



The market for meaning: A new entrepreneurial approach to creative industries dynamics

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Abstract

Economists have long sought to better understand how cultural value is transformed into economic value in creative industries. We propose a three-phase model for this mechanism in which the economic creation of cultural value begins with private cultural production and consumption from which a cultural entrepreneur discovers or perceives meaning. A cultural trajectory then unfolds through a second phase as meaning is refined, tested, developed into a shared experience in a cultural market. In the third phase, meaning is organized into an economic and cultural form and feeds back into cultural production. We illustrate this model of a ‘market for meaning’ with a case study of K-pop. We discuss implications of our model for theories of the entrepreneurial process and theories of cultural and creative industries.

Keywords Cultural entrepreneurship · Creative industries · Cultural markets · Cultural production · Meaning · K-Pop

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1 Introduction

The question of how entrepreneurs discover opportunities in markets and then assemble resources to exploit them is central to entrepreneurship research (Gartner, 1988; Shane & Venkataraman, 2000). In the Schumpeterian model, entrepreneurs explore and develop new products or services to better meet consumer needs, thereby disrupting existing markets (Malerba & McKelvey, 2020). This provides a rich template for developments of entrepreneurial theory. In the individual opportunity nexus view, for instance, entrepreneurial discovery is based on combinations of product and service offerings and means of delivering value to the market (Davidsson, 2015; Shane & Venkataraman, 2000). Similarly, in the knowledge spillover theory of entrepreneurship (Audretsch & Keilbach, 2007) opportunities are discovered in the institutional environment, whereas Busenitz et al. (2014) emphasize the subjective evaluation of product or service offerings by entrepreneurs. The prevailing logic of this class of models is that the identification of entrepreneurial opportunity is based on an objective evaluation of the consumer utility that is expected from the offering. The Schumpeterian model of entrepreneurial conjecture of expected utility is useful to frame analysis where the basis for that utility is exogenously given or stable. However, that is less useful in the cultural context, where consumer preferences are endogenously shaped by culture and where a more complex pathway exists between cultural value and economic value. This paper thus proposes a new theoretical framework for entrepreneurial discovery of shared cultural meaning, into which the standard Schumpeterian models of innovation can then fit.

There are at least four distinct theories connecting the production of cultural value to realization of its economic value. First, there is the core periphery spillover model, as elaborated by Throsby's (2008a) concentric model of investment in a creative core of art (e.g., literature, music, performing and visual arts) that eventually spills over to more commercial applications such as film, computer games, design and advertising. Second, cultural geography or clustering models emphasize regional investment externalities on the demand side of markets and Marshallian external economies in production, with strong feedback dynamics (Bakhshi & Throsby, 2012; Cooke et al., 2008; Hesmondhalgh, 2012). Third, the evolutionary model of the artist as a cultural entrepreneur introduces novelty into the system that then disrupts the preexisting industrial equilibrium, driving market selection dynamics (Ellmeier, 2003). Fourth, choice under novelty problems, as in the model of the creative industries as 'social network markets' stems from the contracts between art and commerce (Caves, 2000; Potts, Cunningham, et al., 2008; Potts, Hartley, et al., 2008) in which preference externalities and information problems are solved through social mechanisms of choice with path-dependent feedback. However, these creativity–diffusion–disruption-type models mostly tend to steer around the problem of intersubjectivity as well as questions about the origin of new preferences and the demand for novelty (Roodhouse, 2011). The common ground implicit in all four theories is that this origin is the product of creative artists. In our model, however, we associate the dynamics in creative industries with entrepreneurial discovery.

Cultural commodities, whether goods or services, are vehicles for conveying cultural and creative content. Consumers perceive value in these goods or services when they successfully deliver symbolic meaning rather than simply accomplishing utilitarian or functional purposes (Potts, Cunningham, et al., 2008; Potts, Hartley, et al., 2008; Throsby, 2008a). Value that is created in cultural and creative industries therefore originates from satisfying consumers' non-material demand for esthetic and expressive purposes, for signaling and institutionalized means of communication, and for the refinement and creation of identity, among other psychological and intersubjective needs (Hirsch, 2000). In cultural markets, consumer preferences are influenced by not only the values and norms in a given social institution but the consumers' sense of identity (Dolfsma, 2004). The utility of cultural consumption derives in part from the symbolic meaning and social-cultural values that are presented and collectively constructed in a social environment, i.e., they are intersubjective.

In contrast to the 'artist as entrepreneur' theory of cultural entrepreneurship, entrepreneurial action in our model is not necessarily or even generally initiated by the artist, but is associated with the discovery or judgment of meaning in the domain of artistic production that is already given. From the Kirznerian perspective, cultural entrepreneurs discover intersubjective meanings formed in consumers' social networks and then act entrepreneurially to convert them into the meanings that can be commercialized in cultural markets. In our new theory, entrepreneurs in cultural markets play an essential role by acting as intermediaries between artistic production and cultural consumption in what we refer to as the market for meaning.

We proceed as follows. Section 2 reviews utility-based theories in cultural markets and introduces the concept of the 'market for meaning' as a theoretical lens over cultural entrepreneurship. Section 3 develops the trajectory model of cultural value creation and evolution, and Sect. 4 illustrates our model with a case study of K-Pop. Section 5 examines three core roles of cultural entrepreneurs, and Sect. 6 concludes.

