How Does Sponsorship Marketing in Korean Dramas Bring in Lucrative Business?

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Abstract

In this 21\(^{st}\) century, the Korean Wave has swept the world with its culture that just seems like there is no end to it; meanwhile sponsorship marketing has continue to grow and become one of the fastest growing form of marketing around the world. Both are global phenomena that have the potential to produce income for business. Hence, this paper aims to understand whether sponsorship marketing can bring in lucrative business or vice versa by using k-drama as a medium through the fame of Korean Wave. In the end, it could identify that sponsorship marketing is a good marketing tool because it has a lot of benefits and characteristic to offer which indirectly bring in good revenue for business by using the Korean drama as a medium; besides, k-drama is an effective medium in getting business as well due to the rising popularity of Korea Wave.

Keywords: sponsorship, marketing, Korean dramas (k-drama), Korean wave (Hallyu)

1. Introduction

As we advance into the technology savvy century, the lifestyle of the human beings have been in much comfort as compared to the olden days. The urge in finding alternatives in improving humans’ life is the main reason for tremendous advancement in the society which can be achieved now in comparison to olden days. This however also marks the beginning of more demands and choices that humans need in order to have a more comfortable life. This generates competition among companies whereby each company is always on the run to create more eye-catching products to fulfill the public’s demands. According to Koc (2014), the world used to have lower population with lesser choices of goods and products during the olden days, hence, it was much simpler to market and sell off products. However, as the population increased and economies started to expand, a variety of attention-grabbing products and goods were produced in larger quantity in the worldwide. Hence, this arises the question of, ‘What are the resolutions that marketers have come up with in solving such problem?’. Sponsorship marketing will be one of the solutions to this issue. A sponsorship is a long-term investment, time-demanding and effort-demanding from the sponsor in order to achieve consumers’ awareness as well as convincing the target audience pertaining its honesty and reputation (Amis, Slack, & Berrett, 1999; Crimmins & Horn, 1996; as cited in Walraven, Bijmolt & Koning, 2014).

Furthermore, in this modern era, the availability of technologies has made communications and exchange of information easier. Hence, undeniably that is how the Korean Wave is able to penetrate into the daily lives of many whereby it has brought people into having a different perspective of entertainment and at the same time affect their lives. As pointed out by Huang (2009), in the East, countries – Japan, Singapore, Hong Kong, Philippines, Taiwan and China – were affected by the diversify level of Korean wave. It can be seen that the craze for Korean Wave is not only around Asia, but it has also expanded to the Middle East, Latin America, certain parts of Europe and lastly in the United States (Ravina, 2008, p. 1; as cited in Lee, 2011).

Therefore, in this research paper it is aimed to understand the importance of the role of sponsorship that makes it a good marketing tool in bringing a lucrative business just by using Korean drama or k-drama as a medium through the popularity of Korean Wave.

2. What Is Sponsorship?

Various definitions of sponsorship have been proposed by the academicians since the emergence of sponsorship.
However, the first and foremost definitions that is being recognized and approved by scholars would be sponsorship as a commercial activity (Meenaghan, 1983; Gardner & Schuman, 1987; Sandler & Shani, 1989, 1993; as cited in Polonsky & Speed, 2001). Therefore, sponsorship is a commercial event that exploits the relationship between the sponsors and sponsored in order to achieve marketing communications goal (Walliser, 2003; as cited in Schwaiger, Sarstedt & Taylor, 2010). Nonetheless, with the intervention and evolution of technology, today, the recognition of sponsorship is as a complex and inherently relational phenomenon characterized by multiple stakeholders (sponsor, sponsored activity, audience, media, government funders, etc) acting within a network (Ollkonen et al., 2000), comprising of multiple objectives (awareness, image, sales, resource sharing and development), as well as differing concepts as to what constitutes sponsorship value within the network itself (Farrelly & Quester, 2005b; as cited in Ryan & Fahy, 2012). In the eyes of sponsors, sponsorship provides a flexible platform for the communication and interaction between the numerous stakeholder groups as it is more strategic as a whole and often it is being compared with media advertising (Hastings, 1984; Hoek et al., 1997; McDonald, 1991; Meenaghan, 2001; as cited in Meenaghan, 2013). Hence, in short, sponsorship is a global phenomenon that is regarded as commercial activity and over the years it has evolved with added values; but then again, it should not be compared and be confused with advertising marketing.

