



KOREA'S GLOBAL EDGE: INVESTING IN INDUSTRY, INNOVATION, AND INFLUENCE

John B. Quinn 00:01

Good morning, everyone. We have a terrific panel here to discuss the super interesting subject of Korea, Korea goes global, K-pop, Korean investment. I see my job as just not to get in the way of these very distinguished colleagues up here on this panel. We have with us Daniel Jang, who's the CEO of SM Entertainment; Namsun Kim, who is the president for investments for NAVER; Thomas Park, who is co-CEO of Mirae Asset; and also Hee Kyung Lucia Cho, she tells me she goes by Lucy, of HWAYO. Did I say that right?

Hee Kyung Lucia Cho 00:52

HWAYO.

John B. Quinn 00:53

HWAYO. So, this is a really interesting subject. When we think about Korea, the Miracle on the Han, the first generation of Korean exports was very much product-driven. We think about things that are manufactured, automobiles, telephones, electronic components, and also infrastructure, building large projects all around the world. Today, we're going to be talking about some very different Korean exports, which may be the new new Korean wave. We're going to be talking about finance, internet ecosystems and technology, export of culture and spirits. And I'm going to ask each of the panelists, beginning perhaps with Thomas and then just going across the panel, just very briefly introduce their companies and what they do.

Thomas Park 01:46

Thomas or Daniel?

John B. Quinn 01:46

I'm sorry, Thomas.

Thomas Park 01:46

Hi. Thomas Park, co-CEO of Mirae Asset Global Investments. I'm based out of New York. Our group is a 29-year-old Korea-headquartered financial services company. We are now a trillion dollars in assets across investment management, investment banking, brokerage, and life insurance in 21 countries globally.

John B. Quinn 02:06

Namsun?

Namsun Kim 02:08

Sorry. Namsun Kim. I head investments for NAVER. I'm also the CEO of the US subsidiary, Poshmark. NAVER is the largest consumer internet company in Korea. We are the search giant and still maintain a larger share than Google. It's a large-cap consumer internet company spanning search, commerce. We also have enterprise cloud businesses.

Hee Kyung Lucia Cho 02:33

HWAYO Group is enterprise, it's also an institution that lasted about 65 years past, and reviving Korean culture into products and lifestyle so that we can create defensible assets of Korea for global audiences.

Daniel Jang 02:53

Yeah. I'm Daniel Jang from SM Entertainment. I'm co-CEO of SM Entertainment, which is the original house of modern-day K-pop, established in 1995. And we sign close to 100 individual artists and more than 10 active K-pop teams. And most of them, I believe, capturing the free times and minds of a young generation all over the world.

John B. Quinn 03:29

Yeah. So, let me ask each of you in turn, what do you see as Korean about your business? I know you're going to give very different answers, and maybe we'll begin with you, Daniel. What is Korean about K-pop?

Daniel Jang 03:45

What do you mean Korean? You're talking about language or people or culture?

John B. Quinn 03:51

Yeah. However you interpret that.

Daniel Jang 03:54

Yeah. K-pop is actually a genre of content, including music and stage performance and visual content, and also some stylings of each individual artist. So maybe Korean or K-pop means a type of content spreading out to the world. But behind the scene, behind the stage, people who are making K-pop, they are mostly Koreans, but many of our songwriters came from European countries and the US. So, K-pop is kind of a K-culture, but made by various people, not only Koreans, but also the American songwriters and the European producers. So, it's a kind of a global content-making business.

John B. Quinn 04:56

Yeah. And Lucy, I know your answer, what's Korean about soju, is going to be much different.