2 Market for meaning as a new lens for cultural entrepreneurship

In the Schumpeterian model in cultural economics, artists are entrepreneurs who disrupt markets with new and creative products (Ellmeier, 2003). Though this may be an elegant metaphor built around the observation that both are creative forces, it is difficult to deploy when value and price are less tightly coupled (Beckert, 2020). In cultural markets, where functional utility is difficult to define and assess, market dynamics are governed not only by price signals but also by shifts in consumer preferences which are sometimes, and perhaps even often, intersubjective. Cultural entrepreneurs are therefore not necessarily artists, but those who discover opportunities by observing and creating connections between the subjective meanings of the cultural production and the intersubjectivity developed across consumer networks, groups and markets.

Schütz (1976) construed social reality as a world of meaning in which individuals collectively form intersubjective understanding in order to coordinate

economic actions with others (Dekker et al., 2018). Because cultural consumption is both subjective and intersubjective (Dekker et al., 2018; Hartley & Potts, 2014), the process of entrepreneurial discovery in the context of a cultural economic trajectory is integral to the commoditization of cultural values. Cultural consumers' social construction of intersubjective meanings embedded in cultural production is a subjective state. Cultural entrepreneurs create value by discovering meanings that generate resonance by linking shared consumer experience and institutionalized modes of expression with specific cultural products. Entrepreneurial discovery of cultural meanings, then, is a process by which cultural entrepreneurs (as value creating intermediaries) seek to make objective intersubjective meaning in a cultural market—a market for meaning—and by so doing to coordinate market participants (Kirzner, 2009).

The Kirznerian view of entrepreneurial discovery focuses on alertness to disequilibrium of price signals in the utilitarian market (Kirzner, 1973). Entrepreneurs then exploit an unfilled market need by establishing a price equilibrium between demand and supply (Roininen & Ylinenpää, 2009). From the viewpoint of Kirznerian scholarship, cultural entrepreneurship is a mechanism that entrepreneurs adopt to discover and mitigate mismatches and disequilibrium in cultural markets (Kirzner, 1999). In cultural markets, cultural entrepreneurs' alertness focuses not on arbitrage opportunities in prices but rather on the disequilibrium between subjective meaning and shared public symbols and perceptions. One dilemma of cultural production is how to deal with uncertainty in meaning. Since the meanings of artistic and cultural goods are typically implicit, understanding the market for meaning is essential for cultural production to thrive and proliferate (Dekker, 2015). Entrepreneurial opportunities in cultural economies exist because different market participants have different cognitive mechanisms to construct subjective meaning.

Cultural consumption entails subjective interpretation of cultural meanings (Frith, 2006). Cultural goods and services do not therefore have value in themselves. Rather, meaning must be framed in a cultural marketplace in order to be interpreted by consumers (Dolfsma, 2004). Cultural entrepreneurs create value by discovering value creation opportunities when they perceive an opportunity to re-calibrate intersubjective meaning from within suboptimal market configurations. To do this, cultural entrepreneurs must recognize the potential connection between individual consumers' subjective meaning and the symbolic message carried by the cultural product, and then commercialize the linkage by refining and shaping intersubjective meaning.

The role of the entrepreneur is crucial to the economics of creative industries, but not as developed in the modern Schumpeterian literature (artists as cultural entrepreneurs or sources of variety). Rather, missing from existing models is a theory of cultural entrepreneurship as a form of subjective market discovery (*à la* Kirzner, 1973; Foss and Klein 2012) and specifically the discovery of commercializable meanings (i.e., non-price discovery of value). Cultural entrepreneurs are those who start a business in a creative industries sector (Chen et al., 2017; Throsby, 2008a), but they are not necessarily engaged in artistic creation. Rather, cultural entrepreneurs seek to discover and create consumer affinity by discovering meaning (and value in the

cultural market) in artistic creation and facilitating its appreciation by an audience. Cultural entrepreneurship is, fundamentally, a market discovery process.

3 A new model of the cultural economic trajectory

The dominant model linking cultural and economic systems is the value chain, in which cultural novelty is produced in the cultural sphere, and is then part of the production of economic novelty and value. From the view of industrial value chain, creative industries are a value creation process with multiple stages through which cultural values are created out of artistic novelty and then acquire economic value with the construction of intersubjective meanings. We propose a three-phase trajectory of production, discovery and institutionalization in order to elucidate the process of value evolution in cultural and creative industries, as shown in Fig. 1.

A central premise of the cultural economic trajectory is that creativity and culture are constructed and negotiated by three key actors: (1) cultural producers, (2) entrepreneurs or intermediaries and (3) cultural consumers—through an interplay of symbolic and sensory modes of experience and their concomitant meaning systems in which those actors are engaged (Venkatesh & Meamber, 2006). The first phase of this cultural trajectory model starts with cultural production, where artists integrate existing cultural elements with their creativity to produce original and novel content. By conceiving new content, artists embed subjective meaning they want to deliver to cultural products and services. Consumer networks then form *intersubjective meanings* of the cultural production when experiencing or making transactions of the cultural products (Hartley & Potts, 2014).

