

# K-Pop Business: Prospects and Challenges for Entrepreneurs in Indonesia

**S O Putri**

Department of International Relations, Universitas Komputer Indonesia, Republic of Indonesia

E-mail: [sylvia.octa.putri@email.unikom.ac.id](mailto:sylvia.octa.putri@email.unikom.ac.id)

**Abstract.** The purpose of this research is to find out how K-Pop popularity is turned into a business for entrepreneur in Indonesia. Nowadays people are crazy about Hallyu or Korean Wave, including the K-dramas and K-pop, South Korean music. The market size of the South Korean entertainment is getting bigger and there are over 100 million members of Korean Wave fan clubs in many countries around the world in 2021. The research method was qualitative methods, with data collection techniques through literature studies. The results showed that the K-Pop business in Indonesia opens many opportunities for entrepreneurs in developing business by utilizing the popularity of K-Pop. The hype around K-Pop bands and other celebrities has led many fans to spend a lot of money on their idol merchandise. Though the pandemic of Covid-19 has affected the economy, but the popularity of Korean Wave is growing in Indonesia. Many young entrepreneurs are starting small Hallyu businesses by utilizing social media and e-commerce. Although it is economically valuable, there are challenges faced by the entrepreneurs, namely intellectual property rights.

Keywords: K-Pop, Korean Wave, Hallyu, Soft Power, Diplomacy

## 1. Introduction

Hallyu or Korean Wave developed in Indonesia starting in 2000 when the Government of South Korea and the Government of Indonesia signed cooperation related to cultural agreements. In this agreement, the two governments agreed to exchange cultures using film, music, tourism and handcraft media. One of the private television stations in Indonesia showed two Korean films entitled *Winter Sonata* and *Endless Love*. The entry of this film became the momentum of the development of Korean culture in Indonesia to include drama, K-Pop music, fashion and people began to be favored by Korean language which is characterized by many Korean learning center in Indonesia.

The study of international relations examines the phenomenon of Hallyu or Korean Wave as a form of cultural diplomacy. Hallyu, or the Korean Wave, was a term coined in 1999 by China's *Beijing Youth Daily* meant to describe the growing popularity of Korean pop culture content. [1] The popularity of Korean culture around the world is derived from the excellent strategy of the Korean Government that began during the time of President Kim Daejung. President Kim highlighted the sale of Hollywood-made *Jurassic Park* films that have the same sales value as sales from Hyundai car exports. This prompted him to "wrap" popular culture as a promising commodity. [2] Some previous studies of Korean

cultural phenomena have been widely researched in Indonesia as written by Leonardo [2] which discusses the development of Hallyu in Indonesia has given birth to a lot of fan base that ultimately encourages them to buy products related to their idols and other Korean-made products. In addition, other studies on the phenomenon of Hallyu as a South Korean soft power were also discussed by Cahyani [3] In the implementation of diplomacy, the South Korean government conducts a strategy by increasing promotional strategies, increasing cooperation with domestic organizations and South Korean companies located abroad. With this policy, South Korea continues to strive to market Korean culture such as film, fashion, music, cosmetics, tourism, language and food to people in the world. Another previous studies also discussed by Won Paik [5] with the main focus of examined the essence of the Korean Wave and its impact on the world. Various studies made by researchers on Hallyu have provided a comprehensive overview of the success story about Korean wave, but not many have studied it in a business approach that can be utilized by entrepreneurs in Indonesia who could take the advantage of the Hallyu phenomenon in increasing economic income.

K-pop is one example of a part of the Korean Wave. K-Pop stands for Korean Pop, which means music or songs that are pop genre sung by Koreans. Call it like BTS, EXO, Super Junior, TVXQ, Black Pink, IU, Epik High, Ailee, G-Dragon Bigbang and so on are a small part of K-Pop singers who are popular and global. Based on data released by The Korea Times, this K-Pop singer lineup has fan clubs spread around the world where the number of K-Pop fans spread around the world reached 89 million fans spread into 1,843 fans clubs in 113 countries (excluding South Korea) in 2018, and this number continues to grow more than 100 million in 2021.