Hee Kyung Lucia Cho 05:04

So yeah. Maybe I did too short of an introduction of my company. So, my company actually produces the longest history ceramic brand. Also, we were the first company to actually globalize Korean cuisine at a fine dining level, and first distillery to actually create a premium soju in Korea. So, what makes our company Korean is the challenges that we oversee as a country. We always try to create the succession plan for traditions to last to the global level. So, for example, I think socially, there was an awareness soju could be premium, but we changed the idea, and same for Korean cuisine. Twenty years ago, there was no chef-oriented culture in Korea. Korean food was—after the war, it was more of a consumption of every day. That's beautiful, but we wanted to elevate a place where it could be a creation for global audiences, where it could inspire people through a great taste of what Korean actually stands for. And for ceramic, I think if you think about it, like we have Ginori or Bernardaud, a lot of great brands from Europe. But if you think about Asian ceramic brands, it doesn't really stand as a brand. And it took a long time, but what we actually thought was important, especially in '80s and '90s, when Korea economy was just booming for the global level, we were lost in our traditions. We still, back then, had a family get-together, having dinners together, but over what? I think commonality of culture is something that is very important. But if you don't have tools to actually talk about and create a conversation, I don't think that tradition can last. So, I think what we do is product beyond product, we actually create a standard, how Koreans should feel, identify ourselves, and spiritually and mentally prepare for the global audiences.

Namsun Kim 07:22

So, what is Korean about NAVER? I guess I'd like to pose the question in a different way. What is American about Google, right? So, of course, the origins of NAVER was—it was the first search engine in Korea, well, the most successful one in Korea. The inception was you needed to be able to search content in the Korean language, yes, of course. But today, what is it? We've coined the phrase webtoon, for example. We've created that format. It's a digital comic format. And now it was just announced the other day, we're operating, we're running Marvel's 100-plus-year-old portfolio of comic books because they failed to continue to manage that in their own native format. And so, the way I see it is we're a pioneer in consumer internet. Korea actually preceded the rest of the world by at least five years because broadband was just so much more ubiquitous in the late '90s. And the way I see it is similar to what Lucia was talking about, is it's really a take on the consumer experience. It's our own format. Even when we acquired Poshmark, e-commerce in the US, it's how do we think about an e-commerce experience, and whether it's Korean content, be it streetwear or K-beauty or otherwise, I think that's what continues to be distinct.

Thomas Park 08:38

Yeah, I think I would also maybe just rephrase the question a little. The obvious answer is we were started in Korea, and that's where our headquarters is. But when I joined the company 17 years ago, the size was about \$50–55 billion of assets globally. We were, I think, maybe in eight markets, and 99 percent of those assets were in Korea from Korean investors. And today, out of the trillion, almost half of those assets are from outside of Korea, from investors in those global markets. And so, our goal as a group has always been to try and transcend geography where we are and ideally, I don't think this is written in any of our mission statements, but to transcend geo in a way that Hyundai has or Samsung or LG has. Where if you go to India, many Indians may think that Samsung is an Indian brand. All they know is they make great phones and great consumer electronics. So, our goal is definitely to continue to expand globally and be a true global manager.

John B. Quinn 09:43

Could you share with us your different approaches to going outside Korea in markets around the world? How have you approached that? To what degree have you looked at localization? To what degree are you sending expats, Koreans around the world, or just buying local businesses

Thomas Park 10:03

I'll start. Within my mandate, I focus primarily on our global business and global expansion. And over the years, we've taken a two-pronged approach, organic and inorganic. In either case, whether we've acquired a company or started a company ourselves, the two pillars of our strategy have always been empowerment and localization. So, in our business, obviously, there's regulatory frameworks that are different in each of our markets. But what that means is you need people who are familiar with the US market to be able to operate and execute a business plan in the US market, in India, in China. So, we have been very strict in terms of making sure that we're hiring experienced, knowledgeable people in every business that we do. And so, what that means is you won't see expats in any market. I always get the question even from my friends, "How many Koreans do you have in your New York office?" And I think we maybe have four. Maybe three, I'm not sure. Two of which would've been hired locally. But that's been a very strong pillar of our success as we expand.

