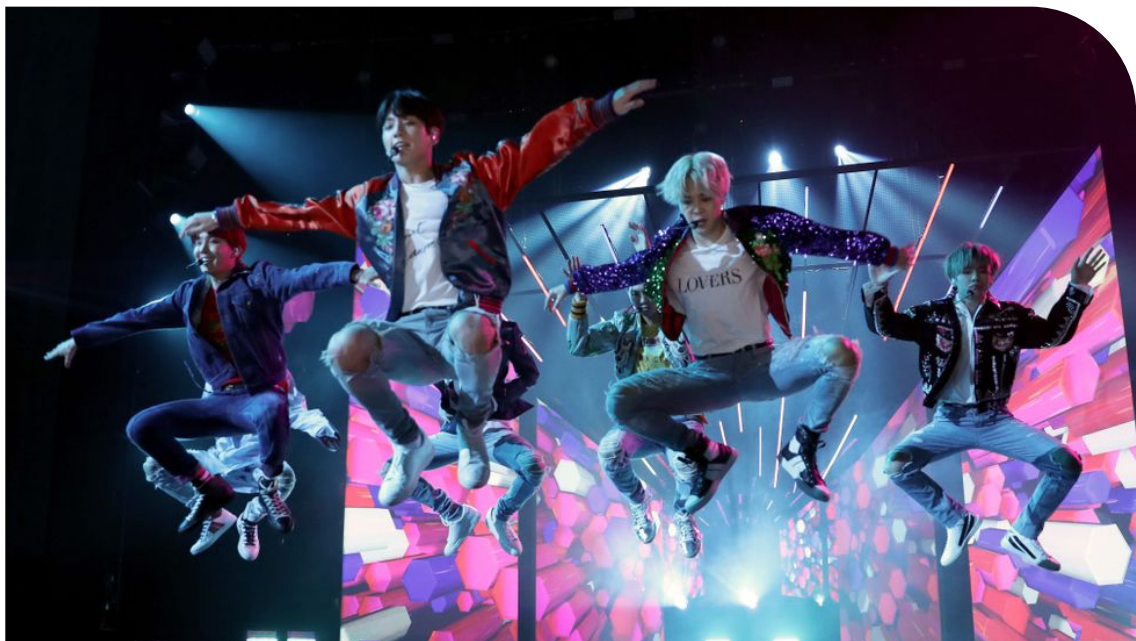# THE SUCCESS OF K-POP AS A PHENOMENON

EXAMINING HOW POSITIVE BRAND EXPERIENCES AND A MIXTURE OF STANDARDIZATION AND ADAPTATION HAS MADE KOREAN POP A WORLDWIDE SUCCESS

*How has K-Pop become a worldwide, **popular** phenomenon?*

Course:
Principles of International Marketing

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10,721 characters & 5 pages (Case 1, 50% of the total 10 pages)

How has K-Pop become a worldwide, popular phenomenon?

Introduction

Just a few decades ago, it would have struck most South Koreans as bizarre to imagine exporting South Korean music to other countries (Lie, 2012). However, when Seo Taiji and Boys performed their song "I Know" in 1992, it was a performance consisting of synchronized group dancing, and music that was a mixture of Korean lyrics, Euro pop, African American hip-hop and rap (BBC, Culture: Music, 2019). A new era, and a new phenomenon was born; K-Pop (Korean pop). The K-Pop market was valued at 6.8 trillion South Korean won in 2019 (Statista, 2022), equal to 5.3 billion USD, with bands as BTS and BLACKPINK being frontrunners in making K-Pop into a worldwide phenomenon (Le, 2022).

The purpose of this research paper is to examine how K-Pop has become a worldwide, popular phenomenon and investigate what the root causes to that is. This research is relevant for international managers, as it investigates how K-Pop has managed to create a brand experience that results in popularity and customer loyalty across many markets. In addition, the research examines K-Pop's use of standardization versus adaptation in foreign markets, which international managers can learn from and apply in other industries as well.

