BRAND VS BAND

Global Marketing Analysis on Two K-pop Groups, NCT and BTS

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Abstract

K-pop as a music industry has gained a lot of attention in 2019 in the U.S. and globally. K-pop has experienced two decades of expansion from South-Korea to global markets, becoming one of the leading music industries in the world. The purpose of this thesis was to study the marketing activities of two case companies, SM Entertainment and BigHit Entertainment, and two of their boy music groups, NCT and BTS respectively. The focus of this thesis was to showcase the groups’ promotional activities in the U.S. and to study the usage of marketing mix.

The thesis is compiled of an empirical study of the K-pop industry and its international activities in the U.S., organized into 3 sections explaining different time periods and the market changes internationally. The marketing strategies of the case companies were explained to describe the key concepts the businesses focus on, and the 4Ps of the marketing mix were analyzed in the two groups of BTS and NCT. The research question was to study how the two companies use marketing to their advantage in the U.S. region; the research was made with the help of secondary data.

The results indicate that both companies engage in marketing mix activities, which appeal to their young target market and utilize social media as a strong marketing tool. The products are made to appeal to consumers in various ways in a large scale varying from brand expansion to meeting localized needs. The results also show that the localization strategy created for the group NCT has not worked as initially planned during 2016-2019. As the two groups have difference in fanbase size, the numbers in social media followers and album sales were not comparable but helped to gain an understanding of the groups’ social media tactics. An important discovery that was revealed during the thesis process was the scale of the social media usage, glocalization of production and localization to local needs.

Keywords
K-pop, Marketing, Glocalization, Localization, NCT, BTS
1 INTRODUCTION

Korean pop music has been around since 1990, but in 2019 global music industry had only seen a glimpse of the capabilities this genre holds in international markets. From the girl group Girl's Generation to Psy's international phenomenon Gangnam Style, and in 2019 the 7-member boy group BTS, K-pop had been making its way especially into US mainstream music markets for nearly 2 decades (Billboard, 2019i). The music genre has had a substantial rise in international popularity since its first tries to penetrate global markets in the early 2000’s. According to IFPI Global Music Report 2018, South-Korea had a revenue growth of 17.9% in music industry and recognizes the impact that the genre has had on the global music markets. In the same report, South-Korea was ranked 6th biggest music market in the world (IFPI 2019, 13). BTS, which has become the biggest international success in K-pop in 2019, had an impact of $4.6 billion on South-Korea's economy in 2019 and was the second most streamed group on Spotify in 2018 (Medium, 2019b; Forbes, 2019a).

The purpose of this thesis is to compare two South-Korean Entertainment companies that successfully have had activities in the US especially in 2019 and studying the global marketing strategies they have used in their activities. The focus will be in SM Entertainment and Big Hit Entertainment, the key players in creating successful K-pop groups that have gained great international success. In this thesis it will be explored how other music production companies in South-Korea or in international regions can better their marketing activities based on the findings on the two key companies. These companies engage in distinctive marketing activities that will be analyzed to see how successful it has been in the US region and what impacts those activities have had in the whole K-pop industry. Motivation for this research comes from personal interest in K-pop music and Hallyu (lit. Korean Wave) and its relating industries. The researcher finds the K-pop industry and its economic impacts to be of great interest on top of having a personal taste for the music genre itself.

The goal is to create and collect information that can be used by companies engaging in similar activities for them to refer to when planning out their international marketing activities. Method used in this thesis will be secondary data analysis. The amount of data available on the thesis topic is shown to be sufficient so that proper analysis and interpretation can be conducted into this research paper. The data is primarily scoped from online research papers, journals, video sharing sites and company web pages.

The thesis is structured to first showcase the theoretical aspects of marketing strategies relevant for the research and in chapter 3, create a background knowledge of the K-pop industry, focusing more on the tries to penetrate US music markets. In this chapter the localization activities of SM Entertainment and international marketing activities of Big Hit Entertainment are presented, as a whole, creating a solid ground to help understand the research problem. In Chapter 4 the data will be analyzed form the marketing mix perspective and interpret to showcase the differences in marketing activities these two companies engage in. The findings will be discussed and concluded to see how these companies have used their marketing mix to their benefit. In chapter 5, the conclusions of the thesis will be discussed, and the researcher will express his final thoughts.
MARKETING STRATEGIES

In this chapter, the concepts of marketing that are of most importance to the thesis on the whole will be described. The focus will be on localization and glocalization approaches, as these are of great importance considering the subjects of the research. To set the ground for these two approaches, the general term of marketing and marketing mix will be disclosed.