Hee Kyung Lucia Cho 11:09

For us, every product we create is actually the first product that consumers are receiving as a quality Korean product. So, let's say premium soju. 2003, we had a first bottle. We do have some traditional soju that was produced, but it's very small scale. So, when we were trying to actually go into the B2C market, people needed to be educated. But we never really compromised its premium value because I think when we think about the standard, we need to educate anyway of what it is. And first is the quality. So, if we can't actually promise the quality, I think you cannot create the market. Second, it is to be able to actually gain the trust globally. So, when we look at sake, for example, there are a lot of protections around its origin and labeling. And also, recently UNESCO actually promoted sake into an asset for the UNESCO value. But soju doesn't really have that long category. So, for us, in order for us to be in the category, in trading category, we have to constantly compete with the best of its quality, whether it's whiskey, wine, or other spirits around the world. So, for that reason, I think being Korean and also creating that category was always creating a premium value.

Namsun Kim 12:50

For NAVER, we, similar to Mirae, we do both organic and inorganic. To begin with, LINE is Japan's number one messaging app. It's more than 100 million users. Not many people know, even today, that that's a Korean-born company that's operating as a dominant platform in Japan. We brought WEBTOON global, and so that is an organic, now listed on Nasdaq. LINE was listed on Tokyo. And then we also do M&A. And a lot of it I had looked over, which includes our acquisition of Poshmark in the US, which was a public company here in the US, and acquisitions of other companies around the world. And when it comes to, do we have this expat model, I think a lot of Asian companies have failed at M&A in trying to do that, trying to send out an army of people. And so, there was a period when a lot of them shied away from it. We try to approach it from the perspective of how do you get to not just the physical but the chemical integration between the headquarters sort of zeitgeist and local management. So, we employ a mixed approach.

Thomas Park 14:07

You won't be surprised to know that our respective chairmen are quite good friends.

Namsun Kim 14:07

They're both first-generation founders. Very rare in large-cap founders, which is not that rare in today's age.

Thomas Park 14:14

That's right.

Daniel Jang 14:18

K-pop music and K-pop content, including not only SM but the other K-pop labels, too. K-pop is originally targeting global music listeners at the beginning. When we—

John B. Quinn 14:35

From the very beginning?

Daniel Jang 14:36

—yes. When we—

John B. Quinn 14:36

The audience was perceived to be global?

Daniel Jang 14:38

—yes. When we produced our first team, a five-boy team called H.O.T. in 1996, their target was actually China market. And our head producer at the time casted some boys from California who speak Korean and English, too. So that was originally targeting the music listeners outside Korea. And the K-pop companies actually learned a lot from Japanese idol culture and the pop music from Western countries. So, we learned a lot from outside Korea and produced our own way and spread out to global music listeners. That's how K-pop music went through and how successful we are today.

John B. Quinn 15:36

How long was it between when K-pop emerged in Korea and then it was a global phenomenon? It seemed like that happened pretty fast, but I don't know.

Daniel Jang 15:47

Yeah, at the very beginning, of course, we had a huge fandom in Korea, mostly teenage high school girls. But at the same time, there was some small movement and phenomenon from Japan and from China, too. When H.O.T. visited first time to Beijing, it was maybe late 1990s, maybe 1999 or 2000. There was a big scandal, big issue. It was a big issue. And at that time, maybe the newspapers in China started to use the K-wave.

John B. Quinn 16:26

The term?

Daniel Jang 16:28

Yeah. Yes.

John B. Quinn 16:28

Yeah. So, I have to ask you, what is it that K-pop has tapped into that seems to have such universal appeal across the world? Different cultures, different peoples, it appeals to everyone. What's your perception about why that's true?

Daniel Jang 16:50

I think it's mainly because of our unique formation. The K-pop teams are mostly a group of team, boys or girls, and they all have a strong stage performance—the dance music—K-pop is basically dance music. Of course, they sometimes do a lot in mid-tempo songs, but most of their title songs are very suitable for stage performances, not just listening music. So, many K-pop fans visit YouTube to find out their own artists, their practice movements and music videos, and also some type of the content of short-form, long-form. So, what K-pop captures—the mind of a young generation is mostly their unique performance and their well-performed appearance and disciplined way of living, too.

