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Corporate Strategies in the Spread of Hallyu (Korean Wave) in Indonesia

(Strategi Korporasi dalam Penyebaran Hallyu (Korean Wave) di Indonesia)

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Abstract
This article focuses on corporate strategy in acquiring more profit by utilizing the changes brought by globalization. Globalization has raised hybrid culture, a combination between universal and local culture that form a new one. Hybrid cultures are then no longer be interpreted as a result of corporate production processes but as a symbol of a changing lifestyle through the use of global media networks—a phenomenon mainly supported by the existence of consumer society in Indonesia. This paper aims to examine the strategies utilized by corporations regarding Hallyu and the requisite preceding conditions to facilitate its spread. It specifically analyzes how hallyu phenomenon in Indonesia puts emphasis on the local conditions that promote its dispersion and how corporations take benefits on those conditions. This research employed case study method on Hallyu phenomenon in Indonesia and used descriptive analysis on secondary data related directly and indirectly to television products and companies in (non)entertainment industries. By using cultural globalization approach, this article argues that the easy acceptance and spread of hallyu in Indonesia is affected by the success of corporate strategies in exploiting the shift of culture and society. There are several strategies utilized by corporations: commoditization of cultural products, pricing and product differentiation, the use of social media, and the support of government regulation. It is concluded that Hallyu is easy to accept as it is the product of hybrid culture which load the symbols of modernity of urban Asia and local culture.

Keywords: consumer society, corporate strategy, globalization, hybrid culture, hallyu
INTRODUCTION
After reformation, Indonesia turned into a democratic country, including cultural content it has consumed. The influence of Western culture and then Asian culture are widely consumed among Indonesians, one of which is the South Korean culture. South Korean is a trend. South Korean productions have dominated television programs in the last five years. Local productions adapt their program in line with South Korean by featuring, both South Korean artists or local artists whose appearance resembles South Korean artists. Consequently, more and more people are trying to imitate the South Korean look on their fashion and appearance. South Korean culture is then commoditized into other products such as food, cosmetics and fashion.

*Hallyu* is a South Korean pop culture. *Hallyu* invasion, or what is commonly referred to as the Korean wave, began in the early 2000s and were mostly dominated by film and television drama (K-drama). La Torre (2010), who conducted research on Korean drama lovers in China, found that Korean drama was successful due to the emotion-filled stories portraying social expectations in developing countries, modernity and the global market forces. The second wave emerged in 2010 with pop music (K-Pop). Korean music groups such as BoA, Girls’ Generation, Super Junior, N-Sonic, The Boss, X5 and TVXQ were famous for their full packaging music with good choreography and fashionable singers. K-Pop has featured artists with fashionable clothes and charming face. In a research, Shin-Hyun (2011) argues the bands become successful due to the systematic production, the creation of diverse images, and diverse expression from each personnel.

There are many factors that affect the easy spread of a foreign culture. This article focuses on corporate strategy in utilizing the changes brought by globalization. Corporations exercise hybrid culture and consumer society on production line and distribution. In the production line, the corporation successfully combines global tastes with locals through international collaboration. Furthermore, hybrid culture is treated as a commodity that is produced and traded similar to manufactured goods. In the distribution, the corporation uses the development of information and communication technology. They used social media and Youtube, which make interaction between producers and consumers possible, in order to gain loyal consumers. Through social media and YouTube, corporations create its own market by establishing a community of loyal consumers. Internet also makes distribution cheaper and faster, suitable for a “new” commodity entering the market.

Globalization increases interdependence on economic, social, cultural and politics among people from different regions. Scholte (2000) describes globalization as the growing relationship between regions, the disappearance of borders which then gives impact on the blurring of social ties to those boundaries. Globalization is seen as internationalization, liberalization, Westernization, and deterritorialization or the blurring of the boundaries of the country. The conditions then create interdependence between people and allow easier movement of goods, services, people and ideas across regions. In a business context, globalization increases business activities across the region. As the result, people have become more active in production due to the
openness of access to resources and markets. People also increase their consumption because goods and services are available with cheap price and good quality (Daniels, Radebaugh, and Sullivan 2007; Wild and Han 2008). Scholte (2000) suggests that it is the emergence of hypercapitalism and consumer society.