Methods and Theory Used to Examine K-Pop's Popularity

This research is conducted using exclusively secondary data, due to limited time and resources. Ideally, primary data, such as interviews with K-Pop fans, would have been used as well, so that is suggested for future research on the topic. The applied secondary data is a combination of quantitative data, such as data on the market value and statistic measurements of popularity reasons for K-Pop, as well as qualitative data such as research papers, journals and articles relating to the topic.

To contextualize the scope of this research paper, K-Pop as a phenomenon will be considered a service provider with a brand, and the fans/consumers of K-Pop and K-Pop merchandise will be considered as the customers. To investigate how K-Pop has become a worldwide, popular phenomenon, theories such as *brand experience* and *customer-brand relationships* will be used, as they can help us understand the actual experience and value that K-Pop offers its

customers, as well as how K-Pop has managed to build strong relationships with its customers. In addition, the product decision theory *standardization versus adaptation* will be used, as this theory will help us investigate, how, and if, K-Pop adapted to local market preferences when succeeding across multiple markets. The above-mentioned research methods and theories will help answer the research question.

Positive Brand Experiences Through Performances and Merchandise

To better understand the popularity of K-Pop, the focus of this section is to investigate how the brand experience of K-Pop has influenced its popularity. A brand experience is conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli (Brakus et al., 2009).

The brand experience of K-Pop has positive associations for multiple reasons. Contrary to what one might suspect, it seems that the popularity of K-Pop has little to do with its Korean roots, argues Professor of Sociology at the University of California, Berkeley, John Lie (2012). A study conducted on the topic shows that the top 3 reasons for the worldwide popularity of K-Pop in 2021 was: 1) catchy rhythm and chorus, 2) attractive appearance and style & 3) good performances (Statista, 2022).

Hence, these impressive performances contribute to a positive brand experience, as they create brand-related stimuli due to stylings, high-skilled dance choreographies and strong vocal per-formances (Lie, 2012). This stimulus effects the consumers' sensory experience, as the brand makes a strong impression both visually and auditory (Brakus et al., 2009). Moreover, K-Pop creates additional brand-related stimuli, as the songs typically are energetic and catchy (Lie, 2012), resulting in a positive effect on the affective dimension of brand experiences, with fans arguing that K-Pop brings them joy (Sánchez, 2022).

Furthermore, other factors contribute to the brand experience of K-Pop as well, such as mer-chandise, which is very popular within the fan communities of K-Pop (Le, 2022). As an exam-ple, each K-Pop band has their own light sticks with distinctive light stick designs, clearly indicating which band the owner of the light stick is a fan of (Le, 2022). The light sticks can be considered a tangible good with accompanying services (Kock, 2023), as the fans buy a

physical product with the accompanying service of feeling like you belong to a given K-Pop band. Hence, the light sticks create brand-related stimuli, resulting in sensory experiences through the "gorgeous" designs (Le, 2022), as well as affective experiences with the feeling of belonging to a band's fan community (Brakus et al., 2009). Moreover, the brand-related stimuli create behavioral experiences, as you can bring the light sticks when meeting up with other from BTS's ARMY or BLACKPINK's BLINK fan groups (Le, 2022), further strengthening the positive brand experience of K-Pop.

So, the brand experience of K-Pop is perceived as positive, and K-Pop has managed to create strong emotions and loyalty to its brand. Hence, it can be argued that K-Pop has managed to build a strong customer-brand relationship, where socio-emotional rewards are high, and the feelings are intense (MacInnis et al., 2014). This confirms again that consumers of K-Pop feel emotionally and psychologically connected to K-Pop brands, resulting in loyalty and commitment to the brand (Brakus et al., 2009). This strong attachment makes K-Pop fans "addictive" to buying merchandise, even at very high prices (Le, 2022), securing long-term popularity, profits, and growth for K-Pop labels.

