

A Study on the Advertising Strategy Using 'Shin Hallyu' Cultural Content for Marketing Korean Small and Medium-Sized Enterprise Products Targeting Chinese Consumers

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Abstract

The "New Korean Wave" (Shin Hallyu) phenomenon, which is represented by the global popularity of BTS and director Bong Joon-ho's film "Parasite," is making the world excited. The influence of the Korean Wave is not only on politics, society, and culture, but it also has considerable economic ripple effects. We applied individual in-depth interviews with seven media and marketing experts in China to assess the changes in the impact of Korean cultural content (i.e., Hallyu content) and examine the possibility of marketing for Korean small and medium-sized enterprises (SMEs) products using Hallyu content. Considering its massive market potential, China is still an attractive target for Korean companies and is of even greater importance to SMEs, which are highly dependent on exports and lacking marketing budgets as well as a professional workforce. Korean businesses and the economy at large would get a real boost if they could penetrate the Chinese market by utilizing the strength of Hallyu content. Based on the results of the in-depth interviews, the conclusion of our study suggests the direction of advertising strategy on how Korean products can attract the minds of Chinese consumers by utilizing the Shin Hallyu. This research is a practical study that diagnoses the reality of the Korean Wave in China objectively and has excellent practical implications as it proposes methods of how SMEs should use Hallyu for their marketing strategies.

Keywords: Hallyu, Cultural Content, China Marketing, Small and Medium-Sized Companies, Advertising Strategy

1. Introduction

Korea and China have long been actively engaged in mutual exchanges. Besides, geographical proximity makes China a key trading partner for Korea. The Korea-China cooperation ranges from cultural content to

real transactions and finance. Many Korean companies have already entered China, which in turn has become an important export market for Korea. In this context, the Korean Wave (also known as *Hallyu*), which originated from Korean pop culture content, has greatly contributed to the growing preference of Chinese people for Korea and has offered an opportunity for Korean products in various market sectors, such as cosmetics, food, and fashion, to be exported to China.

However, since 2016 the positive effects of the Korean Wave have taken a different turn. The diplomatic friction between China and South Korea caused by the deployment of the Terminal High Altitude Area Defense (THAAD) system in the Korean Peninsula has dealt a heavy blow to bilateral exchanges and the spread of the Korean Wave in China. The THAAD issue has led to the accumulation of an "anti-Korean sentiment" in China, prompting Beijing to implement the so-called *Hanharyeong* (限韩令) policy, which restricts the consumption of Korean-related content and products. The *Hanharyeong* law had an immediate and significant impact on the overall behavior of Chinese society toward Korea [1].

Among the various areas of bilateral trade, the most affected sector was the Korean cultural content business, which has been actively engaged in exchanges with China. According to a survey by the China Business Damage Reporting Center, which was established to assess the damage caused by the enforcement of the referred policy, a total of 31 cases of damage were reported, including delays and cancellations of events within one month after the enforcement of the *Hanharyeong* law [2]. Moreover, since the ban was imposed, the number of Chinese tourists visiting Korea has dropped sharply, and the distribution of Korean cultural content in China has been officially suspended.

Today, about four years after the THAAD crisis, the law's impact appears to have slightly weakened. As the cause of the ban was related to the China-U.S. relations and the side effects of the ban affected not only Korea but also Chinese society and industry, it is highly likely that the policy will be revoked in the near future [1]. As an aggravating factor, the outbreak of COVID-19 in early 2020 has reignited the China-U.S. conflict, with signs of another crisis approaching in Korea-China exchanges. However, after the Korea-China relations are restored, and the COVID-19 issue is resolved, the suppressed exchanges between Korea and China are expected to be reactivated, and trade between the two countries is expected to increase significantly. To investigate this issue, our study aims to analyze the influence of Korean cultural content at this point in time, in the aftermath of the THAAD crisis, and to suggest practical ways for Korean small-and-medium-sized enterprises (SMEs) to utilize the Korean Wave for marketing in China.

