

# K-Pop-onomics

## The Story Behind A Cultural Superpower

Imagine a place with one of the fastest internet connections on Earth, the “Esport Capital” of the world, with the second-largest number of paid ChatGPT users, and the second-largest market share in semiconductor sales.<sup>1</sup> Nearly a third of the residents have crypto accounts, a larger share than those who own stocks!<sup>2</sup>

The same location also produced the first foreign-language film to win the Oscars, the most popular movie and TV show on Earth, the 2025 MTV “Best Song of the Year,” and the most popular girl and boy bands of all time.<sup>3</sup>

Such a place exists: it’s called South Korea.

South Korea, a country roughly the size of the State of Indiana, has effectively become the world’s internet-first cultural powerhouse.

Is there something unique about Seoul, or is it luck? To find out, we examine the history, data, and industrial processes that have contributed to Korea’s cultural ascent.

### POST-WAR BOOM

Economic prosperity is the basis for any global cultural ascension. Before China’s recent rise, Korea was often cited as the “man-made” growth miracle, a “rags to riches” saga for the ages (see Figure 1).

Immediately after the Korean War in 1953, Korea’s real per capita GDP ranked 108th out of 161 countries with available data, less than 10% of America’s.

**«KOREA IS THE 13TH LARGEST ECONOMY IN THE WORLD. THE COUNTRY’S REAL PER CAPITA INCOME IS MORE THAN 25 TIMES WHAT IT WAS IN 1980.»**

Today, Korea is the 13th largest economy in the world. The country’s real per capita income is more than 25 times what it was in 1980, and it is now ranked as the 23rd wealthiest country, above the UK and France.<sup>4</sup>

Like China’s in the 2000s, Korea’s economy went through a rapid structural transformation, with the manufacturing sector rising from 15% of Korea’s GNP in 1964 to 41% in the late 1980s.<sup>5</sup> Much of it was export-driven, with manufactured products accounting for 94% of all exports.<sup>6</sup>

The government supported growth through major private conglomerates (chaebol) like Samsung, which at that time consisted of at least 50 member firms involved in all stages of production. These chaebol enjoyed government support and special rights to export to foreign markets. From 1973 to 1978, the 10 largest chaebol in Korea accounted for 30% of Korea’s growth.

After the global recession in 1980 and 1981, Korea found itself overextended. As a result, public policies shifted toward a more free-market system, similar to those in the West. In the government’s absence, the chaebol continued

to grow and remained at the forefront of the technological frontier in Korea.

Today, Korea is the second-largest market for global semiconductor sales and is one of only two countries capable of producing advanced logic chips (below 10 nanometers) (see Figure 2 on page 2).

Alongside its advanced tech sector is also an internet-savvy population. Korea has long been one of the countries with the fastest internet connections and penetration rate globally, surpassing the G7 countries.<sup>7</sup> Such a digitally devoted economy laid the foundations for Korea’s cultural ascension.

### THE KOREAN WAVE

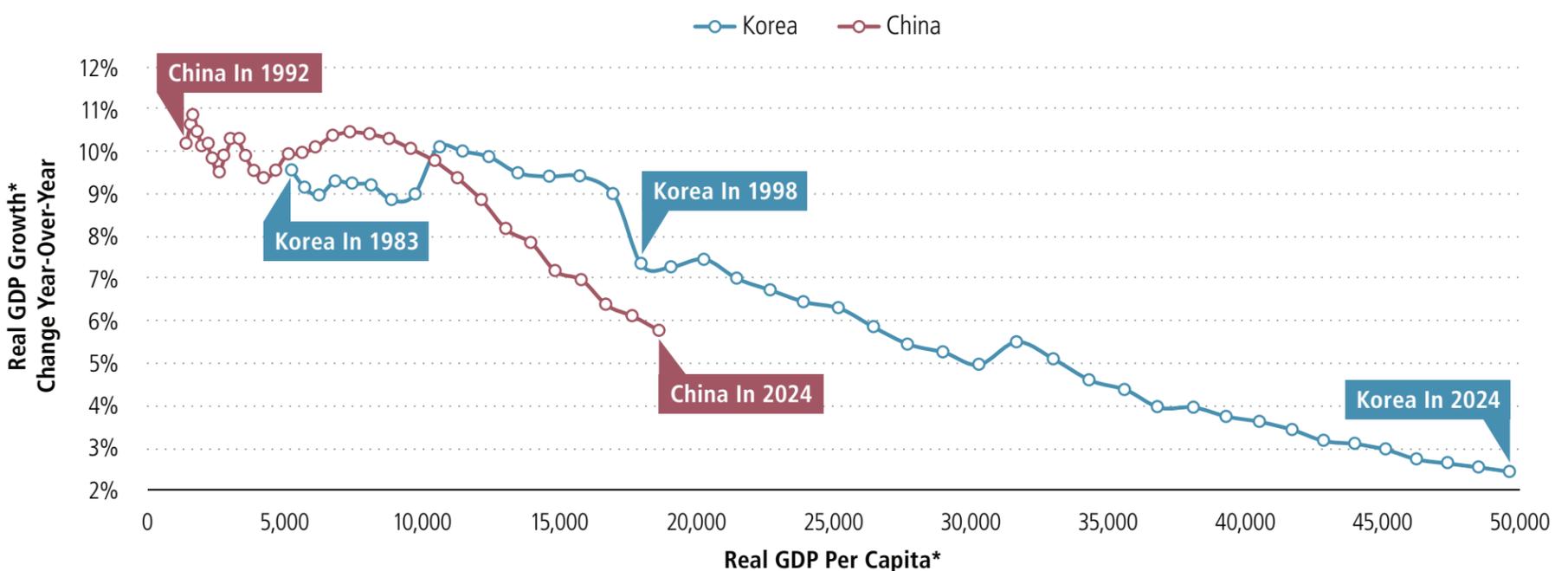
Korea’s entertainment industry did not really take off until the late 1980s, when the government’s “open door” policy enabled Korean companies to learn and adopt Western media technologies.