In the second phase, entrepreneurs discover socially constructed meaning of the cultural production in the first phase. Potential consumers interpret and appreciate the symbolic message of creative content loaded on creative products or services only when they have cohesive experience, understanding and sentiment about cultural meanings. The driving force in this evolutionary model of cultural

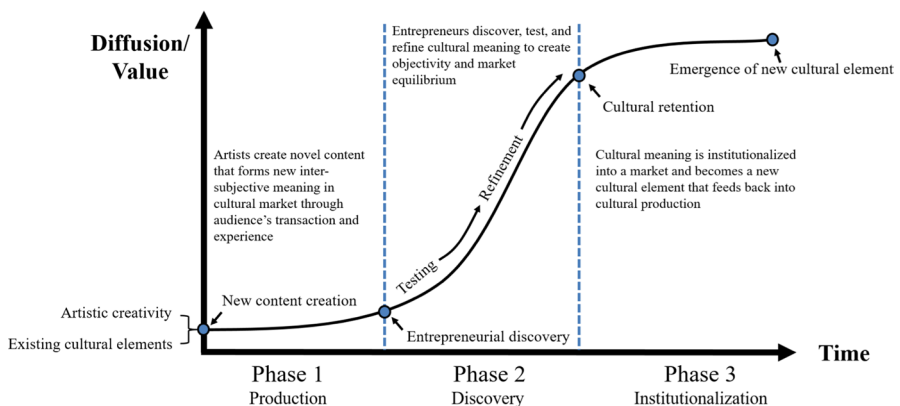


Fig. 1 Cultural economic trajectory

dynamics is the entrepreneurial discovery and experimental market testing of intersubjective meaning.

After entrepreneurial discovery and meaning refinement, the third phase of cultural institutionalization infuses cultural value or meaning into a group of individuals, perhaps a subculture, within a society. Due to the intersubjective nature of cultural consumption, articulation of consumer preferences is mediated by institutions, social norms and cultural values (Dolfsma, 2004; Frith, 2006). Institutionalization of cultural meanings is the process by which symbolic meanings become patterned and established to incorporate a new idea or set of cultural values (Kozinets, 2001). As a result, the creative content itself may become a new cultural element in the society and fed back into cultural production.

3.1 Phase 1: Cultural production of ideas

Cultural economies are formed from ideas, values and understandings (Howkins, 2001). Cultural production seeks to generate intangible content that creates meanings by embedding ideas in tangible products and services to interact with the audience and potential consumers in cultural markets. Creative businesses, in turn, seek to generate and exploit ideas, sometimes as intellectual property, through commercializing individual creativity, skill and talent (DCMS, 2001). Cultural products or services are an outgrowth of creative individual imagination and expression that seek new ways of seeing, representing and interpreting the world. Creativity, innovation and authenticity represent cultural production's peculiar features and the principal reason artists and creative producers can create market value. Cultural producers that do not grasp ideas that can be turned into profitable contents and marketable meanings will tend to fail (Throsby, 2008b).

The value of cultural production is determined by meaning embedded in creative content that enables consumers to express individual and social identity through the products or services (Ravasi & Rindova, 2008). The agglomeration of four important factors—cultural elements, artistic creativity, contextual idiosyncrasy and technological development—may substantially affect the process of symbolic value construction. In order to form new creative content, artists draw upon their creativity, inspiration and imagination to integrate existing cultural elements and contextual idiosyncrasy as the elements of cultural production. Furthermore, new technologies may also enrich creative production by adding novelty and originality to creative content (Bakhshi & Throsby, 2012).

Cultural production rejuvenates cultural elements that occur when artists use their creativity and artistic skills to infuse new subjective meanings into products, services or performances. The new content attracts consumers and creates value in a cultural market by embedding the symbolic meanings that cultural producers want to convey. When consuming and experiencing cultural products or services, consumers also generate subjective meaning through their interpretation of content. The subjective meaning acquired by individual consumers collectively forms the intersubjective meaning through a process of social construction across

consumer networks (Hartley & Potts, 2014). The process of cultural production is illustrated in Fig. 2.

Most creative content is generated from existing cultural images. Cultural elements are the building block of creative production, including a broad range of concepts spanning cultural systems (e.g., value, belief, custom, institution, etc.) to visual and vocal presentations (e.g., graphics, texture, rhythm, music, etc.), textual expression (e.g., argot, proverb, narrative, legend, poem, etc.) or combinations thereof (Klamer, 2017). The proliferation of a cultural element over time signifies its magnitude in a cultural system. When a cultural element survives and is preserved in collective experience, it can serve as a building block for future cultural production. Creative products and services generate value to consumers by bearing symbolic messages shaped by cultural elements embedded in its content. A cultural product or service can be 'read' by consumers when they are literate in its symbolic message (Lash & Urry, 2002). This is the origin of consumer utility in cultural markets.

Artistic creativity involves the cognitive skills to generate original ideas and to imagine novel ways of interpreting the world, expressing the symbolic meanings in text, sound and image (Henry & de Bruin, 2011). Creativity in artistic and cultural production determines the esthetic taste and ingenuity in mixing cultural elements in a meaningful way. In the componential theory of creativity, domain-relevant skills and appropriate cognitive processes determine an individual's ability to produce creative ideas (Amabile, 1996; Chang & Shih, 2019). Four particular skills strongly impact a cultural producer's creativity: discipline-specific depth, disciplinary agility, social network capability and digital savvy (Bridgstock, 2011).

The initial value of creative works is determined by not only the input of artistic creativity but also the *contextual idiosyncrasy* and unique qualities attributable to the individual or group producing the good or service (Throsby, 2008b). Therefore, the reputation of content producers, the venue of creation or relevant contextual facts may strongly influence the success of the creative products or services, as suggested by Delmestri et al. (2005).

