually, it has induced visitors to want to visit Korea and has created an environment where visiting is possible at any time.

The aftermath of political and diplomatic issues with neighboring countries continued in 2019. China's ban on Hallyu after the deployment of THAAD in 2017 continued in 2019, and the boycott of Japanese and travel products continued after Japan's export regulations were implemented on July 1, 2019. In the second half of the year, the number of Koreans visiting Japan decreased each month drastically, and in the fourth quarter, the numbers fell by 65% when compared to the previous year. Although the decrease in the number of Japanese tourists visiting Korea was not as drastic, the numbers showed negative growth in October. The intensifying protests in Hong Kong caused a sense of crisis in the tourism industry as well.

Figure 1.**Changes in the Number of Foreign Tourists Visiting Korea**Source: Korea Tourism Statistics (URL: tour.go.kr)

Despite such external factors, the number of foreign visitors to Korea in 2019 rose by 14% year-on-year. Korea had the rapid progress made in the Southeast Asian market and the growth of the long-distance market in North America and Europe to thank. After the THAAD incident, the government sought to diversify the market by entering other countries in Southeast Asia such as Vietnam, the Philippines, and Indonesia by implementing policies to simplify visas (January 2018) and expanded multiple-entry visas (December 2018), which proved to be successful. The demand for visits to Korea has increased evenly among people from Taiwan, Vietnam, the Philippines, Russia, and Indonesia, and even Japan and China amid diplomatic conflicts.

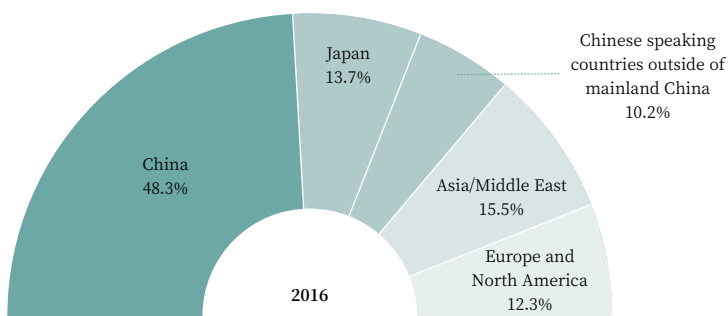
Korea ranked 16th in the Travel and Tourism Competitiveness Index released by the World Economic Forum in September 2019. It is the first remarkable growth in over a decade since it ranked 42nd in its first evaluation in 2007. In 2019, the world shifted its attention to the potential of Korean tourism after engaging with Hallyu.

Figure 2.

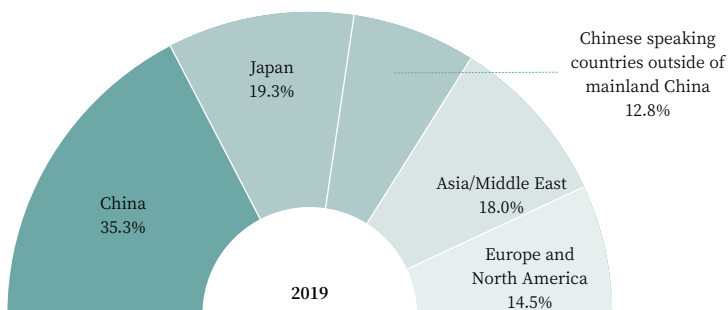
Diversification Graph of Visitors to Korea

Source: Korea Tourism Statistics (URL: tour.go.kr)

Nationality	2016 (persons)	2016 (%)
China	8,067,722	48.3
Japan	2,297,893	13.7
Chinese speaking countries outside of mainland China	1,705,689	10.2
Asia/Middle East	2,586,589	15.5
Europe and North America	2,058,830	12.3



Nationality	2019 (persons)	2019 (%)
China	5,514,144	35.3
Japan	3,016,350	19.3
Chinese speaking countries outside of mainland China	1,997,223	12.8
Asia/Middle East	2,812,094	18.0
Europe and North America	2,267,917	14.5



2. Hot Issues in Hallyu in Tourism

1) I Want to Go to Korea, the Land of BTS!

BTS changed the flow of Hallyu again. With BTS' popularity spreading the world over, Hallyu, which had been limited to a small number of enthusiasts in Asia, has now become a part of global popular culture. BTS is famous for its unique fan culture. These fan clubs, which call themselves Adorable Representative M.C. for Youth (ARMY), have independently created a new fandom. The tour of Korea by overseas ARMY called the "BTS Tour," is also a part of the culture that was naturally formed within the fandom. When fans find the stations and stops that appeared in the background in music videos and share pictures of them on social media, lesser-known regions and stations become sacred places in the BTS Tour. It is a type of "Fangrimage" (a compound word of fandom and pilgrimage), which follows BTS' footsteps, including restaurants, cafes, and music video filming locations visited by the members of BTS. This comes from the fans' desire to feel connected and to feel as though they coexist with the K-Pop groups that they admire virtually by visiting the physical spaces the members of BTS live and work.²⁾

BTS' fandom was found to have a significant impact on the actual number of tourists visiting Korea and consumer goods exports. According to the report *The Economic Effects of BTS* by the Hyundai Research Institute, when the recognition of BTS increased by 1p, the growth rate of foreign tourists was 0.45% points, and the growth rate of major consumer goods exports was

2) Kim, Hyo-jeong (2019, December 11). A new horizon for Hallyu Research through BTS... Autonomous fandom, a new meaning to daily life. *Yonhap News*.

0.72% and 0.45% points for cosmetics and food products, respectively.³⁾ Since BTS' debut in 2013, Google searches for Korean dramas has remained at 20 to 40p, while Google searches for BTS increased from 5p during the same period to 60 to 100p in 2019. The report found that the overall economic inducement effect of BTS amounted to about ₩5.56 trillion.

Recently, a study analyzing the effects of attracting visitors and the economic effect of hosting BTS concerts was released, allowing more detailed estimates of the correlation between BTS and the number of visitors to Korea. According to the study, the number of foreign audience members brought in by the three-day BTS concert in Seoul in October 2019 was about 187,000, and the resulting indirect and direct economic effects amounted to ₩922.9 billion.⁴⁾ This is nearly 67% of the 280,000 foreign tourists who visited Korea during the PyeongChang Olympics. BTS fans, led by those in their teens and twenties, tend to visit Korea with family or friends rather than alone, which has a more significant impact. Given that the effect is derived from the only three-day concert at this level, it would not be an exaggeration to say that BTS served as the driving force behind the increase in the number of tourists to Korea in 2019.

The Seoul Tourism Foundation promotes tourism to Seoul to the world through BTS, the city's honorary ambassadors for tourism. Rather than merely being ambassadors, BTS has introduced and invited fans to major attractions in Seoul and has carried out a sublimated campaign called "Create Seoul, Share Seoul," which drew explosive responses from Hallyu fans. At the entrance of N Seoul Tower

3) Hyundai Research Institute (2018). *The economic effects of BTS*. The time series indexed to 100p when searches for BTS were the highest compared to overall Google searches was used as a variable representing awareness of BTS.

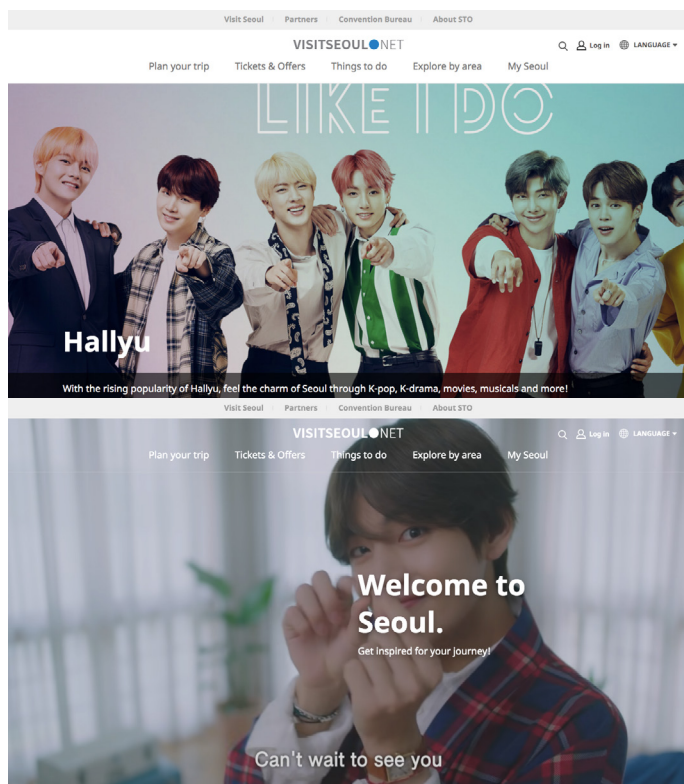
4) Pyeon, Joo-hyun (2019). *The economic effects of BTS events: 2019 Seoul final performance*.

Observatory, a three-dimensional video of BTS introducing Seoul's daily life, outdoor activities, food, and shopping was displayed. Comments on related YouTube videos showed vivid reactions like, "BTS said they are waiting for us!" and "BTS invited us, how can we say no?" These things show that they are successful in attracting visitors to Seoul. BTS also presented the "Hallyu Tour Recommended Course" on the Visit Seoul website, which includes tourism information. It has also introduced restaurants, cafes, and beauty salons that Hallyu stars like BTS, TVXQ, Blackpink, and Wanna One have visited, and are serving as guides for Hallyu tourism.

Figure 3.

BTS' Promotional Video for Seoul and Hallyu Tourism Page

Source: VISITSEOUL.NET (URL: korean.visitseoul.net/index)



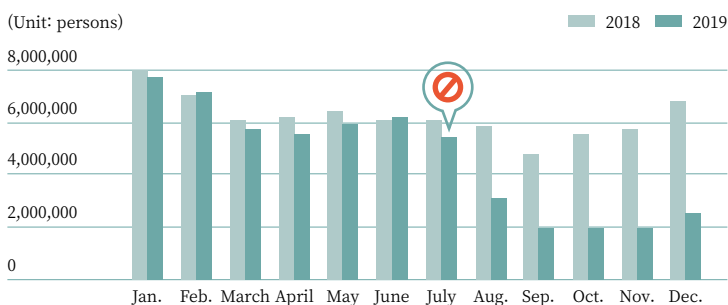
2) Japan Boycott

After the Japanese government implemented export restrictions in July 2019, the number of Koreans travelling to Japan has declined significantly. This is because the relationship between Korea and Japan has deteriorated, and an atmosphere of refraining from traveling to Japan was created. This led to boycotts such as "No Japan." According to a survey conducted by the Korea Culture and Tourism Institute, titled *Survey on Travel to Japan After Japanese Export Restrictions*, 69.3% of Koreans planning to travel to Japan had either cancelled their trips or changed their destinations. The report showed that 93.2% of the cancellations took place because of the worsening relations between Korea and Japan. Before the export restrictions, the intention to travel to Japan had reached 60.4% but plunged to 11.5% after the restrictions. As many as 36.1% indicated that if relations with Japan are restored in the future, they will travel to Japan. It seems that it will take some time before the number of actual visits is restored to its original high. The number of Koreans traveling to Japan decreased drastically every month due to a 48% year-on-year drop in August after the implementation of the restrictions.

Figure 4.

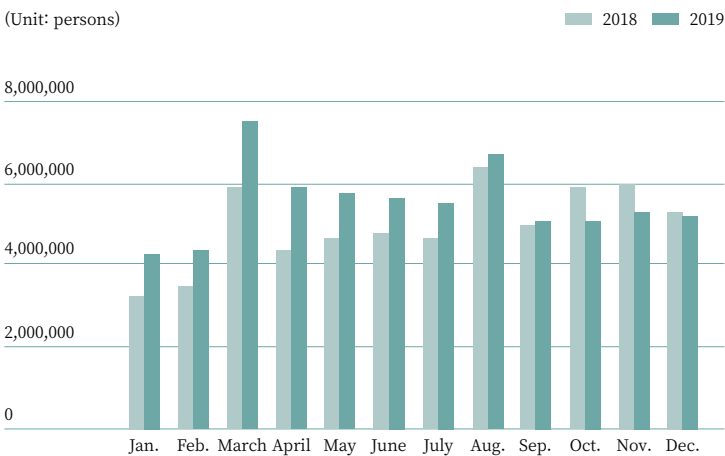
Change in the Number of Korean Tourists to Japan by Month

Source: Japan Tourism Agency website (URL: www.jnto.go.jp/jpn/statistics/visitor_trends/)



Korea-Japan relations worsened after Korea's boycott was covered by the Japanese media, which led to anti-Korean protests by some Japanese far-right groups. As relations between both countries worsened, there was some concern that this would put out the flame of Hallyu, which had barely been reignited. The number of Japanese tourists visiting Korea dropped to 4.6% in August and 1.3% in September. It dropped by an additional 14.4% in October. While a steep decline had been predicted, the actual decline was not as severe, at 13.8% in November and 1.2% in December. One of the main reasons why it did not drop drastically was the stable support of Hallyu, which was formed around young Japanese people. Women aged between their twenties and forties, who constituted a majority of Japanese tourists to Korea, are more sensitive to personal preferences over political issues and are interested in K-pop and Hallyu. The new Hallyu has been the driving force behind the 11% year-on-year growth despite the political and diplomatic conflicts.

Figure 5.
Number of Japanese Tourists to Korea by Month
 Source: Korea Tourism Statistics (URL: tour.go.kr)



3) Generation Z Travel

Travel patterns have changed with the changing times. Millennials and Generation Z, armed with smartphones and IT innovations, are leading travel trends and creating new tourism ecosystems. Generation Z, born after 1995, has emerged as the key consumer group leading the trends in the tourism industry, despite their young age and low economic power. Generation Z forms the most significant fanbase for Hallyu and is the most noteworthy generation in Hallyu in tourism because the trends they lead are spreading to all generations.

There are three major characteristics of Generation Z travel. First, the entire process, from travel planning to the actual trip is technology-friendly. These generations have been exposed to a digital environment since birth and are called "Phono Sapiens" or "Digital Natives." For this generation, YouTube is a more familiar search engine than Google, and smartphones are used for an average of more than six hours a day. As the generation has grown up with technology, it has low resistance to the new digital environment. Generation Z is used to planning and gathering travel information through YouTube creator videos, and not through travel agencies or travel brochures, and is not hesitant to try out new content or travel methods.