2.1 The Growth of Sponsorship Marketing

Flashback to year 1987, it is estimated around US$ 5.6 billion were spent on global sponsorship and by 2007, the value has heighten to US$ 37.9 billion as stated by Meenaghan (2013). In the year 2013, the global sponsorship spending is estimate to reach US$ 53.3 billion as the growth in corporate investment over the years has been phenomenal (Meenaghan, 2013). Zdravkovic and D. Till (2012) state that the spending on traditional media, consumer-based and business-business promotions has dropped; instead, there is a rise in spending for sponsorship. Consequently, some of the largest business (General Motors and Procter & Gamble) have recognized this new trend and announced their commitment to grow spending on non-traditional promotion such as sponsorship than spending on traditional promotion like advertising (Graser, 2006; as cited in Zdravkovic & D.Till, 2012). It can be seen that sponsorship marketing has been growing rapidly over the years indicating the significance of it. There is further potential for this industry to grow even more in the future and definitely it has the ability in generating fortunes for business.

2.2 Reasons for the Growth of Sponsorship Marketing

Sponsorship marketing has been growing significantly and there are a few factors contributing to its growth. According to Zdravkovic and D. Till (2012), some of the drivers are:

a) The rising charges for advertising space
b) Inefficiency of using advertisement because of DVR technology
c) Advertising prohibitions on certain industries (such as alcohol)
d) Close interaction between firms and consumers
e) Lack of public funding for cultural and sporting activities
f) Greater competition for public funding

Besides, recent research shows that, one of the reasons for the growth of sponsorship marketing would be due to the exposure of sponsorship that affects the thought of the consumers even if in the beginning individuals are not exposed to the sponsor (Herrmann et al., 2011).

2.3 Benefits of Sponsorship

Sponsorship is a global phenomenon, with both sponsors and entities operating on an international stage, often with differing divisions of the same organization operating in different markets with different sponsorship objectives (Ryan & Fahy, 2012). Despite under such a complex condition, sponsorship marketing is still able to achieve success due to the irresistible benefits that it offers. According to IEG (2008), companies use sponsorship because it is able to offer different benefits and it is also a good medium that performs well being part of the integrated marketing communications. The benefits of sponsorship as listed by IEG (2008) are:

a) Encourage product loyalty;
b) Cultivate awareness and visibility;
c) Promote image;
d) To create promotion;
e) Illustrate community responsibility;

f) Boost sales;

g) Showcase products benefits;

h) Amuse customers;

i) Dissemination of information;

j) Employ and retain the employees;

k) Retailing opportunities;

l) Retailers, dealers and distributors are given incentive;

m) Ability to emerge the product from opponents’;

n) Allows smaller company to fight against larger ad budget companies;

o) Accomplishment of multiple goals.

As stated by IEG, one of the benefits of sponsorship is to actually increase brand loyalty and in a research by Mazodier and Merunka (2011), it shows that sponsorship is able to cultivate influence on the product reliability and trustworthiness. The benefits that are listed by IEG are actually similar with the results that are suggested by some of the scholars. For example, Farrelly and Greyser (2012) mentioned that sponsorship has been recognized for its flexibility, in particularly the potential to target multiple audiences and achieve multiple objectives. Horowitz (2012) suggested that customers are more likely to buy the goods and services when they are alert and familiar with the product – hence, sponsorship can be deemed as a practical form of marketing which indirectly indicates its ability to increase brand loyalty. The enormous benefits of sponsorship can be achieved might be due to its’ planned influence on customers’ information, attitudes and actions towards the sponsor (Polonsky & Speed, 2001). The suggestions show the ability of sponsorship to excel in business and the benefits that it carries is the reason companies are attracted. Recently, one of the world main concerns would be on the environmental issues, thus, some companies begin to promote environmental sponsorship. This is a great way to convey the message on the importance of environmental issues; yet, it is also able to cultivate awareness in using products that are more environmental friendly (Fenton, 2009). This is very well received as it can create awareness for the people and at the same time bring in benefits to the companies by sustaining their image. The immaculate benefits of sponsorship marketing certainly drive the growth of it.