Marketing is most commonly mixed up with selling, which as a part of marketing is only a small portion of the concept. Marketing is exploring, creating, and delivering value to meet customer needs of a target market at a profit (Kotler Marketing Group, 2001). One of the shortest explanations is that marketing 'is the process of meeting needs profitably' (Kotler, Brady, Goodman, Hansen, 2009). Marketing identifies opportunities in customer needs and desires and meets these with appropriate promotions, products, price and place (Kotler Marketing Group, 2001).

The marketing mix is a concept that describes the decisions that need to be made when producing and selling a product or service. Presumably the best-known way of characterizing the marketing mix is the 4P’s that were first communicated in the 1960’s by E J McCarthy and have been since a vital part of marketing activities (Marketing Mix, 2019). More recently, the 4 P’s have increased to several more, like Packaging, Positioning People and Politics (The Economic Times, 2019).

![Marketing Mix Diagram](Marketing Mix, 2019)

**FIGURE 1. The 4 P’s of Marketing Mix (Marketing Mix, 2019).**

- **Price:** refers to the value of the product that a consumer pays for it. It depends on many factors such as cost of production or target segment and there can be several types of marketing strategies
- **Product:** is the item being sold, can be a tangible product or an intangible service, that requires to deliver a minimum level of performance for the other elements of the marketing mix to work
- **Place:** is the point where the product is being sold. It can refer to a physical place or e-commerce as well.
- **Promotion:** refers to activities that are engaged in to make product or service known to consumers and stakeholders. These activities can include things like advertising, incentives, commissions and awards, direct marketing or contests. (Marketing Mix, 2019)

**Globalization**

In the most general sense, globalization is defined as the linking of localities (Featherstone, Lash, Robertson, 1995). From an economic perspective, globalization is the development of global markets integrating especially by free trade, free flow of capital and cheaper foreign labour markets, and is an
expansion that has happened through time (Merriam-Webster, 2019). In its broadest perspective, it also entails cultures, technologies and governing systems, which makes it a wide-scale complex phenomenon. In business context, the term translates to the variety of processes to make products as global as possible and aiming to achieve internationality (Singh 2012, 120-121).

In marketing, global marketing strategies aim to maximize standardization, homogenization and integration of a company’s marketing activities on a global scale. **Standardization** retains the same product for domestic and foreign markets and is a marketing mix strategy and opposite to localization (Solomon, Marshall, Stuart, 2018, 75). In the end, most marketing activities are more rewarding when adapted to local conditions, thus as a competitive strategy, globalization is quite limited (Kotler et al., 2009, 467). Unfortunately, limited is also the amount of viable conceptual alternatives to the strategy, but localization can be seen as an antonym for it (Coca-Stefaniak, Parker, Rees, 2010).

**Localization**

Localization strategy is the process of understanding consumer needs and tastes of a specific geographical market area and adapting existing products and marketing mix to meet these aspects (Singh 2012, 87). By addressing linguistic and cultural barriers specific to the receiving location, the product is made appropriate to be marketed outside of its home location, thus facilitating globalization for the company (O’Hagan and Ashworth, 2002; GALA Globalization & Localization Association, 2019). When localizing a product, it goes through a process of modifying its linguistic, cultural, technical, functional and other specific requirements so it will be more approachable for target market. (Singh 2012, 124)

GALA Globalization & Localization Association (2019) listed what different aspects localization process may include:

- Modifying content to suit target market audience
- Adapting text design and layout to properly display translated text
- Converting to local currencies and measurements
- Using proper local formats for dates, addresses, and phone numbers
- Addressing local regulations and legal requirements

**Glocalization**

Glocalization is a blend created from globalization and localization and means modifying or creating a product that is targeted on both local and global consumers (Featherstone, Lash, Robertson, 1995). Companies adopt marketing measures that fit local consumer tastes while pursuing a highly global marketing standard. (Korean Times, 2013). Robertson developed the term to point out that global forces do not override locality and that homogenization and heterogenization are both crucial features of modern life (Coca-Stefaniak et al., 2010).