Second, Generation Z tends to pursue independent, open, and authentic travel experiences. They prefer activities, experiences, and adventures that can only be experienced locally. According to the UN World Tourism Organization (UNWTO) and WYSE Travel Confederation, Generation Z values travel experiences such as gourmet tours (37%), events or festivals (27%), art (18%), extreme sports (16%),

and guided tours (12%). "Sojourn trips," where people experience an unfamiliar life while living like locals, are also on the rise, primarily among Generation Z. The level of travel has increased through direct and indirect travel experiences, raising interest in "good travel," such as ethical, eco-friendly, and fair-trade travel. Generation Z is breaking away from travel agency products that constitute the traditional tourism distribution structure. This phenomenon is opening up a new horizon for travel that helps Generation Z design its own travel products at its discretion, including cultural experiences like eating, drinking, and enjoying like the locals.

Third, Generation Z is always ready to share travel experiences via social media. For those who are used to traveling, a trip to simply see new things and to find new restaurants may seem boring. With the development of IT and artificial intelligence, anyone can find various tourist products around the world quickly and conveniently. Generation Z is willing to experience unfamiliarity and discomfort because differentiated travel experiences receive attention on social media such as Instagram and Facebook. Therefore, this generation visits hidden tourist attractions in lesser-known small and medium-sized cities to try and experience new things. According to a survey of over 30,000 tourists from 33 countries around the world conducted by online travel platform Kayak, 73% said that they decided to go to a destination they found online and through social media. This supports the growing trend of searching for and reserving travel products online and sharing travel experiences through social media. The relationship between online reservations and social networking sites for travel has grown more durable over time.

The proportion of tourists to Korea led by Generation Z

is gradually increasing. The Korea Tourism Organization's K-pop survey also found that Generation Z plays a crucial role in deciding to visit Korea. A Hallyu fan who visited Korea with their family took the initiative in deciding where to travel and picked Korea as their top destination, and 67.5% of fans said that they would revisit Korea within a year. This makes it important to understand Generation Z, the potential visitors for Hallyu in tourism.

3. Major Countries and Routes for Hallyu Tourism

1) Countries That Visit Korea for Hallyu Tourism

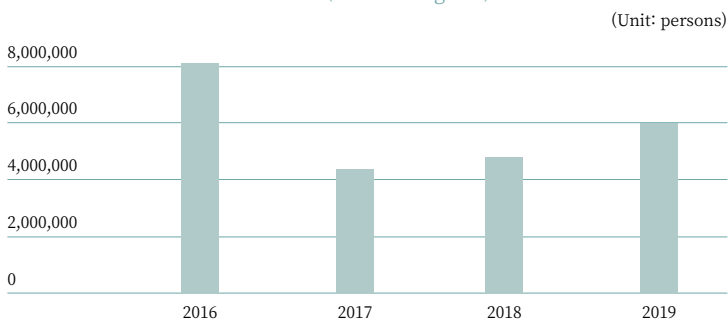
- The Greater China Region

The Chinese market has been on the road to recovery for two years since the ban on Hallyu and group tours to Korea, which was imposed after the THAAD conflict in 2017. In 2016, the number of Chinese tourists visiting Korea reached 8.07 million, but the number fell drastically to 4.17 million in 2017, shortly after the THAAD conflict. The numbers rose slightly to 4.79 million the following year but remained far less than the numbers in 2016. The ban on Hallyu and group tours continued in 2019. However, the number of individual tourists increased gradually and recovered to about 6 million because of the base effect of restrictions on the sale of Korean travel products, the decreased demand for incentive groups,⁵⁾ and the establishment of new air routes.

Figure 6.

Changes in the number of Chinese Tourists to Korea after the THAAD Deployment

Source: Korea Tourism Statistics (URL: tour.go.kr)



5) Group tours offered by companies as a type of reward to executives and employees who have performed well.

The government and the tourism industry's aggressive marketing to individual, also contributed to the increase in the number of Chinese tourists to Korea. The Korean government implemented a visa simplification system for Chinese college students and utilized it to market to young people. The Korea Tourism Organization selected a Chinese social media reporter group, "Han Yu-gi" from Korea and abroad, and "Korea Buddies," a social media reporter group from Taiwan, Hong Kong, and Mongolia. For individual tourists in China, who mainly obtain travel information through their smartphones, mobile-optimized webzines and websites were operated. Hallyu star Hae-jin Park and Kakao character Ryan, who are popular in China, were appointed as honorary ambassadors. The Korea Tourism Organization released a guidebook titled, "Tong qu hanguo: Travel to Korea with children" (童趣韓國), which targeted married women in their thirties and forties, the first generation of Hallyu, and carried out segmented marketing by easing requirements for multiple-entry visas to higher-income areas to attract middle-class families to revisit. Thanks to these efforts, 6.02 million Chinese tourists visited Korea, which showed a 25.8% increase from the previous year, despite restrictions on travel to Korea.

For the first time in history, Taiwan surpassed 1 million visitors to Korea in 2018. In 2019, 1.26 million Taiwanese tourists visited Korea, an increase of 13% from 2018. Since the signing of the 2015 Korea-Taiwan Airline Agreement, diversification of transportation convenience, including the launch and expansion of new air routes and the expansion of cruise routes, has played a key role in increasing the number of visitors to Korea. Taiwan has also firmly established itself as the third Hallyu-based inbound market following

China and Japan. Tourists from Hong Kong rose by 1.5% year-on-year because of the popularity of Hallyu and active promotions despite political instability, which weakened the consumer economy and reduced the number of air routes.

Figure 7.

Promotional Image of Ryan, Honorary Ambassador for Korean Tourism (China)

Source: KTO (URL: knto.go.kr)



- Japan

Japan is one of the most active countries in exchange with Korea, and it is a market where Hallyu and anti-Korean sentiments coexist all the time. The boycott, as well as the reductions in and suspension of air routes in both countries after Japan's trade sanctions in 2019, were a damper on Hallyu. In August 2019, when the Japanese boycott officially began, airlines reduced a total of 53 routes between both countries. The number of Koreans visiting Japan decreased by over 65% in the second half of the year because of public opinion. Japanese visitors to Korea slowed down, reaching a state of negative growth in October 2019. However, the impact was relatively small. The Japanese tend to be sensitive to diplomatic issues and did not respond much to the trade sanctions. The new Hallyu boom underlies this.

While the first Hallyu boom in 2003 was centered on middle-aged fans who followed dramas and actors, the second Hallyu boom in 2010 was centered on those in their twenties and thirties, who admired K-pop groups such as Girls' Generation, BoA, and TVXQ. The third Hallyu boom, which began in 2017, is "Life Hallyu," which has quietly and naturally permeated through food, beauty, fashion trends, and everyday life, and has targeted mainly those in their teens and twenties. The third Hallyu boom is referred to as the "new Hallyu." It is not a monopoly of minority enthusiasts like the first and second Hallyu, but a more popular and routine cultural trend. In 2019, Korea beat Tokyo Disneyland and topped the list of "Graduation Destinations chosen by Japanese High School Girls," released by the High School Research Institute 47. This is because Korean cosmetics (3CE, Etude House, etc.) and Korean food (cheese hot dogs, hotteok, etc.) spread through social media, and Korean celebrities (BTS, TWICE, model Tae Ri, etc.) became more popular. Those in their forties and above reacted sensitively to political and diplomatic issues as they consumed Hallyu from the perspective of Japan being superior to Korea against the backdrop of history and politics. However, those in their teens and twenties, who are currently the mainstay of Hallyu fans, accepted Korean culture without prejudice, as they saw Hallyu itself as a source of fun and style.



Figure 8.
Promotional Image of Apeach, Honorary Ambassador
for Korean Tourism (Japan)

Source: Korea Tourism Organization website (URL:
knto.go.kr)

The tourism industry did not miss out on this trend and actively utilized the new Hallyu to attract visitors to Korea. By taking advantage of the Japanese market's preference for cartoons and animations, webtoon writers were invited to produce mukbang webtoons and videos in Busan and Daegu. The Kakao character Apeach, which is popular among women in their teens and twenties, was appointed as an honorary ambassador for Korean tourism. A field-experience consumer event called the "Korean Culture and Tourism Exhibition," was held under the theme of New Hallyu, Women, and Travel to Korea, and received high acclaim from the local community. Despite the steep decline in the number of Koreans traveling to Japan, the number of Japanese tourists visiting Korea in 2019 increased by 11% when compared to the previous year.

- Southeast Asia

The new southern countries, such as Vietnam, Thailand, Malaysia, and Indonesia, made great strides in 2019. This is the result of a policy that sought to diversify the Korean market following the THAAD conflict in 2017 and the Korea-Japan trade conflict in 2019. Along with the economic growth of these regions, the number of people visiting Korea from Southeast Asia has steadily increased thanks to policy changes like increased air routes, eased visa regulations, and the increased popularity of Hallyu.

Vietnam is the fastest-growing market among the Southeast Asian countries, with the enormous expansion of new air routes in 2019. The number of inbound and outbound tourists has increased dramatically because of the vast expansion of air routes for domestic airlines like Asiana, Jeju Air, and Eastar Jet, along with the entry of Vietnamese

airlines into the Korean market. The number of Vietnamese tourists has been growing each year, with 320,000 visitors in 2017, 460,000 in 2018, and 500,000 in 2019. Hallyu has transcended visiting Korea for study. According to the Ministry of Education's statistics on international students residing in Korea, the number of Vietnamese students increased nearly twenty-fold from 1,919 in 2010 to 37,426 in 2019, accounting for 23.4% of all international students. Behind the increase in the number of tourists and international students in Korea is the growing presence of Korean companies in Vietnam and the growth of the Vietnamese economy, the popularity of K-pop, the "Hang-seo Park Syndrome," and the popularity of Korean comics.

While the number of tourists from the new southern countries is increasing because of active promotions for market diversification and the popularity of Hallyu, there have been several side effects such as delayed visa issuances or an increase in illegal residents because of the lack of embassy staff. The Korean-ASEAN Special Summit, which was held in November 2019, resulted in a surge in Korean visa applications as 10 ASEAN countries were exempted from visa fees between October and December 2019. For the Philippines, visa issuance, which typically takes 5 to 6 days, took more than 40 days, causing disruptions in travel to Korea, and resulted in cancellations or delays in trips.⁷⁾ Indonesia experienced a similar situation. As a result, the rate of change decreased, despite it being the peak season when Southeast Asian tourists visit Korea for the fall foliage and winter ski tours. In Vietnam, where multiple-entry visas have been granted to residents of large cities, the number of visas has been reduced after just six months because

7) Ko, Chan-yu (2019, November 1). One person handles 500 cases per day... The reason behind struggling visa officers in Southeast Asia. *Hankook Ilbo*.

of illegal immigration and visa forgery cases.

The tourism boom in Southeast Asia based on Hallyu has resulted in the diversification and expansion of markets concentrated in China and Japan, which have been pointed out as chronic risks. On the other hand, there were side effects such as illegal immigration, visa forgery, and a surge in the workload for Korean embassies. Along with the New Southern Policy, it is also necessary to prepare a New Northern Policy to take preventive measures to minimize side effects.

- Europe and the Americas

Hallyu has expanded its base through Korean food, beauty, and movies. Led by K-pop, Hallyu has shown its strength not only in Asia but also in the European and American markets. Owing to the base effect of the PyeongChang Winter Olympics, the numbers were on the decline in January and February of 2018. However, the number of visitors from Europe and the Americas has steadily increased since then. The number of female visitors and those in their twenties and under has increased significantly.

The number of Americans visiting Korea crossed 1 million for the first time in 2019. The United States is the fourth country to have more than a million visitors following China, Japan, and Taiwan. However, its significance is different in that more than a million people visited from a long-distance market. This shows that the number of visitors from other long-distance markets such as European countries and the Middle East may increase. Exposure to Hallyu content, led by BTS and Parasite, has increased, which has served as an opportunity to enhance the North American market's

8) Jeong, Min-seung (2019, June 11). Illegal stay, rise in forgeries... Vietnamese multi-entry visas reduced after 6 months. *Hankook Ilbo*.

understanding of Korea. The potential demand for visits to Korea is expected to grow further in this region in the future.

- The Middle East and Africa (Emerging Markets)

So far, the Middle Eastern market has been centered on attracting medical wellness tourists who create high value-added products. In the Middle East, Hallyu has attracted attention because of Korean history and the traditional family-oriented culture after the drama *Daejanggeum* was aired in 2005. However, there were limitations in that it did not lead to an actual increase in visits to Korea. With the recent popularity of K-pop, the trend for Hallyu in tourism in the region is changing. It has expanded to include beauty, Korean food, and tourism as well as Korean dramas and K-pop, leading to visits by young Hallyu fans. Saudi Arabia, a conservative country, has also allowed adult women to travel abroad,⁹⁾ paving the way for more young women, the mainstay of Hallyu, to visit Korea.

The Korean government has also made efforts to attract Muslim tourists. In 2019, Korea ranked in the top 10 for the first time in the Global Muslim Travel Index¹⁰⁾, which evaluates travel conditions for Muslim tourists in 130 countries. This was because of the promotion of immigration convenience such as the introduction of electronic group visas for the Southeast Asian and Middle Eastern markets, and preparations to host Muslim tourists (such as prayer rooms and halal restaurants). Among the Muslim population, which accounts for 23%

9) Mahram system: A system in which Saudi women must obtain permission from Mahram (male family members) when they engage in legal activities such as marriage, divorce, travel, business contracts, employment, banking, and hospital treatment. In August 2019, the Mahram system, which allowed women aged 21 years or older to apply for passports to leave the country without consent from male guardians, was partially abolished.

10) Global Muslim Travel Index: Jointly conducted by Mastercard and Crescent Rating. Excluding the Organisation of Islamic Cooperation, Korea ranked 8th after Singapore, Thailand, Britain, Japan, Taiwan, South Africa, and Hong Kong, and was followed by France, Spain, and the Philippines.

(about 1.8 billion people) of the world's population, about 1 million tourists visited Korea in 2019, 870,000 in 2017, and 970,000 in 2018, which shows that it is a high-growth market that grows about 10% each year. As Muslim tourists tend to stay longer than tourists from other countries and visit as families, they tend to attract attention in the global tourism market.

Hallyu is also strong in African countries, including Nigeria, Kenya, and South Africa. Like in other regions, there is a rise in the number of people who engage with K-pop and Korean dramas in these countries. Thus far, Korea has not been able to actively market its products in Africa because of the limitations posed by the long-distance market and the market size. With the recent popularity of Hallyu and the improvements in regional economic indicators and the stabilization of politics, it is necessary to approach this emerging market using Hallyu. It is the perfect time to attract attention to Korea among tourists from emerging markets.

