

## **Korean Wave, Flood or Splash? Positioning Korean Products & People for Sustainable Success**

Korean Academy of Commodity Science & Technology, KACST 한국상품학회

26th October 2012

**Bruce Henry Lambert**

**mindwatch@gmail.com**

Localversity (Professor & Development Director) Stockholm, Sweden

Sookmyung Hospitality Business School (Adjunct Professor) Seoul, Korea

### Abstract of Conference Presentation

Our globalizing economies are continuously adapting in a changing world. As international standards and procedures develop through treaties & agreements such as World Trade Organization ground rules, national governments have become gradually less able to influence trade & their domestic economies. As people move about for education & work, and global capital investments diversify the ownership of heretofore insular domestic corporations, it sometimes seems as if the impact of nation might wane to the point of meaninglessness.

Yet our world is far from being a homogeneous unitary market, and there is little chance the many complexities of culture, climate, national or local characteristics will fully disappear in any great hurry. Rather, some of these distinctive elements are becoming better cherished because they confer competitive advantage. Some local responses to modernization or multiculturalism are clearly temporary and non-sustainable, while others might be cultivated and developed for improved future successes.

This presentation considers globalization & positioning strategies in the present day Republic of Korea with an eye to evaluating marketplace rigidities and successes. Explicit policy adjustments are suggested. Whereas many such proposals are based on successful institutional reforms elsewhere, detailed cost-benefit analyses could be conducted. Here however, we seek to flag key discussion points & research issues worthy of further study. The Korean Academy of Commodity Science & Technology is an excellent homebase for developing these ideas.

"Country of Origin = Korea" is of course viewed in assorted ways around the world. National image and country-of-origin effect are composite results of disparate historic events, corporate branding, and

deliberate positioning, with splashes of confusion & misperception among different potential consumers of varying cosmopolitanism. We can profitably seek to ferret-out where and how individuals have adopted certain ethnocentric attitudes and why they cherish certain stereotypes. But we can also direct our energies toward reprogramming & repositioning. Rebranding (where possible) is the more forward-looking tactic, and this is the branding approach emphasized here.

Territorial competitiveness can dissipate without timely action.

And in some cases, inaction threatens community survival.

### **The Importance of Place Appeal**

With increasing free movement of people & ease of reinvesting capital, places that fail to develop competitive strategies and effective marketing risk suffering depopulation and investment flight. These communities (or nations) also risk losing their most clever and productive members to other places offering better lifestyle or investment conditions. Communities everywhere have a critical interest in sustaining local employment, because a solid tax base allows attractive public improvements & services. Growth in these areas makes a place more attractive to migrants and investment (from within a nation or from further abroad), helping build jobs, generate spending, and increase property values in a virtuous spiral. The antithesis is a vicious circle of decline, or a development trap. Even a perceived lack of infrastructure, accentuated by poor maintenance of existing amenities due to slumping local economy, leads to an unattractive environment, outward migration in search of work, and general depression. The most successful policy mix will focus on multiple levels of society and different parts of each community and the nation. Big business, traditional industries, and emerging growth areas are each important, as are the differing hopes and needs of people at different stages of life.

The fields of economic geography & marketing can combine in examining how places might deliberately and strategically develop differently -- making the most of their resources, developing sustainable strategic advantages, and building attractiveness. Success is often best achieved through broad cooperation of public officials, civil society and business, investing in their own community, developing public spaces, educating & mobilizing local residents to help themselves, and reaching out to visitors.

It should be recognized that freedom of movement for people, goods, services & capital among "open" societies means that each nation and region is in vital competition with each other for resources, and thus likely to be unwilling to share strategic insights and policy formulae that bestow strategic advantages.

Branding Korea is complicated by confusion generated from being a split people, South & North Korea. There is open antagonism between the Republic of Korea (ROK) and the Democratic People's Republic of Korea (DPRK), and many deep disagreements. Both governments tend to strongly accentuate the differences from their neighbor, and officially ignore each others strengths and similarities. This is surely complex, but is costly to all. One result on the world stage is a measure of uncertainty. The mutual threats and potential for conflagration generates a sense of instability as regards Korea that (somewhat surprisingly) is poorly recognized or deliberately ignored in Seoul.