The positive brand experience and the strong customer brand-relationship seem to be main reasons for K-Pop's popularity. It would be ideal to measure how the K-Pop brand experience results in loyalty with a scale such as the Discriminant and Predictive Validity of the Brand Experience Scale (Brakus et al., 2009), so that is suggested for further research on the topic, where more time and resources are available.

Standardization versus Adaptation - How K-Pop Mastered both

Another reason for K-Pop's popularity is its use of both standardization and adaptation. When doing business internationally, managers must decide whether their offerings should be standardized (global brand) or adapted to the local markets (local brand) (Albaum et al, 2016, p. 434). In recent years, there has been a tendency in international marketing to focus more on global brands, assuming homogeneity of world taste (Kock, 2023). However, while the homogeneity of world taste might apply for many, there is also evidence indicating that other consumers prefer brands with local connections (Zambuni, 1993).

As studies indicates mixed preferences, it is interesting to investigate how K-Pop has managed to cope with this, now that the phenomenon has fans across the globe, with fans in Southeast Asia, Mexico, Brazil, the U.S., and Japan (Le, 2022). As mentioned previously in this paper, the Korean aspect about K-Pop is not the main popularity factor, even though the singers are ethnically Korean (Lie, 2012). As the catchy choruses, stylings and impressive performances are the main factors of popularity across all markets (Statista, 2022), it allows K-Pop labels to primarily standardize and offer the same service across markets satisfying the assumed homogenous world taste. This can be seen as a part of a pattern in Korean export products, such as Samsung and Hyundai that is seen as competitive products without usage of traditional Korean associations (Lie, 2012).

However, standardization and adaptation are not mutually exclusive, but exists as a continuum (Kock, 2023), and K-Pop uses adaptation as well in some markets. As K-Pop artists typically performs in groups, labels make sure to put together a diverse group. As an example, the former K-Pop group Girls' Generation, also known as SNSD, consisted of 9 members varying in shape and size, including members proficient in English, Japanese, and Chinese, who in turn took a leading role when performing in non-Korean stages (Lie, 2012). Hence, the group could offer an adapted local brand experience in different markets, by having diverse group members and language abilities. Moreover, K-Pop groups occasionally releases the same songs in multiple languages, writes lyrics with mixed languages or even use differentiated group names in different countries (Lie, 2012). This further helps K-Pop offer an adapted local offering, meeting the demand of consumers preferring that.

So, K-Pop uses a mixture of standardization and adaptation, which especially is attractive for consumers with a glocalized attitude towards global and local offerings (Kock, 2023). However, due to the versatility and flexibility of K-Pop, both consumers with global consume culture associations and consumers with local consume culture associations can relate to K-Pop groups. This combination of mastering both offering strategies is another reason for the popularity of K-Pop.

Managerial Conclusion

Concluding, there is multiple reasons explaining how K-Pop became a worldwide, popular phenomenon. Firstly, K-Pop has managed to create a brand experience that creates brand-related stimuli resulting in positive sensory, affective, and behavioral brand experiences, which resulted in high popularity and loyal customers. International managers can learn from this, as it showcases the importance of offering customers a brand experience that makes an impact.

Moreover, another reason for K-Pop's popularity worldwide is its use of both product standardization and adaptation. While K-Pop mainly is standardized across markets, it has also some adaptation with diversification of group member language abilities and mixed languages in lyrics, offering a local experience in some markets. Hence, K-Pop can satisfy consumers with a glocalized attitude towards global and local offerings, as well as both those with a global or local preference, due to the variety of K-Pop. International managers can use this as inspiration to how a combination of standardization and adaptation can be useful in some situations.

The limitation of this paper is that it is conducted using exclusively secondary data, as well as there is no measurement of the brand experiences effect on customer loyalty. For future research with more resources available, such measurements and use of primary data is suggested.

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BLACKSTONE'S ENTRANCE ON THE DANISH REAL ESTATE MARKET

EXAMINING HOW BLACKSTONE DAMAGED ITS BRAND IMAGE IN DENMARK AND HOW THE COMPANY COPED WITH IT

Why did Blackstone face brand image challenges when entering the Danish real estate market, and how did the company cope with it?

