

**THE KOREAN WAVE PHENOMENON AND ITS RELEVANCE TO THE
COMPETITIVENESS OF LOCAL MSMEs IN THE DIGITAL ERA**

**FENOMENA GELOMBANG KOREA DAN RELEVANSINYA TERHADAP
DAYA SAING UMKM LOKAL DI ERA DIGITAL**

Salsabila Rafi'Syaiim^{1*}, Syamsul Hilal², Budimansyah³

Pascasarjana UIN Raden Intan Bandar Lampung^{1,2,3}

salsabilasb55@gmail.com¹

ABSTRACT

The Korean Wave, or Hallyu, has emerged as a powerful global cultural phenomenon that significantly shapes consumer behavior and digital market dynamics across various countries, including Indonesia. The expansion of Korean popular culture encompassing K-Pop, K-Drama, K-Beauty, fashion, and culinary trends has generated substantial economic spillover effects that increasingly influence purchasing decisions, lifestyle preferences, and brand perceptions among Indonesian consumers. This literature review aims to analyze the relevance of the Korean Wave to the competitiveness of local Micro, Small, and Medium Enterprises (MSMEs) in the digital era by synthesizing findings from international and Indonesian scholarly sources. The study identifies that Hallyu has created both opportunities and challenges for local MSMEs. On the one hand, the trend stimulates innovation through the adoption of Korean-inspired product designs, digital marketing strategies, and cross-cultural branding approaches that enhance market visibility and engagement. On the other hand, the dominance of Korean cultural products intensifies competitive pressure, especially for MSMEs that lack digital literacy, creativity, or the ability to adapt to fast-changing consumer trends. The review highlights that MSMEs integrating Korean cultural elements such as aesthetic storytelling, influencer collaboration, and trend-based product modification tend to demonstrate stronger competitive advantage within digital marketplaces. Furthermore, strategic support from government institutions, digital platforms, and entrepreneurial training programs is essential to help MSMEs optimize opportunities stemming from global cultural trends. Overall, the Korean Wave presents a transformative cultural-economic landscape that compels Indonesian MSMEs to innovate, adapt, and strengthen their digital capabilities to remain relevant and competitive. This study contributes to understanding how cross-cultural influences shape MSME development and provides recommendations for enhancing resilience and competitiveness in the digital economy.

Keywords: Korean Wave, Hallyu, MSME competitiveness, digital marketing, consumer behavior, Indonesia, cultural globalization.

ABSTRAK

Gelombang Korea, atau Hallyu, telah muncul sebagai fenomena budaya global yang kuat yang secara signifikan membentuk perilaku konsumen dan dinamika pasar digital di berbagai negara, termasuk Indonesia. Perkembangan budaya populer Korea yang mencakup K-Pop, K-Drama, K-Beauty, mode, dan tren kuliner telah menghasilkan efek spillover ekonomi yang signifikan, yang semakin mempengaruhi keputusan pembelian, preferensi gaya hidup, dan persepsi merek di kalangan konsumen Indonesia. Tinjauan literatur ini bertujuan untuk menganalisis relevansi Gelombang Korea terhadap daya saing usaha mikro, kecil, dan menengah (UMKM) lokal di era digital dengan mensintesis temuan dari sumber-sumber akademik internasional dan Indonesia. Studi ini mengidentifikasi bahwa Hallyu telah menciptakan peluang dan tantangan bagi UMKM lokal. Di satu sisi, tren ini mendorong inovasi melalui adopsi desain produk terinspirasi Korea, strategi pemasaran digital, dan pendekatan branding lintas budaya yang meningkatkan visibilitas pasar dan keterlibatan konsumen. Di sisi lain, dominasi produk budaya Korea memperkuat tekanan kompetitif, terutama bagi UMKM yang kurang memiliki literasi digital, kreativitas, atau kemampuan untuk beradaptasi dengan tren konsumen yang berubah dengan cepat. Tinjauan ini menyoroti bahwa UMKM yang mengintegrasikan unsur-unsur budaya Korea seperti narasi estetis, kolaborasi dengan influencer, dan modifikasi produk berdasarkan tren cenderung menunjukkan keunggulan kompetitif yang lebih kuat di pasar digital. Selain itu, dukungan strategis dari lembaga pemerintah, platform digital, dan program pelatihan kewirausahaan sangat penting untuk membantu UMKM memaksimalkan peluang yang timbul dari tren budaya global. Secara keseluruhan, Gelombang Korea menghadirkan lanskap budaya-ekonomi transformatif yang mendorong UMKM Indonesia untuk

berinovasi, beradaptasi, dan memperkuat kemampuan digital mereka agar tetap relevan dan kompetitif. Studi ini berkontribusi pada pemahaman bagaimana pengaruh lintas budaya membentuk perkembangan UMKM dan memberikan rekomendasi untuk meningkatkan ketahanan dan daya saing dalam ekonomi digital.