As a large concept, globalization is entwined with its conceptual alternative, localization, but will not be the focal point in this thesis. It is covered as a part of the theoretical framework to accompany localization and create a contrast against it. Glocalization, as a mix of the two, is also covered to expand the understanding localization has amongst marketing strategies.
INTRODUCTION TO K-POP

K-pop, short for Korean Pop, is a term used to describe a specific type of pop music genre originating from South-Korea. It has very distinctive features hybridized from Western and especially American pop-music; sharp dance choreographies, variety of popular musical styles and standardized production and marketing models (Hartong, 2007, 15). In 2016, The Korean Foundation reported there to be over 35 million K-pop fans all over the world and in 2019, the number had risen to nearly 90 million, with America being the second largest region (Kpopstarz, 2016; Korean Times, 2019). In this chapter, it will be explained how K-pop and ‘idol culture’ became the largest music market in South-Korea and how entertainment companies conducted foreign, especially U.S region marketing activities.

The point commonly seen as the start of K-pop can be traced back to precisely April 11th, 1992. **Seo Taiji and The Boys**, a singer trio of 3 young men performed their American hip hop styled debut song ‘I know’ (Kor. 난 알아요, Nan Arayo) on a South-Korean talent show, getting the lowest points from the panel of judges but proceeded to stay number one on the national music charts for 17 consecutive weeks. (MBC, 1992; Lie 2014, 58). As the South-Korean youth had been slightly introduced to American pop music earlier in the 80’s and 90’s, Seo Taiji and The Boys gave the population the same genre, just in their native tongue. Till then, the majority of South-Korea’s music industry was dominated by folk-like music called ‘trot’ and sweet, melodic ballads that has decreased in popularity with teens and young adults in the past 20 years with the rise of K-pop. The hybridization of western hip-hop music and dance with lyrics sung in Korean was groundbreaking at the time and laid the foundation for new genres from the west to start soaring in the 1990’s. (VOX 2018; Jin 2016, 87). Seo Taiji and The boys became an icon of their time, not knowing back then what kind of global phenomenon they had given birth to, affecting South-Korea’s economic position on a global scale in the years to come (Waltham Trade Policy Review, 2016).

In 1995 a singer/producer Lee Soo-Man established a company called **SM Entertainment** which became the first company to systematically manage the whole production cycle of artists who would after debuting become known nationwide, and later globally, as idols (SM Entertainment Group, 2016; Jin 2016, 116). All the way from casting, training and managing their artists they created a model of management never before seen in South Korean music industry. Their first pop music groups where H.O.T and S.E.S, debuted in 1996 and 1997 respectfully, and in 1998 they brought a third group into the scene, Shinhwa. (SM Entertainment Group, 2016)

Yang Hyun-Suk, who was one of the members of Seo Taiji & The Boys established Hyun Entertainment, which’s name was later changed to the more recognizable **YG Entertainment**, in 1996 bringing a more hip-hop flavored artists and groups, such as JINUSHEAN in 1997 and 1TYM in 1998 (YG Family, 2019). **JYP Entertainment**, founded in 1997 by Park Jin-Young debuted their boy group g.o.d in 1999, thus joining the pop-music craze that had captivated South-Korean youths (JYP Entertainment, 2011). Other notable artists that had their breakthrough during the 1990’s were Sech Skies and Fin.K.L that debuted in 1997 and 1998 respectfully and were produced by a company called DSP.
In the 2010's, the biggest players of the K-pop industry were the 3 who created the initial industry, SM Entertainment, JYP Entertainment and YG Entertainment (KBIZOOM, 2019).

3.1 Internationalization of K-Pop

The late 90's era of K-pop had minimal transnational success but became highly popular in South-Korea and created the fan culture for idols, which was the start of fan clubs and distinct fan activities for K-pop groups. Some acts were regarded popular in countries in East Asian area as ‘Hallyu’ (lit. Korean Wave) – a term commonly used to describe the international popularization of South-Korean culture and entertainment – started to take effect in the mid-90’s around East-Asian countries with TV series and movies. After that, as K-pop started to take grow in the early 2000’s, South-Korea began to meaningfully export their popular culture to gain international popularity. (Jin 2016, 5; KOREA.net 2019)

In 2000, SM Entertainment debuted their first solo female artist BoA who was specifically manufactured to penetrate global markets, especially Japan (Jin 2016, 116). She became a phenomenon in the country, as her music was produced in Korean but also released in Japanese for those markets. SM Entertainment’s Founder and CEO at the time, Lee Soo-Man has spoken about the ideology he uses when managing his company, called “Cultural Technology”. (Lie 2014, 120) The theory behind it is mostly about localization, where he thinks that every act should be created specifically to satisfy local needs. During this time, BoA was not a K-pop artist promoting in Japan but marketed since the beginning as a J-pop artist. (MoonRok, 2016)