At the distribution level, Hermans and Kemper (1998) emphasize that globalization allows cross regional communication with affordable price. Consequently, local culture is highly likely to be penetrable by foreign culture. Global communication networks make culture tend to be homogenous (Hamelink 1983; Mattelart 1983; Schiller 1989). Scholte (2000) adds that regional barriers are reduced by several factors, such as the development in technology, mutual understanding as part of the global society, the development of capitalism, and regime creation by states and international organizations.

On the other hand, easy distribution raises cultural heterogeneity. Society seeks to protect its culture from foreign exposure (modern and Western). Cross cultural communication allows the mixing of cultures which then creates cultural heterogeneity (Hermans and Kemper 1998). Similarly, Elkins (1997) argues that heterogeneity occurs because communication technology allows individuals to choose the source of information developed by those who have similar language, ethnicity and culture. These options are then raises hybridization, a mixture between Western and non-Western cultures. Greig (2002) also suggests that globalization serves to promote cultural homogenization in the system and bring hybridization in a certain level.

Hybrid culture is easily observed in the music and film industries because they are transferred through communication media such as television and the internet. Television is easy to access as most all households in urban have television sets, while the internet enables program broadcasts worldwide. The internet creates fans around the world and form an “imagined community”. Anderson (2006) describes “imagined communities” as how people connect because they consume same cultural attributes. The classic example of the “imagined community” is seen in religion. Religions such as Islam, Christianity and Buddhism are connected to one another across the region because they have the same belief. Similar condition can be drawn in the case of hybrid culture fans. They are connected because they consume same idols, music and dramas. Information and communication technology makes their community broaden and solid. Corporations use this trend for hybrid culture production and distribution.

Previous research on Hallyu was usually centered on the consumption of Korean popular culture in Asian countries (see e.g. Kwon 2006; Kyun and Kim 2011; Yang 2012; Yin and Liew 2005). There was also research on the impact of Hallyu to tourism industry in Korea (Han and Lee 2008; Kim and Chon 2010). In Indonesian case, there was a research discussing Hallyu as a form of Korean soft power in Indonesia (Yudhantara and Halina 2012). Striving to address the topic unexplored in previous research, this paper aims to examine the strategies utilized by corporations regarding Hallyu and the requisite preceding conditions to facilitate its spread. It specifically analyzes how hallyu phenomenon in Indonesia puts emphasis on the
local conditions that promote its dispersion and how corporations take benefits on those conditions.

**METHOD**

This research employed case study method in discussing the questions. A case is “an instance of a class of events of interest to the investigator, such as an instance of revolution, type of governmental regime, kind of economic system, or personality type” (Bennet 2004:21). A case study, Bennet further argues, is thus “a well-defined aspect of a historical happening that the investigator selects for analysis, rather than a historical happening itself” (2004:21). The case selected for this research is *Hallyu* (“Korea fever”) in Indonesia after the reformation period. The data used in this research were secondary data obtained from corporate press releases, third party surveys, and other forms of texts, which were then analyzed descriptively.

**RESULT AND DISCUSSION**

**Corporate Strategy in the Production and Distribution**

Globalization raises hyper capitalism and public consumption that increase production and consumption intensely. Hyper capitalism makes commoditization of products, including cultural products. Commoditization put everything rested on capitalist logics. Based on Marxist theory, commodities are objects that are the result of the production process, which then creates capitalization (Scholte 2000). For example, forests are commoditized through exploitation by timber industries, and song recordings are commoditized through sales by the music industry. The commoditization of cultural production has made cultural product no longer authentic but emphasized on the ability to provide benefits for corporations and tailored to the needs of the market, i.e. the consumer society in this case. Commoditization of culture utilizing hybrid symbol through consumer society is facilitated by the development of information and communication technology. Characteristics of the consumer society are to buy and consume symbols together. These symbols exist in the range of unique, new, entertaining, fantasy, fashionable and part of lifestyle, such as the symbols of masculinity, femininity, and class.

At the production level, *hallyu* has been commoditized. Products commoditization emphasizes on brand and personal consumption satisfaction rather than on function. *Hallyu* successfully exploit these changes. Cultural commodity is corporate products which accommodate consumer demands on goods and services such as movies, music, clothes and accessories (Scholte 2000). Product is then accumulated to create a lifestyle that is considered modern.