John B. Quinn 17:54

Yeah. I have a theory that I'd like to hear your reaction to, that this reflects the discipline, the structure and the movements, the precision, maybe reflects something Korean that we also see in semiconductor manufacturing. The ability to do high-end processing, very precise things in biologic drugs, semiconductors, and things. Maybe that's a reflection of something that's Korean, and you also see that in K-pop.

Daniel Jang 18:27

I can say in one sentence, Korean people work hard. Korea may be one of a few countries having the independence of the internet portal and, for example, the messenger services. So, like NAVER, I have been using NAVER more than 20 or close to 30 years, by the email service of Hanmail. And also, we have our own messenger platform, Kakao. But NAVER had a great success with the messenger service LINE in Japan and other Asian countries. Maybe we're very proud of doing that type of business, having those services on our own.

John B. Quinn 19:30

Lucy, you've said that the next Korean invention for the world, offering to the world, may not be a product, it may be a standard.

Hee Kyung Lucia Cho 19:41

Mm-hmm.

John B. Quinn 19:42

And you kind of referenced that. What do you mean by that?

Hee Kyung Lucia Cho 19:46

I think it's a system. We export at a speed much faster than—we do have a system domestically. It's how are we going to protect—what are the regulations of calling K-pop? What are the systems of this institution disciplining artists at a global level? How many Korean languages linguistically have to be involved in a K-pop format? It's certain things that are actually protecting a lot of elements of what Korea stands. And I think it's an important time for us to think about what Korea is, because everyone knows the birth rate is the lowest in Korea. Past two years, it's picking up. But as a Korean society, when the richest and the smartest people, population, is living out of Korea because they are uncertain about the future, we need to constantly think about the identity of Korea living in Korean country, and keep being updated, whether it is business or academically or socially, as one—individuals having a voice of what Korea means to them. But I think when we are actually overpowering, the pop is also Western culture. Yesterday, for the China global brand session, the guy, CMO from CHAGEE, was talking about, he had many experiences working at McDonald's, which is an 80-year enterprise. Now, CHAGEE is only an eight-year-old enterprise, which is doing crazy. But it's combining the tea culture, which is Western, and the sort of drinking culture in terms of the access of the ritual culture that Chinese tea culture actually has, and spread that into the consumers. But I was thinking, the commodity of this is a sugar, which is also interesting. But in order for people to actually experience and have a new habit of enjoying a new culture, you always need to trigger something that people are obsessed about, which sadly is usually the wrong way of doing it at a very fast pace in order to get a quick return. But for companies like us, where we stand for heritage, we always think about how are we going to create a generation of wealth? How are we going to actually spread this as a category? Because soju still doesn't have a category around the world. Korean ceramic, people still don't know the difference between European porcelain and Japanese and Chinese celadon and Korean ceramics. So, for us, there are long ways to proving ourselves without imitation, and that's our standard. How are you going to stand on your own as a very small guy and person or product? How are you going to attract all these Koreans around the world for them to feel proud of who they are? It comes from original stories. But where European Commission research said that protected origin products can actually sell twice as much. For spirits, two and a half. But in Korea, when are we going to have appellation? When are we going to have all these things? When are we going to actually understand our *terroir*, to promote our own land? It's beyond, because I think when we don't really talk about what we have, people are always going to say your country's divided. Your country is that and that. And noise is always the biggest risk for us to lose our identity.

John B. Quinn 23:36

You made reference to a system.

Hee Kyung Lucia Cho 23:38

A system, yeah.

John B. Quinn 23:38

That you have a system. We know in the K-pop there's a system. We know how aspiring performers are trained, and only the very top make it. They talk about the discipline, the hard work. I think we have a theme emerging here that kind of explains a lot of the success in the Korean business world. Namsun, NAVER, you mentioned that Korea kind of got a head start on the rest of the world on the internet. And NAVER was a super success very early on, but that didn't immediately translate outside Korea.