Following BoA, male soloists Rain from JYP Entertainment and SE7EN from YG Entertainment also gained popularity mainly in Japan, but around other Asian countries as well. SE7EN’s first album ‘Just Listen’ was first released in Korea in 2003 but during the same year was released simultaneously in Japan, Thailand and China as well. (YG FAMILY, 2019) Rain, who debuted in 2002 from JYP Entertainment, became the biggest pop sensation in Asia during 2000’s and was the first one to be able to penetrate international markets with K-pop. He was signed under JYP entertainment company from his debut till 2007, during which he had several tours with concerts in several cities in China and Japan and a grand World Tour with 17 concerts in 14 countries around the world. (JYP Entertainment, 2011)

BoA, Se7en and Rain all tried to access U.S. music markets during 2005-2007, but these attempts did not work for the time being (Jin 2016, 120). More and more companies were established for the production of popular culture products, mainly K-pop artists, and the number of K-pop groups started to rise. In 2008 South-Korea achieved surplus in cultural trade and the trend has continued since then (Jin 2016, 5).
3.2 Transnational success in U.S

The South-Korean government caught up with the K-pop trend quickly enough, and they supported the development of Hallyu to maximize its foreign export activities. The government budget for cultural industries sector was increased and other significant policy changes were made for the genre to start blossoming outside its national borders. (Jin 2016, 32)

When internet, digital technologies and social media started to gain more and more importance and new platforms to increase global communication were created, it was a big steppingstone for the K-pop genre. YouTube was established in 2005 and social media platforms like Facebook and Twitter started to gain attention during the same time, Entertainment companies saw a chance to start utilizing these platforms in 2008. (Jin 2016, 121; YouTube, 2019f; Twitter, 2019; Facebook, 2019) Entertainment companies started their own YouTube channels to release music videos, behind the scenes material and promotional videos, and Facebook pages where made for fans to follow their favorite group’s activities. Twitter was not used as actively, similar platforms in Asia like Weibo in China and Naver in South-Korea were used instead (Synthesio, 2018).

One particular girl group form JYP Entertainment has been said to initialize the K-pop trend to popularize in the U.S and start the transnational popularity of K-pop. The five-member girl group Wonder Girls debuted in 2007 in Korea and had their U.S breakthrough in 2008. JYP Entertainment had previously in 2007 established JYP USA for the auditioning in western regions and most likely to prepare for the possible international promotions of its artists. Wonder Girls hit “Nobody” did many “firsts” of K-pop in the U.S with the help of YouTube, where the song became a viral hit; the group was the first one to perform in an American TV show, tour in America (as an opening act for The Jonas Brothers) and have the English version of their hit song to enter The Billboard Hot 100. (Billboard, 2018d)

With the help of social media and YouTube, South-Korea’s biggest global media success, Gangnam Style conquered the global media in 2012. The song broke YouTubes view record of 1 billion views and with its catchy lyrics and easy dance routine, it was the biggest hit of 2012-2013. With his hit song, PSY performed in U.S. TV shows like SNL. (USA Today, 2012; Toyota Concert Series: Today, 2012) The impact of the viral popularity of the song was seen in South-Korea as a whole and PSY became a Tourism Ambassador for the country and a statue of the song was placed in the titular district in Seoul in 2015 (CNN: Travel, 2013; BBC News, 2015).
Since 2013, U.S. started to see a steady growth of K-pop concerts in its regions. Groups like Super Junior, BIGBANG and CNBLUE had large world tours consisting of stops in U.S. cities. The 2015 MADE 2015 World Tour by BIGBANG from YG Entertainment was the most attended concert tour with 750,000 attendees in total of 65 concerts. In 2018, a total of 135 individual K-pop concerts was held in U.S. alone. (Billboard, 2016b)

BTS is regarded to be the biggest boy group in the world in 2019 (CNN, 2019). The 7-member group had moderate success in South-Korea and international markets since its debut in 2013, but in 2016, the group made international headlines with their album WINGS and title song Blood, Sweat and Tears. The album landed in number 26 in billboard top 200 and became the highest charting K-pop album on the list. Since then, the groups popularity only grew larger and in 2017, they won the Top Most Social Artist award in Billboard Music Awards (Billboard, 2018c). Since then, the group has been regarded as the biggest K-pop act. The group’s world tour in 2019, Love Yourself and its extension Speak yourself gathered nearly 2 million attendees in a total of 62 shows. (CNA, 2019)