In the meantime, China has made great strides and changes in the media sector. Specifically, China's digital advertising market is one of the main areas of innovation. China's digital advertising spending accounts for 22.4% of the global digital advertising market, of which 80% comprises mobile advertising. Digital advertising in China will continue an ascending trend, and, by 2020, digital video consumption time is expected to increase from 16% to 19% [3]. In line with the changing Chinese media environment, it is time for Korean companies to establish innovative advertising strategies that are different from the previous ones, in order to achieve their marketing goals. Accordingly, this study focuses on digital video advertising using the Korean Wave and seeks to suggest several points to be considered by Korean SMEs when marketing to China.

2. Literature Review

2.1. Korean Companies' Business in China since the *Hanharyeong* Policy

Currently, China is entering a new era of steady growth, shifting beyond an annual growth rate of 10% to a stable growth phase of 7-8% per year. Whereas China has previously played a representative role in the production base, today it has assumed the position of the world's most important consumer market. Although Korea has maintained active industrial exchanges with China [4], these exchanges have been severely hampered with the announcement of the deployment of THAAD by the U.S. Forces Korea (USFK) in 2016. The related controversy led to the *Hanharyeong* decree, or ban on Hallyu, a trade pressure strategy by the Chinese government to sanction imports of Korean goods and services in the country or a restriction of content planning, production, distribution, and consumption in China. In a narrow sense, the *Hanharyeong* law banned the transmission of Korean-made content or advertisements by Korean celebrities in China; however, in a broad sense, all T.V. content featuring Korean elements, such as Korean companies or products, was affected. This considerable restrictive measure even prohibited advertising [5].

The *Hanharyeong* policy had a significant impact on behavior toward Korea in Chinese society, which staged anti-Korean protests and boycotts of Korean products. An immediate impact was a drop in the number of Chinese tourists visiting Korea and a suspension of the distribution of Korea cultural content in China. According to the Korean Statistical Information Service, the number of Chinese visitors, which once exceeded 900,000 per month and accounted for more than 50% of domestic tourists, dropped to 200,000 visitors per month in 2017. Losses affecting the wholesale and retail businesses are estimated to reach \$108.9 billion a year because of the decline in Chinese tourists, primarily because of the very high appetite for shopping spending typical of Chinese consumers [6].

Regarding Korea's cultural content, the decree included a ban on investments from new-entry companies, a ban on Korean entertainers performing in China for more than 10,000 spectators, and a ban on Korean entertainers from appearing in Chinese dramas, all which have dealt a heavy blow to the Korean cultural industry. In particular, the beauty sector represented by Korean cosmetics companies which had been enjoying a boom with the "K-Beauty" craze since 2000 associated with the Korean Wave, was hit the hardest by China's ban on Korean culture [7].

By the end of June 2016, a total of 3,639 Korean companies had entered China, and this number has steadily increased. However, a survey of 217 Korean companies operating in China in seven industries conducted in October 2017 showed that approximately 83% of respondents experienced adverse effects due to the deterioration of Korea-China relations [8]. While the government's continued diplomatic efforts and the climate of peace in Northeast Asia are expected to bear fruit in improving the relations between Seoul and Beijing, the prospect of a positive impact on the industry in the short term remains unclear.

The COVID-19 crisis that unfolded in early 2020 brought further uncertainty in the Korea-China relations, as international travel and economic exchanges were forced into a standstill in the effort to curb the spread of the disease. Although the crisis saw cooperation between the two countries, the business potential of this "new normal" has yet to be explored. Cheng et al. (2020) assessed the impact of the coronavirus outbreak on corporate stock returns in different industries in China. They found that industries mediated by mobility, such as travel, agriculture, real estate, and retail, have been negatively affected. At the same time, the manufacturing of pharmaceuticals and computers or communications, vital for medical assistance and contactless communication, performed better because people have realized their social value [9]. Furthermore, a survey of Chinese consumers' behavior during the pandemic found that over 70% of respondents spent most of their quarantine time browsing skincare and makeup products, and beauty-related content, with many local brands and some international ones (e.g., Lancôme) setting up WeChat groups and offering live-streaming assistance [10]. These findings point to consumer openness and the enormous potential that contactless communication, medical infrastructure, and beauty and care – sectors in which

Korea has a competitive edge – have in reviving Korea's key position in the Chinese market. Along these lines, instead of hard power accompanied by political and economic decision-making, a soft-power strategy using culture is emerging as a useful alternative for Korean companies to engage in the Chinese market.