2) Entry Route and Method of Hallyu in Tourism

- Video Content: Dramas, Movies, Entertainment, etc.

The explosive growth of OTT (online video streaming) services led to the rapid spread of dramas, movies, and entertainment Hallyu content across Asia and the rest of the world. If Korea is known as the primary shooting location for movies and dramas, the demand for tourism in Korea will increase. This is known as the “Frodo Effect,” which creates added economic value through movies. This expression was coined after New Zealand experienced a 5.6% annual increase in tourists, 15,000 new jobs, and more than ₩4 trillion in economic benefits after *The Lord of the Rings*

was shot there.

Nami Island became an international tourist destination after the drama *Winter Sonata* was aired in 2001. Previously, Nami Island, where *Winter Sonata* was shot, had an average of fewer than 300,000 visitors per year. After *Winter Sonata* was aired overseas, it became known to tourists all over Asia and Europe, in countries like Thailand, Taiwan, Japan, China, Malaysia, and Hong Kong. Since then, it has become an international tourist destination with an average of 1.6 million visitors per year. More than two decades later, the power of video content remains strong as it continues to bring in as many as 4 million visitors per year. Of this, 30%, or 1.4 million, are foreign tourists.

According to the Korea Tourism Organization's *Study on travel demand for individual tourists to Korea*, 55.6% of 3,199 respondents cited "the impact of Hallyu TV dramas or movies (multiple responses)" as the reason for visiting Korea.¹¹⁾ The number of tourists visiting Busan, Yecheon, and Andong in North Gyeongsang Province, Cheorwon and Jumunjin in Gangwon Province are on the rise because of the popularity of *Train to Busan*, *Mr. Sunshine*, *Descendants of the Sun*, and *The Guardian*. The shooting locations of *Parasite* have also attracted attention after the film won the Palme d'Or at Cannes and Best Picture at the Academy Awards, marking the first such win in Korean film history. The neighborhood supermarket and stairs and the pizzeria stairs have become pilgrimage sites thanks to the popularity of the movie.¹²⁾

At the same time, Korea is also attracting attention as the location for overseas movies and dramas. With the Korean Film Council and local

11) Jeon, Joon-sang (2017, November 2). 55.6% of individual tourists: "I came to Korea after watching Hallyu dramas and movies." *Yonhap News*.

12) STO (2019. 12. 4). America is obsessed with 'Jessica Song!' Here is the *Parasite* tour course that takes you to the shooting locations. (URL: https://english.visitseoul.net/hallyu/Parasite-tour-course_/32561)

governments actively providing production support, Korea has emerged as an attractive location for producers world over.¹³⁾ The increase in overseas video content set in Korea is expected to contribute to the growing number of tourists to Korea in the future.

Figure 9.

Hallyu Tours, Pilgrimages to the Shooting Locations of Parasite

Source: KTO website (URL: visitseoul.go.kr)

America is obsessed with 'Jessica Song'! Here is the Parasite tour course that takes you to the shooting locations.



Published Date : Dec. 04, 2019 / Edited Date : Dec. 19, 2019



- Music Content: K-pop

K-pop led the global Hallyu wave in 2019. Overseas K-pop fans are naturally exposed to other aspects of Korean culture through K-pop. This is because various aspects of Korean culture are spread sequentially under the “brand” of Hallyu. K-pop has served as a medium for interest to spread to Korean dramas, movies, food, fashion, language, and tourism.

The “Survey on the Korean Tourism Experiences and Intentions of Global K-pop Fans” from the Korea Tourism Organization shows how Hallyu fandom directly affects

13) MacDonald, J. (2019, December 20). Hallyu Fame Plus Incentives Make Seoul An Attractive Location For Foreign Shoots. *Forbes*.

tourism to Korea and the consumption of Korean culture. In a survey of 12,663 foreign K-pop fans from 111 countries, 9 out of 10 (89.8%) stated that they were willing to visit Korea in the future for tourism. 67.9% of the respondents had visited Korea in the past three years. Among these, 86.8% said that their preference for K-pop had affected the decision to visit Korea. Fans from long-distance markets such as Spain, Mexico, Germany, and Russia were more willing to visit Korea than fans from nearby countries such as Japan and China. For these long-distance fans, K-pop may be far away, but it is the reason why they feel the need to visit Korea. Of those intending to visit Korea, 76.4% stated that they intended to visit within the next year, which proves that they are very enthusiastic potential visitors. They have created a new fandom pilgrimage culture by participating in activities like purchasing K-pop star merchandise, clothing, and accessories (57.9%), and visiting sites of K-pop star advertisements such as subway stations and signboards (46.5%), official merchandise stores (42.8%), and music video shoot locations or shops visited by K-pop stars (36.4%).

Private companies are also actively utilizing K-pop to attract customers. Since 2014, Lotte Duty-Free has been hosting the “Family Concert” for its customers featuring a large number of Hallyu stars. The concert was held in August 2019, and featured Hallyu stars such as BTS, TWICE, Chi-yeol Hwang, Super Junior D&E, and ITZY, and attracted foreign tourists to Korea. According to Lotte Duty-Free, a total of 29 concerts have been held so far, with a total of 130,000 foreign visitors.¹⁴⁾ Its strategy is to foster long-term “Koreanophiles” by providing opportunities to experience Korean culture while also promoting consumption.

14) Ahn, Jae-kwang (2019, December 29). Lotte Duty Free, which has introduced “newness” for 40 years, moves onto art collaboration. *The Korea Economic Daily*.

Table 1.**The Effect of K-pop Among Tourists Who Have Visited Korea in the Past Three Years on the Decision to Visit Korea**

Source: KTO (2019).

Classification	Cases	No effect			Average	Effect			Average (out of 5)	
		No effect at all	Not much of an effect	Subtotal		Somewhat of an effect	Had a large effect	Subtotal		
Total	8,593	2.2	3	5.3	7.9	25.3	61.5	86.8	4.4	
Gender	Male	424	5.4	4.5	9.9	16.7	29	44.3	73.3	4
	Female	8,169	2.1	3	5	7.5	25.1	62.4	87.5	4.4
Nationality	Asia/Middle East	7,389	1.7	2.4	4.1	7	24.2	64.8	89	4.5
	Americas	313	2.6	4.2	6.7	15	36.7	41.5	78.3	4.1
	Europe	518	6.9	9.8	16.8	14.1	27	42.1	69.1	3.9
	Oceania/Other	373	6.4	5.6	12.1	12.1	35.1	40.8	75.9	4
Age	Teens	525	2.1	2.1	4.6	3	18.9	73.5	92.4	4.6
	Twenties	3,832	2.3	2.3	4	6.8	23.6	65.6	89.2	4.5
	Thirties	2,631	1.2	1.7	5.7	9.2	27.5	57.6	85.1	4.3
	Forties	1,194	1.9	2.9	7	9.5	27.5	56.1	83.6	4.3
	Fifty or older	411	2.7	3	10.7	11.9	28	49.4	77.4	4.1

- New Content Platforms: Social Media (YouTube, Instagram, Facebook), OTA (Expedia, Agoda, Trip.com, Airbnb)

With the advent of digital platforms, the tourism ecosystem has changed rapidly. It has been quickly reorganized around suppliers who provide information and produce content that are suitable for digital platforms. The collection of travel information required reliance on travel agencies and books in the past. It has now been replaced by social media and customized information as filtered by AI. This has increased convenience for consumers that are preparing to travel.

Travel among young people in their twenties and thirties has become very common because travel destinations found on YouTube, Instagram, and Facebook can be booked directly through OTA.¹⁵⁾ The time and money required for travel have reduced significantly, and it is even said that the peak travel season is whenever there are price deals. The sales of global OTAs such as Booking Holdings, Expedia Group, and Ctrip over the past three years¹⁶⁾ have continued to grow, as seen in Figure 10. The growth of OTAs has posed a threat to existing travel agencies. The UK's Guardian analyzed the intensifying competition and noted that OTAs were the main reason for the bankruptcy of Thomas Cook, the UK's oldest travel agency. The proportion of online sales in the domestic travel industry is also on the rise each year. The average ratio of e-commerce sales to total sales in 2016 was about 47.1%, and the numbers rose by 15.4% to 62.5% in the following year.¹⁷⁾

Existing OTA platforms have recently begun strengthening tour activity content for various experience products. Airbnb has expanded its platform capabilities by launching its "Trip" services, which allows users to book various activities that can be experienced locally along with accommodation.

Domestically, websites like Myrealtrip, Intheway, Travolution, Friip, and Creatrip are OTAs to provide hands-on travel experiences that mediate individual tourism products. Similarly, Yanolja and Goodchoice are OTAs to provide hands-on travel experiences with accommodation.

15) Kim, Hyun-joo (2017). *The impact and response of foreign online travel agencies entering the Korean market*. KCTI

16) Foreign OTAs include Booking.com, Priceline, Agoda, Kayak, Rentalcars.com, as well as Hotels.com, Expedia, Trivago, and CarRentals.com under the Expedia group. Ctrip, which was founded in China in 1999, operates under the name of Trip.com. Korea's leading OTAs include Interpark Tour, Yanolja, and Daily Hotel.

17) MCST (2016~2018). *Statistical survey of tourism companies* (each year).

Figure 10.

Sales comparison of major OTAs

Source: Samsung Securities and Hana Financial Investment, financial statements of each company (The exchange rate as of October 10, 2019 was applied for Ctrip)

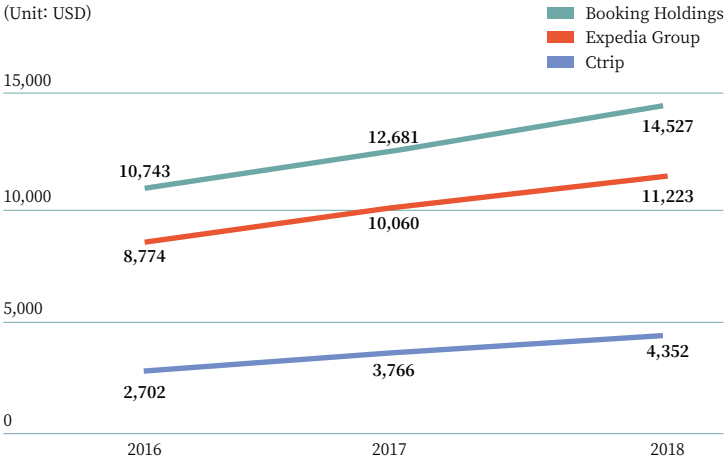
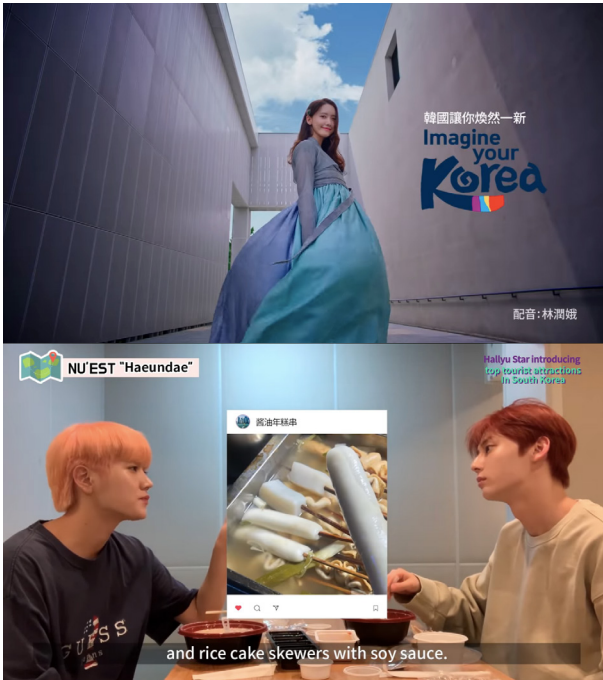


Figure 11.

Korean Tourism Promotional Video Featuring Hallyu Stars

Source: KTO website (URL: knto.go.kr)



The tourism industry is also stepping up its social media marketing in line with the growth of new platforms. These efforts include inviting YouTube creators or Chinese influencers like Wang Hong to introduce various experiences and independently producing social media web dramas featuring Hallyu stars to actively utilize new media to promote Korea and its products at the customer's eye level. The Korea Tourism Organization is also carrying out the "Korean Tourist Attractions with Hallyu Stars" campaign. An example of this is the K-pop group, NU'EST, appointed as a creator that produces and uploads videos to attract foreign tourists. This is a format in which a Hallyu star personally travels to a tourist attraction site and film videos, adds English, Japanese, and Chinese subtitles, and promotes them globally through social media such as YouTube, Instagram, Facebook, and Weibo. These stars actively promote Korea to overseas fans by wearing hanbok, serving as a tour guide for hanok (traditional Korean-style buildings) and palaces, recommending food from Gwangjang Market such as bindaetteok (mung-bean pancakes) and yukhoe (Korean-style raw beef) and mayak kimbap, and introducing proper ways to enjoy local dishes such as pork and rice soup at Haeundae Beach in Busan.

4. 2020 Outlook for Hallyu in Tourism

1) Sustainable Tourism for All

Despite the chaotic domestic and international atmosphere, the number of foreign tourists visiting Korea reached an all-time high in 2019 because of the positive influence of Hallyu. Foreigners who had not even known where Korea was in the past now listen to K-pop, watch Korean dramas, and dream of traveling to Korea. The expansion of the tourism market in Korea through Hallyu has been an active source of human and physical exchanges, a channel for cultural communication, and a driving force for economic growth. However, before welcoming the rapid growth of Korean tourism, some issues must be addressed.

The first issue is over-tourism. Over-tourism refers to the side effects caused by a large number of tourists flocking to popular tourist destinations, at rates beyond the capacity of the region. Residents of famous tourist attractions around the world, such as Venice in Italy, Paris in France, and Barcelona in Spain, face a severe problem of over-tourism. Rent and real estate prices have skyrocketed in the regions as tourists have exceeded the regions' capacities. Traffic congestion has worsened, and increased waste has led to increased disposal costs. Complaints from local residents surged as the privacy of residents was violated, and the surrounding environment became polluted. The problem of over-tourism is now a social issue. Anti-tourism protests that reject tourists and "touristification," in which existing residents are driven out of their residences because of local commercialization, have

emerged.

