

## SOUTH KOREA STRATEGIC MANAGEMENT TRENDS FOR EXTENSIVE MARKET EXPOSURES

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### **Abstract**

The study concentrates on the establishment of strategic trends in the market that might assist a business or investor in entering South Korea's vast market. The research aims are to examine the phenomena of marketing strategy from a practical and theoretical standpoint. Notably, the study analyzes the country's marketing environment in order to highlight key contrasts between South Korea and other nations and to identify elements that impact strategic choices. The theoretical framework defines the marketing environment and strategic-planning principles. The methodology section contains graphic representations of the strategic process to help create a clearer image. The study gathered data from academic journals, books, statistics, articles, case studies, periodicals, and reports. The methodology is supported by empirical study on South Korea's external factors. Finally, the paper analyzes the Korean market in the aftermath of COVID-19 pandemic. The study findings do not deliver an undeniable course of action for the example business; rather, the whole argument is a recommendation based on the findings that may be modified in the future.

**Keywords:** South Korea, marketing trends, strategic management, marketing environment, extensive market

### **Introduction**

Asia's rise has played a key role in world history, not only politically and culturally, but also economically and this success has had implications on South Korea's expansive market (Pomarici, 2016). The term "Four Asian Tigers" is often used to refer to China, Hong Kong, South Korea and Taiwan. Within a short period, these nations have achieved extraordinary outcomes in terms of economic development attracting recognition and interest of investors around the globe (Lee, 2021). South Korea is selected as the principal study nation since its model remains successful and relevant. Until recently, the country was referred as a destination for business development. The market environment in the nation is composed of 5 levels of retailers and wholesalers and each of these players is critical to the marketing channel (Pomarici, 2016). According to Pomarici(2016), there are several single-unit retail shops as well as several large markets that strive in a slightly saturated market. Along with the growth of mail-order firms, the retail sector is projected to

undergo significant changes as technology is increasingly utilized and the state compels international enterprises to build their businesses within the republic.

Additionally, the market is characterized by discount stores which currently operate in over 400 sites throughout the Republic of South Korea and the trend is projected to increase as consumers continue being more price conscious (Lee, 2021). According to Pomarici(2016), the internet has resulted in a more equal pricing trend which allows corporations to spread their customer base by increasing their product selling in a collectivist ideology. South Korean consumers, on the other hand, are delighted by the shopping experience and always want innovative, quality goods and products complemented with superior consumer service (Statista.com, 2020). For a company, to succeed in the South Korean market executives must comprehend the country's cultural value system and decision-making inside the republic which pose as factors affecting the business environment, as well as the importance of trust-based relationships between suppliers, companies, and customers.

According to Statista.com (2020), the Korea's Network Information Center (KRNIC) estimates that approximately 55% of the Korea's population has internet access and a survey conducted by the center suggests that 13.8 percent of internet consumers are interested in obtaining market trends when venturing into the South Korean Market. The figure of online shopping malls and cites has exploded in recent years exceeding the amount of company-to-consumer contacts. While there are other reasons for South Korea's acceptance of the internet, the government's impact on the e-Korea project has been especially important. Therefore, this study investigates the underpinning management trends affecting South Korea's enormous market exposure rate.

## **Literature Review**

### **International market**

In the last few years, the market trends around the world have changed. This includes the South Korean market that has witnessed transformation drastically. Globally, all sectors of trade have undergone constant transformations and disruptions. More so, changes have been observed in politics, technology and economics hence changing the international market (Pomarici, 2016). The business world is no exemption, particularly, today when there are so many distinct businesses operating on a global scale. Pomarici (2016) argued that nearly all commercial organizations in South Korea operated in their native market with fear of expanding outside the state. At the moment, in the age of globalization, global trading like exports to other markets have developed to be vital, if not an obligatory activity, devoid of which firms would be unable to compete on a global scale and exist.

Pomarici (2016) defined this phenomenon is referred to as globalization which refers to the process of developing and expanding economic, political, cultural, and technological ties between people, economies, and national institutions. Lately, businesses in South Korea has begun to make full use of all available resources, as well as the potential to export products to the global marketplace. The global interconnection of resources, goods, money and services increases and strengthens as commercial enterprises compete for market share in diverse geographical locations (Wild & Wild, 2016).To this effect, globalization has accelerated the growth of sectors and

eliminated international and governmental obstacles, allowing enterprises to compete on worldwide markets.