2.2. The Influence of Korean Wave Content on Advertising/ Marketing in China

According to the survey "Status of Overseas Marketing Using Hallyu" released in 2016, 74.6% of respondents said that the Korean Wave is having a positive impact on overseas marketing. Besides, respondents considered that Hallyu is useful for increasing the favorability of Korean goods and building consensus during negotiations [11]. According to the report titled "Economic Impact of the Drama 'My Love from the Stars'" by the Korea Culture and Tourism Institute, the BBQ company saw its local sales increase 50% in only three weeks during China's "Chicken and Beer Fever," while Kyochon Chicken's sales more than tripled in less than a year after its opening. In the case of Nongshim, its weekly sales on the online mall Taobao rose by 60% compared to the week before the appearance of the drama's main characters cooking and eating ramen noodles at a travel destination. Likewise, the economic effect of the Korean Wave in the food and beverage industry is estimated at approximately 200 billion to 300 billion won [12].

The popularity of the Korean Wave has skyrocketed in China since the drama "My Love from the Stars" aired in 2013. Thereafter, the trend reached its peak in popularity with the drama "Descendants of the Sun" and accomplished its highest praise with the drama "Moon Lovers: Scarlet Heart Ryeo." However, the Chinese market was suddenly shut down due to the *Hanharyeong* ban on Korean products, and exports of Korean dramas were temporarily suspended. Drama productions that had prepared their business plans anticipating billions of won in profits in the Chinese market suffered significant losses [13].

Experts say that South Korea is not the only country suffering damage under the *Hanharyeong* law. As China has over 2,000 broadcast channels and its online video platform has expanded rapidly, it is imperative for the country to secure competitive content, because no other productions are as cost-effective as those from the Korean Wave. Chinese dramas are ten times more expensive to produce than Korean dramas, and the cost of actors has recently skyrocketed to become a problem in the country. On the other hand, Korean Wave content is a "precious resource" for Chinese video platforms because the copyright for Korean dramas is cheap and interest in the Korean Wave in China is so great that it ensures high popularity [13]. As Hallyu dramas have gained popularity again in China, advertising and marketing efforts to use Hallyu content are expected to increase naturally, serving as a significant opportunity for Korean companies operating in China.

Meanwhile, the COVID-19 crisis can become an opportunity for Korea to rebrand itself on the global stage. According to the Korea Creative Content Agency (KOCCA), the demand for Korean content since the pandemic has increased sales volume to at least 4% since last year, and major content creators such as CJ ENM pointed out that "the key will lie in how we translate our content into the digital realm" [14]. Furthermore, S.M. and JYP have developed the "Beyond Live" livestream mega concerts, using Naver's VLive infrastructure to bring K-pop idols close to their fans worldwide, despite travel restrictions. Recently, the popularity of Hallyu has shown its positive impact on Korean business in Vietnam, where South Korea's share has reached 35.6% of Vietnam's ice cream imports in 2019 [15]. Consequently, using contactless communication and Hallyu's popularity in the region, Korean businesses can turn the crisis into an opportunity by integrating creative content into their marketing strategy in China.

2.3 Local Consumers and the Status of Digital Advertising in China

According to a report by the China Internet Network Information Center (CNNIC) in 2017, China was the largest Internet powerhouse, with 710 million users in the 2016 National Netizen Count Survey [16]. Although China has a lower overall Internet penetration rate than the U.S., the mobile Internet penetration rate is 90%, higher than the American Internet usage, which amounts to 78%. It is also noteworthy that Chinese consumers actively embrace innovative services due to the low age bracket of the netizens [17].