Countries are seeking various ways to address over-tourism. In Kyoto, Japan, the government sought to address over-tourism by actively promoting tourism content that can be enjoyed at dawn or late at night to avoid rush hour. Attempts have also been made to disperse travelers concentrated in the city center by introducing travel passes that make it easy to move from urban areas, such as Amsterdam and Lisbon, to suburban or provincial cities. In Korea, tourist attractions such as Bukchon Hanok Village, Busan Gamcheon Village, Jeonju Hanok Village, and Udo in Jeju Island are already facing over-tourism. There are currently discussions on limiting tourism hours, producing etiquette education videos, and implementing environmental conservation contributions for tourists to minimize the invasion of residents' privacy. However, a more fundamental approach is needed for dispersion in the region.

Assuming that the number of visitors to Korea will continue to increase, over-tourism is likely to become a major issue in Korea in the future. Tourism in Korea has focused on quantitative growth thus far, and there have been no considerations for the side effects that are bound to stem from that growth. In preparation for the oncoming era of 20 million foreign tourists, it is necessary to prevent anticipated problems or take preemptive measures.

Second, sustainable tourism is necessary. Climate change, a critical global issue, is causing unexpected problems for the tourism industry. Global greenhouse gas emissions continue to increase, making it impossible for aircraft to take off because of extreme weather conditions. The melting glaciers due to global warming in Iceland, which is famous for its glacier tours, can threaten the safety of tourists. In November

2019, a sudden flood in Venice paralyzed the city and left tourists stranded.

Tourism-related greenhouse gas emissions are estimated to account for 5% of all global emissions. Efforts to pursue sustainable tourism are necessary for the tourism industry. Given the current growth of the tourism industry, the aviation industry's carbon emissions are expected to triple from the current level in 2035¹⁸⁾, intensifying the severity of the problem. This is why tourists are beginning to take an interest in tourism in ways that are capable of raising awareness of the value of the environment and pursuing low-carbon tourism. As a result of Greta Thunberg's "Flight Shame"¹⁹⁾ campaign, which was launched to reduce greenhouse gas emissions, 23% of Swedish citizens were inspired to reduce their air travel.²⁰⁾ The UK also joined the initiative and is set to launch the "Flight Free" campaign in 2020, while Germany intends to implement a policy to reduce train fares from 2020 to induce low-carbon tourism. While measures for sustainable tourism are actively proposed in Europe, where tourism is developed, Korea and the rest of Asia seem relatively passive, implementing measures such as regulating disposable products and encouraging the use of public transportation. More active efforts are necessary to prevent climate change. Third, measures are necessary for the growing "silver" (aging) population. As the number of elderly tourists is expected to increase owing to the aging trend, and as the base of Hallyu has expanded to various age groups, it has become important to create a "Tourism

18) OECD (2018). *Analysing Megatrends to Better Shape the Future of Tourism*, OECD Tourism Papers.

19) A combination of the words "flight" and "shame"; "flygscam" in Swedish. As the severity of climate change increases each day, the Flight Shame movement is spreading to feel ashamed about flying. Naver Dictionary of Current Events. (URL: <https://terms.naver.com/entry.nhn?docId=5840026&cid=43667&categoryId=43667>)

20) Jocelyn Timperley (2019a, September 2). Why 'flight shame' is making people swap planes for trains. *BBC*. (URL: <https://www.bbc.com/future/article/20190909-why-flight-shame-is-making-people-swap-planes-for-trains>)

for All” environment in which vulnerable populations can enjoy traveling comfortably in Korea. The UNWTO (UN World Tourism Organization) already recommended at its 2013 General Assembly that countries should practice “Accessible Tourism for All.” However, Korea still lacks policy support for creating an environment for those with disabilities, in the form of enabling wheelchair access in hotel rooms and bathrooms, lift access at restaurants and tourist attractions, and guide ramps. With the disabled population expanding alongside the aging population, improving related infrastructure and accessibility will be a measure of tourism competitiveness beyond human rights and equality. Furthermore, the government should address problems such as foreign language signs and broadcasting, and foreign language map services, which are inconvenient for tourists, to create a “Tourism for All” environment while also establishing a sustainable tourism environment to revitalize local tourism.

2) Efforts to Secure Competitiveness in the Future Tourism Industry

Although the growth of the tourism industry is highlighting the importance of national strategy, it is not easy to establish and respond to the strategy from a long-term perspective. This is because tourism is sensitive to political and diplomatic issues, economic issues such as exchange rates, epidemics, and climate change. The mechanism for establishing tourism strategies has become more complicated as global reservation sites using technology in the tourism industry has grown rapidly in recent years.

The UNWTO predicts that the number of overseas

travelers worldwide will increase by about 5% year-on-year to reach 1.4 billion in 2019, which is the highest ever. Tourism exports also reached \$1.7 trillion (approximately ₩2,000 trillion), accounting for the most considerable amount after the manufacturing and heavy chemicals industries.²¹⁾

According to a report by Statistics Korea, Korea's top 10 export items include \$126.7 billion (approximately ₩148 trillion) in semiconductors, \$46.4 billion (approximately ₩54 trillion) in automobiles, and \$15.2 billion (approximately ₩18 trillion) in tourism. "Korea Tourism" products recorded the highest exports in the service sector.²²⁾ Although it is ahead of the \$14.6 billion (approximately ₩17 trillion), which ranks second, and the \$8.8 billion (approximately ₩10.3 trillion) of the content industry, its policy importance falls short. The forecast of \$3 trillion in global travel sales²³⁾ in 2024 suggests that it is time to pay attention to the Korean tourism industry, including Hallyu tourism. Omnidirectional AI data are necessary rather than individual data that are being used now for the promotion of tourism in the future. The efficient and complementary analysis is possible by linking mobile travel data, metasearch engines, tourism trends through social media, and the current status of tourism consumption through payment data from credit cards and mobile phones. For this reason, IT investments in tourism are critical.

The number of foreigners visiting Korea in 2019 grew by 14% from the previous year to reach a record high of 17.5 million. The tourism revenue earned amounted to about ₩25.1 trillion. The tourism industry is estimated to have contributed to

21) UNWTO (2019). *Tourism Highlights*.

22) Statistics Korea (2019). *e-Nara Index Top 10 Export Items*.

23) Gonzalez, N. (2019, November 14). *Global Travel Industry Sales to Reach Near USD3 Trillion by 2024*. Euromonitor. (URL: <https://blog.euromonitor.com/global-travel-industry-sales-to-reach-near-usd3-trillion-by-2024/>)

revitalizing the domestic economy and has created jobs with a production-inducing effect of approximately ₩46 trillion and employment inducing an effect of approximately 460,000 people. Despite the domestic and international situations, the Korean tourism industry revealed its strengths through Hallyu. Korea is now becoming an attractive tourist destination represented by Hallyu and technology beyond Asia, in Europe, Africa, and the Middle East. Hallyu has created great potential for Korea as a travel destination.

According to the *2019 Survey on the Status of Foreign Hallyu* released by the Korea Foundation for International Cultural Exchange, 64.7% of Korean products or services that foreigners are most willing to use in the future were “travel to Korea.” 1,843 Hallyu-related clubs are operating in 94 countries world over, with 89.19 million members.²⁴⁾ More in-depth consideration is necessary to understand how to attract these people to Korea. Japan and China will host international sporting events such as the 2020 Tokyo Summer Olympics and the 2022 Beijing Winter Olympics. Although these are rival countries, the tourism industry in each country should actively take the lead in developing and promoting common products by attracting tourists from around the world through the efficient use of flights and ships to create synergy through cooperation. Now that Korea, China, and Japan are emerging as major destinations in the global tourism market, strategic and systematic cooperation is paramount.

24) KF (2019). *2018 Hallyu Around the World*.

11

Hallyu in Beauty

**Emerging Markets and Brand Personality: Keys Factors for the
Rebound of K-Beauty**

— Sungmin Son

Chief Researcher, Planning Research Team, Korea Cosmetic Industry
Institute

1. 2019 Hallyu in Beauty

1) The Korean Cosmetics Industry Continues to Grow Based on the Saturated Domestic Market and Exports

The Korean cosmetics market was worth about ₩14 trillion as of 2018, up 1.7% from the previous year. This trend is not only below the average compound annual growth rate (1.8%) for the past four years but is also below the market size in 2016. However, the size of domestic cosmetic production has shown steady growth because of the expansion of exports. It is continuing to expand significantly each year, starting at about ₩9 trillion in 2014 and surpassing ₩10 trillion the following year. The growth rate seemed to be declining with a 3.6% year-on-year growth in 2017 but returned to double-digit growth rates in 2018 (14.7%).

This phenomenon is primarily due to the ease of the Chinese ban on Hallyu and the recovery of exports to China and the expansion of exports to emerging markets such as the United States, Japan, Vietnam, and Russia since the THADD issue in 2017. On the other hand, the decline in sales of domestic and overseas duty-free and one-brand shops is expected to continue, as well as the economic downturn in Korea and abroad, along with the intensifying competition in the domestic distribution market, and internal competition because of low entry barriers in the industry.

Table 1.**Cosmetics Market Size by Country (2016~2019)**

Source: Euromonitor International (2019). Reclassification of Data from the KHIDI Report on the *Korean Cosmetics Industry* (2019) / (E) refers to an estimate.

(Unit: 1 million USD,%)

Rank	Country	2016		2017		2018(E)		2019(E)	
		Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio
1	US	72,703	18.8	74,132	18.9	76,110	18.9	77,901	19.1
2	China	44,304	11.4	47,899	12.2	51,154	12.7	54,297	13.3
3	Japan	32,209	8.3	32,763	8.4	33,224	8.3	33,675	8.2
4	Brazil	28,500	7.4	28,199	7.2	29,271	7.3	30,636	7.5
5	Germany	15,902	4.1	15,879	4.1	16,039	4	16,184	4
6	UK	14,265	3.7	14,268	3.6	14,556	3.6	14,858	3.6
7	France	12,900	3.3	12,662	3.2	12,619	3.1	12,626	3.1
8	India	10,494	2.7	11,148	2.8	11,743	2.9	12,365	3
9	Korea	11,784	3	11,646	3	11,648	2.9	11,668	2.9
10	Italy	9,548	2.5	9,307	2.4	9,405	2.3	9,453	2.3
Global market		387,440	100	391,755	100	402,474	100	408,792	100

Table 2.**Domestic Cosmetics Production (2012~2018)**

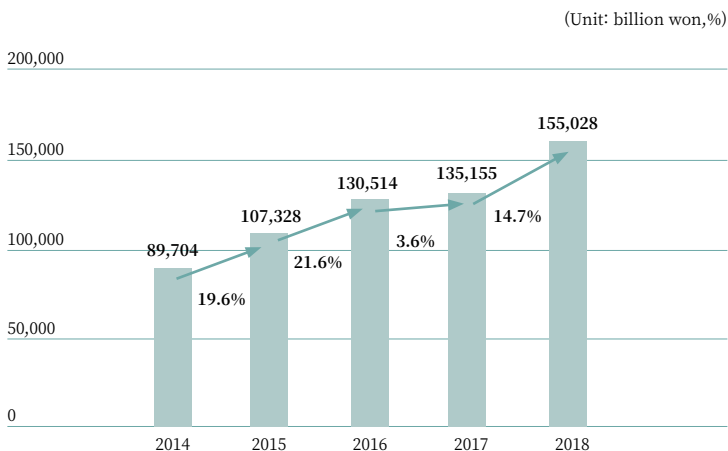
Source: MFDS (2019). *2019 Report on Cosmetics Production*.

(Unit: billion won,%)

Classification	2012	2013	2014	2015	2016	2017	2018
Total production	71,227	79,721	89,704	107,328	130,514	135,155	155,028
Year-on-year growth rate	11.5	11.9	12.5	19.6	21.6	3.6	14.7

Figure 1.**Domestic Cosmetics Production (2014~2018)**

Source: MFDS (2019); 2019 Report on Cosmetics Production (CMN, 2019).



Exports in 2019 continued to grow, with a 3.6% growth when compared to the previous year. As this was the lowest growth rate in the past decade, questions have been raised on the sustainability of the cosmetics industry, which became an export-focused industry in early 2010. In 2014 and 2015, the growth rates reached record highs of 52.2% and 55.3%, respectively. Despite rumors of a crisis in cosmetics exports in 2018, exports continued to grow firmly by 26.7% year-on-year. The figure has steadily increased since the first trade surplus in 2014, which more than doubled from 2015 to about \$6.5 billion (approximately ₩7.7 trillion) in 2019, which was notable, not only for export growth but also for the slight decrease in imports. Consumer preference for domestic brands tends to increase as the domestic market matures. Amorepacific and LG Household & Healthcare, which dominate the domestic market along with the emergence of various indie brands,¹⁾ have recently put a strain on the expansion of the imported cosmetics market.

1) Small independent brands that target specific consumer groups or niche markets.

Table 3.**Import and Export of Cosmetics in Korea (2015~2019)**

Source: KCS (2020); KCII (2020). Korean cosmetics classification standards applied.

(Unit: 1 million USD,%)

Classification	2015	2016	2017	2018	2019
Exports	2,910	4,183	4,952	6,263	6,486
Rate of change	55.3	43.7	18.4	26.7	3.6
Imports	1,397	1,433	1,523	1,615	1,607
Rate of change	0.8	2.6	6.3	5.5	4.9

2) Korea Maintains Its Status as One of the World's Top Four Cosmetics Manufacturers and Exporters

According to statistics from the International Trade Commission (ITC), Korea surpassed Italy and the UK in 2017 after it first ranked 10th in 2015 in the cosmetics export sales ranking, and has maintained its status as one of the world's top four manufacturers and exporters of cosmetics as of 2019. Although Singapore held the fourth largest export volume, it was excluded from the list because the merchandising trade is dominant as their trade characteristics. While an accurate analysis is difficult as export statistics of other countries are yet to be aggregated, considering the current status of cosmetics exports by country in 2019, the traditional cosmetics powerhouses France, the United States, and Germany are expected to maintain their rankings, from first to third, respectively. In 2019, Korea was estimated to be the second-largest exporter of cosmetics after Japan, with its compound annual growth rate also falling to 22.2% over the past five years with the decline in exports. France, the world's top exporter, is expected to show a higher growth

rate compared to 2018, while the United States and Germany are expected to show slower growth rates. Although the gap between Germany and Korea, has narrowed slightly due to the popularity of Japan's cosmetics, K-Beauty is inevitable to have competition with J-Beauty in the international market in the future. The difference in cosmetics exports between Japan and Korea in the third quarter of 2019 was only \$56 million (approximately ₩65 billion). There are also concerns that future competition with Japan, Taiwan, China, and Thailand may weaken K-Beauty's growth engine or slow export performance.

Table 4.

Cosmetics Export Performance by Country (2014~2018)

Source: ITC (2019); KCII (2019). Categorized according to domestic cosmetics standards, excludes re-imports and exports.