Pomarici (2016) and Kano (2018) affirmed that the notion of a foreign marketplace is fundamentally dissimilar from the concept of a local market in a number of ways. The most understandable contrast is the ethnic or culture factor since every country has different people and traditions not to remark administrative and legislative features that have a significant influence on trade decisions. To be successful in the South Korean market, firms must account for these variances and entirely conform to the legislation of the country. This makes a market adjust to a service and product to account for numerous influences that may vary dramatically from the local marketplace (Pomarici, 2016). Without a doubt, the procedure of adapting services and products to the South Korean market necessitates a unique style which requires leveraging the power and benefits of internationalization.

Lastly, Kano (2018) and Albaum & Duerr (2011) described internationalization as the combination of activities aimed at developing services, goods, and products to be sold at a global level. Internationalization or globalization ensures that different states access viable markets outside their borders. In other words, internationalization allows businesses of any size to develop new products or services or to adapt existing ones for worldwide trade, including exports. Therefore, the South Korean market has its own set of guidelines and exclusions where countries have their own financial, political, technological and socio cultural policies that propel the nation to sell on a global market and appeal foreign market players. Therefore, internationalization enables businesses to mitigate threats and overcome obstacles related to entering a new foreign market.

### **Marketing environment**

According to Kano (2018), a foreign market presents a completely different atmosphere for every organization. It is necessary to get acquainted with the underlying marketing environment when taking into consideration an expansion strategy idea, in this case, venturing the South Korean marketplace. The marketing atmosphere is a collection of components that impact marketing control choices and it is characterized by two broad scopes: the macro environment and the microenvironment. Kano (2018) argued that the microenvironment must be considered first before entering a new foreign market like South Korea, since marketing success is dependent on a solid link between the organization's divisions as well as on the development of connections with investors. In addition to having the ambition and aspiration to expand into the South Korean market, Armstrong et al. (2017) stated that businesses need to possess prior experience at the local level as well as a positive internal environment inside the organization. To be successful, firms must ensure that their microenvironment is adequately developed and steady.

On the other hand, the macro environment necessitates the investigation and monitoring of external factors that pose as a threat to commercial organizations that intend to sell their goods or services in a local or international market (Armstrong et al., 2017). This includes socio-cultural, demographical, technical, economic, political, and legal aspects that influence the macro environment. As a result, each strategic choice should be changed in accordance with these

considerations and changes as their impact marketing decisions and overall company operations. Some of these variables are beyond the control of a business and they cannot be easily forecasted. Therefore, a business' decision on market exposures should be aligned with the state's macro environment which is considered unpredictable; companies that intend to invest in South Korea should take into consideration these risks.

### **Demographical trends**

The population has a significant impact on company choices since it is the primary respondent in the marketing practice. Armstrong et al. (2017) defined demographic background as the collection of human characteristics that influence a nation's market. This demographic trend considers criteria like a country's size, populace, geography, race, age, and sexual characteristics, as well as other characteristics of individuals. Additionally, the demographic environment is inextricably linked to other settings. For instance, if the elderly turn to be the majority of the inhabitants the ruling régime will increase spending on social security. Cavusgil et al. (2014) also concurred that demography is a main driver in marketing and global management trends are inextricably linked to certain demographic characteristics. Among the Asian states, South Korea depicts to have a high populace. Demographics is the primary indication for marketers' strategic choices since it fluctuates according to people's likes, habits, and lifestyle. The demographic environment splits the market into several divisions comprised of individuals with similar traits. Investors should analyze South Korea's demography before starting operations because it enables them to accurately target and segment the market. This way, understanding a foreign state's population traits propels businesses to focus on vital market factors which results in more focused strategic choices.

### **Political and legal trends**

It is worth noting that each commercial activity (including marketing) is governed by politics and legal rules. In the case of international commerce, the political framework governs two critical components of the trade processes: import and export operations. Besides, economic and political contexts are inextricably linked, as seen by economic penalties imposed in response to political developments (Katsikeas, 2018). Investors should understand South Korea's political climate refers to government actions that have an effect on business. This environmental component encompasses legal and political authority, as well as national legislation that establishes restrictions with which individuals and commercial organizations must conform. It is important to note that South Korea is highly controlled by the military forces. Moreover, South Korea's market fluctuations can also be influenced by political stability and a changing legal system (Cavusgil et al., 2014). If commercial companies disregard the political environment's characteristics, both domestic and foreign governments may impose legislative sanctions. Politics is now the primary worldwide influencer. Because the majority of choices are made in political contexts and the condition of other critical sectors is entirely dependent on them. Any commercial organizations seeking to expand often pick nations with a favorable political climate.