As a summary, K-pop, as a part of the Hallyu wave, tried to gain international recognition since its early days in the 90's and early 2000’s, but the real change started in 2008 when companies started to utilize YouTube and other social media platforms. As K-pop music became more accessible through internet to global consumers, it started to gain more international recognition. The Gangnam Style hype can be seen to be more beneficial to South-Korea in terms of tourism than as a part of K-pop as a genre. South-Korea recognizes the popularity of K-pop internationally and has aided it to help South-Korea become more recognizable internationally. In 2019, the biggest socioeconomical value for South-Korea comes from BTS and the groups' status in international music markets. (Medium, 2019b)
3.3 Localization and glocalization activities of K-pop

The word that describes the globalization on K-pop and other Korean pop culture products is called Hallyu, the Korean Wave (Vox, 2018). As described, the Hallyu wave has been growing since the 90’s and has since taken its distinctive form. When studying the general K-pop industry and its international activities, some describe it at localization and others glocalization (Vulture, 2018; Oh, 2017). There are very distinctive localization activities in K-pop that were pioneered by SM Entertainment that will be further explained in the following chapter. Generally, Entertainment powerhouses that produce K-pop acts have the ability to flexibly create acts to meet any local market needs (Vulture, 2018).

Following are two examples on both localization and glocalization, focusing on the two companies that are the focal point of this thesis. As a localization example from SM Entertainment the effect of having non-Korean members in a group will be demonstrated and glocalized production and American collaborations will be discussed as a part of BigHit Entertainment.

Localization Activities – SM Foreign Members

Companies are known to include foreign members in their groups to better access overseas markets. SM Entertainment was the first company to include a non-Korean member in their group Super Junior. The group initially debuted in 2005 as the second boy group from SM Entertainment, including the Chinese member Hangeng but the member filed a lawsuit against the company in 2009 to nullify his contract (Koreaboo, 2018). Most commonly non-Korean members are scouted from Japan, China and the U.S. (Vulture, 2018). Having a member speak fluent English is highly beneficial for promotions in foreign language.

SM Entertainment’s boy group EXO was known to have profitable Chinese activities, as the group was specifically split into 2 groups, EXO-K and EXO-M that promoted simultaneously in South-Korea and China with same songs and albums that were sung in the countries respective languages (Mandarin in China). The group debuted in 2012 with the 12-member group split in two, 6 members in EXO-K and 6 in EXO-M, the latter having 4 Chinese members and 2 native Koreans. The group unified in 2013 for their album ‘XOXO’s title song ‘Wolf’ and the repackage of the same album ‘Growl’, which still had Korean and Chinese versions of them with B-side tracks sung primally by the original set of K and M. The group unified into one EXO with the lawsuits and departure of 3 of its Chinese members, professionally known as Kris, Tao and Lu Han, and the remaining group still releasing albums in Korean and Chinese. (Allmusic, 2019)

In 2016, due to the trade war between the U.S and China, South-Korean Hallyu exports came to a halt in China. As South Korea decided to cooperate with the U.S to build the THAAD missile system which China sees as a threat to the country’s security, China banned all Hallyu for 2 years. Due to the ban, South-Koreas Hallyu-linked sectors in their balance of payments surplus saw a decrease from $520 million to $270 million (Foreign Policy, 2019.) SM Entertainment and JYP Entertainment figured a way to evade the ban by setting Chinese based studios for their artists to receive revenue from the
market. Zhang Yixing, professionally knowns as Lay, the sole remaining Chinese EXO member and Song Qiang aka Victoria from the girl group f(x), both from SM Entertainment worked mainly in their home country during the ban, focusing on their solo careers. From JYP Entertainment, a Hong Kong native rapper of the boy group Got7, Jackson Wang, had also worked on his own career on China’s markets. In 2017, the ban for group tours was partially lifted and TV content started to be shown again in Chinese TV. Again, in 2019, anonymous Chinese concert promoters started slowly seeking permission for South-Korean idol groups to perform in the country, even though the subject was still quite politically sensitive. (South China Morning Post, 2019)

