

# korea's sassy brands

Ahn Jae-Wook or Kwon Sang-Woo are names little known to global marketers, however international, but they represent two of the new faces of Brand Korea. They are film stars of gigantic appeal who in large parts of Asia symbolize what has become known as the Korean Wave, or *hallyu*.

The *hallyu* phenomenon, partly kicked into the Western mindset by the 2002 World Cup, achieved its film debut in 2001, when the movie “My Sassy Girl” exploded on the scene. A romantic comedy in which a very ordinary student tries to cure a hopeless case of being inordinately sassy, it was the first of a superb repertoire of new Korean films. It re-invented the word “sassy”—which seems a very apt adjective to describe Korean brands—energetic, loud, unstoppable.

A fundamental question which non-Korean global marketers might legitimately ask of the *hallyu* is “what is the nature of this beast?”

In the case of Korean brands, many marketers competing with them are in the unique position of lacking close contact, experience, or even elementary knowledge of Korea and are unable to see the peculiarities which count. At the heart is the *chaebol* system, diverse business conglomerates used by President Park Chung-Hee’s administration to modernize Korea from 1963 on with origins in a “command-and-control” ethos that extended to the whole economy.

Even now, as few as 20 *chaebols* last year accounted for some 39% of the total sales of Korea’s non-financial companies. It is not obvious to Western eyes, but *chaebols* are implicitly Confucian in culture in a way which goes beyond the simple characteristic of family ownership and creates a whole series of very personal ties, loyalties, and relationships. Many of the individual market successes of the Big Three can be traced back to the personal

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enfranchisement of individuals. *Chaebols* also tend to be regionally aligned. Through employment and investment, they extend into local political rivalries and alignments, which in turn connect at a national level to different interest groups.

These differences help explain the extreme competitiveness of Korean companies. It may sound melodramatic, but they are hardly companies in the normal sense of the word; rather, they are close unit communities engaged in warfare. Not understanding this has led to a grotesque underestimating of their capabilities.

At its root, their success is product-led: genuine innovation, whether it be in plasma technology by LG Electronics or digital connectivity by Samsung. Then it is efficiency-led—ruthless supply chain management plus extensive off-shore manufacturing. The result is the Korean recipe: offering slightly better value at each price point. In the Hyundai Motor Co., the strategy has been codified as “value innovation” but it is characteristic of all the globalizing *chaebols*. However, it is a strategy which up to now manifests itself much more at the lower levels of the price point scale. It is for this reason that Korean marketers had no need of Goldman Sachs to tell them of the BRIC concept. They had

long ago intuited that the giant developing markets of Brazil, Russia, India, and China would be the critical global battlegrounds. This is where *hallyu* has struck with real hurricane force.

China, the biggest BRIC opportunity, is an indicator. There are many published surveys which show the impact of the two big Korean electronic brands, Samsung, ranked No. 5, and LG, No. 10, in terms of brand recognition. But other Korean brands have little awareness. We are talking about the tip of a wave only. Probing deeper, one finds little written about the nature of their brand strength. Proprietary research by the Korea Trade Investment Promotion Agency and from Ogilvy & Mather's BrandZ study shows the enormous strength of Samsung's ability to turn bonding into market share. In fact, in global terms it approaches the "Olympic" level or optimum benchmark. In any group discussion in China, Samsung emerges as a brand for young people and with energy, in stark contrast to Sony, which is seen as old and passive.

Perhaps unsurprisingly, the spokesperson for Samsung handset is Ahn Jae-Wook. The quantitative evidence shows that Samsung is particularly correlated with a very strong social image. In relation to mobile handsets, for instance, Samsung's users are perceived to be more socially outgoing and daring, with more "flair" than their Western counterparts. Competitive mapping shows it is a brand strongly related to "recommendation" rather than to reputation—a "trend" brand.

Behind such success stories there is another message: it is still early days for *hallyu*, and there are some important qualifications. The most important of these relates to the role of branding in a *chaebol*. The Big Three *chaebols* are all significant spenders, and achieve significant share of voice, at least in developing and BRIC markets where their Western competitors are totally outspent. But it is not the quantum which is the issue, more the content. In Korean, there is no word for "brand," and although the Western word is used extensively, it carries different connotations (more connected to corporate identity) than in the West. It is very little associated with emotional content and imagery differentiation.



The film "My Sassy Girl" made the word "sassy" very apt for Korean brands.

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At a global level, brand strategy tends to operate on a "template" system, which creates a level of visual consistency, but stops there. After that, content becomes a local affair, in some cases done very well, in other cases not so well. The migration has not yet occurred from "one brand, one look" to "one brand, one voice." So even when high brand voltage is achieved, there is a kind of "thin-ness" to the brands. In China, consumers can relate to the trendy tech-prowess of Samsung but seem to find it difficult to relate to the Samsung brand in a truly unique way.

The real issue is, what is coming up behind *hallyu*? The answer is the new Chinese brands. Anyone meeting with the putative Chinese multinationals will recognize their global ambitions. In one respect, though, they seem to differ, and that is their absolute belief in branding which draws from the West more than from their Asian competitors. Ultimately the future will be about who can create the strongest bonds with consumers.

At the same time, it is difficult to build a truly global brand purely on a market-by-market basis. But in the *chaebol* model, a matrix is quite difficult to apply. So a line in the matrix which represents "global brand management" often exists only in nascent form. The advantage is in superior reactivity and pragmatism locally; the disadvantage is lack of economies of scale and leverageable global equity.

So there is a key "truth point" in this very nice-to-have Korean dilemma. It relates to the time when soft assets become as systematically managed as, say, manufacturing.

In "My Sassy Girl," the girl is not only charming, but she is socially gauche to an alarming degree. For Korean brands, more than just sassiness is needed for long term membership in the global brand Pantheon. In achieving that, the dilemma will be how not to lose the energy, the aggressiveness, and the winning spirit. These are compelling intangible advantages over global competitors whose matrix systems certainly conform to the manual but which can kill most forms of institutional entrepreneurialism. ●

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