Namsun Kim 24:17

Well, there was no need to, because you had such a viable domestic market when foreign markets, the consumer wasn't there yet. And so being able to serve a very well-connected domestic market was sufficient. A little bit more in terms of what is a system. I do think if you think about there's a system of production, whether it's training K-pop artists or whether it's producing soju, but I think it comes down to just the standard of taste and quality. So why are the French cosmetics companies the most valuable in the world? They're getting manufactured mostly elsewhere these days. It really is a standard of taste. And for Korea, it's been—we think of Korea as a heavy industry export country, but it began in the '70s and '80s when we were selling handsets and automobiles to the rest of the world, and it's that consumer-driven demand is what is bringing soju, HWAYO, and K-pop to the rest of the world as well.

John B. Quinn 25:19

Any reaction to this, Thomas?

Thomas Park 25:24

You know, our—

John B. Quinn 25:25

Capital doesn't have a nationality.

Thomas Park 25:27

No, we just have regulators around the world. I was actually thinking about what's important for our business and trying to find some parallels to the consumer goods and luxury business because I'm very interested to hear your guys' story. And I think as we had gone out to expand through acquisition, one of our biggest businesses is the exchange-traded fund business. And when we acquired, in 2018, a company called Global X, we discussed very intensively internally, what are we going to do with this brand? It was an \$8 billion business, which is now \$270 billion. But should we rebrand it to Mirae Asset, or should we keep the Global X brand because of its strength? And ultimately, we decided to keep that brand because it resonates in a much stronger way to the US investor and to the global investor than our brand. And I think that's important in luxury goods and in entertainment, I guess. But also, what's important is you've got to fill a need, some kind of gap for need. And we do that with our products, just like you might with HWAYO or you might with search, where if you've developed a product that somebody needs, then they'll come and find you, and that will help develop the brand. So that—sorry, that's just what I was thinking as you guys were speaking.

Hee Kyung Lucia Cho 26:40

No, you reminded me that these days, the most investment offers I get are non-Korean firms. And I find it very interesting. And I think that's the partial evidence that we're receiving so much attention. But when I ask, "What do you know about my company?" They have no idea, right? They just think that we are the oldest brand, and we have this repetition of success, and then we have a management team with the capabilities we could actually scale up. Because we did actually globalize Korean cuisine, bringing a Michelin Guide and creating a standard. We're the first one to receive Michelin stars, and then how it became a popularity around the world. But I think sometimes I wonder, why don't Korean financial institutions ever offer us something, a great opportunity for us to grow globally?

Thomas Park 27:45

We can talk about that later.

Namsun Kim 27:48

But there's an interesting thing. I know, John, you mentioned that capital has no, I guess, domicile or origin. There's an interesting thing that doesn't get picked up often, which is Korea's—thanks to the export economy—Korea's current account surplus right now is, in '25, was \$120 billion. However, the net investment outflows from the country offshore was more than \$150 billion. More than half of that came from the retail investor. And it's phenomenal when you think about \$60-plus billion of retail capital going out offshore through vehicles like Mirae Asset's ETFs, versus only \$2 billion of that being reinvested into the Korean stock market, which is really, really fascinating, where you have all these Korean products exporting and gaining traction outside of Korea, and the capital, the retail capital, also wants to go outside in massive amounts that dwarf the amount that's being reinvested into Korea. So, it's a capital plus goods and services trade that's going in the same direction now.

John B. Quinn 28:52

Yeah. So, for people who are—there's obviously a lot of people from the investment community that come to Milken conferences. What should they know about if they want to participate in what's happening in Korea, and the growth, and the popularity, and what we hear is the Korean halo effect? How can they get exposure to SM Entertainment or in any of your industries? Any observations on investing in Korea and businesses generally at this time?