**Glocalization – BTS American Collaborations and Production**

As BTS started to gain recognition in U.S. region with Blood, Sweat & Tears in 2016, the mainstream music market started to gain curiosity for K-pop and it helped to became more accessible for them through collaborations between K-pop groups and Western artists (Billboard, 2019c; Billboard 2016a). After Blood, Sweat and Tears and its companying album Wings, BTS started their Love Yourself album series in 2017 with Love Yourself: Her, that featured the song Mic Drop, a hip-hop song with a dark and deep vibe. The song was rereleased as a remix by American DJ Steve Aoki and featuring the rapper Desiigner, with BTS singing their lyrics in English instead of Korean. The song became a viral hit and in October 2019 had been on Billboards world digital chart for 2 whole years (Forbes, 2019a). The group continued to collaborate with several other artists like Nicki Minaj, The Chainsmokers and Lauv (YouTube, 2019b). A boy group Monsta X from Starship Entertainment also made a name for themselves in the U.S with their collaboration songs with Steve Aoki and French Montana, ‘Play it Cool’ and ‘Who Do You Love’ respectively. (MonstaX-e, 2019)

As K-pop started to gain more international success, companies started to glocalize the production of music to meet a higher demand (Asia Society, 2019). It has been estimated that 80% of songs from major agencies are written and produced by professionals in the U.S. and Europe (The Music Network, 2019). In 2019, it is highly common for K-pop songs to be made by a variety of multinational talent, the songs might be sung in Korean, but composers, lyricists and even dance choreographers are scouted for all around the world. BTS has worked with a plethora of international producers like Jordan Young and Ed Sheeran while many SM’s artists have lyrics written by a Finnish singer/producer Sara Forsberg and many others (Billboard, 2019c; Discogs, 2019). The songs are thus produced domestically but exported internationally, making K-pop a highly glocalized product (Oh, 2017).

In 2018, popular groups started collaborating with U.S based labels, especially for distribution and marketing purposes, but also for producing their English language releases. Monsta X, signed to Epic Records, hope of one of the biggest stars of the world like Michael Jackson, Mariah Carey and DJ Khaled (Forbes, 2019a). BTS labelmate TOMMORW X TOGETHER (TXT) signed a distribution deal with Republic Records in March, and BLACKPINK’s label YG Entertainment teamed up with Interscope Records in a global partnership in late 2018. (Variety 2019; Billboard 2018a)
3.4 Key Companies – SM and BigHit

As K-pop industry has grown for over 2 decades domestically and internationally till 2019, there are several companies at the top of the industry. The three companies that are known to have been active since the beginning of K-pop in mid-1990’s, SM Entertainment, YG Entertainment and JYP Entertainment, have gotten many rivaling companies and the In this thesis the focus of attention is on SM Entertainment and BigHit Entertainment, the two different in many aspects. BigHit Entertainment started in 2005 as a small company facing financial difficulties and can be considered to have been extremely small next to the industry giant at the time, SM Entertainment that has 10 years head start and a solid infrastructure behind it (AllKpop, 2018). In the figure below, there are some key information listed about both of the companies.

![BigHit and SM Entertainment logos](image)

<table>
<thead>
<tr>
<th>Founded</th>
<th>2005</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active resident Artists in 2019</td>
<td>2 groups, 12 artists in total</td>
<td>9 groups, 56 artists in total +Actors/Actresses</td>
</tr>
<tr>
<td>Revenue 2018</td>
<td>$196 Million</td>
<td>$532 Million</td>
</tr>
<tr>
<td>Profit 2018</td>
<td>$66,9 Million</td>
<td>$44,6 Million</td>
</tr>
<tr>
<td>Number of Employees 2018</td>
<td>138</td>
<td>431</td>
</tr>
<tr>
<td>Net profit margin 2018</td>
<td>0.341 / 34,1%</td>
<td>0.083/ 8,3%</td>
</tr>
</tbody>
</table>

FIGURE 2. Information on BigHit Entertainment and SM Entertainment (AllKpop, 2019; BigHit Entertainment, 2019; SMTOWN, 2019).