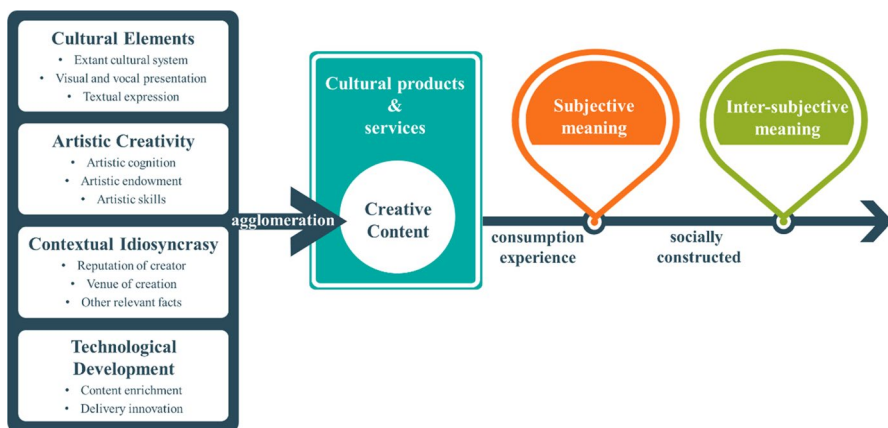


Fig. 2 Process of cultural production

Cultural production increasingly works through new technologies to find new ways to commercialize creative production or pursue cultural missions (Bakhshi & Throsby, 2012). Adopting state-of-the-art technologies or innovative approaches may elevate the value of creative content by strengthening its utility, functionality or versatility or enriching its expression, articulation or illustration. Advanced technologies increase an artists' flexibility to imagine richer and more lively creative content through infusing novelty, originality, uniqueness and other hedonic attributes that constitute an integral part of cultural consumption (Miles & Green, 2008; Panourgias et al., 2014).

3.2 Phase 2: Entrepreneurial discovery of meanings

Products and services in the creative industries are often new or novel to potential consumers and therefore also entail high uncertainty (Potts, Cunningham, et al., 2008). Uncertainty in assessing quality has been considered a major information problem, caused by asymmetrically distributed information about authenticity, which prevents an above-average-quality product from maximizing its market value (Akerlof, 1970). Unlike the general commodity market, where product quality and value can be objectively established by examining the products' functionality and utility, the quality of artistic work or creative contents in the cultural market is determined by symbolic meanings and implicit image embedded in the products. Goods and services in cultural markets are often well understood as platforms or distribution mechanisms that provide symbolic content for achieving higher-order benefits, such as spiritual satisfaction, self-fulfillment and identity construction (Gutman, 1982; Vargo and Lusch, 2004).

Outside the intersubjective meanings, consumers have no reference for evaluating cultural products' quality and value, which are collectively determined by network interactions (Beckert, 2020). Entrepreneurial discovery in the cultural market requires identifying disequilibrium in a cultural product's artistry, originality, practicality and commerciality, which may point to the fitness between subjective meaning and consumer preferences (Chang & Chen, 2020). The goal of cultural entrepreneurs' market discovery is to reduce uncertainty in the value of cultural products and induce favorable changes in preferences to therefore align needs and supply in the market for meaning.

Preference externalities are the driving force for the market value of cultural products/services due to diversified preferences across segments of cultural consumers and to the fixed costs of producing cultural goods/services, such as time and artistic effort (Anderson and Waldfogel, 2015). Creative industries are commonly characterized by high fixed costs that limit entry and the capacity for producing different product lines to cater for various market preferences. In particular, the rise of digital economy intensifies the impact of preference externalities on symbolic value of cultural products/services, making cultural suppliers increasingly apt to deploy resources to the contents that are already appealing to the market or ready to be shared and liked on social media platforms (George and Peukert, 2019; Potts, Cunningham, et al., 2008). In the cultural market driven by preference externalities,

cultural suppliers are incentivized by the greater market value to serve larger consumers' community with shared preferences at the cost of the minority segments.

Preference construction is an intersubjective and endogenous process of quality evaluation, through which market actors mutually observe the assessment decisions and incorporate them into their own valuations (Beckert, 2020; George and Peukert, 2019). The process of value assessment for cultural products is not intrinsic to the objective qualities but rooted in endogenous preferences (Bowles, 1998). Given the continuing variety and novelty, combined with endemic uncertainty in cultural economies, the meaning embedded in creative content serves as a focal point to fix attention and value in cultural consumption. The proliferation of cultural products or services relies strictly on the effort of meaning refinement to reduce consumer uncertainty by establishing intersubjective meanings within a cultural value system. Therefore, to construct favorable market preferences, cultural entrepreneurs must refine intersubjective meanings to promote an upward spiral of positive preference externalities.

3.3 Phase 3: Institutionalization

The third phase of cultural innovation trajectory is institutionalization of new symbolic meaning, as the process of social memory formation. Institutionalization emerges when the symbolic value becomes the intersubjective experience shared by people in a common societal context when symbolic meanings are embedded in collective cultural memory and consumption.

Institutionalization of cultural meaning is a defining characteristic of cultural consumption, though a cornerstone of sociological analyses (Bourdieu, 1984; Schroeder, 2002) is still widely ignored in economics (Frith, 2006). When consuming particular cultural goods or services, individuals tend to consider past meanings, conjecture future meanings and assemble present meanings of cultural constructs. The consumer then takes the symbolic meanings that are transferred from the contents as produced and circulated and uses or transforms those meanings in consumption and identity construction.

Based on this rationale, there are three key stages of institutionalization for cultural meanings, including the shared experience of symbolic meanings, construction of cultural memory and creation of new cultural elements, as shown in Fig. 3.

Coevolution between economic dynamics and cultural dynamics is the basis of creativity that underpins both economic and cultural growth. In an experience economy, economic activities of cultural production focus on creating experiences by delivering symbolic messages instead of merely offering goods or services. An experience is 'co-produced' by an interaction between the cultural goods and its consumers. Consumers' interaction and co-production of shared experience, therefore, play an important role in facilitating sensemaking for the content borne by the cultural goods or services.