However, it is necessary to watch political conditions since even in a nation with a stable and advantageous legislative system, issues may arise that result in a crisis and deterioration of the

economic environment. The procedures of import and export are governed by the political framework (Katsikeas, 2018). Regulatory measures are in charge of the quantity of products used in transnational operations; they regulate trade relations, and they are generally intended to protect the domestic economy from financial losses, the waste of valuable resources, and the threat of transactions that could jeopardize the physical and economic security of a country. Normally, foreign companies wishing to join a new market are restricted in their activities by the law, but this will not be the case in this case, and it will be allowed for businesses to contribute to the country's common environment by bringing value to it.

### **Economic trends**

It is self-evident that another indispensable factor influencing the business landscape is South Korea's economic conditions. Armstrong et al. (2017) explained economic trends as the fluctuations of the fiscal factors that influence the market conditions and purchasing patterns in a specific region. Additionally, fluctuations have a significant impact on both sides of the sales cycle: customer decisions and buying aptitude, market changes, competitor reach, firm health and capacity to offer services and produce goods (Armstrong et al. 2017). For instance, if there is a major disaster in a nation, the populace's wealth and purchasing power decrease as a result of the need to conserve resources and the economy becomes less steady. According to Onkvist and Shaw (2014), economic environments are dependent on the country's residents and geographical location, as these two characteristics influence not only people's purchasing behavior and choices, but, also earnings as well as spending power. Onkvist and Shaw (2014) stated that these factors constitute a portion of the external market and their analysis enables one to predict the likely reaction to a service or product produced by a business. Hence, economic aspects must be investigated to comprehend clients' purchasing behavior and prospective answer to deals.

### **Socio-cultural trends**

Combined with demographic information, it is normal to investigate the socio-cultural setting, since it is inextricably linked to the people of South Korea (Katsikeas, 2018). In marketing, culture should be the first consideration since it has an impact on the design, purpose, and even acceptability of promotional activities and developing viable goods and services. Cultural variations across countries have an effect on behavior, habits, preferences, and other personal qualities, which has an effect on the South Korean market. According to Katsikeas (2018), adapting a service or product just for linguistic reasons is insufficient; it is necessary to know cultural traits as well as how they influence purchasers in a particular location. Socio-cultural environment contributes to a society's collection of traditional ideas and national values that influence South Korean market and economic choices (Katsikeas, 2018). It is regarded as the most modifiable environment in terms of impact on new surroundings. For instance, cultural factors have a significant influence on the administrative realm, and as a result, new administration policies and legislation may emerge. Because culture is a fundamental factor in decision-making, it is incredibly beneficial for developing a strategic marketing strategy.