2.4 The Advantage of Using Technology in Sponsorship Marketing

In this current borderless world, technology plays an important role in ensuring communications as well as boosting the economy. Ritchie (2010) said that technology enabled sponsorships to allow technology businesses to showcase propositions that make a difference to the property; in terms of helping the property to operate more effectively and perform better with the help received from technology. As mentioned earlier, technology plays an important role in becoming a medium for communication; thus, it is often used as a medium to interact between the fans and audiences which indirectly creates an experience for them and helps to build the bond too. Technology companies also have the opportunity to exercise and integrate additional areas of the business with a well-considered sponsorship platform and with the correct usage of sponsorship marketing; allows technology companies to create a foundation program that can positively impact many areas of the business (Ritchie, 2010). This can definitely boost the business as a large amount of audiences from all over the world can be reached through the usage of technology. Besides, technology helps in easing the burden of heavy load in traditional technology.

3. What Is Korean Wave?

Korean wave or also known as hallyu in the Korean language means the significance increase in popularity of the South Korea culture that has reached out to other parts of the world since late 1990s, and has become a global phenomenon since then. In another words, hallyu can also be referred as the flow of Korea. The term hallyu or hanliu in Chinese was actually formed by a Beijing journalist in mid-1999 that was taken aback when the Korean entertainment was doing so well that it is able to achieve popularity in a short period of time and the influence that it has on the culture in China (Kim, 2007, p. 15; as cited in Lee, 2011). The Korean Wave which encompasses the South Korea culture that has made its way up as a global phenomenon are made up of Korean drama (k-drama), music (k-pop), films, animated comics, language, food, fashion and technology. Korean drama (k-drama) is the first South Korea culture that is being introduced and it was popular and slowly as technology evolved, certain mediums such as YouTube has being made available which made the spread of
hallyu is even wilder with the broadcast of the music (K-pop) and it has been expanding since then.

3.1 The Success of Korean Wave Impact on the Economy

The success of the Korean Wave partly also comes from the contribution of the Korean government which has enforced to endorse Korean entertainment and culture as an export industry (Chua, 2010). The government made the correct decision by investing into promoting Korean Wave; the economy of Korea has boosted since 1965 and now becoming one of the fifteen largest-economy, with a GDP of US$1.155.9 billion in 2012 (Schwab, 2013). The success story of South Korea is still a miracle to most of the undeveloped countries and it is known as ‘The Miracle of the Han River’.

3.2 The Contributions of K-Drama in South Korea’s Economy

It can be seen that Korean Wave can bring such a big impact in generating the nations’ income; nevertheless, the Korean drama also definitely can play a significant role in generating revenue as it is also one of the components of Korean Wave. This is because the film and television industries have grown strongly with the overall increase of 84% in real GDP between 2005 until 2011; indicating that there is annual growth of 10.7% (Oxford Economics, 2012). In addition, according to Oxford Economics (2012) it is estimated around 7.549 billion won is being contributed by film and television industries to the South Korea GDP in 2011. Nevertheless, the hit drama Winter Sonata alone had managed to contribute around US$ 6.24 million or 0.1 percent to South Korea GDP (2004) due to the growth in tourism, hotel, restaurant, wholesale and retail trade (Maeil Business Newspaper December 20, 2004; as cited in Kim & Ryoo, 2007). Thus, as absurd as it is the power of sponsorship marketing in drama cannot be underestimated as it has the ability to generate large sum of income for the businesses just by the content of it.