Institutionalization of cultural content is a complex and long-lasting process, which infuses individuals with the symbolic concept to form cultural memory either in a bounded region or across a cultural boundary. The continuity of symbolic

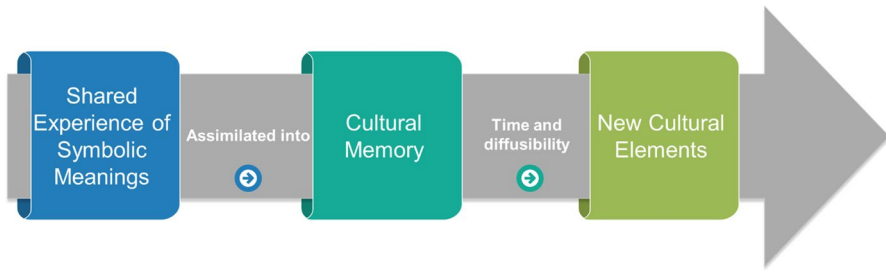


Fig. 3 Institutionalization of symbolic meanings

content, which determines whether a cultural meaning can be sustained long enough to become a part of a cultural system, may be largely influenced by how the content involved is diffused. Constructing cultural memory is a long-term and cumulative process that requires various resources. Thus, consecutive interaction with the potential audience over an extended time is the most prominent determinant for preserving a given symbolic meaning in the collective cultural memory of social actors. Nevertheless, the key to long-term duration of symbolic value relies on diffusion of creative content, which is influenced by factors such as abstractness, recognizability, common esthetic appreciation, fungibility, original linguistic relevance and social-cultural dependence.

The circular model of cultural economic trajectory is shown in Fig. 4. This cultural economic trajectory embodies the dynamic and intersubjective process of how symbolic meanings are produced, discovered, refined and institutionalized in the cultural market. The output of the trajectory is the formation of new cultural elements stemming from social actors' collective sensemaking towards creative content's symbolic meanings. Diffusion of meaning and its influence may occur through the circulation of knowledge and information regarding symbolic values in the market and society at large. As a given symbolic meaning circulates through the cultural innovation trajectory, it is more likely to evolve and become a part of the cultural system, thereby feeding back into subsequent cultural production.

4 K-Pop: Empirical observations of cultural economic trajectory

To illustrate this model, we consider the Korean popular music industry (K-pop). In the past two decades, K-pop has made the South Korean music industry into a lexicon of global popular culture and an icon of the Asian music industry (Cho et al. 2019). Not only has K-pop entranced domestic and global fans through its visual appeal, performances and vocal skill (Choi & Maliangkay, 2014), it has also attracted the attention of international media and cultural economists since its revenues have the highest annual growth rate (19.2 percent) in the international music industry (IFPI, 2015). K-pop has become an integral part of South Korea's economy (Doré & Pugsley, 2019), and its impact on the global music market can be seen in

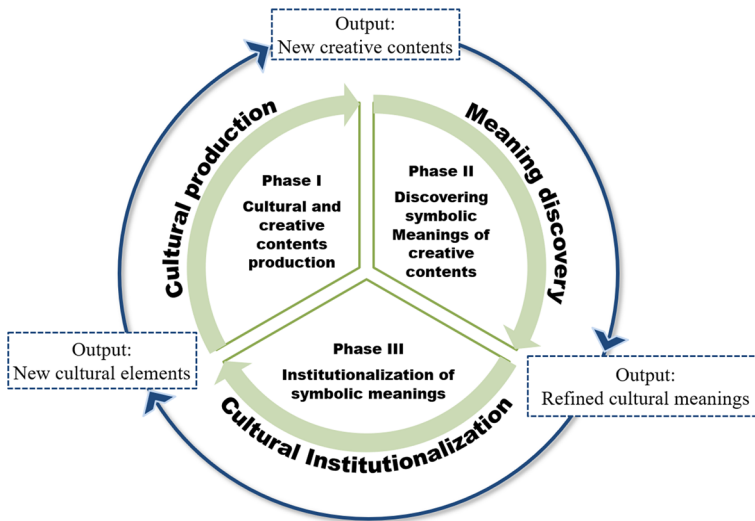


Fig. 4 Circular model of cultural economic trajectory

K-pop artists' (i.e., Bangtan Boys, BTS) winning of major international awards in the music industry (Dal Yong & Hyangsoon, 2020).

4.1 Cultural production in K-Pop

Behind the growth of K-pop is an integrated and systematic strategy derived from cultural entrepreneurs' production of appealing cultural meanings as well as successful discovery and refinement of intersubjective meanings in the audience' networks to catalyze the global market penetration. Traditional pop music production has struggled to be sustainable as the revenue streams have shifted from recorded CD sales to digital streaming and downloading services. In the early 2000s, Korean music producers foresaw the growing importance of technological convergence and digitalization of cultural content, which enable cultural production to be delivered to audiences much more efficiently through various channels. More importantly, Korean music producers realized that the worldwide consumption of pop music would experience a paradigm shift from 'listening to music' to 'watching and experiencing music' after the streaming media matured the baseline of the pop music industry (Doré & Pugsley, 2019). The K-pop industry capitalizes on technological advantages of the Internet and multimedia (e.g., highly developed information infrastructure and skilled digital technology professionals) to orchestrate new meanings with the creative combination of old cultural elements and novel delivery approaches.

The symbolic meanings in music production are encoded in the genre and the artists' creativity of mingling musical elements to create new ways of musical presentation. Music consumers' ability to appreciate a song depends on various cultural factors, such as language, understanding of the context, expressiveness and a taste

for hedonism, which together form the body of the symbolic meanings that artists convey to their audiences. Nonetheless, an artistic work's boundary-spanning ability is often limited by regional cultural differences. Cultural entrepreneurs can increase value by establishing meaning that connects artistic production to target consumers with different cultural backgrounds. The K-pop industry has long used a highly standardized trainee system to seek versatile talent and to equip them with the skills needed to succeed in the international entertainment market, such as dance, vocals, fashion, foreign language and public relations (Choi & Maliangkay, 2014).