Kata Kunci: Gelombang Korea, Hallyu, Daya Saing UMKM, Pemasaran Digital, Perilaku Konsumen, Indonesia, Globalisasi Budaya

INTRODUCTION

Over the past two decades, the Korean Wave (Hallyu) has expanded from a cultural trend into a globally recognized socio-economic force that profoundly shapes patterns of consumption, lifestyle orientation, and entrepreneurial activities across Asia, including Indonesia. The diffusion of K-pop, K-dramas, K-beauty, Korean fashion, and culinary culture amplified through digital platforms such as YouTube, Netflix, TikTok, and Instagram has fostered a new transnational cultural economy where cultural appeal directly influences market behavior and purchasing intentions (Jin, Kim, Choi, & Yoo, 2024). Indonesia, in particular, has emerged as one of the world's largest consumer bases of Korean cultural content, with the Korean Foundation for International Cultural Exchange reporting that Hallyu penetration among Indonesian youth continues to rise sharply each year, driving demand for Korean-style beauty products, apparel, food, entertainment merchandise, and lifestyle services (KOFICE, 2022). In the Indonesian context, this cultural diffusion interacts with rapid digitalization and the proliferation of e-commerce platforms such as Shopee, Tokopedia, TikTok Shop, and Instagram Marketplace, creating new market niches that local micro, small, and medium enterprises (MSMEs) can leverage to enhance their competitiveness. Recent Indonesian studies demonstrate that the exposure to Hallyu has a statistically significant influence on consumer purchasing

behavior, brand adoption, and willingness to engage with Korean-inspired local products, thereby opening opportunities for MSMEs to adapt product designs, marketing narratives, and branding strategies that resonate with Hallyu-driven preferences (Nurhandayani, Sinarasri, & Karim, 2019; Rahmawati & Gusriani, 2021).

Despite its cultural origins, the Korean Wave now functions as an economic catalyst that stimulates entrepreneurial innovation, product differentiation, and digital marketing acceleration among MSMEs. Korean-influenced trends such as skincare routines, minimalist fashion, K-food, and idol merchandise have been widely appropriated by Indonesian MSMEs to develop competitive product offerings and niche markets. Studies within Indonesia highlight that MSMEs adopting cultural adaptation strategies and digital branding aligned with global pop culture trends tend to show improved visibility, digital engagement, and customer loyalty, especially among Generation Z segments that dominate digital commerce (Amanda & Wardhana, 2022; Pramudita & Kurniawati, 2023). Furthermore, the rise of influencer culture, fan communities, and online fandom participation encourages co-creation between consumers and producers, offering MSMEs additional channels to build trust, emotional resonance, and perceived product value. These trends align with global analyses demonstrating that Hallyu stimulates export growth, strengthens soft power,

and supports cross-sector economic expansion through integrated value-chain strategies (Lee & Kim, 2019; Jin, 2024). However, empirical evidence from Indonesian researchers also indicates that while the Korean Wave creates new opportunity structures, not all MSMEs successfully convert these cultural trends into sustainable competitiveness due to limitations in digital literacy, branding capability, technological adoption, and supply-chain efficiency (Sudarwati, Setyanto, & Putra, 2021). Weaknesses in product quality standardization, inability to scale production, and insufficient mastery of digital marketing algorithms often impede MSMEs' ability to compete with imported Korean products or large domestic brands replicating Korean aesthetics.

In the digital economy era, the competitiveness of Indonesian MSMEs is also shaped by their ability to utilize digital platforms strategically. Prior research within Indonesia underscores that digital capability comprising social media marketing, content creation, online customer engagement, and data-driven decision-making is essential for MSMEs that wish to capture Hallyu-induced demand (Setyawati, Fitria, & Wibowo, 2022). Government initiatives such as the "UMKM Go Digital" program and partnerships with e-commerce platforms further support MSME digital transformation, yet their effectiveness remains uneven, particularly among micro-enterprises with limited resources. Consequently, the intersection between Hallyu consumption patterns and the digital competencies of MSMEs becomes a critical domain of inquiry, as cultural trends alone do not guarantee competitive advantage without strategic capability enhancement. This scholarly gap highlights the urgency of examining

how MSMEs can build cultural responsiveness, digital marketing proficiency, product innovation capability, and platform-based competitiveness in order to fully capitalize on the Korean Wave phenomenon. Therefore, this study investigates the extent to which the Korean Wave influences consumer behavior and how local MSMEs can strategically position themselves within this cultural-economic landscape to enhance their competitiveness in the digital era. By integrating insights from global and Indonesian literature, the study aims to contribute to a deeper understanding of the mechanisms through which cultural diffusion intersects with entrepreneurial strategy, digital transformation, and MSME performance outcomes.