## Methodology

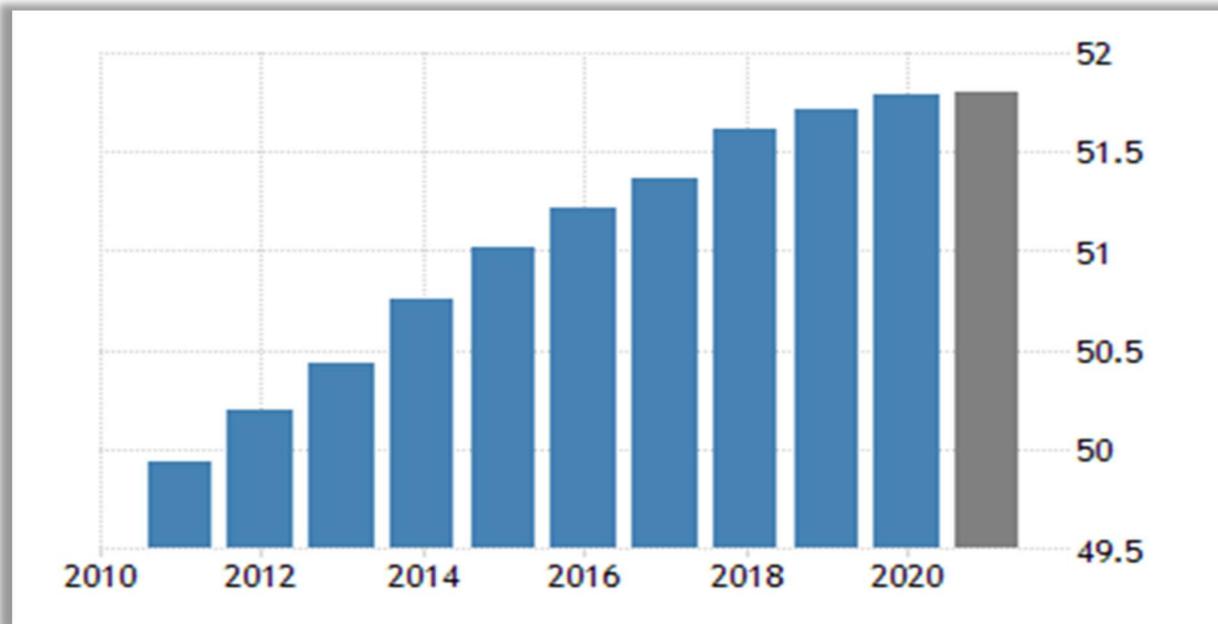
To locate pertinent data, a comprehensive literature search was conducted across five databases (see Table 1). The search was limited (using a keyword filter) to articles published between 2010 and 2021. Additionally, the whole list of publications discovered during the first search was utilized to locate other relevant studies. The search terms "South Korea strategic market trends," "South Korea strategic marketing planning," "South Korea strategic market management," and "South Korea marketing environment" were used. To narrow the field of research to those that are really relevant for final review, exclusion and inclusion criteria were devised. Publications were considered for inclusion if they discussed marketing trends in South Korea, including internal and external market trends, market trends in South Korea, and variables affecting the South Korean market. Google scholar returned a total of 20 publications from the first search, including 10 from science direct and seven from SAGE journals.

Databases	The Results from the Search	Retrieved papers	Papers included in this study
Google Scholar	20	10	9
Science Direct	10	9	7
SAGE Journals	8	6	5
<b>Total</b>	<b>38</b>	<b>25</b>	<b>21</b>

*Table 1: Results of a preliminary literature search in databases*

## Data analysis

The Republic of Korea or South Korea, is an independent nation in the East of Asia and is inhabited by 51 million people. It borders North Korea to the North and Japan and China in the South. Seoul is the capital, and the local language is Korean. The nation is globally known for its great breakthroughs and quick trade and industry expansion, which converted it from one of Asia's poorer parts to the world's largest fourth largest metropolitan economy in less than 40 years (Cavusgil et al., 2014). South Korea's demographic market is exceptionally diverse; by 2021, it will exceed 52.2 million people. According to a study by Cavusgil et al. (2014), the sex proportion is practically equivalent, proportion equivalency is about 98.38 percent, and the median age for males and females is 40.2 and 43.4 years, correspondingly. Given the peninsula's relatively small size and high population density strata, the number of births is exceedingly low and is seen as a serious societal concern.



**Figure 1: South Korean demographic Population (Millions) (Korea.net, 2020.)**

South Korea was known for its ability to overcome poverty in a very short period of time, which had a significant influence on social concerns as well. The nation is densely urbanized; throughout its history. It has been characterized by high levels of industrialization expansion which has resulted in the country being the fourth biggest market in Asia. Additionally, the marriage index has declined significantly in recent years. Essentially, South Korea is now experiencing a severe social crisis, which has resulted in a shortage of youngsters to replace the old. South Korea satisfies all of the requirements for classification as a developed nation. It has a sound economic foundation, an advanced healthcare system, innovative infrastructure, and a strong social safety net. From early infancy, the South Korean culture is diligent and tries to get a quality education in order to launch a great career and establish a favorable social image, which is critical for Koreans (Strange & Zucchella, 2017). The nation is one of the most advanced nations as described by OECD (Organization for Economic Cooperation and Development), with an individual between the ages of 15 and 25 being more competent than the bulk of other countries' representatives. This indicates that South Korea has a good educational standard paving way for the establishment of success business and tech-savvy institutions.