In 1995, then-president Kim Young-sam said in a now-famous national speech that “cultural competence [is] equal to national competence.”<sup>8</sup> The national movement later came to be known as *hallyu*, meaning “Korean Wave.”

Twenty-five years after Kim’s speech, the Korean thriller *Parasite* became the first foreign-language film to win four awards at the Oscars, including Best Picture. A year later, Season 1 of *Squid Games* aired on Netflix and became the most-watched Netflix original series ever in a mere 91 days. In 2025, *K-pop Demonhunters* became the most-watched Netflix original animation.

fig 1. LEADING TRAJECTORY:

### REAL GDP GROWTH VERSUS REAL GDP PER CAPITA, CHINA COMPARED TO KOREA

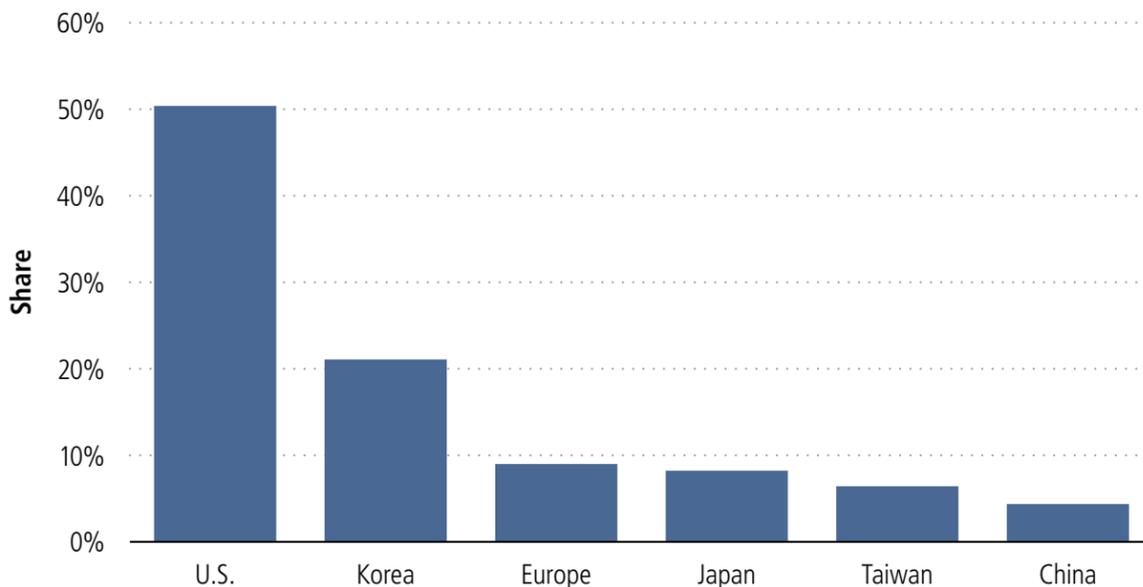


Source: International Monetary Fund

\*10-year moving average in chained 2015 U.S. dollars, purchasing power parity adjusted

Continued from page 6

fig 2. SEMICONDUCTOR STAKES:  
GLOBAL SEMICONDUCTOR SALES MARKET SHARE BY  
COUNTRY OF COMPANY HEADQUARTERS



Sources: World Semiconductor Trade Statistics (WSTS), 2025 State of the U.S. Semiconductor Industry Report

Some critics view *Parasite* as a one-time success and attribute the rise of Korean dramas to Netflix’s significant investment in the Korean film industry.