Course:
Principles of International Marketing

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Why did Blackstone face brand image challenges when entering the Danish real estate market, and how did the company cope with it?

Introduction

In May 2019, the American alternative investment management company Blackstone acquired Danish real estate firm 360 North to strengthen Blackstone's European real estate portfolio (Blackstone, 2019). As Blackstone entered the Danish real estate market through this acquisition of a Danish provider, one might assume that the entrance would be smooth due to the acquired company's existing local presence & knowledge. However, Blackstone quickly faced a lot of criticism from tenants, creating massive media coverage and negative attitudes towards Blackstone's brand (Hansen, 2019).

The purpose of this research is to examine why Blackstone faced brand image challenges when entering the Danish real estate market, as well as to investigate which actions the company took to cope with these challenges. This is relevant for international managers wanting to enter Denmark, as the research paper investigates characteristics of Danish culture and why Blackstone clashed with them. Moreover, the coverage of how Blackstone coped with the challenges can be a great learning for marketers who currently are facing, or in the future will face, criticism in the media.

Theories and Methods Used to Conduct the Research

To answer the research question, *GLOBE's dimensions* will be used to analyze Denmark's culture and its values, as this insight can help us understand why Blackstone interfered with those cultural values. Moreover, the four dimensions of *perceived brand authenticity* will be used, as they can help us understand the reasons for Blackstone's initial negative brand image, as well as it can help us evaluate how Blackstone's actions to improve its brand image affected the perceived brand authenticity.

Ideally, primary data in the form of interviews with Blackstone tenants, and an actual measurement of the perceived brand authenticity would be conducted, but due to limited time and resources it is not possible. Instead, secondary data such as articles and interviews with

stakeholders relating to the topic will be used to contextualize the research, as well as relevant journals and books with applicable theories will be used. The above-mentioned theories and data collection techniques will help answering the research question.

Contextualizing Danish Culture and its Characteristics

Cultural differences are sometimes viewed as obstacles when doing business across cultures (Albaum et al., p. 130, 2016). Therefore, gaining an understanding of Denmark's culture would be important for Blackstone before entering the market. An often-used framework for analyzing a country's culture is Hofstede's dimensions (Josiassen, 2023), but GLOBE's dimensions will be used in this paper, as it has additional dimensions that will be needed in this research.

Applying GLOBE's dimensions on Danish culture, especially two dimensions are relevant in this research: humane orientation, and power distance. Denmark's practiced score of humane orientation is 9% higher than the average GLOBE practice score on this dimension, while the valued score is even higher (Appendix 1). This indicates that Danish culture is characterized by valuing fairness, generosity, and traits such as being caring and kind to others (GLOBE project). Moreover, Danish culture scores 25% lower than GLOBE average on practiced power distance, and the perceived Danish value of this dimension is even lower (Appendix 1). This indicates that the Danes has an egalitarian mindset and a low acceptance of power differences (GLOBE project). With these found insights about Danish culture, we can investigate why Blackstone faced challenges when entering the Danish market.

Why Blackstone Faced Challenges: Negative PBA and Clash with Culture

To examine how Blackstone's brand image became negative, the perceived brand authenticity (PBA) dimensions will be applied. This concept is applied, as consumers search for authenticity in brands (Arnould et al., 2000), and authenticity has overtaken the role that quality used to have as the main purchasing criterion (Gilmore et al., 2007). A company's PBA can be split into 4 dimensions: continuity, credibility, integrity, and symbolism (Morhart et al., 2015). These dimensions will be used to analyze the PBA of Blackstone when the company initially entered the Danish market in 2019.