In Indonesia, the phenomenon of many K-Pop fans has recorded fantastic numbers. Twitter released Indonesia successfully entered the list of countries with the highest number of K-Pop fans and K-Pop tweets on the Twitter platform throughout 2020 and in a short time Indonesia ranked fourth as the country with the highest number of K-Pop fans on Twitter, just below the United States, Japan and South Korea. [6] In this context the author observed the phenomenon It was then proposed giving more policy considerations to Hallyu fans in Indonesia, as they have emerged as the main consumers of cosmetics, fashions, tourism, souvenirs and other fields from Korea.

The hype around K-pop bands and other celebrities has led many fans to spend big cash on their merchandise, as shown by a recent study by e-commerce aggregator iPrice Group. A loyal fan spends around USD 600 to USD 1,400 per year on official merchandise, albums, and concerts. As the Korean Wave is growing in Indonesia, many are even starting small businesses to jump on the bandwagon. Like did by Elok Putri, a young entrepreneur from the Sidoarjo regency in East Java, usually makes up to IDR 10 million (USD 690) a month by selling albums and various K-pop and K-drama collectible merchandise online. [7] Based on the phenomenon above, the purpose of this research is to find out how K-Pop popularity is turned into a business for entrepreneur in Indonesia. To support the validity of the data, this study using qualitative research methods by collecting data through literature studies.

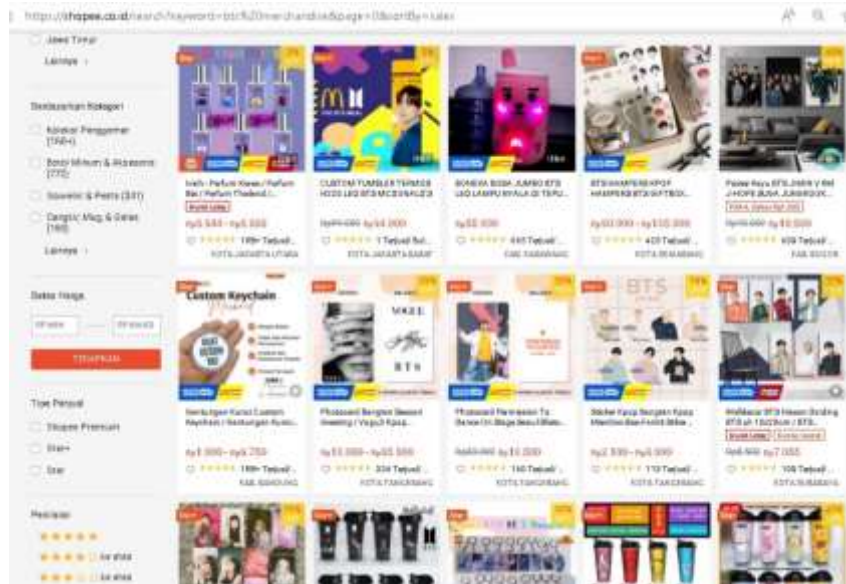
## **2. Method**

To support the validity of the data, this study using qualitative research methods by collecting data through literature studies. Literature study explores various information in books, scientific journals, newspapers, magazines, and sources of information from articles and news through websites / websites on the internet.

## **3. Results and Discussion**

Based on obtained data obtained by researchers from various social media platforms Instagram and e-commerce in Indonesia such as Tokopedia and Shopee. The author uses several keywords such as "BTS merchandise" and obtained results that there are more than 4553 products sold by Tokopedia platform with a total of 24 merchants using the keyword "BTS Merchandise". Still with the same keyword the author found on the Shopee platform a number of BTS merchandise products such as posters, stickers, photo cards, keychains, perfumes, and T-shirts. By using the "best-seller" filter on the Shopee platform, many products sold by merchant owners at Shopee reach the number of more than

1500 products per merchant, with a price variation of 500-100,000 Rupiah. By using the keyword #BTSmerchandiseIndonesia on the Instagram social media platform obtained more than 500 posts related to BTS merchandise sold in Indonesia with merchant accounts as many as 5 accounts (see Figure 1)



**Picture 1. K-Pop Merchandise in Shopee**

However, in the observations made by the author found some of the products sold were unofficial merchandise products or even there were imitation products. This phenomenon on the one hand has encouraged small medium enterprises (SME's) in Indonesia to be able to develop by utilizing the BTS phenomenon, but in other countries this will also invite problems, especially regarding intellectual property right.