However, what is often not discussed is how strategically Korea has developed its film industry, similar to the country’s economic growth miracle.

The chaebol implemented a simple strategy: applying their success from vertical integration in industrial production to the film industry.

CJ Entertainment, initially a subsidiary of Samsung but later an independent entity, leveraged the conglomerate’s industrial success in film production by vertically integrating all steps of the film production process: financing, production, distribution, and exhibition. In other words, CJ Entertainment not only finances and produces its own movies but also owns and operates the largest movie theater chain in Korea.

As a result, film production and consumption in Korea were robust. In the 1990s, Korea had the highest theater demand per capita (measured by movie theater admissions) and the highest film production per capita (number of domestic films produced) among the six countries with the most prominent film industries (Japan, France, the U.K., the U.S., and China).<sup>9</sup>

The process created a virtuous cycle of film production, export, and reinvestment of revenues into more filmmaking. High domestic demand also led to greater public scrutiny, resulting in higher film quality. By the time Netflix tapped the Korean film market, it was well-positioned for further expansion.

**GANGNAM STYLE**

Around the same time that the film industry was prospering, the K-pop industry also took off. What makes the music genre distinct is its music-

dance style, with each K-pop song accompanied by bespoke choreography (see *Did You Know? Nightclub Culture* on page 3).

Initially, K-pop songs gained broader influence in East Asia in the 2000s, but it wasn’t until the rise of the internet that K-pop broke through in Western markets. K-pop songs appeal not only through their melodies but also through their visuals—the stage appearances, dance moves, and K-pop idols’ makeup styles.

In 2012, Korean rapper Psy’s music video, “Gangnam Style,” became the first YouTube video to surpass one billion views.<sup>10</sup> His song featured a catchy, repetitive rap melody and, more importantly, a simple but eye-catching horse riding dance move that became a popular dance to “cover.”

And “Gangnam Style” was not a one-hit wonder. The song’s breakthrough reflects a decade-long effort by Korean media giants to expand the K-pop genre internationally.

**THE “IDOL” FACTORY**

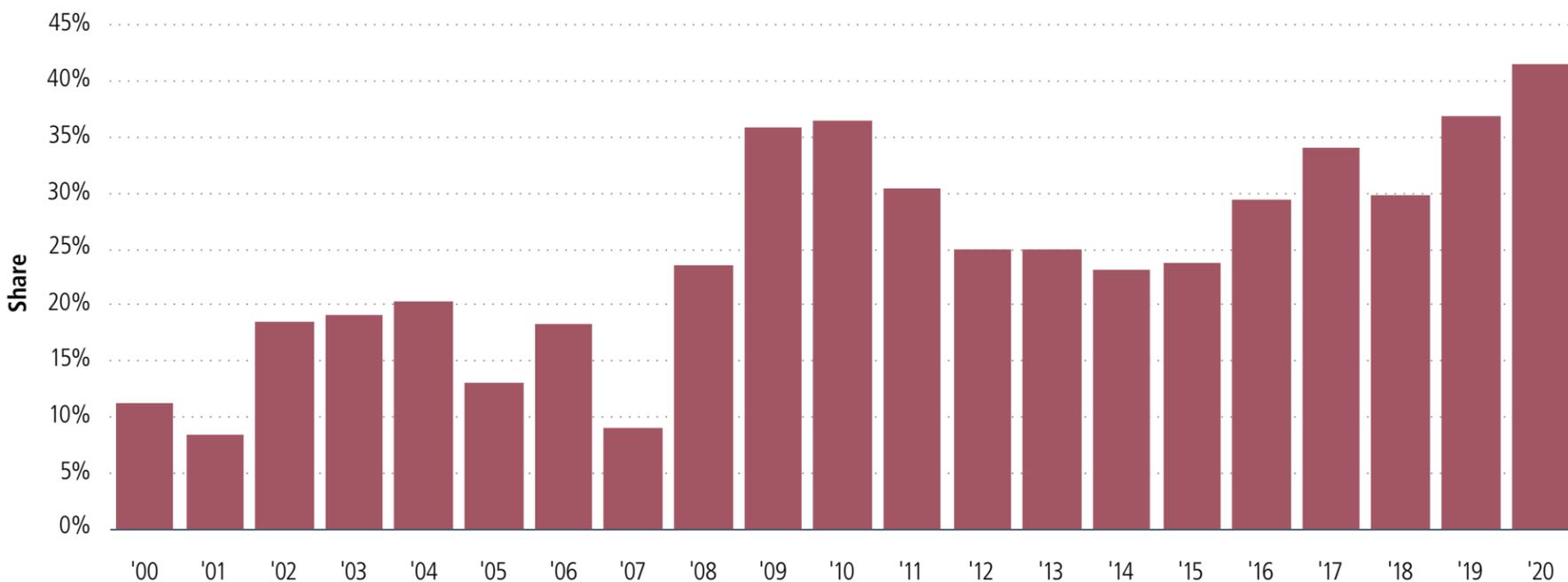
Believe it or not, you *can* manufacture talent.