3.5 SM Entertainment’s CT and NCT

SM Entertainment, regarded one of the founding companies of K-pop, has had its own producing technology called CT, ‘Cultural Technology’, that the company has been adopting to all its business activities for over two decades (SMTOWN: New Culture Technology, 2016). Cultural Technology is the idea that all artist/group activities, be it live performances, albums or tv appearances, should be catered to fit the needs of target location and that all cultural content has a detailed process and system. Employees in the company used to be given manuals on different location specific approaches that should be taken when promoting in these locations. (Billboard, 2019h) It would include such things as makeup and styling, language and speech, and even camera angling for photos and music videos (MoonRok, 2016.) A good example of CT is the group EXO that promoted as two separate groups, EXO-K and EXO-M, divided to promote in Korean and in Mandarin in their respective areas (Forbes, 2019c).
In 2019 in an event called ‘The True Value Of K-Pop’, SM Entertainment’s Head of A&R Chris Lee explained the company’s 3 stages of Cultural Technology; culture creation, culture expansion and culture exportation. NCT, ‘New Culture Technology’ was initially introduced in 2016 in a press conference by the same company, which Lee explained to be the final stage of Cultural Technology. (Billboard, 2019c) The idea of New Culture Technology is taking their previous CT to a new, modern level. With the announcement of NCT ideology in 2016, they also debuted a group specifically designed for this purpose called NCT (Neo Culture Technology), which is supposed to be the first global group with base units under the brand name promoting in different locations around the world.

**Cultural Technology**

Lee Soo-Man, the former CEO and head producer of SM Entertainment first mentioned the company’s CT in 2011 in a speech he held at Stanford Graduate School of Business and then explained the ideology in 2016 with a 4-point diamond model of their Artist Development System (The New Yorker, 2012; SM Entertainment 2016). The diamond explains how they adapt the CT throughout producing cycle of their products. These points are further covered based on the press conference held by Lee Soo-Man in 2016.

![PICTURE 2. Screenshot of SMTOWN: New Culture Technology, 2016 showing the Artist Development System diamond.](image)

**Casting**

SM Entertainment has annual auditions for discovering talents in a global scale called ‘SM GLOBAL AUDITIONS’ in 20 cities around the world and in USA they have a monthly audition at their Los Angeles headquarters (SMTOWN, 2019). Their objective for these auditions is to discover new various talents regardless of nationality. (SMTOWN: New Culture Technology, 2016)
Even though K-pop idols have long been regarded as only Korean ethnicity, SM was the first company to have a Chinese member debut in their group Super Junior in 2005. The laws regarding South-Korean broadcasting didn’t initially let the member, Hangeng, perform in television, but the group became a breakthrough developing K-pop to become highly multinational (Channel Korea, 2019). In K-pop, having (a multinational) member who can speak English in a group is a necessary asset. (The New Yorker, 2012)

- **Training**
  After being casted by the company, these individuals enter their trainee period. It is generally very normal for trainees to train several years under their entertainment companies, usually varying between 3-5 years before their debut with a group or as a solo and during this time these trainees’ abilities are further developed and strengthened (SMTOWN: New Culture Technology, 2016). During this time, they also receive cultural and language education, focusing on Japanese, Chinese and English-speaking markets.

- **Producing**
  SM has their own internal producing system for creating differentiating content. In South Korea, SM Artists are known as trendsetters varying in many different categories; musical style, fashion and music video aesthetics. They outsource music producing to global markets, as they receive hundreds of demos for singles each week, where they then choose the ones to give to their artists and teams. The company is very fast to respond to global trends and bring them to South-Korea and thus set trends that other companies tend to follow. (SMTOWN: New Culture Technology, 2016)

- **Marketing and Management**
  SM has established SM C&C (Culture & Content) that focuses on managing actors and actresses, TV comedians and hosts called MC’s and visual content production. This company is also working in advertising and traveling. They also established a strategic partnership with Esteem, which is a modeling agency regarded as one of the best in South-Korea (Billboard, 2019). SM’s overall objective with these business actions is to create an omnidirectional marketing line-up that ranges over lifestyles. (SM C&C, 2019)

Under SM Entertainment lies several management companies focused on a sole groups activities, such as ‘Label SJ’ for Super Junior and in 2018 established ‘Label V’ for Chinese-based activities of their group WayV, which is a sub-unit for NCT. (Forbes, 2019c)
New Culture Technology

The upgraded ideology of CT, New Culture Technology was revealed in the 2016 press conference. New Culture Technology can be seen as an extension or an upgrade to the already existing culture technology strategy, bringing the company to a new stage necessary in K-pop markets in 2016. The keyword for New Culture Technology was explained to be ‘interactive’. For this keyword, they created 5 projects that are still running in 2016 and an experimental new group called NCT. (SMTOWN: New Culture Technology, 2016)