Products are widely distributed in urban communities because of the characteristics of the urban community itself. According to Scott (2001), there are three characteristics that shape urban society. First, urban society is a society of workers who fulfill their need by consuming, not producing. The products that have been commoditized are easy to find with low cost. Therefore, urban society is called as consumer society. Second, the circulation of information in the urban is fast. They know the trend at the global level and try to consume it. Demand for products that become a trend in
other regions or countries is high due to the rapid circulation. Last, high demand of the product is more to the fulfillment of trend and lifestyle.

This consumption tendency in Indonesia was realized by South Korea. In the late 1990s the South Korean government developed its creative industries commonly referred to as Korean pop culture. Creative industries were developed, considering that South Korea could no longer compete with China in manufacturing industry. On the one hand, South Korea also began to develop the involvement of more and more small businesses and medium enterprises to the economy as the consequence of the Asian Financial Crisis in 1997/1998. South Korean manufacturing industries are dominated by large corporations, called chaebol. On the other hand, small businesses and medium enterprises were engaged in the creative industry sector such as movies, music and any kind of entertainment industries. The South Korean government uses export oriented strategy in order to develop creative industries, the same strategy that has been implemented to the manufacturing one. Products are produced and packed in line with global standard and taste. They are then commodified so that the price becomes more competitive.

_Hallyu_ brings success on products displayed through its drama and music, for instance fashion, food, cosmetics, tourism and lifestyle. _Hallyu_ encourage their fans to consume their lifestyle. For that reason, people who did not consume _hallyu_ though media ultimately are affected because of the lifestyle has been adopted in public spaces. For instance, in Indonesia, there are beauty salons that introduce Korean style. One example is Johnny Andreason who introduced the product of K-cut style. Korean cosmetic products are also becoming well known, such as Skin Food, The Face Shop and Missha. In terms of fashion, almost all fashion stores, both conventional and online selling Korean production clothes and local clothes with Korean-style model. The shops in the Mangga Dua and Pasar Atom display South Korean products replacing other Asian products from Hong Kong and Taiwan. The condition is also common in automotive products and gadgets. Samsung emerged as the market leader in smartphones in Indonesia, while Hyundai and Kia share automotive market with the more established Japanese brands such as Toyota and Honda. In Jakarta, they are even areas with “Korean village” concept ("Gelombang Korea" 2012). The areas, located on Jalan Senayan and Pinanggsia Office Park Karawaci, are filled with Korean banks, clinics, salons, supermarkets, hotels and restaurants.

Another strategy is to play at low prices and strengthen product differentiation. In business level strategy, corporations are faced with two strategies whether they implemented cheaply or do differentiation. _Hallyu_ have succeeded in both. Korean Drama produced cheaper drama compared to the production of local program from production house or studio. Based on a research conducted by Ida (2012), local television stations prefer to buy TV programs from Asia because the price is cheap. On average, the price of production of Asia between US$ 10,000-20,000 per 52 episodes and can be broadcasted 2 to 3 times. The prices are relatively cheap compared to local production, which for the main cast is paid US$ 20,000 to 30,000 per episode.
Associated with differentiation, *hallyu* is a hybrid cultural forms that manage to unite global tastes with local content. *Hallyu* become specialized at this. In international business, corporate success is measured on the specialization and the ability to create product differentiation. Iwabuchi (2012) suggested that the success of Asia’s production in Indonesia was affected by the similarities in the context of Eastern culture but with a global packaging such as portraying urban modernity. Moreover, Eastern cultures are considered less destructive to the local culture when compared with Western cultures. In addition, South Korean advance economic development allows Korean companies to be transnational and successfully expanding markets in Asia and brought the spirit of “local” at global level (Iwabuchi 2012).