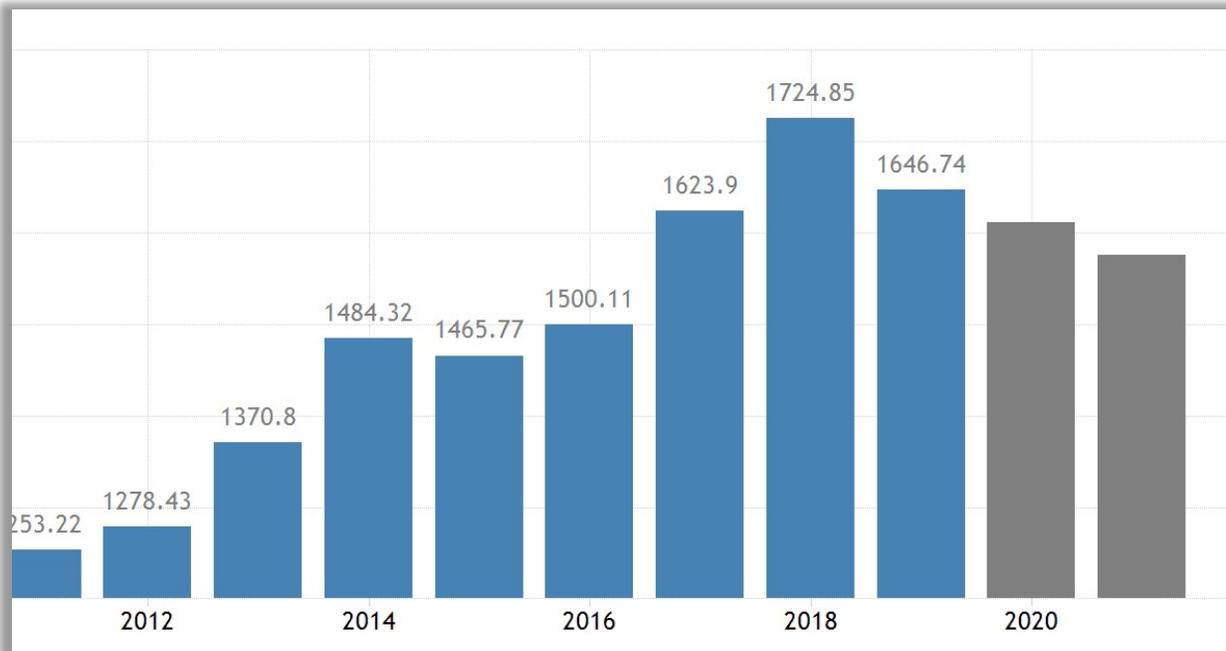
### **Political and legal trends**

South Korea is among the world's largest most civilized and productive nations. It retains diplomatic contacts with over 190 nations and is a member of UNESCO, APEC, the Organization for Economic Cooperation and Development, the World Bank Group, and several other worldwide organizations. The republic is well-known for its creation of programs anticipated for conserving the environment, enhancing global sustainability, and adding value to the worldwide society. Additionally, South Korea significantly assists developing areas (for example, Pakistan and South Sudan) via financial assistance programs. 2020. (Korea.net.) Finland and South Korea began diplomatic interaction in 1973 and has continued to grow positively via reversible support. Imports

from other countries and imports from South Korea were around 568.9 and 598.5 Million in 2020 respectively.

