Meeting Notes

Attendees List

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<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company/Institution</th>
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<tbody>
<tr>
<td>Frank</td>
<td>Marr</td>
<td>Co-founder, Director and Head of Marketing</td>
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<tr>
<td>Harsha</td>
<td>Harjani</td>
<td>International Media and Analyst Relations</td>
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<td>JM</td>
<td>Jee</td>
<td>Chief Investment Specialist</td>
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Introductions

Paul Duncanson opened the event, welcoming all, presenting the topic and asking everyone to introduce themselves.

Mélanie Chevalier then welcomed the guests on behalf of their host, Creative Culture, outlining Creative Culture’s role in promoting and developing more effective cross-cultural communications.

JM Jee presented the KOTRA (Korea Trade-Investment Promotion Agency), its mission and its Director General, who was also present.

And finally, Martin Uden kicked off the conversation by presenting facts about South Korea.
General Discussion Points

Martin Uden set the scene by going back to the late 70’s, a time when South Korea had a closed economy and was considered a moderate police state. At this time, the South Korean economy was developing. Note that the Brits helped South Korea in developing said economy – especially in the realms of finance and industry; however, official partnerships were not yet formed. Since then, South Korea has soared in the global economy ranking and is now ranked in 11th place, with a GDP close to $1.5 trillion. This has been made possible by the country’s vibrant industries, as well as the implementation of various free-trade agreements (52 in total) with countries from around the world.

In general discussion it was mentioned that South Koreans enjoy a high income, which has led to the growth of the middle-class – a group which is particularly willing to consume and which does not hesitate when it comes to spending on luxury or foreign goods. This middle-class also emerged from the fact that single person households have increased in popularity over the years, proven by the average age of marriage – currently between 35 and 40 years old. This socio-economic group makes up the South Korean addressable market. To be even more precise, the addressable market consists mainly of Seoul (30 million inhabitants), and very few other cities. Note that the newer generations are different than the previous ones in the sense that they have different purchasing behaviours.

While previous generations (1960-70’s) were taught to consume national goods in order to benefit and boost the country and its economy, the latest generations do not necessarily think the same way and consume according to their will, rather than for the general interest.

This is where brands and agencies come into play. Various foreign companies have tried to enter and remain within the South Korean market; some managed, others failed. Regardless of a foreign company’s industry, it is important to bear in mind that established conglomerates and companies are involved in many different sectors and can be fierce competitors who are unwilling to let newcomers poach on their turf.

Past examples have demonstrated that newcomers who partner with established players, or who use agile ways of entering, such as licensing or franchising, are more likely to succeed. It appears that despite being a very modern society, South Korea also remains a very traditional, conservative, loyal and patriotic society – one in which consumers prefer to stay loyal to the brands or shops they’ve always known. It is thus important for foreign brands to project the image of a respectful partner. Being too big, too Westernised and too arrogant does not pay off.

It should be noted that foreign brands have real opportunities to market their goods and services, as South Koreans have an appetite for Western goods – which are generally highly regarded. This desire extends beyond the appeal of big-name brands to include any products that have been produced in Western countries such as the UK or France. With this in mind, luxury goods branded “Made in the UK” have more appeal than a luxury good manufactured in China.

The question therefore arises as to how to target the addressable market in South Korea?
Traditional communication channels are widely used in South Korea, where the media landscape is very competitive and free. Television is still very central in the country, while radio has less weight. It also turns out that digital communications and advertising are largely used and have a huge reach. The reason for this arises from the fact that South Korea is an extremely well-connected nation, enjoying fast bandwidth, a 4G network that covers the entire country, and a large distribution and use of smartphones – both from local and international manufacturers.

Additionally, South Koreans use their own online platforms like Daum (a search-engine sharing the market with Google), or even social networking services such as Naver or KakaoTalk. These are used to communicate with peers, but also to conduct background research and to make more informed purchases.

For Western advertisers, it is also necessary to consider the fact that marcomms campaigns and concepts need to articulate themselves differently than the ones rolled-out in countries like the UK. While Western campaigns focus on using simple but impactful ideas, South Koreans prefer to use more intricate concepts and emotional approaches.

**Conclusion**

Paul Duncanson thanked all for attending, and hoped all found this engaging, useful and stimulating.

The meeting concluded at 10.15am.