Pop music production studios in Korea have developed artists' English proficiency and recruited artists with different cultural backgrounds to build cultural connectedness and affective affinities in the relationship between the artists and their fans in international music markets. Moreover, to generate cultural meanings appealing to a global audience, the Korean music producers mix Eastern and Western cultural elements by recruiting and cooperating with music composers and choreographers from the USA, the UK, Denmark, Norway, Sweden, etc. The cultural hybridization of Western pop culture (which remains a beacon to global entertainment industries) and the unique eastern Korean connotation creates a spatial-temporal zone of signification and generates new symbolic connections across cultures (Ryoo, 2009).

4.2 Discovering culturally hybridized meanings in music production

The effective global penetration of K-pop music production has been attributed to Korean studios' endeavors in shaping market preferences by penetrating both international and local audience networks. To reduce cultural meanings' disequilibrium between Korean musical artists and their global audience and gaining worldwide acceptance, the entrepreneurial efforts of music producers in discovering meanings in music content are embodied in extracting the elements from Korean cultural systems and melding them with Western cultures. Specifically, since its early development, K-pop entertainment companies have targeted the market of millennials and postmillennials, who use mobile devices to experience and transact music-related products. With advances in information technologies and mobile devices, the Internet dissemination of information and opinions allows K-pop companies to manipulate the influence of social media to form a tight-knit global community of fans, eliminate the restraints of national boundaries and penetrate pop cultures of different regions.

Entrepreneurial discovery in the pop music industry is the identification of opportunities to cultivate, refine and re-calibrate intersubjective meanings in consumer networks to establish an equilibrium between content producers and consumers. The predominant obstacle to music consumption across cultures is the lack of common languages and cultural understandings for consumers to appreciate symbolic meaning and artistry. Due to the uncertainty of intangible content and high fixed costs in media markets, collectively formed preferences in consumer networks largely determine the potential market value of artistic work (Anderson and Waldfogel, 2015). To shape mainstream opinions in consumers' networks worldwide, K-pop production

companies sought to create a better understanding of the hybridized cultural connotations to engender resonances of cultural meanings and to revise audience's tastes in esthetics and music. For example, despite the language difference, K-pop studios cultivate collective meanings among fan groups by frequently holding big events in major markets (e.g., concerts, music festivals, award ceremonies). Furthermore, K-pop often blends the vibrant styles of Western music genres and exotic Eastern ideology with catchy lyrics and tunes along with English song titles. Also, the highly produced music videos and the simple yet eye-catching dance performance form an integral part of a unique content delivery approach for K-pop music to the market. K-pop's cultural value delivery creates ideal conditions to go viral in social media as a cultural icon in the global entertainment industry.

More critically, to forge intersubjective meanings that can spread across cultural boundaries, K-pop producers collaborate with social media influences from different countries and intensively manage K-pop artists' fan pages to ensure positive and prolonged interaction between international audiences and the stars (Choi & Maliangkay, 2014). To increase affinity, K-pop artists are strategically scheduled to appear in TV series or reality shows broadcast live and internationally through social media available in any mobile platform, bringing the opportunity for performers to display themselves and give their fans a sense of participation.

4.3 Institutionalization: Industrializing the symbolic meanings of K-pop

K-pop's success has not only become the driving force behind the prosperity of South Korea's entertainment industry across television, movies and mobile gaming, but has also promoted related economic sectors such as fashion, consumer products (e.g., cosmetics and skincare) and tourism. Indeed, K-pop's diversity of musical genres and performance styles supports the industry's attractiveness to a broader audience, and its hybridized meanings also contribute to the generation of new cultural elements (i.e., symbol, appearance, ideology) among fans that provide the basis for further cultural production. When meaning generated by K-pop is culturally and institutionally imprinted, it becomes a cultural element that can be reused.

The growing commercial value of the K-pop attracts resource providers and investors to the industry for the enormous benefits that come with providing K-pop contents and all its concomitant market activities, further strengthening the circulation of symbolic meanings. K-pop embodies a self-reinforcing ecosystem that links different sectors within or beyond the entertaining businesses and highlights the role of cultural entrepreneurs in fueling the momentum of cultural supply.

5 Three core roles of cultural entrepreneurs

Cultural consumers' purchase decisions are in part made based on symbolic meanings that define the expressive quality of cultural production. To connect the cultural contents and consumer preferences, it is imperative for cultural entrepreneurs to intervene in the formation of intersubjective meanings that occurs with the actors

in cultural markets and defines a cultural product's perceived quality and value. Refinement of cultural meaning can be the process of seeking cultural equilibrium through embodying symbolic contents, which lead potential consumers to embrace cultural production by arousing positive consensus on, making sense of and creating sentimental bonds with the quintessential meanings. Quality of cultural production are established with the contingent judgments shaped by the intersubjectively shared narratives, formed by mutual observations, advertising and branding, and by the experience of consumers (Beckert, 2020). Correspondingly, three types of effort: marketing and branding, maneuvering the power of social networks and consumer education, profoundly affect the refinement of meaning for cultural production, as shown in Fig. 5.