Namsun Kim 29:19

I can kick it off. I mean, the tagline is Korea is still very undervalued. Even the semiconductor chip, the memory chips are at least 30 percent undervalued in the same stack of the memory. For example, compared to Micron, Hynix and Samsung are at least 30 percent trading at a discount. All sectors, compared to the bottom-line performance, are very, very attractive. And through vehicles like Mirae, more than half of the Korean financial institutions are foreign, Western-owned. There are opportunities to invest into all of our companies. I mean, we're all public. And even some of us, for example, NAVER has affiliates like WEBTOON that are listed on Nasdaq. And so, you have exposure to both content and consumer internet through that as well.

Hee Kyung Lucia Cho 30:10

For me, I think the market—because market is so volatile, I think you have to look at a long-term capital for sure. The thing is, for example, LVMH. It was a brand, and then actually the financial institution funded and created the LVMH what it is now, and then it has been emanating a lot of brands that is really heritage-based. And when I start looking at that, all European companies like Richemont, Cartier Group, Gucci Group, and all are European. So, I think there are a lot of cases that financial advisors or professionals can actually look at, and then looking into Korea, what kind of brands and institution can actually feel like that kind of investment. And I think together we can actually grow the global market, because it's the first time that actually around the globe, everyone is interested in Korea. And I'm sorry, before BTS and after BTS. Even for me, it's been a lot easier for me to promote Korean culture after BTS. So, there are a lot of people—a consumer in the end is a number, right? But the volume only matters if it becomes habitual and it becomes a long-term market. So, I think Korea is really interesting to invest in because it's unknown. And I think, yeah, I would love to have more conversations on creating more vision and innovations.

John B. Quinn 31:45

Yeah, we've heard about this Korea discount for a long time. What's it going to take for that to go away and maybe even see a Korea premium? There's such incredible global success stories. It seems to me like that should be possible. What is it going to take?

Daniel Jang 32:05

It has not happened, not yet. But like Namsun said, I believe there is still a Korea discount, but—

John B. Quinn 32:17

Why?

Daniel Jang 32:17

—it's anyway definitely true that more and more people, more and more investors are paying attention to Korean companies and Korean culture, too. Me and my IR team also have frequent requests from new investors. And also, in the meantime, I came here for Milken Asia Summit. I also have some potential investor meetings for our IR purpose. And I feel that people are more friendly approaching me and our company, too. And, yeah, it is also true many of our staff going to America for our business, they have many good experiences at the immigration offices when they are speaking to them, "I'm working for a K-pop company." Then, yeah, easily pass immigration. So, I feel that it's quite interesting and really a good thing. Korean people receiving some good hospitality in other countries outside Korea.

John B. Quinn 33:43

This Korea discount is often attributed to corporate governance issues, especially relating to the chaebols, which are still dominated by families and have these very complex structures. I know there have been some legal reforms in Korea where there's been legislation and legal changes that have reinforced the concept of shareholder fiduciary duties and trying to address these governance issues. Have these moved the needle at all in Korea?

Namsun Kim 34:14

I kind of have a different take on that. Governance is always blamed, but if you think about it, the chaebol or the owner, the founding generation, they don't have contractual rights to govern it. Whereas Mark Zuckerberg, he has supermajority voting. You cannot unwind that contractually, right?

John B. Quinn 34:33

Good point.

Namsun Kim 34:33

So, if you talk about bad governance, that's the epitome of bad governance. In terms of capital return, that's always cited. If you look back at the past 10–15 years, the capital return, the total shareholder return for US stocks was about 2 percent a year. Korea has always been around one or one and a half percent. You can't attribute a 50-basis-point differential to a Korea discount. I think it's going to take a lot of reckoning, a lot of awareness in terms of Korea's always been pigeonholed into this, it's part of—

John B. Quinn 35:03

Still classified as an emerging market.

Namsun Kim 35:06

—right. It's emerging markets, right. It's emerging markets, and it's highly cyclical.