The Korea Music Content Association has joined hands with the Korean Intellectual Property Office to crack down on online sellers of counterfeit K-pop merchandise. Amid the global popularity of Hallyu content, an increasing number of items that violate trademarks and other rights of entertainment agencies are being sold online. Frequently pirated items include light sticks, photo cards and clothes. Major entertainment firms such as S.M. Entertainment, JYP Entertainment and YG Entertainment have submitted a list of their trademark rights to assist the Korea Intellectual Property Protection Agency in monitoring of violations. If online counterfeit items are discovered, the entertainment firms will inspect the merchandise to verify their authenticity. Illegal sellers' online promotional posts will be taken down. [8] The Covid-19 pandemic that has not ended since the beginning of 2020 has not affected the K-Pop music market. The K-Pop music industry experienced a surge in accumulated album sales in 2021 such as BTS, EXO. Their album sales are also accompanied by merchandise sales [9] Beside creating opportunity for entrepreneurs in Indonesia. South Korean companies are leveraging the popularity of K-pop artists to tap into Southeast Asia's largest market, including Indonesia. JYP Entertainment, a leading South Korean entertainment agency through Asian Nikkei said that the number of K-pop fans in Indonesia is exploding, and the country always ranks among top in the number of video views on YouTube. A third of Indonesia's 270 million people are between the ages of 10 and 29, making it an attractive market for South Korean entertainment agencies. While k-pop entrepreneurs are advancing and South Korea companies are also promoting K-Pop, It seems that this will make K-Pop business competition even greater in Indonesia. [10]

#### 4. Conclusion

The results showed that the K-Pop business in Indonesia opens many opportunities for entrepreneurs in developing business by utilizing the popularity of K-Pop. The hype around K-Pop bands and other celebrities has led many fans to spend a lot of money on their idol merchandise. Though the pandemic of Covid-19 has affected the economy, but the popularity of Korean Wave is growing in Indonesia. Many young entrepreneurs are starting small businesses to jump on the bandwagon by utilizing social media and e-commerce. Although it is economically valuable, there are challenges faced by the entrepreneurs, namely intellectual property rights.

#### References

- [1] [https://www.koreatimes.co.kr/www/art/2019/01/732\\_261877.html](https://www.koreatimes.co.kr/www/art/2019/01/732_261877.html)
- [2] <https://www.antaranews.com/berita/2552241/melihat-hallyu-sebagai-diplomasi-budaya-korea-selatan?page=all>
- [3] Leonardo, L. (2019). *Diplomasi Budaya Korea Selatan dan Implikasinya Terhadap Hubungan Bilateral Korea Selatan-Indonesia*. *Global Political Studies Journal*, 3(1), 1-32.
- [4] Cahyani, A. Z. F. (2021) *Diplomasi Soft Power Korea Selatan Melalui Korean Wave dan Pengaruhnya bagi Indonesia*.
- [5] Won Paik. (2012) *Korean Wave as Tool for Korea's New Cultural Diplomacy*, *Advances in Applied Sociology* 02(03) DOI:10.4236/aasoci.2012.23026  
[https://www.researchgate.net/publication/267160972\\_Korean\\_Wave\\_as\\_Tool\\_for\\_Korea's\\_New\\_Cultural\\_Diplomacy](https://www.researchgate.net/publication/267160972_Korean_Wave_as_Tool_for_Korea's_New_Cultural_Diplomacy)
- [6] <https://kpopchart.net/2020/09/indonesia-masuk-daftar-negara-dengan-jumlah-fans-k-pop-terbanyak-di-twitter.html>
- [7] <https://kr-asia.com/how-a-passion-for-k-pop-turned-into-a-business-for-young-indonesians-tech-in-culture>
- [8] <http://www.koreaherald.com/view.php?ud=20220307000778&np=1&mp=1>
- [9] <https://www.kompas.com/hype/read/2022/01/16/145528766/pandemi-tak-berpengaruh-penjualan-album-kpop-melonjak-37-persen-pada-2021>
- [10] <https://asia.nikkei.com/Business/Media-Entertainment/K-pop-boom-in-Indonesia-gives-South-Korean-companies->