5.1 Marketing and branding

Cultural consumption expresses personal identity and taste, while marketing and branding refine given meanings in order to construct preferred conceptions for specific groups of consumers. Brands in cultural economies and creative industries are important cultural objects and have significant symbolic value

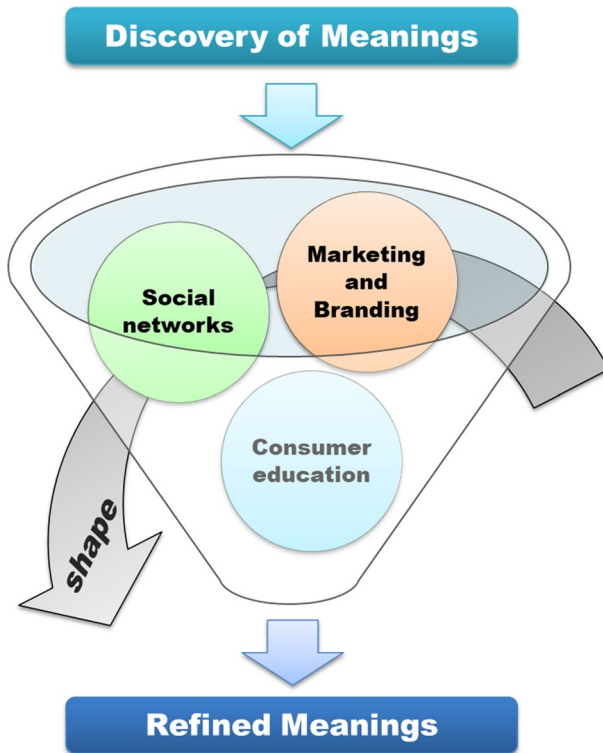


Fig. 5 Entrepreneurial discovery and meaning refinement

(Beverland 2005). Brand development is the production of a cultural perspective that determines how consumer perception is imbued with symbolic messages carried by specific products or services (Peterson & Anand, 2004).

The cultural production literature has acknowledged marketing as an intermediary activity that conveys creative and cultural contents to potential consumers through additional and refined symbolic meaning (Schroeder, 2002). Marketing activities are integral to cultural commercialization, shaping consumer perceptions of the cultural and creative content through mediation within the symbolic system. Marketing and branding activities enable intangible creative content to facilitate producer–consumer interaction through opportunities to influence consumers' sensemaking of novel products.

Consumers' perception of a creative product or service is shaped by their interpretation of meaning within the creative content, which is an outcome of the intricate interaction between individuals' value, interest, affection, experience, belief and their cultural context. Marketing and branding activities create value by endowing the cultural products or services with meaning. For example, new or novel art may fail commercially without the entrepreneurial discovery of qualities of intersubjective meaning, such as exotic provenance, superior craft-work or a remarkable background.

5.2 Hacking social networks

Reputation establishment is a vital part of branding and marketing activities in the cultural and creative marketplace. Social networks among all potential consumers are the conduit through which authenticity is built and disseminated, facilitating choice and adoption of novelty. Cultural production stems from and creates value through symbolic novelty, which inherently carries uncertainty in consumer perception because it is subjective and non-utilitarian. Thus, compared to other economic sectors, the success of cultural goods or services relies more on word of mouth, taste and social feedback, because individual choices are easily dominated by information and judgment received from personal and societal contexts, rather than innate preferences and price signals (Potts, Cunningham, et al., 2008).

Creative content has high expectational uncertainty for consumers (Kretschmer et al., 1999). Social contagion theory suggests that people prefer to do what other people do, due to the benefits of being able to share social experiences, particularly in cultural and creative industries where the quality of goods or services is highly uncertain (Potts, Hartley, et al., 2008). From the view of preference externalities, individuals tend to form their sense of a novel object with regard to the preferences of other people, particularly in areas where the quality of goods or service is uncertain (Banerjee, 1992; Bowles, 1998). Maneuvering the consensus in social networks of potential consumers is likely to be an efficacious way to shape majority preferences by instilling the sense of value into a given market.

5.3 Consumer education

In addition to marketing and branding, consumer education is also a common and effective approach to shaping the meaning of cultural production. Educating consumers may involve indoctrinating tastes and trends, the particular aspects of cultural goods or services, the artists who produced the goods, as well as anecdotes or the cultural context of the creation (Foord, 2009; Paige & Littrell, 2002). Consumer education is vital for shaping consumer-perceived intersubjective meaning by transferring symbolic messages of cultural contents to a potential audience, since it provides a frame of reference for consumers to make sense of and appreciate the cultural value of the creative contents.

6 Conclusion

Creative industries extract economic value and social benefit from art and cultural products (Kerrigan et al., 2009; Konrad, 2013). By focusing the theory of economic innovation on the economics of arts and culture, cultural economists have over the past few decades better understood the mechanisms by which investment in creative industries drives economic growth and dynamics (DCMS, 2001; Roodhouse 2003; Potts, 2011; Chang & Chen, 2020; UNESCO, 2013). However, many of the specific economic mechanisms by which this transformation occurs remain unclear; so the precise mechanisms by which creative industry policies work also remain obscure. Indeed, considerable territories of the complex causal nexus between cultural and economic systems remain unmapped (Klamer, 2017). As a contribution to surveying this territory, we present a model of an entrepreneurially governed pathway by which cultural value creates economic value.