### Economic trends

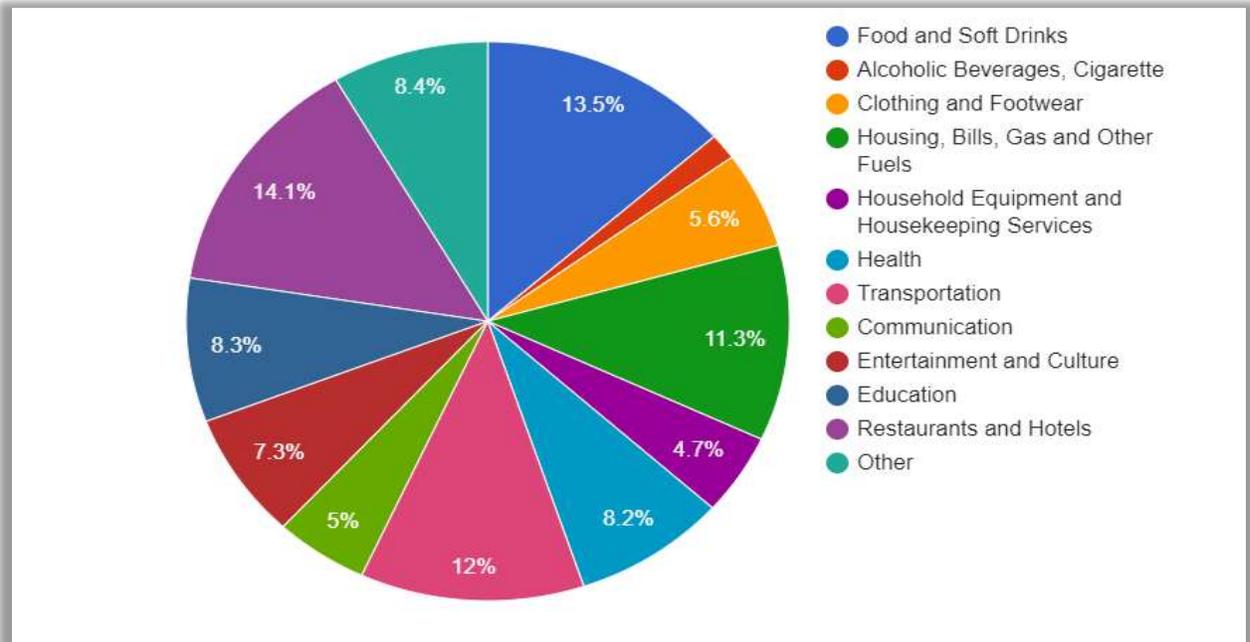
As acknowledged during the analysis, South Korea has the globe's 11th largest economy and is classified as a civilized nation. The nation is listed among the wealthiest nations in the world. Besides, it was capable of sustaining the financial climate even during the height of the recession and has grown to be one of the fastest growing economies. (OECD, 2020.) Ever since establishment, South Korea's economic system has been dominated by family-owned corporations called Chaebol. Chaebol is a corporate conglomerate run by families with the objective of promoting the country's economic wellbeing (e.g. LG and Samsung). By incorporating Chaebol into the republic's trade and industry assistance in 1960, the nation has transformed itself from one of impoverished to one of the wealthiest nations on the planet (Kim & Vogel, 2011). Chaebol accounted for almost 75% of the GDP in 2016; there are many more than ten major chaebols, plus they hold about 180 recognized enterprises (Statista.com, 2018). The integration of Chaebol has transformed South Korea into an export-oriented economy capable of competing on the world arena, and for the time being, Chaebol groups have stabilized the nation's economic environment by preserving such strong business areas of the economy as automobile, engineering, electronics, metal, and tourist industry.



**Figure 2: South Korea's Revenue representation since 2012 (Statista.com)**

Furthermore, South Korea's GDP is 328 million in 2020, down 2.1% compared to 2019. However, the nation was capable of overcoming the pandemic, and the growth is projected to be 3% in 2021. Besides, the GNI per capita fell by extra 4 percent in 2019 and it is expected to decline much more as a result of the pandemic (Lee, 2020). South Koreans' annual average revenue has been steadily increasing and has now achieved about 29,500 USD, but ladies make only about 65

percent of what their counterparts earn. Residents are known for their thriftiness, yet they like purchasing. Housing (18.4 percent), food as well as non-alcoholic drinks (13.8 percent), transportation (12 percent), public services (hotels and restaurants; 8%), fashion (6 percent), and healthcare (5.6 percent) comprise the consumer expenditure.