China's "Internet Top Three" companies, known as BAT (Baidu, Alibaba, and Tencent), are currently focusing on launching new digital services. The main companies are Taobao and T-Mall in e-commerce, WeChat, known as the Chinese version of Kakao Talk in SNS, Didi Chuxing in car-sharing services, C-trip in online travel agencies, and Wang Yi in the portal and game publishing sector. Consequently, China is now regarded as a window of opportunity because new services based on mobile platforms are exploding [17].

By 2020, China's advertising market is expected to grow at an annual average rate of 8.5%, centered on digital advertising to reach \$80.36 billion. Currently, China's Internet advertising market is the largest in Asia, with the mobile advertising market expected to reach 52.5 billion yuan by 2020 [18]. According to a survey of Chinese consumers' attitudes toward mobile advertising, 51% of respondents showed approval, while 29% declared themselves "neutral." Also, the response rate to mobile advertising was 79% compared to 56% in the U.S., known as the mobile advertising powerhouse [19]. Therefore, it is no exaggeration to say that the success or failure of domestic companies in China in the future depends on mobile advertising.

Currently, Chinese mobile advertising platforms include banner advertising, video advertising, full-page advertising, and native advertising, the latter being noteworthy. While the surge in the amount of media, channels, platforms, and devices has boosted content consumption, consumers are increasingly avoiding advertising. Conversely, media acceptance in digital environments is shifting toward content. Consumers did not value the distinctions regarding the format of the content, be it an advertisement, an article, or a program; instead, they started to question whether the information was useful to them, interesting, and readable. For this reason, advertising is blurring content boundaries, and native advertising is getting considerable attention [20].

The IHS Markit Research Institute announced in 2017 that the proportion of native ads in mobile display advertising is expected to exceed 63.2% worldwide by 2020 [21]. As consumers around the world have become more reluctant to advertising, social networking sites and video platforms are likely to grow in the future, reflecting users' psychological factors, such as a growing preference for native advertising among mobile ads. Their share in the ad market already exceeds 50% [19].

According to Hofstede's cultural research, China, which has a collectivist culture, places more emphasis on exploring the information and opinions of others than expressing its own. Therefore, SNS is used as a crucial information channel to check the current situation or thoughts of the people around [22]. Exposure to native ads, particularly through SNS, is expected to elicit advertising effects on consumers by introducing products through confirmatory experiences of people around or celebrities, which would increase the relevance between products and the consumers.

China's e-commerce market continues to expand. In particular, its mobile e-commerce market is growing exponentially. China has approximately 660 million mobile Internet users, 420 million of whom use mobile payment services. The term "Wanghong" refers to a person who has gained popularity on the Internet by revealing his/her personality and charm through social media, live streaming, and video sharing platforms. Considering the context of China's e-commerce growth, *wanghong marketing* can be a useful marketing

tool for Korean companies entering the Chinese online market. Special attention should be given to users in their 20s and 30s who lead online consumption and who are actively consuming *wanghong* content and accustomed to purchasing products based on their recommendations [23].

As of 2016, the scale of *wanghong* industry is estimated to be about 53 billion yuan (9 trillion won) and it is expected to continue its rapid ascent in the future [24]. One of the main advantages of *wanghong* marketing is that product advertising is expanded and reproduced through the SNS and messenger of one's followers, compared to existing offline and online marketing methods, such as banner advertising. *Wanghong* marketing can turn out as an effective means to compensate for the shortcomings of Korean small and medium-sized enterprises with relatively low brand awareness but superior technology and quality of their products [23]. The use of digital storytelling and relational "experience" content for marketing purposes was also pointed out in a study that designed an application for interactive advertising [25]. However, it is important to note that companies need to establish and manage information system quality, indirect experiences, entertainment pursuits, and social relationships from a long-term perspective, rather than accessing viewing services for the purpose of generating short-term profits [26].