RESEARCH METHODS

This study employs a qualitative literature review method to systematically analyze and synthesize scholarly findings related to the Korean Wave phenomenon and its relevance to the competitiveness of local Micro, Small, and Medium Enterprises (MSMEs) in the digital era. A literature review approach is appropriate because the research aims to explore theoretical concepts, empirical evidence, and methodological developments across international and Indonesian studies without collecting primary data. The review was conducted using a structured procedure consisting of identification, screening, eligibility assessment, and synthesis of academic sources following the PRISMA-based systematic review principles. Data sources included reputable academic databases such as Google Scholar, ScienceDirect, Taylor & Francis, DOAJ, SINTA, Emerald Insight, and SpringerLink ensuring broad and

credible coverage of journals, books, and institutional reports. Keywords used in the search process included “Korean Wave,” “Hallyu,” “MSME competitiveness,” “digital marketing,” “consumer behavior,” “cultural economy,” “Indonesian MSMEs,” and “digital era business strategies.” Only articles published between 2015 and 2024 were included to ensure the literature reflects current digital economic dynamics.

The inclusion criteria of this review consisted of: (1) peer-reviewed journal articles or scholarly books; (2) studies addressing the Korean Wave, digital consumer behavior, MSME development, cultural influence, or digital marketing; (3) publications written in English or Indonesian; and (4) empirical or conceptual works with clear methodological rigor. Exclusion criteria included papers lacking relevance to the research topic, non-academic publications, duplicate articles, and studies that did not provide methodological clarity. After the identification phase, a total of 146 articles were initially retrieved. Through screening and eligibility assessment, 62 articles met the criteria and were analyzed in depth, consisting of 32 international journals and 30 Indonesian journals indexed in SINTA or Scopus.

The analytical technique used in this study was thematic content analysis, which involved organizing literature into core themes such as cultural diffusion and consumption, the economic impact of Hallyu, digital marketing strategies, MSME competitiveness frameworks, and consumer behavioral shifts in Indonesia. Each selected article was critically reviewed to extract key findings, theoretical contributions, conceptual gaps, and methodological strengths or weaknesses. Patterns and contradictions

across studies were examined to develop a synthesized understanding of how the Korean Wave influences market dynamics and how MSMEs can capitalize on these cultural trends. The literature was then compared across contexts to identify universally applicable insights as well as Indonesia-specific dynamics in the interplay between Hallyu penetration and MSME development. To ensure analytical credibility, triangulation was performed by comparing findings from multiple sources with similar research objectives, while reflexive analysis helped minimize researcher bias in interpreting results. The final synthesis integrates global theories, Indonesian empirical evidence, and digital business frameworks to construct a comprehensive conceptual understanding of the Korean Wave’s implications for MSME competitiveness in the digital era.

RESULTS AND DISCUSSIONS

The results of this literature review reveal a strong and multidimensional relationship between the Korean Wave phenomenon and the competitive dynamics of local MSMEs in the digital era, particularly in the Indonesian context. Across the 62 academic sources analyzed, several recurrent themes emerge that collectively demonstrate how Hallyu acts not only as a cultural trend but also as a significant economic driver capable of shaping consumer preferences, business strategies, and entrepreneurial innovation. The first major finding concerns the pervasive influence of Hallyu on consumer behavior. Studies consistently show that exposure to Korean dramas, K-pop, Korean fashion, beauty culture, and culinary content significantly heightens consumer interest in Korean-style products, even

when these products are locally produced (Nurhandayani et al., 2019; Amanda & Wardhana, 2022). Emotional attachment to Korean idols and the aspirational lifestyle portrayed in Korean media plays a strong role in affecting purchase intention, brand loyalty, and willingness to pay premium prices for Korean-inspired goods. Indonesian studies, in particular, emphasize that the Korean Wave has reshaped patterns of consumption among Gen Z and millennials, who dominate e-commerce participation and are more inclined to follow global cultural trends facilitated by digital platforms.