In the distribution level, there are several strategies applied. *Hallyu* succeeded in giving the locality and narrow the cultural gap and distribution. Almost all Asian culture, especially from Japan, implements this strategy. However, *hallyu* is able to create a fanatic fan base. Porter (1980) argues that new business player will have to spend quite a bit of promotion and advertising in order to promote their new products to public. Instead of using big promotion and advertising, *hallyu* is using alternative media and the Internet, especially through social media and youtube. Social media and Youtube are not only cheap, but also enables two-way communication between idols and their fans. Because of these interactions, social media and YouTube bring up the “imagined community”. The community eventually led to loyal fans who share information on trends, concerts and lifestyle of their idols.

In its first wave, *hallyu* has been known through K-drama. Its popularity is supported by mass media, especially through television. In Indonesia, K-drama was played first by national television stations and then played again by local television stations. Drama series such as *Winter Sonata, Endless Love, Hotelier, Full House* received wide audiences and were played over and over on the same or different television station(s), so were the colossal drama series such as *Jewel in the Palace*. Popularity on television contributes to the spread of pirated DVDs. Pirated DVDs are cheap and easy to find reaching small towns. The occurrence of pirated DVDs, admitted or not, is one of effective distribution channel. Another distribution channel is through the alternative media, whic is the internet. K-Pop became popular due to social media and YouTube.

A key factor driving the distribution cannot be separated from government regulations on liberalizing its market (Porter 1980). As said at the beginning, reformation in 1998 has made Indonesia a very liberal country including in media and internet. Private television stations are booming. *Surat Izin Usaha Penerbitan Pers* (SIUP), a business license issuance for press, is abolished. It is further supported by the deregulation of SK Mempen no 286/1999 which ruled frequencies and licenses from the Directorate General of Post and Telecommunications (Winarno 2008). Soon afterwards appeared five private television stations which are MetroTV, TransTV, DVNTV (TV7/Trans7), GlobalTV, and PasarayaTV (Winarno 2008). Local television stations have also sprung up. This led television business in politics rating, which led to competitions of television programs. Buying foreign television programs is one of the options because they are cheaper than the local productions. Consequently, foreign content
dominated national and local televisions. Foreign television programs, especially from South Korea, are very popular. As the result, many television programs are mirroring and adopting similar programs that gain high audience rating.

Liberalization is further visible in the internet services industry. Liberalization of the economy makes more data providers with gadgets are getting cheaper. Internet data services are more affordable and accessible via smartphones. According to a report from eMarketer in March 2012, Internet users in Indonesia will be one third of the total population or about 70 million people in 2014 (“Social Media Inspires Art” 2012). The current number of Internet users in Indonesia is 45 million and they are big users of social media. According to research conducted by TNS in 2011, Indonesia is the second largest Facebook user and the third largest for Twitter users in the world. Statistically, the growth of Internet users in Indonesia was 40% in 2011 (Asrianti 2011). The users of social media are dominated by teens. Data from the Ministry of Communications until June 2011 stated that 64% of the total Internet users in Indonesia are young people aged 15-19 years (“Pengguna Internet” 2011). A survey conducted by Yahoo Net Index in 2011 also strengthened the data. People consumed television and then internet. Among them who access internet, 89% connected to social media, 72% are browsing the website, and 61% reading news (“Yahoo! Inc Gelar Net Index” 2011). In addition, Indonesia is the largest user of the Internet in South East Asia since 2008. A similar survey conducted by Nielsen in 2011 showed that the use of cell phones increased from 33% in 2006 to 78% in 2011 (“RI highly dependent” 2011). It is also reported in the same source that personal expenditures for telephone credit is also the third-largest after food and transport.

As already explained, the hallyu wave both intensely use social media and YouTube to build fan base and the distribution of its products. Users of social media and YouTube are massive in Indonesia, a fact that makes hallyu content distribute easier and more popular compared to other foreign cultures. The condition is also supported by government liberalization policy.

CONCLUSION
Easy acceptance of foreign culture into Indonesia is influenced by the ability of corporations to take advantage of the changes brought by globalization. Changes are the emergence of hybrid culture and consumer society. They make foreign culture easily accepted and adopted. Corporate strategy in the use of the two modalities is seen on the production line and distribution. The findings help make sense the seemingly fast distribution of Korean wave in Indonesia. It remains unknown, however, how the consumers respond to these corporate strategies. Further research are thus required to examine the responses and whether the consumers also apply some strategies in positioning their pleasure within their consumption practice.

REFERENCES


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