2.4 The Limitations of Advertisement/ Marketing Using Hallyu and the Need for Native Advertisement

Currently, the highest income segment in the Chinese Internet advertising market is desktop paid search advertising, which accounts for 37% of total revenue. Chinese users spend considerable time searching for information, products, music, and videos, which has given rise to a large paid search advertising market [18]. Frequent exposure to obvious advertisements is shunned by ad-saturated consumers. Product placement (PPL), which indirectly exposes products to Korean Wave content, is also changing into a trend that does not interfere with the flow of the story. This is because excessive PPL, which inserts scenes irrelevant to the content of the drama to promote products, interferes with the content flow and, consequently, antagonizes the viewers [27]. Therefore, there is a recent trend to increase the number of native advertisements that subtly blend into the content, and this type of advertising has intensified against obvious and annoying advertisements.

With this in mind, we conducted face-to-face, in-depth interviews to explore Chinese consumers' attitudes toward Korean content and products, as well as Korean Wave native advertising strategies for domestic product exports to China.

3. Methodology

3.1 Respondents and the Interview Process

For this study, we interviewed a total of 17 university professors with rich academic experience and industry experts in the media field. Face-to-face interviews of about 120 minutes were conducted on-site in China with professors at media departments and experts in the Chinese media field. The anonymity of the information provided by the interviewees was emphasized in order to alleviate concerns about personal information and work security issues [28, 29]. We classified the respondents according to their expertise, as summarized in the table below.

Table 1. Profile of the interview respondents

No.	Interviewee	Company type / Position
1	A	Chinese university / Dept. of Media Professor
2	B	Chinese university / Media Dept. Professor
3	C	Chinese prominent media company / Representative
4	D	Korean university / Advertising Dept. Professor
5	E	Chinese publishing company / Vice-president
6	F	Chinese university / Chinese Studies Professor
7	G	Korean language institute in China / Korean language Instructor

Before the questions, we briefly explained the purpose of the research. Specifically, this study was designed to present a strategy of Korean Wave native advertising for the China region with the aim to export products of small and medium-sized companies, and expand the Hallyu cultural assets by identifying the changing attitudes of Chinese consumers and media viewers after the THAAD crisis and the characteristics of consumers in their 10s and 20s. They are China's new consumer base. After explaining the background of the study, we conducted the interview. Table 2 offers an overview of the qualitative survey of the three main categories.

Table 2. In-depth interview questions

Question category		Detailed questions
1	Anti-Korean Sentiment and Attitude to Hallyu Content	<ul style="list-style-type: none"> • I heard that negative sentiment against Korea has been strong in China since the THAAD incident, what is the mood recently? • What is the overall attitude of Chinese consumers/ media viewers toward Hallyu content in recent years compared to the past? Are these attitudes different by generation [i.e., people in their 20s and 30s]? • Do you think anti-Korean sentiment had a negative effect on your attitude toward Hallyu content?
2	The Influence of Hallyu and Attitude toward Korean Companies/ SMEs	<ul style="list-style-type: none"> • Do you think that an affinity for Korean Wave content influences the purchase of products made by Korean companies? • Korean companies have tried to reach Chinese consumers by using Hallyu content as a means for advertising. What do you think about this? • In the future, what advice would you give to Korean SMEs that try to reach Chinese consumers using Korean Wave content?
3	Opinions on the Prospect and Spread of Digital Advertising Among New Chinese Consumers	<ul style="list-style-type: none"> • What do you think of the new generation of Chinese consumers (10-20s) in terms of their consumption/ culture/ digital media use?

4. Results and Discussion

4.1 The Current Anti-Korean Sentiment in China and the Changing Attitudes of Chinese Consumers/ Media viewers

4.1.1 Sentiment Toward Korea After the THAAD Incident

Anti-Korean sentiment has decreased significantly since the THAAD crisis. People in their 20s, who are the new consumers in China, have no negative feelings about Korea. However, their interest in Korean brands has faded compared to before, as they are more interested in local brands. Specifically, young people who were born in the 2000s were more interested in a new Chinese brand called *Xin Guo Huo* (新国货).