### **Korea's Strengths, Weaknesses, & Repositioning Possibilities**

Many places fail to recognize the value of their own most competitive dimensions. Korea's rural areas, for example, might be seen as backward, poor and lacking in modernity. But these can also be seen as disguised advantages. Much food is hand grown, organic, tasty and healthy. There is a closeness to neighborhoods and communities. Local festivals and a simpler lifestyle might be highly attractive to tourists and seasonal visitors.

Many in Korea are enthusiastic this year about the very recent success of Korean pop music phenomenon Psy and his song "Gangnam Style" -- a catchy tune & video that just now are huge hits on the global stage. Korean cultural exports & "the Korean Wave" hold much promise for many. Can these creative industries be better leveraged to generate a sustained chain of international successes? It remains to be seen. But the demonstration effect in Korea of Psy's success might be considerable, as young people find, develop & embrace new outlets for their energies and talents.

Korea is becoming more multiethnic, more global, and more tolerant of individual variations. A large number of ambitious Korean people get educated abroad, and some spend long periods of time in foreign countries, staying to work and becoming part of distant local communities. In parallel to overseas university studies, many young people learn something of love and develop relationships;

perhaps forming strong cross-border alliances. Does social prejudice interfere? Tolerant places are said to develop faster. What migration policies are best?

Many parts of the world are comparatively closed to immigration. Maintaining rigidly low incoming migration may be a costly policy error; it is certainly a point for considered debate. Clearly there is comparatively little inward flow to some nations. According to United Nations Population Division data (2010), average migrant stock as percentage of population throughout the world is 3.1%; the EU-27 average is 9.9%; Japan is 1.7%; South Korea 1.1%; the PRC 0.1%; such figures represent a lack of openness in East Asia. Nordic data is Sweden 14.1%, Iceland 11.3%, Norway 10.0%, Denmark 8.8%, and Finland 4.2%. Further reference data for migrants as % of population: Singapore 40.7%, Australia 21.9%, Canada 21.3%, USA 13.5%, Russia 8.7%. Some nations view their immigrants as important assets, but perhaps strategically keep quiet about their policy choices.

There are many special dimensions of Korean life & culture that can be profitably introduced to the global community. My oral presentation will detail many of these areas. Further, we should also look ahead to consider what impact an increased global prominence might have on Korea.

It is arguable that Korea actively discourages international tourism, although the central government has officially highlighted incoming tourism as a future engine for greatly boosting regional development, in particular when including medical tourism & Korea's MICE industry (Meetings, Incentives, Conventions & Exhibitions). Tourism represents some 11% of worldwide GDP, while the figure for Korea is below 8% (Oh 2009, Duerden 2010). Tourism is often not only a major engine for development, but a lifeline for small & medium size businesses and for regional & local economies. Yet overseas visitors to Korea are frequently disappointed because of language barriers. The many restaurants in Korea with solely Hangul (Korean-language) menus are potent symbols of poor hospitality & carelessness, and moreover are dangerous (Lambert & Kim, forthcoming). Communications troubles resulting in hazards to health & safety can quickly become a deal-breaker, not only dissuading others from visiting, but leading to needless tragedy and negative international publicity. According to the World Bank, France had 77 million incoming tourists in 2010, and China 56 million, while Korea had less than 9 million. If Korea were to have three times as many foreign

tourists, would they be made welcome? In what ways do the experiences of foreigners in Korea (good, bad & ugly) impact Korea's global profile?

### **Concluding Discussion**

Koreans comprise less than one percent of our active, beautiful, contentious world. It is not enough to simply pray for more widespread understanding of Korea's needs - too many others in the world are crying for attention. Korea would do well to examine the outreach efforts & image building of other small-but-strong nations such as Switzerland or Sweden. It is essential to develop a healthy self-image, methods that sustain dynamism, and a valid sense of local pride. Korea should cultivate allies and lasting partnerships that effectively bridge the stormy seas of expedient public affairs and political opportunism. Korea can nurture emotional resonance much more widely throughout the world, and thus reposition itself in more lasting ways.