**Figure 3: Average Monthly consumption Expenditures per Household by Item in 2019-South Korea (source: KOISRA)**

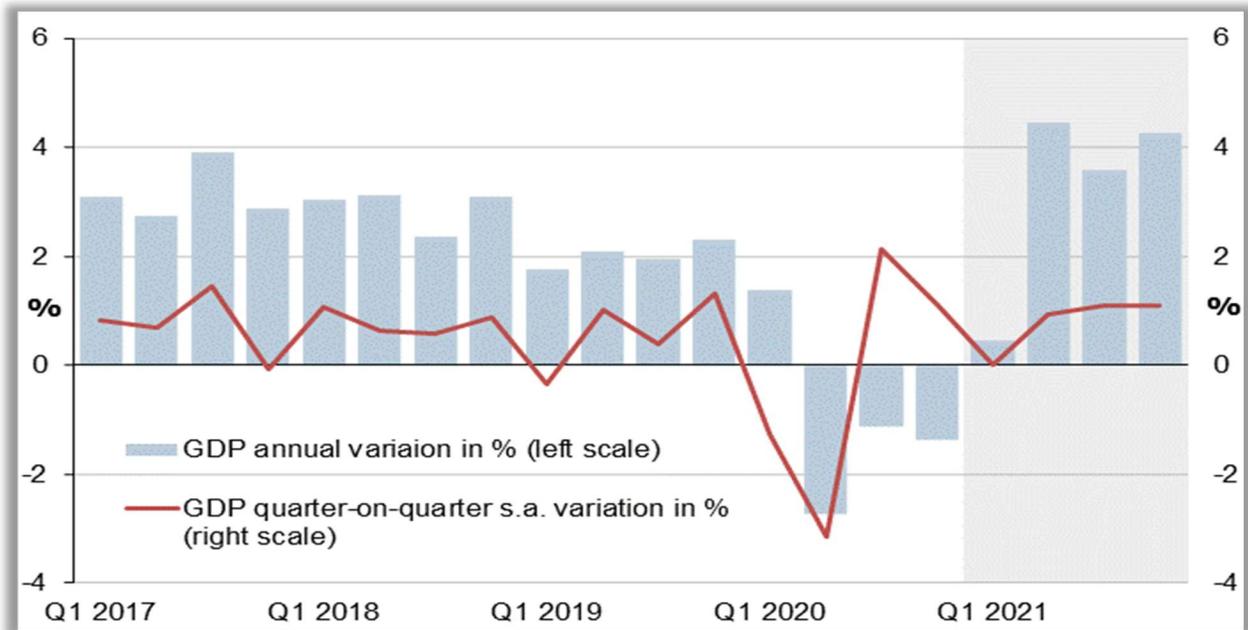
According to the World Bank (2021), South Korea's rate of unemployment is 3.2 percent, placing it among the countries with lower unemployment index values. According to Statistics Korea's (2021) survey, South Koreans have attained their greatest rate of financially engaged society since 2009: more than 28 million individuals held jobs or were looking for work. By 2020, the working population will be divided into three sectors: agriculture (4.9 percent), business (25 percent), and service (70 percent). South Koreans work primarily as office staff, shop clerks, and in the entertainment business, which is very competitive and diverse. In terms of trading, the state's market environment is rated 7.30 and ranked 26th, indicating that it is good for exporting.

**COVID-19 influence on the South Korean market**

South Korea, like the rest of the globe, has been affected by the COVID-19 epidemic. The virus began spreading rapidly in March 2020, infecting an average of 500 individuals daily; nevertheless, by April, the number of afflicted had fallen to 20 cases per day (Ferraro, 2021). South Korea set an incredible precedent for a systematic and responsible response to the virus, when citizens strictly adhered to the precautions and limits. The government swiftly adjusted to the identification technique, quarantining infected people and providing free high-quality treatment, which aided in containing COVID-19 spread. Besides, the government allowed some of the stores and restaurants to stay open with some restrictions allowing the nation to preserve its economic

status (World Bank, 2021). South Korea fared better than just about any other OECD member in managing the pandemic, not only economically.

The state's economic output decreased by just 0.8 percent. Not with standing the swift popular response and in certain situations, the state's financial structure has suffered. OECD (2020) notes that the GDP index has declined by about 3%, while import and export activity have reduced by 4% and 7%, correspondingly. Larsen (2020) concluded that the primary source of concern for the South Korean economy, as an export-driven nation, is the sharp fall in export operations and cross-border commerce.