John B. Quinn 35:08

Which seems crazy to me, actually.

Namsun Kim 35:10

Of course. And it's highly cyclical industries like semiconductors. And so, you have both of that compounding, where I think over the longer cycle, it always ends up suffering from a discount. But the more we're able to market and the more awareness in Korean culture, we're no longer an emerging market. The FX always kind of dampens that. But over time, I do believe that, and with great governance and with great entrepreneurship, that's going to change over time.

Thomas Park 35:39

Yeah. I'll take the opportunity to go back to investing in Korea. We primarily spend most of our time looking at private markets. But if you are looking at Korea, I will pitch our exchange-traded funds, which are rules-based, to give you exposure to different sectors of the Korean market. But I'm going to just maybe touch on something a little bit different, where if you look at the excitement that's happening with Korean semiconductor companies currently within this entire momentum we have with artificial intelligence and everything that's happening there. We were at a dinner where Jensen showed up and Chairman Chey and Chairman Lee from Samsung were there, and you could see that everyone is excited to work together towards developing this new technology. I'm actually very interested to see what happens in Korea that comes out of the success that SK and Samsung are having right now. The number of founders that come out of these companies with the different ideas that they have. This is something that I'm really interested to see develop.

Namsun Kim 36:40

The thing with this, when Chairman Chey acquired Hynix back in 2012, that was labeled as a bad decision, potentially bad governance by a second generation.

John B. Quinn 36:52

So, what is happening in the AI world in Korea? There's a lot of talk in many countries about AI sovereignty. Is that a thing in Korea? And then with increasing nationalism, every country's sort of creating barriers to sharing of data and, to some extent, IP and the like. Does that affect your business at NAVER?

Namsun Kim 37:21

That's interesting, because all this thing on sovereignty and nationalism, it's being promoted out of the US, right? All the protectionism and all the barriers to exchange, whereas the rest of the world, Europe, Korea, China, have no problem with the transfer of ideas and technology across borders. It hasn't had an effect yet, but there's an

opportunity, and NAVER is a leading AI company in Korea. We have our own large language model. We do have a bit of a dominant enterprise services business in Korea and are seeking more opportunities throughout Asia only because it serves as an opportunity where the US is becoming so protectionist, and where else is the rest of Asia or Eurasia going to rely on?

John B. Quinn 38:06

Are there some things that you think that Western companies can learn from the success of Korean companies? For years, it seemed that Korean companies were learning from the Japanese or the Chinese or the Americans. Now the table's turned a little bit. Any thoughts?

Daniel Jang 38:26

Maybe, like we benchmarked the Western music industry and also the popular music in Japan, and we also—Japan is still actually our important market, and many of our artists often visit Japan. But anyway, the current K-pop culture and K-culture is influenced by Japanese culture, too. But I think it's all about the communication and the interaction. So, but still, I meet people from the US music industry asking me about the K-pop system and the K-pop training systems and how we cast our trainees, those things. And they find out the differences between their music production and our music production, and—

John B. Quinn 39:33

And they're copying you.

Daniel Jang 39:34

—yes. And we learn from each other, actually.

Daniel Jang 39:37

And we always find that not everything we can just copy or learn and benchmark. We just respect each side and hope that that kind of communication interaction moves forward and help each other.

John B. Quinn 40:00

Lucy, what do you think in terms of premium products like yours? Are there things that you think Western companies can learn from what you're doing?