(Unit: 1 million USD,%)

Rank	Country	Export amount					CAGR
		2014	2015	2016	2017	2018	('14-'18)
1	France	14,862	12,993	13,256	15,185	16,898	3.30%
2	United States	9,005	9,152	9,286	9,935	10,517	4.00%
3	Germany	9,049	7,868	8,078	8,521	9,420	1.00%
4	Singapore	3,385	3,382	3,995	5,190	6,713	18.70%
5	Korea	1,902	2,938	4,204	4,975	6,285	34.80%*
6	Italy	4,095	3,928	4,497	5,014	5,498	7.60%
7	Japan	1,548	1,860	2,682	3,668	5,201	35.40%
8	UK	5,070	4,473	4,446	4,625	4,704	-1.90%

* 34.8% represents the CAGR from 2014 to 2018; the CAGR from 2015-2019 was 22.2% (see p. 284).

** Singapore was excluded from the cosmetics manufacturing and exporting countries, as its export performance is centered on merchandising trade.

The share of exports of Korean cosmetics to the Greater China region (China, Hong Kong, and Taiwan) is still overwhelming, accounting for 63.4% of total exports. The predominance to the Chinese market has slightly eased up recently, with the actual share of the Chinese market decreasing from 67.3% (2016), 63.8% (2017), 63.6% (2018), to 63.4% in 2019. However, while the absolute export volume to the Chinese market had grown until 2018 and its proportion decreased, exports to Hong Kong (-30.1%) and Taiwan (-2.7%) fell in 2019, showing a significant change in the existing export trends. This is mainly because of the combination of the abnormal atmosphere of Hallyu and the weakening of K-Beauty's competitiveness in the region. Exports to China have picked up since September 2019, and the growing demand from emerging markets such as Japan, Russia, and Vietnam has also driven overall exports.

Table 5.

Major Importers of Korean Cosmetics (2019)

Source: KCS (2020); KCII (2020). Korean cosmetics classification standards applied.

Rank	Country	Market size (Unit: 1 million USD)	Ratio (%)
1	China	3,038	46.8
2	Hong Kong	919	14.2
3	US	525	8.1
4	Japan	402	6.2
5	Vietnam	223	3.4
6	Russia	211	3.2
7	Taiwan	154	2.4
8	Thailand	139	2.1
9	Singapore	127	2.0
10	Malaysia	90	1.4

2. Hot Issues for Hallyu in Beauty

1) Putting the Brakes on Export Growth, Contrast Between Countries

The success story of Korean cosmetics exports, which showed a compound annual growth rate of 34.8% from 2014 to 2018, has been dampened by a single-digit growth rate in 2019, for the first time since 2011. Concerns have been raised about the “Korean beauty industry crisis” and the potential signal of slowing export growth rates. Numbers began to decline in January 2019 over the same period in the previous year. However, with the Single’s Day (광군제, 光棍節) effect from September 2019 the recovery of exports to China, the accumulative quantity of exports was converted to positive in November.

A closer evaluation reveals that, all ten major exporters showed growth in 2018, but only half showed an increase in 2019. This indicates that growth is offset by a combination of growth and decline in each country. Exports to Hong Kong, the United States, Thailand, Taiwan, and Singapore, which had previously shown significant growth, all showed negative growth when compared to the previous year. Among these countries, Hong Kong and Thailand were especially hit hard, with growth rates at -30.1% and -15.7%, respectively. The United States also reported a more considerable drop in exports in the second half of the year, and in November, it decreased by more than 10% when compared to the same period in 2018. It is unusual as it is the first time since statistics on cosmetics exports have been compiled that

exports have declined at such a magnitude across countries and regions. It is also notable that the decline in exports is not limited to specific areas and can be observed in almost all parts of the world, from the Greater China region (Hong Kong and Taiwan), North America (the United States), Southeast Asia (Singapore and Thailand), and Europe (France).

Table 6.
Exports of Korean Cosmetics by Country (2017~2019)

Source: KCS (2020); KCII (2020). Korean cosmetics classification standards applied.

(Unit: 1 Million USD,%)

Rank	2017			2018			2019		
	Country	Amount	Share	Country	Amount	Share	Country	Amount	Share
1	China	1,937	39.1	China	2,657	42.6	China	3,038	46.8
2	Hong Kong	1,222	24.7	Hong Kong	1,315	21	Hong Kong	919	14.2
3	United States	449	9.1	United States	538	8.6	United States	525	8.1
4	Japan	225	4.5	Japan	303	4.8	Japan	402	6.2
5	Taiwan	154	3.1	Vietnam	168	2.7	Vietnam	223	3.4
6	Thailand	151	3.0	Thailand	165	2.6	Russia	211	3.2
7	Vietnam	141	2.8	Taiwan	158	2.5	Taiwan	154	2.4
8	Singapore	104	2.1	Russia	157	2.5	Thailand	139	2.2
9	Russia	96	1.9	Singapore	132	2.1	Singapore	127	2.1
10	Malaysia	67	1.3	Malaysia	87	1.4	Malaysia	89	1.4
	Total (138 countries)	4,952	100	Total (142 countries)	6,263	100	Total (150 countries)	6,486	100

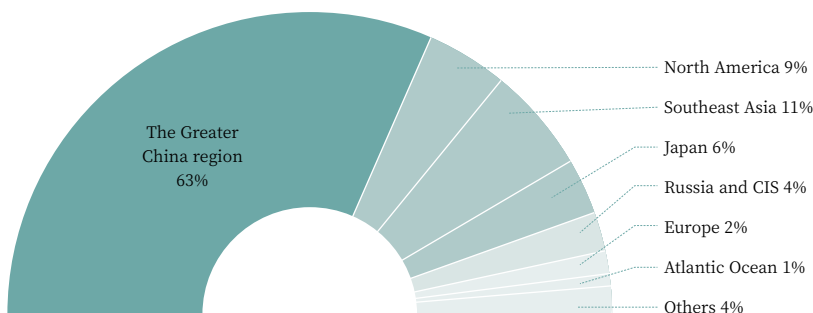
There have also been changes in the shares by region. The Greater China region, which includes China, Hong Kong, and Taiwan saw a decline in exports compared to 2018. Their share decreased from 66.0% to 63.4%, which is most significant decline in history. In the North American market, exports to Canada increased slightly, but the share decreased to 8.6% owing to a decrease in exports to the United States

in the second half of the year. In contrast, exports to the Southeast Asian market rose slightly, indicating good performance in markets other than Thailand and Singapore.

Figure 2.

Korean Cosmetics Export Share by Region (graph)

Source: KCS (2020); KCII (2020). Reclassification.



2) The Third Hallyu in Japan Amid the Crisis

Although it was an uncomfortable year with Japan diplomatically, the increase in cosmetics exports to Japan has been noticeably steep. Exports have nearly tripled compared to what they were a year ago, surpassing \$400 million (approximately ₩464 billion) for the first time. There has been a steady growth despite the domestic and foreign issues over the past two years, with year-on-year growth at 34.7% in 2018 and 32.7% in 2019.

Such export growth is analyzed as a result of the expansion of Hallyu from traditional K-pop and dramas to Korean food and cosmetics. In the *2019 Survey on the Status of Overseas Hallyu*, Korean food (K-food) was selected as the most popular Hallyu item in Japan, beating K-pop. Korean cosmetics were also the fifth most popular item after Korean dramas and Hallyu stars.

Figure 3.

2019 LINE Japan Keyword Search Rankings

Source: 2019 LINE Japan Keyword Search Rankings by Age and Gender (2019).



The post-millennial generation, currently in their teens and twenties, played a significant role in making this change possible. This group is considered the leading player in the third Hallyu. It has been mentioned in the media since 2017, and its interest is so high that 85.9% of Japanese teenagers say that Hallyu is a hot topic.²⁾ According to Japan's LINE messenger search rankings, the keywords "BTS" and "TWICE," along with "Korea," were selected as the primary keywords for all generations. This shows that Korea-related content is gaining popularity across all groups, regardless of gender and generation. The demand for Korean snack stands within Koreatowns, Korean characters, and cosmetics stores in Japan especially among the younger generation, are expected to be useful as a growth engine for the Korean market in Japan for the time being.

The number of Korean beauty stores operated by individuals is increasing rapidly in areas outside Koreatowns. Unlike the past, a variety of products are attracting attention, with those like a loose powder, a concealer, and face packs, among others being placed on popular product rankings on @COSME, Japan's largest cosmetics platform. Assuming that the expansion of the distribution market, Hallyu, and the Olympics have a positive effect on the expansion of exports, there are high expectations for exports to Japan in 2020.

3) Estée Lauder Acquires Have & Be... What Comes Next?

After Unilever acquired Carver Korea in September 2017, L'Oréal acquired Style Nanda in May 2018, and in 2019, Estée Lauder acquired Have & Be, which had great success through Dr. Jart+. The sales of Korean

²⁾ Mynavi (2019). *Third Survey on Hallyu*.

beauty companies make the headlines each year, and K-Beauty's potential and international competitiveness are being recognized.

Following Carver Korea, a skincare company, and Style Nanda, which specializes in color cosmetics, the acquisition of Have & Be is notable in that it is a "compound brand" of both skincare and color products based on BB creams. Unlike the previous two cases, Estée Lauder's plan to purchase 20% of the shares five years ago and to acquire all the shares according to the management index reveals the insight in foreseeing the growth of the Korean cosmetics industry.

The future strategy of Have & Be, the first Asian company to be acquired by Estée Lauder, seems to have prioritized targeting and expanding into the Asian market, with a focus on Southeast Asia. As it has not proven its competitiveness in the United States and European markets, it is expected to expand its market further through global networking and active localized marketing strategies. Recently, Estée Lauder attempted to target local consumers by speeding up the development of localized products such as Cordyceps items to occupy the fast-growing Asian market in advance.

Global companies are paying close attention to Korean brands because they believe, among various localization strategies, that it is more efficient to target local consumers through mergers and acquisitions than to launch a new brand.

In 2018, when export growth was relatively weak, the number of manufacturers and distributors increased by 3,830. Considering that this was the most substantial increase since statistics began to be compiled, it can be interpreted that many new brands have emerged. As major companies such as Amorepacific as well as small and medium-sized companies enter the indie brand market, M&As for Korean cosmetics

companies are expected to remain active for the time being.

Table 7.

Status of Cosmetics Manufacturers and Distributors

Source: 2019 Cosmetics Manufacturing Report (MFDS, 2019).

(Unit: Companies, as of December 31, 2019)

Category	2015	2016	2017	2018	2019	CAPR
Manufacturers	1,430	1,627	1,842	2,139	2,911	19.40% ('15~'19)
Distributors	5,338	7,117	9,241	11,877	15,707	31.00% ('15~'19)

4) Announcement of the Implementation of the Act on the Promotion of Recycling of Resources

As of December 25, 2019, the use of polyvinyl chloride (PVC)-based cosmetics packaging materials was prohibited, and the inclusion of cosmetic packaging material ratings on labels was mandatory. For products that cannot be recycled such as colored glass bottles, lipstick, makeup kits with mirrors attached, and palette containers, the words “difficult to recycle” had to be displayed in Korean on the label. In addition, the container should be marked with a recycling evaluation rating issued by the Korea Environment Corporation. Packaging materials are rated best, excellent, normal, and difficult according to the ease of recycling. As PVCs are difficult to recycle, their use was prohibited, and it was made mandatory to rate and label packaging materials. PVC is a type of plastic and refers to a synthetic resin that has a vinyl chloride content of 50% or more. It is used in wraps for food and film or containers for ham and sausages because of its excellent gas and moisture blocking properties and flexibility in shape. The biggest problem with PVC materials

is the generation of environmental hormones when recycled. Although the Act on the Promotion of Recycling of Resources is able to secure consumer safety, the cosmetics industry expects that it will be officially implemented after the grace period (December 25, 2019, to September 24, 2020), because of the cost burden on small and medium-sized cosmetics companies.

5) Mandatory Labeling of Allergenic Substances in Fragrance Ingredients

From January 1, 2020, 25 types of allergenic ingredients specified by the Ministry of Food and Drug Safety are to be marked by name if they are used as ingredients in a product. Among fragrance ingredients, allergenic components include Amyl Cinnamal, Benzyl alcohol, Citral, Eugenol, Hydroxycitronellal, Isoeugenol, and Amylcinnamyl alcohol. This makes the previous “Announcement on Recommended Ingredient Labeling Among Fragrance Ingredients” mandatory and allows consumers with allergies to certain fragrance ingredients to identify the allergens from the label. As of August 2019, the EU and ASEAN banned the sale of Hydroxyisohexyl 3-cyclohexene carboxaldehyde (HICC), Atranol, and Chloroatranol. From August 2021, the manufacture of products containing these ingredients will be prohibited. In Korea, it is expected that the government will make it mandatory to include and caution against allergens and expand the range of applied product groups, which will require companies to take appropriate action.

Table 8.**26 Fragrances (fragrance ingredients) designated by the Ministry of Food and Drug Safety**

Source: MFDS (2019). *Precautions While Using Cosmetics and Regulations for Labeling Allergens.*

No.	Name	CAS No.
1	Amyl Cinnamal	122-40-7
2	Benzyl alcohol	100-51-6
3	Cinnamyl alcohol	104-54-1
4	Citral	5392-40-5
5	Eugenol	97-53-0
6	Hydroxycitronellal	107-75-5
7	Isoeugenol	97-54-1
8	Amylcinnamyl alcohol	101-85-9
9	Benzyl salicylate	118-58-1
10	Cinnamal	104-55-2
11	Coumarin	91-64-5
12	Geraniol	106-24-1
13	Hydroxyisohexyl 3-cyclohexene carboxaldehyde	31906-04-4
14	Anise alcohol	105-13-5
15	Benzyl cinnamate	103-41-3
16	Farnesol	4602-84-0
17	Butylphenyl methylpropional	80-54-6
18	Linalool	78-70-6
19	Benzyl benzoate	120-51-4
20	Citronellol	106-22-9
21	Hexyl cinnamal	101-86-0
22	Limonene	5989-27-5
23	Methyl 2-octynoate	111-12-6
24	Alpha-Isomethyl ionone	127-51-5
25	Evernia prunastri (Oak moss)	90028-68-5
26	Evernia furfuracea (Tree Moss)	90028-67-4

6) Long-term Effects of the Unrest in Hong Kong

The unrest in Hong Kong plagued the Hong Kong Cosmoprof exhibition held in 2019. Although the prolonged unrest in Hong Kong raised concerns with speculations that the event could be canceled, the exhibition was held as scheduled. However, there were complications, such as minimizing the size of participating companies, having participating companies only attend pre-arranged buyer consultations, or giving up participation altogether. After the opening, many booths could not operate smoothly because event officials could not arrive on time as the protestors had obstructed traffic. The number of visitors in the exhibition hall was noticeably less when compared to previous years, and the atmosphere was quiet, overall.