The first dimension, continuity, refers to a brand's timelessness and historicity (Morhart et al., 2015), meaning a brand's history and stability over time. Blackstone was founded in 1985, but the firm was not known by many Danes when it entered the Danish market in 2019 (Sommer, 2019). Hence, the Danes had no historic reference of the brand, and it had not proven continuity yet. So, the lack of continuity can be argued to have had a slightly negative or a neutral effect on Blackstone's PBA, depending on how much a given customer values continuity.

The credibility dimension refers to the extent which a brand performs according to consumers' expectations, as well as the sincereness and honesty of a brand (Frazier & Lassar, 1996). With the acquisition of 360 North, Blackstone stated that: *"(…) it will continue to deliver the highest quality service for residents, (…)"* (Blackstone, 2019), so tenants of the properties acquired by Blackstone would expect such. However, instead of delivering high quality service, many tenants experienced that Blackstone's craftsmen did not do a proper job when called, and that it was difficult to get in contact with their landlord, Blackstone (Hansen, 2019). As Blackstone did not live up to its promise of delivering high quality service, the firm's credibility was affected negatively and therefore affected the PBA of Blackstone negatively.

The 3rd dimension integrity is based on brand's intentions (Morhart et al., 2015), and this dimension turned out to become a problem for Blackstone. Rather than caring about its tenants, Blackstone quickly obtained a reputation of being a speculator, who tried to pressure out tenants of their homes, to renovate the apartments and raise the rent significantly (Schwartzkopff, 2019). As an example, Blackstone offered multiple tenants to compensate them 250,000 DKK if they would move out of their apartments (Sommer, 2019), so that the company could execute on these renovations. Hence, Blackstone's intentions seemed speculating and profit-focused, resulting in the tenants and other Danes to perceive Blackstone as a firm that did not act ethically right (Hansen, 2019). So, Blackstone had a low level of perceived integrity, and this further affected Blackstone's PBA negatively, in addition to the credibility dimension.

Lastly, the symbolism dimension reflects the symbolic quality of the brand that consumers can use to define who they are or who they are not (Morhart et al., 2015). Due to the negative associations described in the other dimensions, one could argue that Blackstone became a symbol of bad service, speculation, and negative associations. Moreover, the brand was

'demonized' as the chief executive of Blackstone's Danish department, Lars Pærregaard has said himself (Hansen, 2019). In other words, Blackstone was associated with symbolic qualities that customers did not associate themselves with and did not want to be a part of. So, the symbolism of Blackstone also affected the PBA negatively.

Overall, the perceived brand authenticity of Blackstone seems to have been very negative in Denmark, affecting the brand image of Blackstone negatively. In addition to the reasons found through the 4 dimensions of PBA, it can be argued that these found reasons also is a clash with the Danish cultural values found with GLOBE's dimensions. Pressuring tenants out of their homes, delivering bad customer service, and prioritizing profits over the tenant's satisfaction is opposites to the identified Danish cultural values such as fairness, caring, being kind to others and egalitarian mindsets. This clash between Blackstone's actions and Danish culture seems to be the main reason for the negative PBA and brand image that Blackstone faced when entering Denmark's real estate market.

How Blackstone Adapted to the Danish Market

As it appears in the previous section, the initial perceived brand authenticity and brand image of Blackstone in Denmark was quite negative. To cope with this negative PBA and brand image, Blackstone made several adjustments. Firstly, Blackstone changed the management of 360 North, and the new management admitted that mistakes had been made (Hansen, 2019). The new management decided that 360 North should change its name to "Kereby" (translated: Care Town), to signal a change in behavior and a new path with strong focus on caring about customers and tenants (Hansen, 2019). It can be argued that this was an attempt to improve the PBA through signaling good intentions and a desire to deliver excellent customer service, hence improving the perceived integrity of Blackstone.

Moreover, a 24-hour customer call center was created to strengthen customer service (Hansen, 2019), which appears to be an attempt to improve the perceived credibility of Blackstone, by living up to tenants' expectations of good customer service. In addition, Blackstone stopped the concept of offering tenants compensations to move out (Hansen, 2019). Lastly, it can be argued that the name change is an attempt to improve the symbolic qualities related to

Blackstone, as the new brand name signalize soft values such as caring, which is aligned with the Danish values identified through GLOBE's dimensions.