E: "The enthusiasm for the Korean Wave has been declining a lot. Currently, young people are more interested in new domestic products (新国货) and brands."

4.1.2 Chinese Attitude to Korean Wave Content

The THAAD scandal has dealt a heavy blow to the Korean Wave content. Chinese consumers and media viewers' attitudes toward the Korean Wave content have been less influential than in the past. Hallyu has become a culture for enthusiasts rather than a mainstream culture, as the import of Korean content has been completely suspended for some time due to the law. Furthermore, as cultural content from other countries such as Japan and Europe were introduced to China, the diversity of content increased and prompted the implementation of a quota system for overseas content, which led to a strong tendency to consume domestic productions and a sense of distance as access to Korean content was limited.

A: "Some people still like the Korean Wave and are watching related content. Nevertheless, now, the hobbies of young people have diversified. There used to be a time when Hallyu was a major culture for young people, but now there are some who like it, while others like Japanese culture and others like American culture. Hallyu seems to be one of the many cultures rather than a major culture."

D: "Since the THAAD issue, interest in Korean Wave content has subsided a lot. It is a huge blow. We are still experiencing the aftereffects. Since the government completely blocked the content because of the THAAD, it can be said that Hallyu was completely ousted from mainstream Chinese culture. Before the THAAD, the Korean Wave was part of mainstream Chinese culture, but after the incident, Chinese culture has diversified, and the Korean Wave has now become a kind of enthusiast and minority culture. In the past, ordinary housewives used to learn Korean by watching Korean dramas in their daily lives, but now I cannot see that anymore."

4.1.3 The Influence of Anti-Korean Sentiment on Korean Wave Content

Although anti-Korean sentiment does not directly affect content consumption, such as the rejection of Korean content by the Chinese, the influence of the Korean Wave has somewhat diminished compared to before due to changes in the import policy that enforces a quota system for overseas content inside China and the inflow of culture from countries other than Korea.

D: "There does not seem to be any hateful sentiment, but the Korean Wave flow has lost its pulse. Its former glory no longer exists. You should not think about the Korean Wave of the past, Korea of the past. However, that glorious age has subsided with THAAD."

4.2 The Influence of Hallyu and the Attitude Toward Korean Companies/ SMEs

4.2.1 The Impact of Affinity for Korean Wave Content on the Purchase of Korean Products

The purchasing power of Korean products based on the love for Korean content varies according to the product line. While the influence is significant in the fashion and food sectors, in the beauty sector, Chinese consumers are no longer favoring Korean products unconditionally, and the trend now is for Japanese products to replace the former positions of Korean cosmetics. Likewise, in the I.T. sector, consumers value technological innovation and favor mainly domestic brands, such as Huawei and Xiaomi.

B: "In terms of fashion, I think Hallyu has a great influence on women. In terms of food, there are many Korean restaurants in Shanghai, and Korean food is trendy; thus, Hallyu is very influential. In the case of industrial products, consumers are more in search of innovation in their products than paying attention to the countries or brands they represent."

D: "At this point, when the influence of Korean Wave content has subsided, it is natural that the preference for Korean products has also faded. In the past, Apple and Samsung were strong players in electronics, but now Chinese consumers use Huawei or other domestic brands instead of Samsung. For cosmetics, Japanese cosmetics are preferred over Korean road shop products. Low interest in Hallyu content is leading to a drop in purchases of Korean products."

4.2.2 Promotion of Korean Products Through Hallyu Content

It seemed that advertising through Korean content would still be valid. Korean products still have an edge and there is a tendency to purchase according to the scenes that come up in Korean content. However, since SNS is the media of preference for young Chinese people, the focus should not only be on advertising through traditional media as before but also provide information through SNS.