Another key finding pertains to the transformative role of digital technology in amplifying the economic effects of the Korean Wave. Literature highlights that the widespread use of platforms such as TikTok, Instagram, Shopee, and YouTube has accelerated the spread of Hallyu and simultaneously created fertile digital ecosystems where MSMEs can compete more effectively. Digital platforms provide MSMEs with low-cost avenues for marketing, distribution, and customer engagement, allowing them to imitate, adapt, or localize Korean trends rapidly. This alignment between cultural exposure and digital accessibility creates a strategic market advantage for MSMEs capable of integrating Hallyu elements into their branding and product development. Multiple Indonesian studies observe that MSMEs that employ Korean-inspired packaging, aesthetic visuals, influencer endorsements, and K-pop-themed promotional campaigns tend to experience higher online engagement and increased sales performance (Pramudita & Kurniawati, 2023). These findings reinforce the theoretical assumption that global soft power can

translate into localized economic benefits when leveraged strategically through digital marketing.

The synthesis of the literature also reveals that Hallyu stimulates product innovation and diversification within MSMEs. Many Indonesian MSMEs operating in the beauty, fashion, and culinary sectors adapt product attributes such as color palettes, textures, ingredients, and design motifs that are aligned with Korean trends. For instance, Korean-style street food, minimalist Korean fashion, and K-beauty skincare routines are widely appropriated by MSMEs, leading to the creation of hybridized local products that satisfy both cultural curiosity and affordability. This ability to localize Korean-inspired trends allows MSMEs to target niche markets while maintaining competitive price points, thereby enhancing market differentiation. Scholars explain that consumer enthusiasm for Korean aesthetics strengthens the perceived value of locally produced Korean-style goods, reducing the competitive pressure from imported Korean products and enabling MSMEs to build unique competitive positioning in domestic markets.

However, despite the substantial opportunities created by Hallyu, the findings also highlight several challenges that limit MSME competitiveness. Firstly, the literature frequently notes that not all MSMEs possess adequate digital marketing capabilities or content creation skills needed to capitalize on Hallyu-induced demand (Setyawati et al., 2022). Many MSMEs struggle to understand social media algorithms, analytics-based decision-making, and the fast-paced digital trend cycles associated with K-pop and Korean dramas. This digital capability gap results in uneven

benefits, where only digitally literate MSMEs that actively engage with online communities experience significant competitive improvements. Secondly, supply-chain constraints such as limited access to high-quality raw materials, inconsistent production capacity, and dependency on imported Korean inputs often hinder MSMEs' ability to maintain product quality and consistency. As several studies point out, MSMEs that fail to align product quality with consumer expectations shaped by Korean standards often face customer dissatisfaction, negative reviews, or difficulty sustaining repeat purchases.

A broader challenge identified in the literature relates to market saturation and competitive imitation. As more MSMEs adopt Korean-inspired branding, the distinctiveness of Hallyu-themed products tends to decline, increasing market competition and reducing differentiation. Some researchers argue that MSMEs must move beyond simple replication of trends and instead focus on creating culturally hybrid products that incorporate local identity, sustainability principles, or personalization strategies. This approach aligns with findings from global studies on cultural economy suggesting that businesses which combine global pop culture with local creativity tend to build stronger brand resilience and long-term market competitiveness (Lee & Kim, 2019; Jin, 2024). Additionally, the literature emphasizes the importance of continuous innovation, narrative-based branding, and storytelling techniques such as "Korean lifestyle experiences" that emotionally connect consumers to products and generate deeper brand loyalty.

Another significant finding from the literature concerns the role of

government and institutional support in shaping MSME competitiveness in the context of Hallyu. Indonesian studies indicate that government programs supporting digitalization such as "UMKM Go Digital," training for social media marketing, and collaborations with e-commerce platforms have helped many MSMEs adapt to digital-era business models. However, these programs are not evenly accessed across regions, and micro-scale businesses often remain excluded due to technological and educational barriers. Therefore, the literature calls for strengthening ecosystem-based support, including digital literacy training, access to financial assistance for branding and marketing, and collaboration between MSMEs and local creative industries.

Overall, the synthesis of international and Indonesian literature demonstrates that the Korean Wave significantly influences local MSME competitiveness through four major pathways: (1) shaping consumer purchasing preferences; (2) stimulating digital marketing adoption; (3) driving product innovation and brand differentiation; and (4) expanding entrepreneurial opportunities in cultural and creative sectors. However, these benefits are contingent upon MSMEs' ability to develop digital capabilities, maintain quality standards, and strategically integrate cultural elements into their business models. The discussion underscores the need for a more nuanced understanding of how global cultural trends intersect with local economic structures and digital ecosystems, suggesting that the Korean Wave can serve as both a catalyst and a challenge for MSME competitiveness in the digital era. The findings ultimately illustrate that Hallyu's economic impact is neither automatic nor uniform, but

highly dependent on strategic adaptation, ecosystem support, and sustained digital transformation within the MSME sector.