You could therefore argue that Blackstone has tried to improve its PBA and brand image through several initiatives, and the company has adapted its offerings to local preferences. Blackstone is still operating in the Danish market today, 4 years later, and the negative media attention stopped. However, it is beyond the scope of this research paper to determine whether Blackstone's initiatives were successful in improving the company's PBA and brand image, so such measurements are therefore suggested for future research.

Managerial Conclusion

Concluding the findings of this research paper, the main reason that Blackstone faced brand image challenges when entering the Danish market was a clash between Blackstone's actions and the values of Denmark's culture. This quickly resulted in a negative perceived brand authenticity and a negative brand image. Hence, the research highlights the importance of understanding the market that you are entering, so such clashes with culture can be avoided, and international managers can benefit from this learning.

Moreover, it can be concluded that Blackstone made several adjustments to cope with the challenges, such as admitting that mistakes had been made, rebranding with a new name and improving customer service, essentially adapting to local preferences. The negative media attention stopped, and Blackstone is still in the market 4 years later, so international managers can learn from Blackstone's way of coping with a lot of criticism. However, it is beyond the scope of this research paper to conclude whether the adjustments were successful in improving the PBA and brand image of Blackstone.
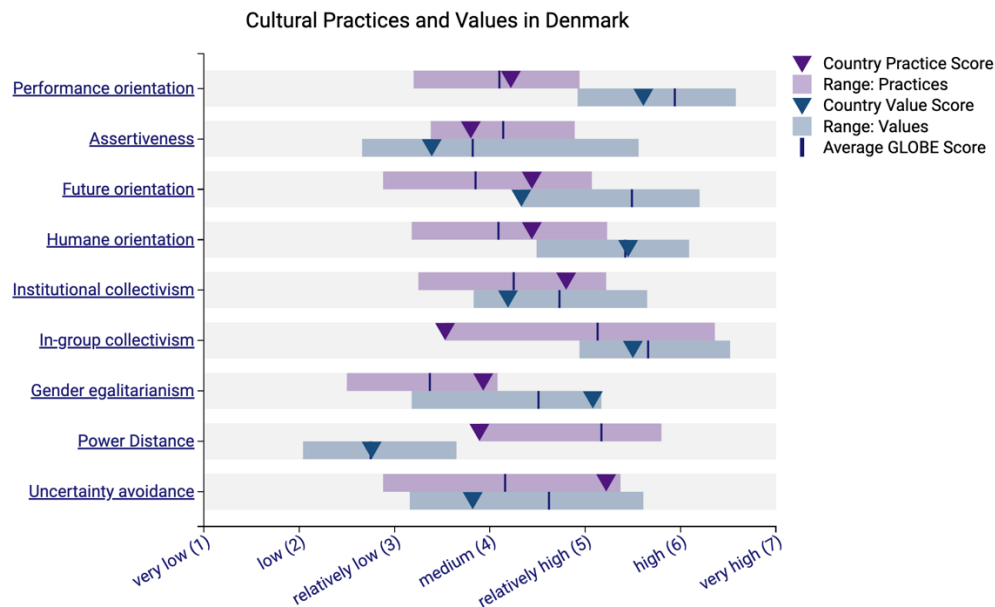
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Appendix 1

GLOBE's Dimensions - Denmark

Source: GLOBE, Denmark: Culture Visualization

Calculations of percentage differences:

Based on available data from GLOBE project, calculations have been made:

Humane orientation

- Denmark practice score: 4.44
- Average GLOBE practice score: 4.09
- Calculation:
  - ((4.44-4.09)/4.09)*100 = 8.6~9% higher

Power distance

- Denmark practice score: 3.89
- Average GLOBE practice score: 5.17
- Calculation:
  - ((3.89-5.17)/5.17)*100 = -24.75~-25%, meaning 25% lower