The situation in Hong Kong is yet to improve. From the first day of 2020, over 1 million people participated in the protests and confronted the police. In 2019, Korean cosmetics exports to Hong Kong began to struggle, with exports falling more than 30% when compared to the previous year. In the future, Korean companies will need to worry about the decrease in local advancement because of the weakening influence of the Hong Kong Cosmoprof exhibition.

Figure 4.
Photograph Taken at the 2019 Hong Kong Cosmoprof Exhibition

Source: Heo, Kang-woo (Nov. 11), *Hong Kong's First New Cosmoprof Asia Has a Glamorous Kick-off, but... Cosmoring.*



3. Major Countries and Routes of Hallyu in Beauty

1) Major Importers are in China (+Hong Kong), the United States, Japan, and Vietnam

In terms of the share of exports by country, China and Hong Kong rank first with an overwhelming 61.0%, followed by the United States at 8.1%. Japan's rapidly growing market share of 6.2% and Vietnam's 3.4% followed, and Korea maintained its status as the fourth-largest cosmetics exporter for the second consecutive year since 2018. Looking at the share of exports over the past five years, China has shown a steady downward curve, while East Asia (Japan), Southeast Asia, Russia, and the CIS have shown upward curves. On the other hand, North America and Europe remain at a standstill despite the growth in exports.

Exports to China have been recovering since the advance effect of "Single's Day" was reflected in September. However, the share of exports to Hong Kong has plummeted, resulting in rumors of a crisis in the Korean cosmetics industry. This is not the only reason for the increase in the proportion of regular exports to China or the revitalization of the reverse direct-purchase market. As Korean cosmetics struggled with exports to Hong Kong, Japanese cosmetics exports to Hong Kong increased, and the inflow of Chinese products also exceeded 20%. In 2020, we must take a closer look at the impact of changes in Korean beauty trends in Hong Kong on the entire Chinese market.

Efforts to diversify exports have led to significant growth in other countries, among which Russia has shown considerable

growth. Russia's ranking among major export destinations also jumped from 10th in 2016 to 9th in 2017, 8th in 2018, and 6th in 2019, threatening Vietnam's position. Russia posted 33.5% annual growth rates, which is the most significant growth rate among the top 10 exporters. With exports to France slowing down in Europe, markets in the UK and Poland are growing steadily, which can be expected to serve as a beachhead for the spread of the popularity of Korean beauty in the European market.

Although China continues to dominate the market, it is expected that market diversification will accelerate in the future with the spread of Hallyu, as the share of non-Chinese markets continues to grow and emerging markets are discovered.

2) Overseas Market Entry Strategies of K-Beauty

Recently, K-Beauty has been actively responding to global market trends and adapting to changes. The concept of "clean beauty," which does not contain harmful ingredients, was preemptively introduced to the market, and the recent trend in naturalism was popularized through product development and vegan certification. The development of resource recycling-related technologies and products related to sustainable growth has attracted worldwide attention. Various small and mid-sized brands have created a new identity for Korea, which is represented by a BB cream, sheet masks, and cushion pacts, with products like a mist serum and sleeping packs. The worldwide popularity of BTS and other K-pop stars has become a driving force for Korean beauty to enter overseas markets alongside Hallyu content.

In recent years, rather than entering large specialty stores, strategic market entry through small and medium-sized stores,

online shopping malls, and reverse direct-purchase malls, or the direct entry of mid-sized companies are becoming more active. Two examples include Age 20's and JUNG SAEM MOOL, which entered the Thai market as independent stores in 2019. On the other hand, two of three major beauty curation companies that were used as distribution channels in the United States have closed their businesses and have changed channels as a result of the changes in the market.

Figure 5.

2019 Government-sponsored Cosmetics Market Pioneering Event

Source: (Above) Panoramic View of 2019 Latin American Consumer Goods Export Competition, (Below) Presentation by Sung-min Son (Chief Researcher, KCII) at the 2019 VOGUE K-Beauty Night Out



Meanwhile, the government is taking various steps to support the development of new markets by holding exhibitions and export consultation meetings for areas other than major countries in regions such as the Middle East, Latin America, and Europe. The efforts include operating sales and public relations and market development groups, and participating in major overseas exhibitions.

4. 2020 Outlook for Hallyu in Beauty

1) Expectations for the Strengthening of Asian Power Led by Korean Beauty

As the Asian market accounted for over 50% of L'Oréal's total sales, the world's number one cosmetics company in 2018, interest in K-beauty is growing. In addition to acquiring 3 Concept Eyes in 2018 to target the Asian market, L'Oréal has decided to operate its own Innovation Center to establish strategies for the Asian market at the headquarters level. This means that in Asia, the company will take a closer look at the Korean market after Japan and China. Recently, there was a movement to use the Korean market as an idea bank and tested toward developing luxury skincare products to target the Asian market.

The strengthening of the Korean market and the status of the Korean beauty industry has also contributed to the rising competitiveness of other Asian countries. In the case of sheet masks, Chinese and Thai OEM (Original Equipment Manufacturer) companies are actively seeking opportunities to enter overseas markets. The Asian market was once treated like a simple consumer market. It is now spreading cosmetics trends and is a supplier of high-quality products. With all three major global companies completing their acquisition of Korean brands, the industry is paying close attention to the companies that will be chosen next. As the Asian market grows, the importance of Korean beauty and Asian markets is also expected to rise.

2) The Flood of Indie Brands

The number of new companies in the Korean beauty industry is expected to continue rising in 2020 along with the emergence of new indie brands, despite there already being nearly 16,000 distribution companies. Since 2019, Amorepacific has made various attempts by planning and fostering indie brands within the company. Amorepacific not only carried out branding for a specific target group that is often seen in small and mid-sized brands but also focused on one or two groups of items to show expertise. The company has not only planned teenage men's and women's brands but has also focused on managing the brand pipeline³⁾ by organizing "Amore Hall" and participating in overseas exhibitions. The company has responded quickly to collaboration and planning events by erasing its existing Amorepacific corporate image and establishing an independent identity. It is seeking to redefine and diversify its miniaturize brands by developing and launching brands for each distribution channel, not only in Korea, but in Southeast Asia, through the online platform LAZADA and in China through T-mall.

Modern consumers tend to prefer particular and innovative products and reject general and clichéd messages. This is a driving force for the birth of new brands rather than the growth of the existing large brands. The launch of indie brands in the Korean market is expected to gain prominence as even soap manufacturing, sales, and distribution companies have recently been registered as cosmetics companies.

3) Focus on Emerging Markets such as Russia and CIS

The growth of the Japanese and Russian ^{3) Candidate brands before developing into a large brand.}

markets stood out among markets other than China in 2019. The growth of cosmetics exports to Russia can be said to be based on Hallyu, but the result is very different from that of Japan. According to the *2019 Survey on the status of Overseas Hallyu*, automobiles were ranked first in the list of popular Hallyu content, followed by IT products and cosmetics. The ratio of responses related to cosmetics, 40.3%, is not low when compared to Thailand (43.0%) and is twice that of Japan (20.9%). According to an official at the Moscow Hallyu Expo held by KOTRA in 2018, “We were astonished at the enthusiastic local response, as we had to limit access to the event for safety reasons and had to add additional safety personnel.” This conveys the state of Hallyu in Russia.

Figure 6.

2018 Moscow Hallyu Expo

Source: Provided by KOTRA Trade Center (2018)



It is challenging to enter Russia because of its history, culture, language, and psychological distance. However, a benefit in return is that the supply volume is well-controlled through a small number of intermediate distribution

companies. The fact that Korean products have established themselves in major distribution channels such as Le'talie, Podrushka, and Riv Goshe, along with Samsung's image in Russia, brightens the long-term outlook. The simplified licensing process for cosmetics has reduced the time required to about a month, and direct contact between the Korean and Russian markets has expanded through exhibitions like Intercharm Korea.

With the rise of Korean beauty products in the Russian market, exports to Poland, Ukraine, Kazakhstan, and Kyrgyzstan, which are considered satellite markets, and Eastern Europe, and the CIS regions are also rising. In 2019, Ukraine and Kyrgyzstan grew by 116% and 111% year-on-year, respectively, ranking among the top 20 major importers for the first time in history, while Poland also grew by 8.7% and reached the top 20. The growth in these regions is based on the popularity of Korean dramas. Despite their relatively low consumer purchasing power, they have recently been introduced in various media and reports, including KBS. The popularity of Korean beauty products in Eastern Europe, which has spread around Russia, has officially begun. It is time to think about how far south the market can expand through Poland in 2020.

4) Outlook for the Expansion of the Luxury Mask Pack Market

The mask pack industry within the Korean beauty industry, which has focused on sheet mask products, is expected to attempt enhancement in 2020. It may be the result of the popularity and changes in overseas markets, which are major consumers of mask packs. It is a desperate measure owing to

intensifying competition in Korea and abroad. A long-term plan is necessary at this time.

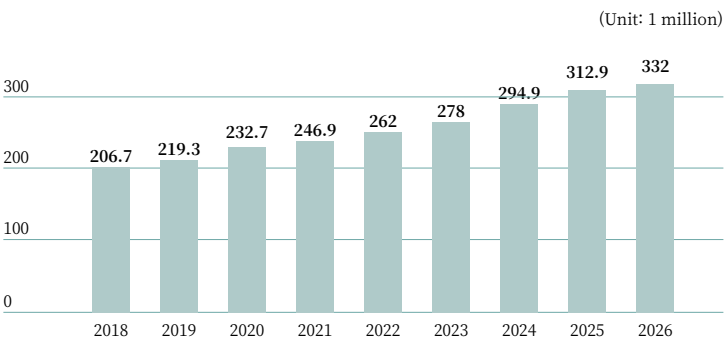
The Guardian in the UK ranked sheet masks as the most significant beauty trend of 2018 and included global trend icons Lady Gaga and Bella Hadid in the article. In 2016, Estée Lauder's Powerfoil product grew by 123% at John Lewis stores in the UK, and the NPD Group reported that in the first half of 2017, UK's total sales grew by 34%. In addition to the UK, the Mask Bar, a retailer specializing in mask packs, is expanding in the United States, and local influencers are spreading new trends through product reviews.

Now that sheet masks have begun to settle into globalization beyond Asia, Korea's mask packs are dreaming of taking another leap forward. With low-cost sheet masks from China and Thailand expected to accelerate their market reach, advanced strategies for mask packs will emerge from 2020. A sense of crisis is escalating as Korean products in China and Europe, along with some Southeast Asian markets, have begun to fall behind in distribution prices. In France, where PB (Private Brand) products were ordered, mainly mask packs, exports shrank in 2019. It will be difficult to win over the low-cost mass mask pack market.

Figure 7.

Global Mask Pack Market Size

Source: Statista (2019).



Mask packs have begun to attract consumers around the world. The luxury market should be targeted by developing various formulations and effective material delivery technologies in line with the high growth trend in the high-end cosmetics market. We look forward to seeing whether it will bring changes to the Korean mask pack market, which has begun to be evaluated as an obvious product based on natural Korean materials along with the replacement of subsidiary materials such as hydrogel and cellulose.

5) The Arrival of the Customized Cosmetics Market

With the introduction of a customized cosmetics system in March 2020, companies are able to add or mix ingredients at offline stores according to individual skin conditions. To that end, the government plans to introduce a system of preparation of managers to produce customized products, and to establish measures such as sales facilities and safety management standards. In the past, the global brand, Lancôme, operated a customized foundation sales system in Europe and the United States, but as the market expands to skincare, it is expected to be very popular, not only among Korean consumers but also foreign tourists visiting Korea. The system, which will be implemented for the first time in the world, can also affect similar system being prepared by China. It is thus attracting attention to future market reactions and system operations. On the other hand, leading global companies like L'Oréal are rushing to develop customized cosmetics manufacturing devices that link to artificial intelligence systems for cosmetics development, leading to expectations for the future development of technologies and responses from Korean companies.



References

1. Hallyu in Broadcast Programs

Choi, B. R. (2019, July 1). The explosion of the German version of 'The Masked Singer.' The premiere takes first place. Best result in 8 years. *YTN*. URL: www.ytn.co.kr/_sn/0117_201907011747197845.

Kang, J. G. (2019, August 21). 'The Masked Singer,' which captivated 54 million American viewers, was rejected at first. *Hankook Ilbo*. URL: www.hankookilbo.com/News/Read/201908211524729109

Min, H. S. (2019, December 10). 30 million views in 50 countries. *Venture Square*. URL: www.venturesquare.net/798189.

2. Hallyu in Film

Korean Film Council. (2020). *Evaluation of the Korean Film Industry in 2019*.

3. Hallyu in Music

26th Korean Association for the Study of Popular Music. Korea Foundation for International Cultural Exchange. (2019). *Research Report on the Economic Impact of Hallyu in 2018*.

Korea Creative Content Agency. *2018 White Papers on the Music Industry*. (2019).

Korea Foundation for International Cultural Exchange. *2020 Survey on the status of overseas Hallyu*. (2019).

Cha, W. J. (2019). *Keywords in the popular music industry in the 2010s*.

IFPI. (2019, April 2). *Global Music Report 2019*. URL: <https://www.ifpi.org/news/IFPI-GLOBAL-MUSIC-REPORT-2019>

Jin, D. Y. (2016). The Rise of Korean Wave. In *New Korean Wave: Transnational Cultural Power in the Age of Social Media* (pp. 3-17). University of Illinois Press.

Kim, S. Y. (2019, October 20). The light and shadow of SM's SuperM ranking 1st on the Billboard 200. *Korea Economic Daily*. URL: www.hankyung.com/finance/article/201910184825H.

Kim, Y. H. (2018). The global spread of K-pop fan culture, focusing on tributes and donation culture. In *Hallyu Now*, 26, 18-25.

Lee, G. T. (2018, August 29). Third generation idol, third generation

K-pop, third generation Hallyu. *JoongAng Ilbo*. URL: news.joins.com/article/22922605.

Lee, G. T. (2019a). Faraway, So Close: Produce 48 and the Cultural-Industrial Collaboration between K-Pop and J-Pop. *Popular Music*, 24, 251-288.