This paper combines *value chain theory* and the theory of *entrepreneurial discovery* for a new model of the market mechanism that translates cultural value into economic value. Specifically, we develop a model of a cultural economic trajectory to elaborate how cultural value evolves through three main phases with three distinct business activities: cultural production; meaning discovery; and institutionalization. In the traditional value chain model, the business activities in cultural economies are production, marketing, distribution and consumption. Our model, however, attaches greater importance to activities and situational conditions that affect the evolution of symbolic meanings embedded in cultural goods or services. This cultural economic trajectory model assumes that consumption of cultural goods or services may occur at any stage of the cultural trajectory, unlike the traditional value chain in which consumption is the final activity. As a result, instead of emphasizing how cultural goods or services are processed and consumed for economic value creation, our new model of the cultural economic trajectory explains how cultural values of creative content evolve to become a part of a cultural system and to serve as the cultural elements for successive cultural production.

One key aspect through which this paper advances the existing research on cultural economies is the inclusion of the Kirznerian view of entrepreneurial discovery, which is the second phase of the cultural economic trajectory in Fig. 5.

Understanding value evolution of cultural products or services can lead to better business models that balance artistic and commercial endeavor (Caves, 2000). More essentially, different sectors in cultural markets involve diverse commercial activities that include distinct types of cost structure, profit potential and complementary assets for supporting the evolution of cultural values. Our model furthermore implies that cultural entrepreneurs' mission may depend on which layers of cultural sectors they engage in (Throsby, 2008a). Table 1 shows the missions of cultural entrepreneurs in different cultural sectors, which are pivotal to the market viability of cultural production.

The sectors of core creative arts originate from the cultural producers' creation of literature, music, performing arts, visual arts. Some cultural producers resist the identity transition from artists to artwork dealers since the business activities deviate from their innate enthusiasm for artistic creation (Ellmeier, 2003). Thus, cultural entrepreneurs are not necessarily the producers of cultural content. In these sectors, cultural entrepreneurs are intermediaries between cultural producers (artists, composers, playwrights, etc.) and the cultural markets. Cultural entrepreneurs' tasks center on discovering and articulating the cultural meanings to make the public appreciate the artistic value of cultural production and to establish effective pricing strategies.

On the direct successive layer of core creative arts are the sectors in the creative industries that include film, museum, gallery, heritage service, publishing media, television and radio, video games. Cultural entrepreneurs in the wider creative industries integrate resources and coordinate stakeholders to launch culture-embedded and consumer-centric commercial activities.

In applied creative industries, cultural entrepreneurs create market value by supplying industrialized esthetics, functional utility and expressive meanings. Cultural production in these sectors is often the outcome of project-based activities, which are initiated only after the cultural suppliers' encounter with consumers and both party's agreement on the contract for cultural production. Cultural entrepreneurs assemble resources and coordinate stakeholders (e.g., designers, content creators, architects, etc.) to create and deliver functional and symbolic value to customers by embedding symbolic meanings and functional utility into the cultural goods/services.

To summarize, cultural production is the process through which creative content is embedded in goods and services as a distinguishing feature. In contrast, meaning discovery is the means to identify cultural value and to shape symbolic messages interpreted by consumers in their intersubjective perception. The refined meaning brings about a perceptual link between consumers and the creative content by endowing the cultural product with a concomitant image. Symbolic meanings are the essence of a cultural product since the symbolic value is the key to fulfilling consumers' need for esthetics, expressiveness, joy, identity, style or imagination. Therefore, entrepreneurial discovery and meaning refinement constitute an essential process through which the creative content is endowed with appealing qualities of authenticity, originality, uniqueness and legitimacy, as well as special meanings that resonate with consumers. In this regard, it is important to invest in marketing and branding campaigns and maneuver social networks of the public to shape symbolic

Table 1 Key activities of cultural entrepreneurs in different cultural sectors

Types of cultural sectors	Missions of cultural entrepreneurs
Core creative arts (literature, music, performing arts, visual arts)	Identify symbolic meanings embedded in a cultural good/service Re-calibrate and refine the meanings to form the intersubjective meanings in consumers networks Develop channels for cultural products/services and cultural consumers to reach one another efficiently. Understand the market and determine a pricing strategy that leads to the equilibrium between supply and demand Establish a platform to deliver the intended experience to consumers as the value of cultural consumption
Wider creative industries (film, museum, gallery, heritage service, publishing media, television and radio, video games)	Identify consumer segments Shape the intersubjective meanings to fulfill cultural consumers' expressive and recreational needs Integrate all necessary resources (hardware, software, manpower, etc.) to construct the intended consumer experience Coordinate stakeholders (co-producers, distributors, suppliers, etc.) to effectively deliver the cultural content and meanings to the consumers Develop a viable revenue model to sustain the cultural enterprise
Applied creative industries (advertising, architecture, design, fashion)	Identify and secure promising customers Negotiate with customers to better understand their functional, esthetic and expressive demands Put together necessary resources and coordinate stakeholders (designers, content creators, architects, etc.) Create and deliver the functional, esthetic and expressive values to customers through embedding the refined symbolic meanings into the cultural goods/services with functional purposes Maintain customer relationships Develop a viable revenue model to sustain the cultural business

meanings of the creative content. For practice, our theory also highlights the importance of intellectual property rights, such as trademarks and copyrights, due to their essential role in protecting the cultural meanings' legal entity.

Value diffusion is the last stage of cultural institutionalization, a process that transforms symbolic meanings into a part of the cultural system through the formation of shared experience and the construction of social memory. Cultural institutionalization occurs when symbolic meaning becomes the experience shared by people in a common societal context with symbolic value embedded in collective

cultural memory. A new symbolic meaning is assimilated into cultural memory when an entrepreneur discovers meaning in the public market space that resonates in the cultural content. When cultural meaning is retained, a new cultural element arises to serve as the building block or the featuring image which feeds back to the production of future cultural work. Cultural entrepreneurialism is about discovering meaning and creating intersubjective bonds with potential consumers, rather than competing with other cultural work for market share.

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