3.3 The Spread of K-Drama

According to Schulze (2013), Korean drama is the first medium that is being used to spread hallyu and unexpectedly the response was very encouraging. For instance, in 2003, the arrival of Winter Sonata and Yon-sam to Japan is like a monsoon according to Kim and Ryoo (2007). Yon-sam is referred to the main actor of the drama whom name is actually Bae Yong Jun: the actor’s popularity in Japan exploded after the drama was aired. Originally, the drama was aired in the year 2003; however, it only achieved its famed in the year of 2004 and even makes its way to the front cover of Japan’s local magazine. The drama later was then rerun by NHK TV on prime time in the same year. In the year 2000, Taiwan aired two mini-series dramas, namely, Autumn in My Heart and Firework, had managed to attract large audiences in Taiwan. Huang (2011) stated that the television stations in Taiwan were competing to purchase the broadcast rights of Korean dramas which had made the price of the drama to shoot up. Clearly in the beginning, the spread of k-drama was mostly in Asian countries which might be due to similarity in sharing a historically deep tradition of Confucianism (Chua, 2010). The tactful method of using the shared similarity in spreading k-drama around Asian countries first was great because as Ho (2011) said that China was the world’s second biggest economy after USA which indicates huge potential for sponsorship and many other business disciplines. In April 2011, three Korean dramas – Iris, Chuno (Slave Hunter) and Jeonwoo (Comrades) – had been purchased by a Belgium production for its broadcast right to air the drama in Europe (Dongailbo, 2011; as cited in Parc & Moon, 2013). Initially, the Korean drama was just spread geographically around East Asia countries but it had been expanded to many other countries in Europe, Latin America and the Middle East. Hence, it can be seen that the spread of k-dramas had gone viral since early 2000s.

3.4 Reasons Viewers Are Attracted to K-Drama

Ever wondered why people would spend time watching k-drama? There are a few definite reasons as to why people would spend time watching Korean drama. Sung (2010) as cited by Parc and Moon (2013) had mentioned that the success of Korean dramas and films could be due to extracted factors such as nationalism; for example, as shown in Dae Jang Geum (Jewel in the Palace), which tells the tale of an orphaned cook who became the king’s first female physician at a 16th century royal court of Korea, and family values, which are derived from Confucianism and represent the real sentiments of East Asian lives. Likewise, Lee and Lee (2007) mentioned as cited in Parc and Moon (2013) analyzed the Korean drama with different variables of the good script writers, producers, the outlook of the actors and actresses and consistent investment; sophisticated Korean consumers and fervent preference for dramas for demand conditions which could also be one of k-drama attraction to many. Next, the openness of television drama, that manage to encourage the viewers in using their imaginations to anticipate the development from episode to episode will also continue to provides viewers with the feeling of needing to continue watching it as they are eager for continuous feed of facts and what might happen next (Kim & Wang, 2012). Not to forget, the solid storyline of unconditional love is only one of Korean dramas’ various stories (or themes) and the variety of story can be treated as strategy (Parc & Moon, 2013). The commitment and
addiction that is caused by the drama is also one of the reasons that people would spend time watching drama. Chua (2010) said that the TV dramas are seen as having a great potential in influencing is because of the effect that it has on people – commitment in continuing to watch the drama until the end and set aside certain hours to catch the drama in time – it can be seen that the given commitment can indirectly influence the attitude of viewers. The addiction while pursuing a drama would make missing an episode unbearable, so, certain solutions would be taken to make sure that the missing episode is available to be watched before watching the next episode. Besides, engagement with the drama is sustained until the series is complete due to each episode will draw the audience into an intimate relation with the on-screen stories and on-screen characters (Chua, 2010). Lastly, the attraction of the casts of the drama cannot be underestimated as good looking actors and actresses is a good marketing strategy to attract viewers (The Washington Post, 2006).