Some suggested the "grassroots movement" (草根运动) in China makes it more useful to promote through SNS than through professional or traditional media, and rather than merely promoting Korean content, an influencer that can draw the public's attention should be used. We identified the leading platforms used in China and suggested ways for direct promotion, such as inviting a *wanghong* personality directly to Korea for live broadcasting. Right now, a change in the P.R. strategy of Korean companies is needed to match the changes in Chinese consumers, not how they ride on Korean content.

F: "Advertising today using Korean Wave content is mostly a way of providing information through social media, unlike expressing Korean culture in traditional advertisements in the past. Therefore, the degree of interest in Korean culture and the topics of conversation on social media will affect young consumers' attitudes toward Korean products."

C: "In China, the grassroots movement has begun. It is a movement against the traditional or professional. The number of views that a *wanghong* influencer can receive for a short video in a short period will exceed that of an entertainment celebrity."

D: "It seems that the strategy of going easily by riding on Hallyu content will no longer work. In addition, although this is a word that has nothing to do with content, it seems that this is an era when we have to go with a strategy of "WITH CHINA" or "FOR CHINA" rather than of "MADE IN CHINA." On the one hand, Chinese tastes have become very refined and luxurious. Their perspective is more informed, and the scrutiny of the design has become more elaborated. We can no longer go with strategies of cost-effectiveness, mass supply, and low unit prices as we did before."

The method of cooperating with Chinese *wanghong* and promoting the product is effective; however, the cost is a significant cause of concern for SMEs. On the other hand, by having a good grasp of the *wanghong* industry value chain, the cost of collaboration with these influencers can be paid through product sales."

C: "The cost is not what SMEs pay, but rather what the market pays. The second step is for the Korean side to build a good supply chain. When a *wanghong* goes on a live session, he/ she will sell not just a single product, but introduce several products together. Thus, it is important to make sure that future supply chains are well established. If you can collaborate with a *wanghong*, you do not need that much money in the beginning and, if you sell the product through the second step, you divide the profits by the percentage of sales."

4.3 New Chinese Consumers and Digital Advertising

4.3.1 Chinese Consumers in Their 10s-20s and Digital Media Use

People in their teens and twenties in China comprise the generation who grew up with media from a young age. The Internet is where they obtain almost all information, form communities, and maintain their personal relationships. They film and upload their daily lives online using applications such as TikTok and Vlog, showing that they actively interact with others. Furthermore, young people show a tendency to spend lavishly for themselves by diversifying their hobbies and placing more importance on the present rather than saving.

E: "I want to compare the Internet to an elevator that allows young people of this age to grow and advance. The Internet has become a part of their bodies, and they get all the information online. Online one can build communities and quickly start relationships with strangers."

It is predicted that the prosperity of the *wanghong* industry, which is currently influential in the media market, will continue to grow. Specifically, with the development of 5G procedures, more people will be able to enter this sector quickly by creating and sharing their own content. Therefore, such fierce competition will make higher demands on the *wanghong* industry's expertise and content quality, and market management will also be better regularized.

C: "I think there is going to be a bigger bang. With the development of 5G, more people will get involved in the *wanghong* sector, as the speed of viewing videos goes up, and the cost goes down. Therefore, the *wanghong* industry is in for long-term prosperity. The next step for *wanghong* is content. The demand for culture, ideas, and lifestyle content will increase. Professionals will perform well in this area. Even if you make only a short video, you can prepare the script well. Currently, most of the *wanghong* influencers are still at a primitive, novice stage. There is still much sexual content. In China, the regulation of mass media is important, and technologies such as A.I. have also been developed, so the management of this type of content will become stricter in the future. Thus, there will be a higher demand for quality content."

The opinions and issues raised in our interviews with media specialists are summarized in Figure 1 below.

