

South Korea



SOUTH KOREA



STATS



Population 51.4m*



GDP (purchasing power parity)
\$2.04tn*

GDP real growth rate 3.1%*

GDP per capita (PPP) \$39,500*



Internet users 44.2m

Per cent of population 89.9%



Broadband connections 21.2m

**Broadband - subscriptions
per 100 inhabitants** 41*



Mobile phone subscriptions 63.7m

Sources: CIA World Factbook

* = 2017/18 estimates



“More and more K-pop artists are touring internationally in Europe and the US and that’s driving huge interest in wider Korean culture. It’s really helped put us on the global tourist map...”

– Clayton Jin, Warner Music Korea

Standing astride a hugely successful domestic output, the South Korean music industry is thriving across the genres and 2019 figures are expected to show another strong period of growth

Around one in five people in South Korea now subscribe to a music streaming service as the country’s golden age for music – and for the music industry – shows little sign of abating.

Recent industry estimates suggest that the total number of paying music subscribers in South Korea across all domestic and international platforms is slightly over 10m, up from around 8.5m at the end of 2018, in a country of 51m people. Streaming revenue, meanwhile, grew by 13.7% to \$329.3m in 2018 according to local sources, helping overall recorded music income to jump up 17.9% the same year.

Given that this came on top of a 45.8% rise

in recorded music revenue in 2017, it might be tempting to ponder when the bubble will burst. But the South Korean music industry has several aces up its sleeve.

Firstly, and most obviously, is the massive strength of its domestic repertoire. A number of scandals and tragic deaths may have hit K-pop in 2019, but its popularity remains unabashed, with a strong argument that 2019 was the year that global K-pop success became the norm rather than the exception. This, in turn, has allowed the South Korean music business to re-invest in A&R.

“Increasing revenues mean we’ve been able to expand our roster, in turn generating more enthusiasm among fans – it’s a virtuous cycle,”

says Clayton Jin, CEO, Warner Music Korea. “And it’s not just K-pop; other genres from rock to hip-hop have extremely thriving scenes here.” Indeed, 2019 saw the rise of K-house, as pioneered by Peggy Gou, while Dazed magazine in the UK profiled the “creative revival” of South Korean rock in 2018.

“K-pop is becoming ever-more popular internationally,” Jin says. “We’re seeing

great collaborations between international and local artists, such as the smash hit ‘Way Back Home’ from Shaun, featuring Connor Maynard and remixed by Sam Feldt, and the tie-up between Dua Lipa and Blackpink for ‘Kiss & Make Up’. More and more K-pop artists are touring internationally in Europe and the US and that’s driving huge interest in wider Korean culture. It’s really helped put us on the global tourist map.”

The popularity of K-pop feeds into another of South Korea’s aces: the buoyant CD market, with new albums from the likes of BTO and EXO helping CD sales to increase by 20.5% in 2018.

“We’ve seen CD sales grow hugely over the last few years as fans buy them to show their support for the artists they love,” says Jin. “To a large extent, CD sales in South Korea are an extension of the merchandise market rather

South Korea

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FAVOURITE MUSIC GENRE IN SOUTH KOREA

1	K-pop
2	Pop
3	Trot
4	Classical / opera
5	R&B
6	Soundtracks
7	Rock
8	Dance / electronic
9	Christian / gospel
10	Hip-hop / rap

Source: IFPI Music Listening 2019

than the traditional physical format sales market. Fans of our acts, such as AB6IX and CIX, buy multiple copies of their CDs so they can own all the different editions and gather the variety of collectibles contained within the CD packages."

Naturally, labels in South Korea do their best to encourage this. Jin saw Warner works with their artists "to ensure that their CDs are brilliantly designed products that fans will want to treasure". As such, he sees little evidence of the demand for CDs falling in the short term, even as streaming continues to rise.

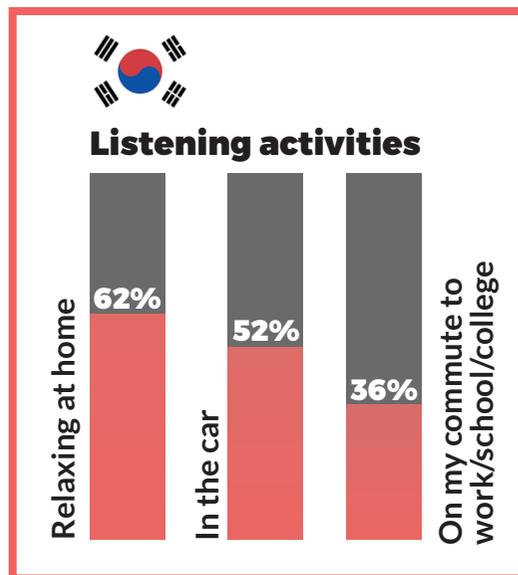
Another considerable boon for the South Korean music industry is the support of the national government. The success of K-pop

has helped to boost South Korean soft power in a difficult time for the region, while Jin says that the "Korean-Wave" industry (a term for South Korea's cultural economy as a whole) has provided an economic boost to South Korea's economy "to the tune of tens of billions of dollars".

Statista claims the value of South Korean musical exports was \$512.58m in 2017, up from \$442.57m in 2016, while Sun Lee, YouTube's head of music content partnerships and subscriptions for Korea and Greater China, told the audience at the NY:LON Connect conference in January 2020 that exports are 37 times bigger than imports for South Korea's music industry, with Japan and China the top export markets.

To help protect the local music business, in January 2019 the South Korean government introduced regulation raising the royalty share from music streaming services from

Source: IFPI Music Listening 2019



60% to 65%. Jin explains that the South Korean government also "sets a floor price

for streaming services, enabling them to set subscriptions that reflect inflation and don't erode the value of music." As yet, it appears the impact of the move on streaming adoption has been minimal and it will be fascinating to see what has happened with overall streaming revenue when South Korea announced its full-year 2019 results this spring.

"People really stream everywhere, on the subway, the train or the bus; that is the biggest distinguishing factor for Korean users," Lee told the Connect audience, adding that this was thanks to the country's fast, reliable mobile networks and data plans to match. "And Korea is a very chart-oriented country: people like to lean back and listen to what others are listening to."

Certainly, it would be a surprise if South Korea's 2019 figures did not show another increase in revenues, with Jin optimistic that the market will continue to grow strongly. "The last year was a really good one for the music business in Korea and we had a strong release schedule at Warner that helped lift our numbers," he says. "I think the final industry figures for 2019 will show another year of strong growth."

"We're never complacent about the future, but the market in South Korea has grown strongly for several years," Jin adds. "Alongside Sweden, we were one of the pioneers of music streaming. The volume of streaming is still growing strongly and the government has ensured that the floor price of services is set to take into account inflation. More and more great artists from diverse music genres and styles are coming to market with dreams of becoming global stars and I think this plethora of talent is the key driving factor of the growth in recorded music revenue." :)

• K-pop sensations Blackpink