3.5 The Effectiveness of Using K-Drama as a Medium for Sponsorship

Generally, a significant proportion of people upon returning home from either work or school are inclined to watch television which makes television one of the most popular technology equipment that managed to attract people’s attention (Kim, Agrusa, Lee & Chon, 2007). In this current world that is so stressful, the advanced multi-choice cable TV which comprises of various genres of TV shows has become a vital part of our leisure life; besides, it also plays the role as a source for news and information (Butler, 1990; Couldry, 2001; Dahlgren, 1998; as cited in Kim, Agrusa, Lee & Chon, 2007). Meanwhile, although there are various genres of TV program that are available, a popular TV drama series is still the one that encourages the audience’s addiction as it provides juicy stories for people to discuss (Couldry & McCarthy, 2004a, b; as cited in Kim, Agrusa, Lee & Chon, 2007). This explains the ability of Korean drama in affecting and influencing human lives; for such, the attempt of one of LG Taiwan’s executive that try to change the negative perception of made-in-Korea products by funding in Korean dramas (Qi, 2005; as cited in Huang, 2011). When a good image has been established through sponsorship, it can affect the sales of certain products as it instills trust in the consumers on certain brands of the product. Thus, when the k-drama of Autumn in My Heart and Firework in Taiwan reached its popularity, the citizens of Taiwan craved for diverse Korean imports which included technologies, fashions, automobiles and others. All thanks to the desire of Taiwan consumers, in 2004, the trade deficit between Taiwan and Korea has risen to US$ 6 billion (Chen, 2005; as cited in Huang, 2011).

Definitely, the drama is also a good platform to showcase the specialty and ability of the products which explains why the ‘chaebols’ (family-controlled business conglomerate) are willing to fund in the film and television industries (Jin, 2006; as cited in Huang, 2011). For example, Samsung, LG and Hyundai are the few of Korea’s ‘chaebols’ whom are experts at marketing their commodities through the use of popular k-drama as a medium. Another additional point that makes k-drama a good platform is due to the established popularity of k-drama and the capability to elevate a wide range of interest in different fields; for instance, food, fashion and music (Kim, Agrusa, Lee & Chon, 2007). The ability of k-drama to reach vast amount of audiences as stated by Kim (2010) that the Korean wave has broadened from East Asia to many countries including Europe, Latin America and Middle East shows the effectiveness of using it as a medium for sponsorship. So, it can be said that there is always continuous attachment of humans with television; therefore, it is effective to use k-drama as a medium for sponsorship.

4. Discussion

Sponsorship marketing has become the fastest growing form of marketing and it had shown remarkable growth over the years, most importantly, it is still expanding. This indicates the capability of sponsorship marketing in generating good income for the business and it had attracted a lot of companies in changing from conventional marketing such as advertising into sponsorship marketing; the change from the conventional marketing could be due to the promising benefits that it offered. In every types of marketing that marketers offer only served as a purpose which is to help the sales of the business to increase. Hence, the benefits that sponsorship marketing could offer are really important as it provides assurance for the business to invest in it. In other words, sponsorship marketing provides a platform and opportunity for business to bloom and also to ensure the sustainability of it. Since sponsorship marketing has been expanding continuously, it proves that it is a great marketing tool to utilize in bringing in lucrative business. Similarly, in conjunction with the growth of sponsorship, the Korean Wave is also a big deal since the 1990s. The fast growing fame of Korea Wave has made the name of South Korea known globally. South Korea, a country that used to be one of the worlds underdeveloped country due to the Korean War back in 1962 has permanently damaged the country’s economy. However, it recovered its composure very fast after the war ended and since then it is continuing to grow until now. It also had achieved the status as a high income nation that is ranked 15th in the Human Development Index (HDI). This awe-inspiring country managed to achieve such a great success partly due to the emergence of
Korean Wave which has contributed to the nation’s income and also built a better image for the country. Korean drama is the starting point that carves the evolution of Korean wave and the impact it has on the economy is not to be underestimated. Just by merely the airing the drama, it actually contributes to the rise in South Korea tourism and cultural exports as well. The success in boosting up the business is definitely by using sponsorship marketing as a marketing tool. Amazingly, the k-drama has been used as a medium for sponsorship marketing in bringing profitable business. K-drama has been used as a medium is due its ability; such as, the advancement of technology, it is known globally, people watch drama most of the time as a form of entertainment, it is a good place to showcase the products and it is able to cultivate interest from the contents that is presented in the drama. Besides, the advancement of technology has brought about technology sponsorship and definitely made sponsorship marketing easier with the added value. The communication also can happen anytime, just within the reach of fingertips people from all over the world are able to enjoy the k-drama at any time they want due to the development of technology. For example, in the year 2013, there is one Korean drama that had exploded and gone viral around the world, titled ‘You Who Came from the Stars’. The drama has instantaneously become the hit and trend not only in South Korea but internationally as well. Hence, everything from the drama has become the latest trend; including the fashion, make-up products, fragrance and technologies.