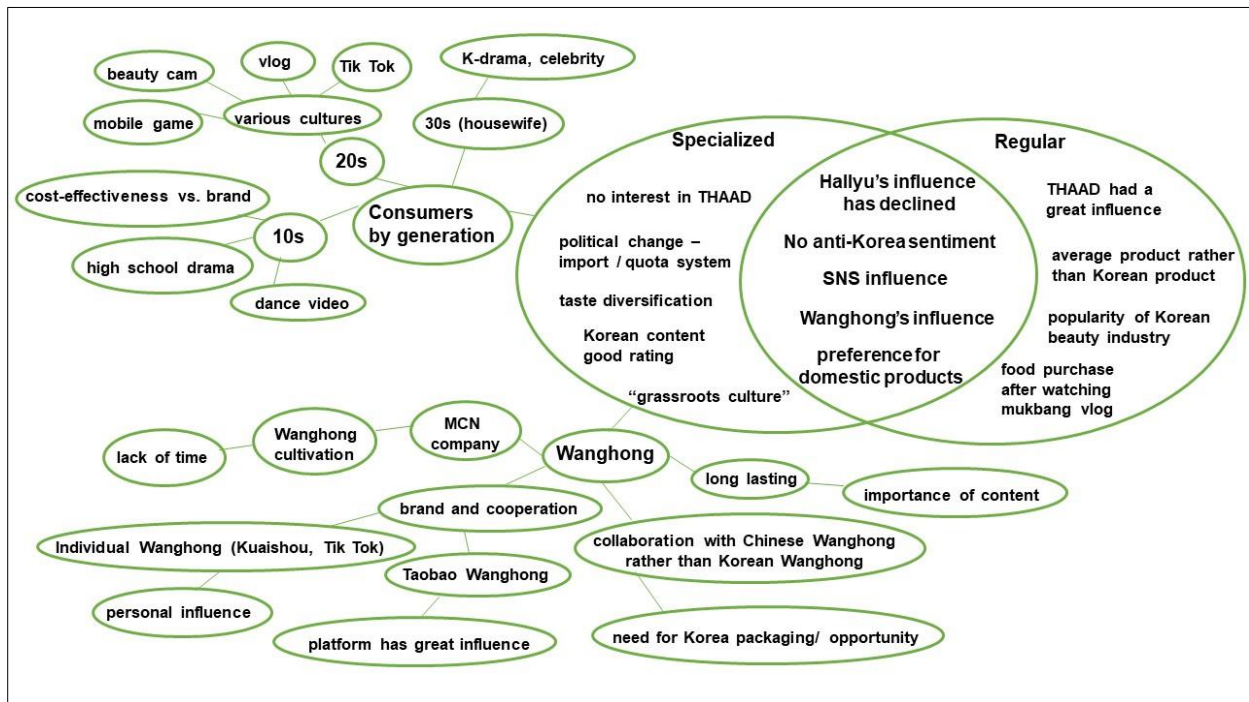


Figure 1. Key topics that emerged in the expert interviews

5. Conclusion

In this study, we examined the changes in the impact of Korean cultural content in China and the potential of marketing for Korean SMEs products using Korean Wave content and native advertising strategies. The findings indicate that Chinese consumers in their 10s and 20s have no negative feelings about Korea. However their interest in Hallyu has faded in favor of local brands that tap on innovation.

Our research has tremendous practical implications for the industry, as it proposes methods of how SMEs should use Hallyu for their marketing strategies in China. Specifically, the focus should be on providing information through SNS, in addition to advertising through traditional media. Furthermore, cooperation with Chinese *wanghong* influencers can be highly effective and boost demand for content in various areas of lifestyle and culture. Korea's potential for technical innovation and the opportunity of 5G to meet new content demands suggest the best context to approach the Chinese market through a partnership model based on technical competency and effective management of resources [30]. The limitations of our study are due to the exploratory nature of the research, hence the small number of interviewees. It is necessary to interpret and utilize the results to assess opportunities for marketing Korean products in China. Our findings invite further research into the diversification of Chinese youth online media patterns of consumption and their potential for collaboration with Korean cultural content and marketing of SMEs products in China.

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