Lee, G. T. (2019b). Gen Z, Sincerity, and Nationalism: The Meaning of BTS's Global Success. *In/Outside: English Studies in Korea*, 47, 208-234.

Park, A. R. (2019, April 14). "Blackpink opens a new history of Coachella" looking at the responses of American and British media. *Newsen*. URL: newsen.com/news_view.php?uid=201904141346201910

Park, S. J. (2019). The virtues that the new Hallyu must have, the sensibilities of this culture. *In N CONTENT*, 13, 20-23.

Report on 2018 Contents Industry Statistical Survey. (2019). Korea Creative Content Agency.

Shin, J. M. (2019, December 22). K-Indie craze heats up in Taiwan... as hot as the idols. *Hankyoreh*. URL: www.hani.co.kr/arti/culture/culture_general/921708.html#csidx0ab8ad789f7d_d93a1fad7252b84de19

Shin, K. J., & Lim, H. Y. (2019, July 27). "Why do u discriminate against foreign fan clubs?" Angry fandom, some even quit. *Dong-A Ilbo*. URL: <https://www.donga.com>

Sisario, B. (2019, June 10). *A Billboard No. 1 Is at Stake, So Here's an Album with Your Taylor Swift Hoodie*. URL: <https://www.nytimes.com/2019/06/09/business/media/billboard-charts-bundles.html>

Sun, M. K. (2019, October 30). What BTS' Love Yourself Tour left behind. *Chosun Ilbo*. URL: news.chosun.com/site/data/html_dir/2019/10/30/2019103000403.html.

Yang, S. H. (2019, August 15). K-pop, the world's top industry, cannot keep up with its industry mindset. *JoongAng Ilbo*. URL: news.joins.com/article/23552760.

Yoo, B. C. (2018, August 29). Record set by Blackpink through its world tour is the best among Korean girl groups. *Korea Economic Daily*. URL: www.hankyung.com/news/article/2019071795475.

4. Hallyu in Performing Arts

Chang, J. Y. (2020, February 19). Parasite, the expert, and connections. *Kookmin Ilbo*. URL: news.kmib.co.kr/article/view.asp?arcid=0924123619&code=11171222&cp=nv

Cho, H. J. (2020, January 22). Gukak and rock a perfect match? Jambinai, who is receiving more attention from the world. *YTN*. URL: www.ytn.co.kr/_ln/0106_202001221513232698.

Cho, Y. M. (2019, June 13). When the “techno queen” appear, clubs around the world sing Korean songs in unison. *Chosun Ilbo*. URL: news.chosun.com/site/data/html_dir/2019/06/13/2019061300358.html.

Kim, H. (2017). A study on analysis of characteristics of a new art consumer. *Journal of Arts Management and Policy*, 42, 35–64.

Korea Arts Management Service. (2019a). *2019 Status of Performing Arts*.

Korea Arts Management Service. (2019b). *Keywords to watch in the performing arts industry*.

Lim, H. Y. (2020, January 30). An exciting round of Hwanghae-do exorcism rhythm... the world says, “Very, very good.” *Dong-A Ilbo*. URL: www.donga.com/news/article/all/20200130/99453068/1.

Noh, S. R. (2019, December 9). We were the only ones that didn’t realize it; Europe’s fusion gukuk craze. *Kookmin Ilbo*. URL: news.kmib.co.kr/article/view.asp?arcid=0924111790&code=13140000&cp=nv.

Weekly Dong-A. (2019, March 4). Musicians who targeted overseas markets have made remarkable progress. *Weekly Dong-A*. URL: weekly.donga.com/3/all/11/1656802/1.

Yoo, J. H. (2019, October 19). The rise of gukuk crossover... the new Hallyu is coming. *JoongAng Sunday*. URL: <https://news.join.com> URL: news.join.com/article/23608662.

5. Hallyu in Games/e-sports

Bean, A. M., Nielsen, R. K., van Rooij, A. J., & Ferguson, C. J. (2017). Video game addiction: The push to pathologize video games. *Professional Psychology: Research and Practice*, 48(5), 378–389.

Cho, H. D. (2019, December 27). Game Dong-A’s top 10 online game news of 2019. *Game Dong-A*. URL: game.donga.com/94046.

Cho, J. H. (2019, November 13). The Lost Ark is the best game of the year... honor of winning six gold medals at the 2019 Game Awards. *Sports Kyunghyang*. URL: sports.khan.co.kr/bizlife/sk_index.html?art_id=20191113_1930003&sec_id=560201&pt=nv#csidx6550615b89bbf648acdb0df47f5acf3.

Cho, K. H. (2019, December 23). Korea’s Sandbox Gaming wins EACC

Winter 2019. *Game Shot*. URL: www.gameshot.net/common/con_view.php?code=GA5e002d9bb0197.

Cho, K. M. (2019, June 5). Netmarble's BTS game, "BTS World" to be launched on June 26. *Game Dong-A*. URL: game.donga.com/92194.

Cho, Y. J. (2019, December 27). Game Dong-A's top 10 mobile game news in 2019. *Game Dong-A*. URL: game.donga.com/94048.

Jeong, H. J. (2019, December 30). The 2020 cloud game market: where the competition will begin. What will the results be? *This Is Game*. URL: www.thisisgame.com/webzine/special/nboard/11/?n=100797.

Kim, N. K. (2019, February 12). Faster than Fortnite. Apex's fierce battle royale three-way race. *Game Dong-A*. URL: game.donga.com/91198.

Kang, S. K. (2019). Game overindulgence and literacy education. *Media Literacy*, 10, 10-18.

Kim, C. H. (2019, December 13). From idol group formation, fan meetings, to concerts... the infinite evolution of game characters. *Asia Business Daily*. URL: view.asiae.co.kr/article/2019121309313897728.

Kim, E. T. (2019, December 23). 2019 Top 10 gaming industry news: from the sale of Nexon, disease codes, to the Kanavi incident. *Game Shot*. URL: www.gameshot.net/common/con_view.php?code=GA5e001c3f4086a.

Kim, H. E. (2018, November 12). K/DA: How LOL characters became a virtual girl group. *BBC Korea*. URL: www.bbc.com/korean/news-46176102.

Korea Creative Content Agency. (2019). *2019 Korean Games White Paper*.

Yoon, et al. (2018). *Meta-analysis of game overindulgence research*. Korea Creative Content Agency.

Lee, D. (2019, May 27). "Gaming is a culture"... netizens' backlash against WHO's inclusion of gaming addiction in disease classification. *Kookmin Ilbo*. URL: news.kmib.co.kr/article/view.asp?arcid=0013346230.

Lee, D. W. (2019, December 23). Nexon's Elsword Hologram Concert tickets sold out. *ZD Net Korea*. URL: www.zdnet.co.kr/view/?no=20191223115237.

Lee, W. H. (2019, December 31). [Overview] From the sale of Nexon to disease classification! Top 10 news in the gaming industry. *Daily Game*. URL: game.dailyesports.com/view.php?ud=201912311820196334da2c546b3a_26.

Park, K. S. (2019, December 17). Battlegrounds' total sales surpass 65 million won. *Inven*. URL: www.inven.co.kr/webzine/news/?news=231650&site=battlegrounds#csidx9494ca482bdf7d59dc5c8090cfb5533.

Seo, D. M. (2018, November 7). *Korea Economic Daily*. D. M. URL: www.hankyung.com/sports/article/201811078987v.

Yoo, D. J. (2019, June 15). President Moon: “I can see why e-sports is loved.” *Digital Today*. URL: www.digitaltoday.co.kr/news/articleView.html?idxno=211452.

6. Hallyu in Comics/Webtoons

Kang, B. R. (Ed.). (2019). *Strategies for broadcasting and visualizing web content IP*. A collection of presentations from the Korean Association for Broadcasting & Telecommunication Studies Special Seminar.

Korea Creative Content Agency. (2018). *Research on the overseas advancement of comics and webtoons and the future direction of entry*.

Korea Creative Content Agency. (2019a). *Thailand Webtoon Market Trend Report, Vol. 3*.

Korea Creative Content Agency. (2019b). *Vietnam Webtoon Market Trend Report, Vol. 4*.

Korea Creative Content Agency. (2019c). *Japan Content Industry Trend Report, Vol. 8*.

Korea Creative Content Agency. (2019d). *China Webtoon Market Trend Report, Vol. 11*.

Korea Creative Content Agency. (2019e). *U.S. Webtoon Market Trend Report, Vol. 13*.

Korea Creative Content Agency. (2019f). *2019 Webtoon Business Survey*.

Korea Creative Content Agency. (2019a). *Comics, Now, No. 4*.

Korea Creative Content Agency. (2019a). *2019 Overseas Content Market Analysis*.

Seo, S. E. (2009). The World View of the Middle Ages Fantasy Game. *Journal of the Korea Contents Association*, 9, 114–124.

Shin, J. A. (2019, December 17). Novels-Webtoons, Kakao Page Noble Comics cruises overseas. *Financial News*. URL: www.fnnews.com/news/201912170821241449.

7. Hallyu in Publication

Alter, A. (2019, December 3). How Chinese Sci-Fi Conquered America. URL: www.nytimes.com/2019/12/03/magazine/ken-liu-three-body-problem-chinese-science-fiction.html.

Critter Editorial Department (2019). *Critter*. Seoul: Minumsa.

Lee, Y. J. (Nov. 17, 2017). The Generational Shift of Literary Awards... Female Writers Born in the 80s Make a Clean Sweep of the Awards. *Hankook Ilbo*. URL: www.hankookilbo.com/News/Read/201711170455183100.

8. Hallyu in Fashion

The International Textile-Fashion News (2019). *Avoidance of ordering recycled textiles*. URL: www.itnk.co.kr/news/articleView.html?idxno=62598.

Bae, J. Y. (2019, December 19). Next China is rising... K-fashion turns its sights to Vietnam. *News 1*. URL: news1.kr/articles/?3794558.

Heo, S. M. (2019, December 25). K-fashion looks overseas after success at duty-free stores. *Seoul Economic Daily*. URL: www.sedaily.com/NewsView/1VS7NSTIEM.

Hwang, I. A. (2020, January 8). Don't buy it, rent it! *Bazaar*. URL: www.harpersbazaar.co.kr/article/44072

Jang, S. H. (2019, December 5). "Borrow clothes, too"... why is the fast fashion industry rushing to the clothing rental business? *MBN*. URL: www.mk.co.kr/news/business/view/2019/12/1018188.

Kang, C. W. (2019a, September 30). K-Fashion designer to take the stage at Paris Fashion Week. *Fashion Seoul*. URL: www.fashionseoul.com/174552.

Kang, C. W. (2019b, October 15). Net-a-Porter to launch Korean collective. *Fashion Seoul*. URL: www.fashionseoul.com/175136.

Kim, E. B. (2019, November 20). (Growth of domestic fashion market comes to a halt) 1. Consumption decreases and competition intensifies... eight years of stagnant growth. *News Tomato*. URL: www.newstomato.com/ReadNews.aspx?no=934724.

Kim, H. W. (2019, July 19). "Dreaming of Korean version of Stitch Fix"... Styletech innovation growth space opens. *E-Daily*. URL: www.edaily.co.kr/news/read?newsId=02519046622556160&mediaCodeNo=257&OutLnkChk=Y.

Korea Creative Content Agency. (2019a). *2019 Survey on Designer Fashion Usage*.

Korea Creative Content Agency. (2019b). *2019 Survey on the Status of the Designer Fashion Industry*.

Korea Creative Content Agency. (2019c, November). *Report on the*

development plan for the fashion culture industry according to changes in the ecosystem.

Korea Federation of Textile Industries. (2019, December). *Korea Fashion Market Trend Report for the Second Half of 2019.*

Lee, H. N., & Kim, H. K. (2019, January 10). Fifteen hour lines... limited edition reselling craze. *MBN*. URL: www.mk.co.kr/news/business/view/2019/01/21653.

Lee, S. W. (2019, July 4). Shoes and bags over clothes... clothing industry breaks through recession with accessories. *E-Daily*. URL: www.edaily.co.kr/news/read?newsId=01236566622551240&mediaCodeNo=257&OutLnkChk=Y.

Lee, W. H. (2019, March 18). [Monday Planning] . the maturity of pioneering overseas sales channels such as Andersson Bell and OiOi. *Fashionbiz*. URL: www.fashionbiz.co.kr/TN/?cate=2&recom=2&idx=171285.

Moon, H. C. (2019, September 18). Boon the Shop, where Angelina Jolie shopped, enters the British royal department store. *JoongAng Ilbo*. URL: news.joins.com/article/23579944.

Nam, H. J. (2019, November 5). Coming Up Next. *Vogue*. URL: www.vogue.co.kr/2019/11/05/coming-up-next/?utm_source=Naver&utm_medium=partnership.

Shin, C. H. (2019, September 8). Luxury heaven Korea... no brand that have been grown at home. *Kookmin Ilbo*. URL: news.kmib.co.kr/article/view.asp?arcid=0924003157&code=11151400&cp=nv.

Yoon, K. H. (2019, October 24). Seven hot Korean designers saving the Korean fashion market. *JoongAng Ilbo*. URL: news.joins.com/article/23613464.

9. Hallyu in Food

Booth, M. (2019, December 26). 2020 Food trend forecast. *Hankyoreh*. URL: <http://www.hani.co.kr>

Choi, I. J. (2018, September 5). In Vietnam, Bacchus = Park Hang-seo! *ChosunBiz*. URL: <https://biz.chosun.com>.

Hwang, H. K. (2014, February 19). Fried chicken popular in China due to influence of Korean drama, My Love from the Star. *Yonhap News*. URL: <https://www.yna.co.kr>.

Grunberg, C. (2018. 6. 18). Is the Kitchen Dead?. *UBS*. Retrieved from www.ubs.com/global/en/investment-bank/in-focus/2018/dead-kitchen.html.

Kim, D. E. (2019, July 9). aT holds New York K-Food Fair consumer event in conjunction with KCON 2019 NY. *Pressian*. URL: <https://www.pressian.com>.

Kim, B. R. (2018, December 24). Interview: Jong-won Baek, CEO of The Born Korea: "Localization should come before globalization of Korean food." *New Daily*. URL: <http://biz.newdaily.co.kr>.

Korea Agro-Fisheries & Food Trade Corporation (2019). *2018 Report on overseas expansion of food service companies*.

Korea Agro-Fisheries & Food Trade Corporation (2019). *Major Statistics from the Food and Dining Industry in 2019*.

Korean Food Promotion Institute (2018). *2018 Report on the Consumption Status of Foreign Tourists at Korean Restaurants*.

Korea Food Promotion Institute (2018). *Global Korean food consumer survey*.