Hee Kyung Lucia Cho 40:12

What we have as problems, I think a lot of other countries also have as problems, because everything is at a very fast speed. But I think what we can learn about Korean consumers and corporates are, I think within a short period of time, there have been so many stories for creating brands around our heritage and who we are. I think it's something very interesting. So, I think to me, first, like you said, going through US immigration was always a nervous experience, but it's the first time that we're proudly actually being Korean. And I think if you pay attention to what is that feeling of being proud of your nation or national identity or any brands, I think there are some sort of future consuming behaviors and psychology that other countries will adapt. Think about it. I don't know, you come from all different countries. How many Malaysians are proud of Malaysian brands? How many Thai here are

proud of Thai brands for global audiences? I think that level of passion and vision is something—is our biggest strength, and I think we need to recognize that as well. So, instead of keep creating marketing sort of stories, I think it's about creating more as a country, creating these entrepreneurs, that the market will be sustainable if you have loyal customers. Who needs to be first? Korean customers. Global audiences will follow. So, I think when you look at your most heritage, and then your core of identity, it has to be the immediate consumers and then global audiences.

John B. Quinn 42:08

Yeah. Are there some things that you think investors consistently get wrong when they look at Korean companies and investing in Korea? Some common misconceptions?

Namsun Kim 42:22

I think definitely, as I pointed out before, they think of it as emerging markets and a local economy, which it obviously is not, and all the things that Daniel and Lucy are talking about in terms of exporting our content and our consumer products. The other thing is, for example, it's a very, very forward consumer economy, such as L'Oréal, when they launch new products, they always test it in Korea, because if it works in Korea, it's going to work in all the other developed economies in the world. So, a lot of the corporates understand that, whereas the investors think of developed Asia as very insular, bounded economies.

Thomas Park 43:01

I would say that actually, that's a great point, and I think that also is relevant within technology. And so, some of our portfolio companies, such as Polymarket or Perplexity, even though they don't have offices in Korea, some of their earliest users are Korean consumers. Some of the fastest to adopt and most innovative to use these products are coming from Korea. And so, one of the reasons why they come to us is they need to understand, well, what is happening in the Korean market that's really driving the success of this market? So, I think that's something to look more into, but it's fascinating to see that adoption at that rate.

Namsun Kim 43:36

Korea has the second-highest number of ChatGPT subscribers outside of the US.

John B. Quinn 43:41

Amazing. So, when you look forward, say, 10 years from now, directionally, you think how Korean businesses are evolving, especially outside Korea, globally. Do you think 10 years from now, Korean companies will still be distinctive, still be identifiably Korean, or is Korea just going to represent the country where they were founded? In other words, is there some dilution of the Korean aspect of Korean businesses that you see?

Hee Kyung Lucia Cho 44:14

Do we have options?

John B. Quinn 44:15

Yeah, please.

Hee Kyung Lucia Cho 44:17

I don't know.

John B. Quinn 44:17

Yes. Disagree or agree.

Hee Kyung Lucia Cho 44:18

No, I think we are a very competitive race. I think we make sure that we are relevant.

John B. Quinn 44:25

Awesome. That's good.

Hee Kyung Lucia Cho 44:26

But I think it's also, we have so many threats, Chinese market, Vietnamese. All these other countries around us are so competitive. So, I think that's a great sign for us to be always aware of, that there are threats around us, and that we have to constantly be advanced for other countries.

Namsun Kim 44:49

I think it's less about dilution and probably more about diffusion, right? If you think about the '60s and '70s, you had consumer appliances made by LG or handsets by Samsung or automobiles by Hyundai or Kia, which were discount brands. They were cheaper brands. But now they're becoming premium brands, when HWAYO is a premium soju, and K-pop, it's more than just the flavor of the month. And so, the diffusion and the strengthening of the brands, I would say they only strengthen over time.

Thomas Park 45:23

Yeah, I would say elevation. The big brands in the US or in Europe, you don't say, "Oh, this is an American company," necessarily. These are global brands, and I think that Korean brands are going to continue to elevate.

John B. Quinn 45:36

Well, I see we're out of time. Korea, an amazing country, small country of 50 million people with these incredible global companies, and we've had a chance to talk to some people that are doing something different than building automobiles and tractors and telephones. So, thank you all so much for joining us. Great discussion.

Announcer 46:09

We hope you enjoyed the discussion. Be sure to utilize the mobile app to stay up to date on the latest programming. As you exit the room, please remember to bring your belongings.

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