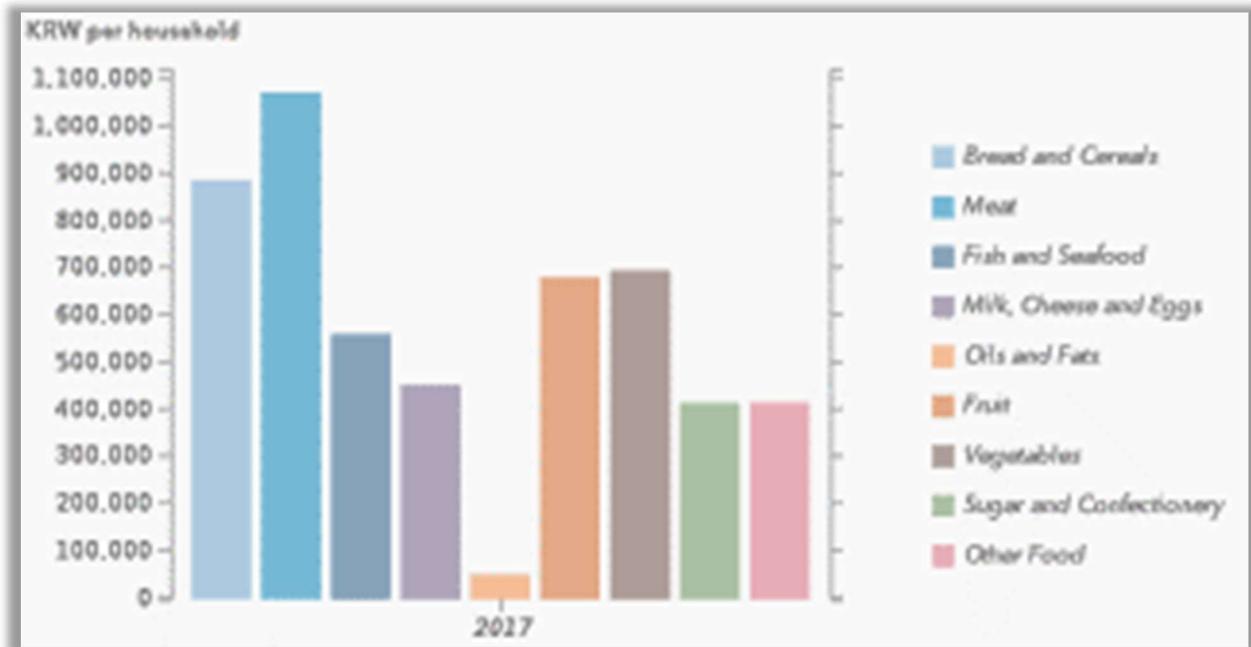


*Figure 4: South Korea's GDP since 2017 through the COVID-19 Period*

### Customer analysis

South Korean clients are known for their proclivity for shopping, not just to meet fundamental requirements but also to preserve their entire social position. It is normal to overspend on any product, even those which a highly priced, if the product is trendy and fashionable. South Koreans often adhere to the public's choice on a goods (Katsikeas, 2018).

The primary cause for this is the socio cultural characteristic of collectivistic societies as stated by the Confucianism economic ideology influence. South Korean shoppers often take the majority's word for it and pick brands based on their reputation and the opinions of everyone else.



**Figure 5: Consumer Analysis in South Korea**

South Korea is regarded to exhibit a brand-conscious culture; as a result of the variety of brands the public is constantly exposed to new enterprises (Katsikeas, 2018). Foreign enterprises struggle to compete in South Korea, and as a result, it is critical for a company to have a favorable image and be well-known in at least one location in order to obtain a percentage of South Korean customers' awareness. The majority of expenditures in South Korea are made at department shops or digitally. Traditional shopping relies on a robust and extensive infrastructure (MarketResearch.com, 2020; Iammarino, McCann, & Ortega-Argilés, 2018). Seoul is known as the Asian shopping city because to its enormous retail environment; there seem to be various areas devoted to shopping. For instance, the Myeongdong neighborhood is well-known among both South Koreans and foreigners as Seoul's largest retail district. It is bordered by department shops and has an infinite number of retail establishments, outlets, and eateries.

### **Conclusion**

South Korea's broad market is anticipated to undergo a greater upheaval in the future, resulting in the emergence of diverse management styles and trends among South Korean firm managers. Marketing professionals in foreign firms considering venturing the South Korean market are advised to undertake a comprehensive assessments in order to determine the most probable dangers that may materialize if the choice to join is taken. Managers from international companies seeking long-term collaboration with their competitors in South Korean businesses must ensure that there is synergy between their peers. South Koreans are viewed as a customer-oriented culture that spends substantial time shopping to fulfill their needs and preserve their social image. Because of the enormous variety of brands accessible, the Korean market is very big and competitive. As a

consequence, buyers are choosy about product selection and invest substantial time in product assessment study and analysis. However, since the South Korea's enormous market suffered losses during the COVID-19 pandemic, recognizing and mastering the emerging trends may benefit any company's strategic marketing approach.

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