**«BELIEVE IT OR NOT, YOU CAN MANUFACTURE TALENT.»**

At least, that’s what the Korean entertainment industry has been doing for the last 30 years. The industry produces K-pop songs and girl and boy groups through a highly industrialized process, from sourcing talent and training to debuting their “idols,” as they are called, and securing heavy media coverage. Efforts to internationalize are also embedded in every step.

First, entertainment companies conduct regular, sometimes weekly, auditions to “source”

fig 3. BILINGUAL DROP:  
SHARE OF ENGLISH CHARACTERS AS A SHARE OF ALL CHARACTERS IN K-POP SONGS\*



Source: Barnes-Sadlier, et. al (2025)

\*Songs in the top 10 albums released each year

young prospective K-pop singers and dancers. Companies also scout for prospects at school talent shows and overseas, as most K-pop groups include at least one international member to help build global influence.

Second, the selected individuals undergo training, typically lasting one to four years, during which they are instructed in their performance skills and appearance, often including plastic surgery and dieting to achieve an ideal weight. The process is rigorously selective: trainees must take weekly and monthly exams to determine whether they can remain in the program.

Third, successful trainees will then be selected as part of a debut team, and the production team will choose a group concept for their debut. For example, the number one girl band, Blackpink, has a concept of female empowerment. Korea's number one boy group, BTS, performs under the concept of "securing music and values from social prejudice and suppression" for young adults.

Finally, K-pop songs also feature a special element: English hooks or choruses to enhance memorability for foreign audiences, often composed by foreign writers. Today, English can make up nearly half of a K-pop song's entire lyrics (see Figure 3 on page 2).<sup>11</sup>

Even after their debut, K-pop groups' performances will vary in great detail depending on the country they perform in, from chord progressions to "the precise color of eyeshadow" and the "exact hand gestures and camera angles" to use!<sup>12</sup>

The results are evident. By 2019, BTS had won the Billboard Award for Top Social Artist for the third consecutive year, beating previous winners such as Justin Bieber and Selena Gomez.

In 2025, Blackpink member Rosé Park's "APT" in collaboration with Bruno Mars became the first K-pop song to win "Best Song of the Year" at the MTV Music Awards and was nominated at the 68th Grammy Awards.

## RISING PRESENCE

Korea is a prominent global leader on the world's technology frontier. Coincidentally, Korea has also made a remarkable breakthrough into mainstream global entertainment.

Luck probably played a role, but behind the scenes, Korea has made cultural competence a primary political focus, and its cultural expansion reflects a decades-long strategic planning effort that integrates its industrial success into pop-culture production.

Music snobs may wonder whether "corporate" music is any good if it can be produced artificially. Other readers may ask whether idols can be celebrated as talented artists if they lack control over their own music and performances. Still others may claim that the K-pop craze bears a resemblance to the Boy Bands of the 1990s (e.g. The Backstreet Boys and 'N Sync).

## DID YOU KNOW?

### NIGHTCLUB CULTURE

Traditional Korean music is actually more ballet-like, so how did K-pop evolve into this music-dance style? The "open door" policy in Korea introduced Western musical influences, including R&B, hip-hop, and rap. But more importantly, the policy also brought dance styles from around the world. Young dancers in Korea created their own dance music and competed in nightclubs in Itaewon, one of Seoul's 13 districts. Further, unlike North America and Europe, Korea at the time lacked major labels due to its history of censorship. As a result, the niche nightclub dance style, combined with multicultural-influenced music, laid the groundwork for the large and lucrative K-pop industry decades later. K-pop concerts today still feature "dance challenges," where all audience members can dance to the K-pop group's songs, and those who are lucky can be featured on the Jumbotrons.

For now, though, there seems to be a market for K-pop, at least according to the data.

Korean content exports increased 18.8% year-over-year in the first quarter of 2025 to \$3.1 billion. In particular, TV content and music overseas sales increased 159% and 74% year-over-year, respectively, driven by the expansion of K-pop concert world tours and K-drama streaming sales on overseas platforms such as Netflix.<sup>13</sup>

Is the rise of the Korean digital economy worth investors' attention? Those who were quick to dismiss the catchy tunes a decade ago may discover there is more going on beneath the beat than they ever realized. 

### ENDNOTES

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