### **References**

- Chung, Kiseon & Hyun Choe (2008) "South Korean national pride: determinants, changes, and suggestions." *Asian Perspective*, Vol 32:1, pp. 99-127.
- Davidov, Eldad (2011) "Nationalism and constructive patriotism: a longitudinal test of comparability in 22 countries with the ISSP." *International Journal of Public Opinion Research*, Vol 23:1, pp 88-103.
- Duerden, Charles (2010) "Visit Korea!" *Invest Korea Journal*. (March-April 2010). Online at: [http://www.investkorea.org/InvestKoreaWar/work/journal/content/content\\_main.jsp?code=4670101](http://www.investkorea.org/InvestKoreaWar/work/journal/content/content_main.jsp?code=4670101)
- Ko, Eunju & Carol M. Megehee (2012) "Fashion marketing of luxury brands: recent research issues and contributions." *Journal of Business Research*, Vol 65:10, 1395–1398.
- Lambert, Bruce Henry (2003) "Northeast Asian dynamism: ten top impediments & countermeasures" published in Ikegami, Masako (ed.) *New Northeast Asia Initiatives: Cooperation for Regional Development and Security*. Stockholm: Center for Pacific Asia Studies, pp 61-76.
- Lambert, Bruce Henry (2004) "Mobility, competitiveness & Northeast Asian integration." presented to the Intl. Conference on Northeast Asian Security: The Mixture of Traditional & Untraditional Issues, 2-4 April 2004, Renmin Univ., Beijing, China. Online at: <http://www.reorient.com/research/Mobility-Competitiveness-NEAsianIntegration-Lambert.pdf>
- Lambert, Bruce Henry (2011) *Termeden Spa & Icheon, Korea: Well-Positioned International Marketing?* (SHBS Hospitality Case Bank 004) Seoul: Sookmyung Hospitality Business School.

Lambert, Bruce Henry & Yoojin Kim (forthcoming) *Korea's Major Hospitality Failure? Hangul-only Restaurants are Unsafe*. (SHBS Hospitality Case Bank) Seoul: Sookmyung Hospitality Business School.

Lee, Chan Woo, YongGu Suh & Byeong Joon Moon (2001) "Product-country images: the roles of country-of-origin and country-of-target in consumers' prototype product evaluations." *Journal of International Consumer Marketing*, Vol 13:3, pp 47-62.

Oh Jee-chul (2009) "Tourism to power Korea's economy." in *The Korea Times* (3 March 2009).  
Online at: [http://www.koreatimes.co.kr/www/news/special/2009/09/270\\_40646.html](http://www.koreatimes.co.kr/www/news/special/2009/09/270_40646.html)

Smith, Tom W. & Seokho Kim (2006) "National Pride in Comparative Perspective: 1995/96 and 2003/04." *International Journal of Public Opinion Research*, Vol 18:1, pp 127-136.

United Nations, Department of Economic and Social Affairs, Population Division. (2010) *International Migration 2009*. (wall chart & dataset) New York: UN.  
[http://www.un.org/esa/population/publications/2009Migration\\_Chart/ittmig\\_wallchart09\\_table.xls](http://www.un.org/esa/population/publications/2009Migration_Chart/ittmig_wallchart09_table.xls)

Vassella, Michael C., Patrick D. "Pat" Fountain & Usha K. Fountain (2010) "Consumer ethnocentrism, patriotism, global openness and country of origin effect: a literature review." *American Society of Business and Behavioral Sciences Proceedings 2010*, (17th Annual Conference, Las Vegas: 18-21 February 2010), Vol 17:1, pp 868-882. Online at:  
<http://asbbs.org/files/2010/ASBBS2010v1/PDF/V/Vassella.pdf>

World Bank (2012) "International tourism, number of arrivals." *World Development Indicators*.  
[http://data.worldbank.org/indicator/ST.INT.ARVL?order=wbapi\\_data\\_value\\_2010+wbapi\\_data\\_value+wbapi\\_data\\_value-last&sort=desc](http://data.worldbank.org/indicator/ST.INT.ARVL?order=wbapi_data_value_2010+wbapi_data_value+wbapi_data_value-last&sort=desc)