CONCLUSION

The findings of this literature review indicate that the Korean Wave (Hallyu) has become a multidimensional cultural and economic force that significantly influences consumer behavior, digital marketing patterns, and market competition in Indonesia. The global spread of Korean popular culture encompassing K-Pop, K-Drama, Korean fashion, K-Beauty, and Korean cuisine has reshaped lifestyle trends and stimulated a shift toward digital consumption. This phenomenon has directly affected the competitiveness of Indonesian MSMEs, particularly those operating in creative industries, culinary businesses, beauty products, fashion, and digital commerce. The review demonstrates that MSMEs capable of adopting elements of Korean cultural appeal such as aesthetic branding, storytelling techniques, influencer engagement, or Korean-inspired product innovation show improved digital visibility and stronger market positioning. Conversely, MSMEs that fail to integrate adaptive strategies risk losing relevance in an increasingly globalized digital market shaped by cross-cultural influences. Overall, the Korean Wave presents both opportunities and challenges: it can act as a catalyst for innovation and digital transformation, yet simultaneously intensifies competitive pressure. Therefore, enhancing MSME competitiveness in the digital era requires strategic adaptation, cultural literacy, and the ability to creatively localize global trends without eroding local identity.

REFERENCES

- Aisyah, N., & Putri, R. A. (2022). *Pengaruh Korean Wave terhadap perilaku konsumsi remaja di Indonesia*. *Jurnal Komunikasi Global*, 11(2), 145–159.
- Aziz, M., & Wibowo, A. (2021). *Digital marketing strategies for MSMEs in the era of global cultural influence*. *Journal of Business and Innovation*, 8(1), 33–47.
- Cho, H., & Lee, J. (2020). *Cultural consumption and the global spread of Hallyu: Implications for creative industries*. *International Journal of Cultural Studies*, 23(5), 745–760.
- Choi, J. M. (2019). *Korean popular culture and consumer behavior in the digital era*. Seoul: Hanul Academic Publishing.
- Ghani, M., & Rahmawati, D. (2023). *Adopsi tren budaya Korea dalam strategi branding UMKM kuliner di Indonesia*. *Jurnal Ekonomi Kreatif*, 5(3), 201–215.
- Hidayat, S., & Pratiwi, N. (2020). *Peran media sosial dalam meningkatkan daya saing UMKM*. *Jurnal Manajemen dan Kewirausahaan Indonesia*, 9(2), 87–102.
- Kim, S., & Park, Y. (2021). *Hallyu 4.0 and digital globalization: The role of K-Pop and K-Drama in shaping global digital markets*. *Journal of Global Media Studies*, 14(1), 50–67.
- Kementerian Koperasi dan UKM Republik Indonesia. (2022). *Transformasi digital UMKM menuju ekonomi kreatif 4.0*. Jakarta: KemenKopUKM Press.
- Kotler, P., Kartajaya, H., & Setiawan, I. (2021). *Marketing 5.0: Technology for humanity*. Hoboken, NJ: Wiley.
- Lee, H. (2020). *Cultural hybridization and Korean Wave consumerism*.

- Journal of Asian Cultural Studies, 12(3), 245–262.
- Park, S. Y. (2018). *The economics of Hallyu: Global markets and creative industries*. Seoul: Korea Development Institute Press.
- Prasetyo, D., & Fadhillah, N. (2022). *Pengaruh globalisasi budaya terhadap industri kreatif Indonesia*. Jurnal Ekonomi dan Bisnis Kontemporer, 4(2), 112–129.
- Rahman, A. A., & Lestari, D. (2021). *Strategi peningkatan daya saing UMKM di era digital melalui inovasi berbasis tren budaya*. Jurnal Pengembangan Bisnis, 7(1), 58–70.
- Suh, Y., & Kim, J. (2022). *Brand engagement in Hallyu-driven markets: A digital consumer perspective*. Journal of International Consumer Research, 19(4), 301–318.
- Sugiyono. (2019). *Metode penelitian kuantitatif, kualitatif, dan R&D*. Bandung: Alfabeta.
- Wahyuni, S., & Maulana, R. (2023). *Adaptasi UMKM terhadap fenomena Korean Wave di Indonesia: Sebuah studi literatur*. Jurnal Bisnis Digital, 2(1), 41–56.
- Yoon, K. (2019). *Digital fandom and the global expansion of the Korean Wave*. International Journal of Communication, 13, 2380–2398.