Korea Foundation for International Cultural Exchange (2019). *Hallyu Now*, vol. 33.

Korea Foundation for International Cultural Exchange (2019). *2019 Global Hallyu trends*.

Korea Tourism Organization (2019). *2019 Survey on foreign tourists*.

Lee et al. (2017). The perceptions and preferences of Korean food by foreign Muslims according to period of residence in Korea. *The Korean Journal of Community Living*, 90.

Lee, S. Y. (2018, January 17). This is Korean style: "It" items chosen by foreigners in the media. *MBN*. URL: <http://www.mk.co.kr>.

Ministry of Agriculture, Food and Rural Affairs and Korea Agro-Fisheries & Food Trade Corporation (2019a). *2018 Korea Agro-Fisheries & Food Trade Corporation. Import and export trends and statistics for agricultural, forestry, and fisheries*.

Ministry of Agriculture, Food and Rural Affairs and Korea Agro-Fisheries & Food Trade Corporation (2019b). *Major Statistics from the Food and Dining Industry in 2019*.

Park, S. J. (2019, August 4). Home replacement meal market grows by 64% in 3 years... expected to reach 5 trillion won in 2022. *Yonhap News*. URL: <https://www.yna.co.kr>.

Park, H. Y., Ahn, M. H., Kim, B. H., Kim, N. Y. (2014). Korean food preferences and awareness of Korean food among Koreans and foreigners and foreigners staying in Korea for the globalization of Korea. *The East Asian Society of Dietary Life*, pp. 155-165.

10. Hallyu in Tourism

Ahn, J. K. (2019, December 29). Lotte Duty Free, which has introduced “newness” for 40 years, moves onto art collaboration. *The Korea Economic Daily*. URL: <https://www.hankyung.com>

Choi, K. E., Ahn, H. J. (2014). Analysis of Recent Tourism Trends and Prospects. *Korea Culture & Tourism Institute*.

Hyundai Research Institute (2018). *The economic effects of BTS*.

Hyundai Research Institute (2019). *Analysis of the success factors of BTS and its utilization plan*.

Japan Tourism Agency (2019). *Statistics on Japanese Tourism*. URL: www.jnto.go.jp/jpn/statistics/visitor_trends.

Jeon, J. S. (2017, November 2). 55.6% of individual tourists: “I came to Korea after watching Hallyu dramas and movies.” *Yonhap News*. URL: www.yna.co.kr/view/AKR20171101128400030.

Jeong, M. S. (2019, June 11). Illegal stay, rise in forgeries... Vietnamese multi-entry visas reduced after 6 months. *Hankook Ilbo*. URL: www.hankookilbo.com/News/Read/201906110953067621.

Gonzalez, N. (2019, November 14). Global Travel Industry Sales to Reach Near USD3 Trillion by 2024. *Euromonitor*. URL: <https://blog.euromonitor.com/global-travel-industry-sales-to-reach-near-usd3-trillion-by-2024/>

Kim, Hyo-jeong. (2019, December 11). A new horizon for Hallyu Research through BTS... Autonomous fandom, a new meaning to daily life. *Yonhap News*. URL: www.yna.co.kr/view/AKR20191211094200005.

Kim, Hyun-ju. (2017). The impact and response of foreign online travel agencies entering the Korean market. *Korea Culture and Tourism Institute*.

Ko, C. Y. (2019, November 1). One person handles 500 cases per day... Why visa officers struggle in Southeast Asia. *Hankook Ilbo*. URL: www.hankookilbo.com/News/Read/201911011124046501.

Korea Foundation for International Cultural Exchange (2019). Global Hallyu Issues Magazine. *Hallyu Now*, Vol. 31.

Korea Tourism Agency (2019, December 4). *Parasite Tour of Shooting Locations*. URL: http://english.visitseoul.net/hallyu/Parasite-tour-course_/32561?fbclid=IwAR31wCp_wDcIXPT_szQjWP24vqztojZCk_Pv_Qd9KRJ7cDFU2XKz2fO-nE4

Korea Tourism Agency (2018). *Survey on the Status of Muslim Tourism in Korea*.

Korea Tourism Agency (2019). *Korea Tourism Statistics*. URL: www.tour.go.kr.

Korea Foundation (2019). *2018 Status of Global Hallyu*.

MacDonald, J. (2019, December 20). Hallyu Fame Plus Incentives Make Seoul An Attractive Location For Foreign Shoots. *Forbes*. URL: <https://www.forbes.com/sites/joanmacdonald/2019/12/20/hallyu-fame-plus-incentives-make-seoul-an-attractive-location-for-foreign-shoots/#54696fcb3e54>

Ministry of Culture, Sports and Tourism (2016-2018). *Statistical survey of tourism companies (each year)*.

Ministry of Culture, Sports and Tourism (2019). *2018 Annual Report on Tourism Trends*.

Ministry of Culture, Sports and Tourism (2007-2018). *Foreign Tourist Survey*. URL: tour.go.kr.

OECD (2018). Analyzing Megatrends to Better Shape the Future of Tourism, *OECD Tourism Papers*.

OECD (2018b). *Tourism Trends and Policies*.

Pyeon, J. H. (2019). The economic effects of BTS events: 2019 Seoul final performance.

Statistics Korea (2019). *e-Nara Index Top 10 Export Items*.

Timperley, J. (2019a, September 2). Why 'flight shame' is making people swap planes for trains. *BBC*. URL: <https://www.bbc.com/future/article/20190909-why-flight-shame-is-making-people-swap-planes-for-trains>

UNWTO (2018). *Tourism Highlights*.

UNWTO & WYSETC (2016). *Global Report on the Power of Youth Travel*.

11. Hallyu in Beauty

Cha, S. J. (2018, November 7). The success story of local second generation, the K-beauty threat. *CNC News*. URL: www.cncnews.co.kr/news/article.html?no=4217.

Cho, S. H. (2019, August 8). The 3rd Hallyu fever in J-beauty... K-beauty hits the daily permissible ceiling. *YNA News*. URL: yna.kr/AKR20190807100400030?input=tw.

Eldor, K. (2018, November 14). Queen Of K-Beauty: The Founder Of Soko Glam Launched Her Own Skincare Brand. *Forbes*. URL: <https://www.forbes.com/sites/karineldor/2018/11/13/how-this-k-beauty-expert-went-from-soko-glam-founder-to-skincare-brand-creator/#69c57ac81129>

Foundation of Korea Cosmetic Industry Institute. (2018a). *Global Cosmetics Focus: Japan and China*.

Foundation of Korea Cosmetic Industry Institute. (2018b). *Global Trend Prediction: the United States*.

Foundation of Korea Cosmetic Industry Institute. (2018c). *Statistics on Domestic and Foreign Cosmetics Exports*.

Heo, K. W. (2019, December 17). Notice of revision of label for allergens in fragrance ingredients. *Cos Morning*. URL: www.cosmorning.com/news/article.html?no=35486.

Bucheon Industry Promotion Agency (2018). *Issue Report*, 26-42.

ITC. (2020). *Reclassification of Korean cosmetics standards by the Foundation of Korea Cosmetic Industry Institute*.

Jang, M. R. (2018, April 12). Cosmetics is in the background of L'Oréal's acquisition of Style Nanda. *Cosmetic Insight*. URL: www.cosinkorea.com/news/article.html?no=27622.

Jang, M. R. (2019, January 13). What are the issues and management strategies of cosmetics companies in 2019? *Cosmetic Insight*. URL: www.cosinkorea.com/news/article.html?no=30078.

Jeong, B. J. (2019, November 8). Cosmetics industry frantic with Ministry of Environment's packaging material regulation. *Weekly Cosmetics*. URL: www.geniepark.co.kr/news/articleView.html?idxno=44207.

Kim, H. R. (2019, March 14). Cosmetics exports to reach \$10 billion in 2020. *Bokuen News*. URL: www.bokuennews.com/news/article.html?no=172878.

Kim, J. Y. (2018, October 10). Beauty street on Gangnam-daero, the cosmetics business district, shaky. *Korea Sports Economy*. URL: www.sporbiz.co.kr/news/articleView.html?idxno=277845.

Kim, M. R. (2017, March 2). Cosmetics falters at Chinese greed. *The Scoop*. URL: m.post.naver.com/viewer/postView.nhn?volumeNo=6669897&memberNo=12494964&vType=VERTICAL.

Kim, S. B. (2018, September 28). Amorepacific's Aritaum launches multi-brand shop, "Aritaum Live." *Daily Grid*. URL: www.dailygrid.net/news/articleView.html?idxno=97341.

Kim, Y. J. (2019, October 18). L'Oréal-Albea developing bio-based

packaging tube. *The K-Beauty Science*. URL: www.thekbs.co.kr/news/articleView.html?idxno=1520.

Korea Health Industry Development Institute. (2018). *2017 Health Industry Analysis Report*. KHIDI.

Korea Health Industry Development Institute. (2019). *2019 Health Industry Analysis Report*. KHIDI.

Korea Trade-Investment Promotion Agency. (2018). *Global Cosmetics Industry White Paper*. KOTRA.

Korea Trade-Investment Promotion Agency. (2019). *The Global Cosmetics Industry White Paper*.

Korea Trade-Investment Promotion Agency. (2019). *KOTRA Express*, 16-17.

Kwon, T. H. (2018a, November 28). China Cosmetics Advance Permit System → Registration System, a product of Korea-China cooperation. *CNC News*. URL: www.cncnews.co.kr/news/article.html?no=4320.

Kwon, T. H. (2018b, December 20). Reinforcement of non-trade barriers through revision of Chinese cosmetic laws. *CNC News*. URL: www.cncnews.co.kr/news/article.html?no=4418.

Kwon, T. H. (2019a, March 18). K-beauty's crisis of positioning in the Chinese market. *CNC News*. URL: www.cncnews.co.kr/news/article.html?no=4640.

Kwon, T. H. (2019b, November 18). Estée Lauder acquires Dr. Jart for 2 trillion won. *CNC News*. URL: www.cncnews.co.kr/mobile/article.html?no=5059.

Lee, J. H. (2020, February 13). Introduction of the customized cosmetics system, "reading the seconds"... companies are busy responding. *The Fact*. URL: www.hankyung.com/economy/article/2019040560731.

Lee, M. H. (2019, March 19). Sephora to enter Korea in the second half of the year... *H&B prepares for competition*. EBN. URL: www.ebn.co.kr/news/view/977099.

Min, J. H. (2019, April 5). K-beauty still attractive thanks to the Hallyu craze. *Korea Economic Daily*. URL: www.hankyung.com/economy/article/2019040560731.

Myung, S. Y., & Noh, S. W. (2015, June 12). SWOT analysis of Korean cosmetics... basic cosmetics technology good, but color cosmetics weak, and awareness is low. *MBN*. URL: www.mk.co.kr/news/economy/view/2015/06/566628.

Park, J. M. (2018, May 15). K-pop, K-beauty craze in Moscow... Ministry of Trade, Industry and Energy and KOTRA host Hallyu Fair in Russia. *Munhwa Ilbo*. URL: www.munhwa.com/news/

view.html?no=20180515010316 210870011.

Son, S. M. (2018, November 22). Outlook for Global Cosmetics Industry Trends - Centered on Local Consumers [Seminar Presentation]. *CMN*, Seoul, Korea.

Son, S. M. (2019). *Brexit and CPNP. Global Market Trends 2019-001. Foundation of Korea Cosmetic Industry Institute*. https://www.allcos.biz/glb/glb17_market.html

Song, A. M. (2019, April 16). Indie brands open the muzzle of the 2nd wave of K-beauty... the core is sincerity. *Cosmetic Insight*. URL: www.cosinkorea.com/mobile/article.html?no=31045.

Hallyu White Paper, 2019

1st edition 1st print Feb. 28, 2020

1st edition 1st publication Feb. 28, 2020

MCST

The Ministry of Culture, Sports and Tourism is establishing a broad range of policies in culture, arts, sports, tourism, contents copyright, religion, media and other fields to realize the concept of 'Culture with the People.' It also promotes cultural exchange with various countries of the world and works to expand Korean culture, sports and tourism in the foreign market to enhance the international competitiveness of Korea.

KOFICE

KOFICE, founded in 2003 by Korea's Ministry of Culture, Sports and Tourism, encourages international cultural exchange beyond borders through various cultural events, global networking, research and studies, and training programmes for rising experts in related fields.

With the vision "A network hub connecting Korea and the world through culture", the KOFICE will lay foundations for "win-win cultural development" by connecting people and exchanging cultures around the world.

Edited by

the Research Team, Korean Foundation for International Cultural Exchange

Published by

Korean Foundation for International Cultural Exchange

Authors

Hallyu in Broadcast Programs
Sungmin Lee, Researcher, Cultural Industries Research Center, Korea Culture and Tourism Institute (KCTI)

Hallyu in Film
Mann Kim, Director of International Relations Team, Korean Film Council (KOFIC)

Hallyu in Music
Gyutag Lee, Professor of Cultural Anthropology (Arts & Science), George Mason University

Hallyu in Performing Arts
Kyunghee Choi, Director of Research Team, Korean Foundation for International Cultural Exchange (KOFICE)

Hallyu in Games/e-sports
Shinkyu Kang, Research Fellow, Media Advertising Research Institute, Korea Broadcast Advertising Corporation (KOBACO)

Hallyu in Comics/Webtoons
Mingi Jang, Senior Researcher, Industrial Policy Team, Korea Creative Content Agency (KOCCA)

Hallyu in Publication
Buhan Yoon, Director, Division of Literature Promotion, Literature Translation Institute of Korea (LTI)

Hallyu in Fashion
Sujin Myeong, Fashion Columnist

Hallyu in Food
Bo-ra Kang, Researcher, Institute for Communication Research, Yonsei University

Hallyu in Tourism
Juyoung Chung, Head Researcher, Advanced Institute of Convergence Technology (AICT)

Hallyu in Beauty
Sungmin Son, REACH24H KOREA General Manager

Korean Foundation for International Cultural Exchange(KOFICE)

A-203, DMC Hi-Tech Industry Center, 330, Seongam-ro, Mapo-gu, Seoul, Republic of Korea

Tel 82-(0)2-3153-1791

Website : www.kofice.or.kr

Email : research@kofice.or.kr

Copyright © 2020 by the Korean Foundation for
International Cultural Exchange(KOFICE)

This report is conducted by Korean Foundation for
International Cultural Exchange(KOFICE), and
the publication may be freely quoted, reprinted,
translated or adapted for use in other formats as long as
acknowledgement is provided with a reference to the
source.