The main actress’s-character, Cheon Song Yi, has managed to make the sales for the sponsored products to flare up after the airing of the drama. Through her character, she portrayed herself as someone who loves to eat chimaek (in Korean Language) which is the combination of chicken and beer. Unintentionally, this has become a trend and people particularly in China have gone crazy for this food combination of fried chicken and beer. In addition, due to a ‘Cheon Song Yi’s proposal’ scene in the drama, this has managed to make a new French accessory brand, Didier Dubot, to make its name known in Korea. According to Whitelocks (2014), YSL lipstick sparks global sellout after the drama was aired. Mentioned by The Wall Street Journal (2014), as cited by Whitelocks (2014), reveals that ‘You Who Came from the Stars’ has become an instant hit as the drama has become the most-watched drama; for instance, it has been watched for 14.5 billion times alone through the website of iqiyi.com.

Jeffries (2010) revealed that sponsorship can work in different ways and these ways of working are not necessarily mutually exclusive; thus, despite having the same sponsorship strategies, it can deliver outcomes in several different ways simultaneously and there are three ways that sponsorship can work; it can deliver salience through high frequency, persuade its audience via creative content and acquire values from the sponsored property/event, creating ‘brand rub’. Therefore, that describes the specialty of using sponsorship as a marketing tool as it has the characteristics that is able to promote different outcomes at different times; for example, by using k-drama as medium for sponsorship marketing. Thus, this research paper is able to identify the importance of the role of sponsorship that makes it a good marketing tool because it has a lot of benefits and characteristics to offer which indirectly able to bring in good revenue for business by using the k-drama as a medium.

5. Conclusion

The primary objective of this research paper is aimed to understand the importance of the role of sponsorship that makes it a good marketing tool in bringing a lucrative business just by using Korean drama or k-drama as a medium through the popularity of Korean Wave. Hence, it begins by identifying the two main ideas of the research paper which are sponsorship marketing and Korean wave. From these two main ideas, it is further developed into subtopics in an attempt to give a better explanation and understanding.

Firstly, one of the main ideas is sponsorship marketing. The definitions from various academicians and scholars are being used to explain and understand the emergence of it. Sponsorship marketing is then further divided into the growth of sponsorship, reasons for the growth, benefits of sponsorship and the advantage of using technology in sponsorship marketing. Through these four points, it could be identified that the growth on sponsorship has grown enormously over the years and it is important to identify the reasons for the growth to understand the weakness of other conventional marketing tool and at the same time understand the strength of sponsorship marketing; then, identify the benefits to use it as an attraction to attract the companies to invest in it. Lastly, sponsorship technology provides a different approach and propositions that make a difference to the property; in terms of helping the property to operate more effectively and perform better with the help receive from technology.

Next, would be on the Korean Wave. As this study is hoped to understand whether k-drama is a good medium for sponsorship to bring in lucrative business, thus it is important to first understand what is Korean Wave and how does it defer from k-drama. The Korean Wave can be said as the flow of Korea and k-drama is one of the components. The success of Korean Wave was able to contribute to the nation’s income and part of it actually
comes from the contributions of k-drama that is able to generate revenue. The k-drama has spread around the world rapidly and there are reasons why people are so attracted to it. Hence, it is quite effective to use k-drama as a medium of sponsorship.

Above all, sponsorship marketing is a good marketing tool for promoting and increasing the sales of a business as shown by the growth of sponsorship marketing over the years. While Korean Wave has been a global phenomenon since the 1990s and thus it would be a good platform for the sponsorship marketing to showcase its ability in attracting business by using the k-drama as a medium through the fame of Korean Wave. Just by the content of it and with the magic of sponsorship marketing, it is able to attract customers and bring in business. It can be said that this research paper is able to identify advantages of sponsorship marketing and k-drama which indirectly brings in business for the companies. The benefits of sponsorship marketing and the popularity of the k-drama is the attraction in producing a satisfactory result for sales in business. However, more researches need to be done in this particular field to understand the capability of it in order to have better results.

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