- **SM Station**
  SM Station was started in February of 2016, released on SM Entertainment's YouTube channel with weekly digital singles with music videos featuring various SM artists and collaborations with other musicians (Soompi, 2018; SMTOWN: New Culture Technology, 2016). The project was supposed to run for one year, total of 52 weekly songs, but ended up getting new seasons due to its popularity. In 2018, season 3 was announced and released its 16th song, Long Flight by NCT member Taeyong in July 2019. (YouTube, 2019e) The idea behind it was to show active movements in the digital music market through continuous release of digital music (SMTOWN: New Culture Technology, 2016).

- **EDM Label 'ScreaM Records’**
  SM Entertainment established an EDM music label 'ScreaM Records’ in 2016. The project's idea was for SM to collaborate with other artists and global EDM labels and to develop an agency and management service business to manage DJs and producers based in Asia (SMTOWN: New Culture Technology, 2016). 'ScreaM Records’ songs are released on SM Entertainment’s YouTube channel.
  The company also created an EDM music festival called 'Spectrum’ that was first held in 2016. The music festival gathers hip-hop and EDM artists around the world to perform in Seoul with familiar SM artists and groups. It has become a yearly festival and its goals is to unveil a world inspired by New Culture Technology. (Spectrum, 2019)

- **MCN**
  MCN stands for multi-channel network, and for SM Entertainment its business consists of various content that is borderless, varying from beauty know-hows to sports training and tips, and would feature many different SM artists (SMTOWN: New Culture Technology, 2016). The idea of a MCN is to affiliate with multiple channels and help those with technical and managerial know-how they might not possess (Forbes, 2013) The content provided by SM's MCN would be user friendly and would be provided with translation services. (SMTOWN: New Culture Technology, 2016)
• **Rookies Entertainment**
SM Rookies is what the company calls its trainees that have not debuted in a group yet and in 2016 SM created an application for fans to engage with these rookies and get to know them. This strategy creates an early engagement for fans that boosts the future groups popularity. The application also was a way to get fans engaged in the producing system and reward them with various opportunities (SMTOWN: New Culture Technology, 2016). The Rookies Entertainment app was not successful and seemingly was taken off the application stores in 2017.

• **Digital platforms**
EverySing is a karaoke application that lets users sing and record songs for free and create duets with celebrities while Everyshot lets users to create 18-second-long ‘music videos’ that are uploaded to the platform. Vryl was a social media network that gives users opportunity to communicate with users with similar interests. These digital platforms give users a ‘digital playground’ that is open 24/7 and connects people from all around the world. (SMTOWN: New Culture Technology, 2016)

**Big Hit corporate briefing**

In August 2019, a video from a press conference held by Big Hit Entertainment was released where the company’s vision for the future was laid out (Billboard, 2019a). CEO Bang Shi-Hyuk explained the company vision, which is music industry innovation and what it means in practical business activities. The company aims to grow into major global label that innovates the global K-pop market.) Aiming towards Big Hit’s vision for the future, the CEO explained two core focal points they are focusing on: innovating customer experience and expanding the value chain. (ibighit: Big Hit Corporate Briefing with the Community, 2019)
• **Innovating customer experience**

One major part in music industry is concert and live events and for K-pop it can be an inconvenient and exhausting process, so Big Hit wanted to address this by enhancing and expanding the concert going experience. On average 100,000 fans gather in a concert venue to attend a BTS concert and it is very usual for fans to spend time waiting outside the venue and buying limited concert goods before the concert starts. (ibighit: Big Hit Corporate Briefing with the Community, 2019)

The company introduced different methods for purchasing limited merchandises on the concert day, so customers can choose the one that will fit to their needs and shorten the lines on the day of the event. For example, customers can purchase online and pick up from the event venue when it is convenient for them. The company also implemented a rest area with shades and a food zone in a BTS event and it was well received. They also have plans to implement a ‘play zone’ where while waiting, fans can have fun and relax, diversifying the concert going experience. (ibighit: Big Hit Corporate Briefing with the Community, 2019)

Big Hit Entertainment also talked about expanding the concert experience to reach the whole location of the event, which will give the concert attendees more chances to experience and provide positive economic effect to the hosting cities and locations. These activities include pop-up stores and exhibitions across the city. As concert attendees usually travel from another city to attend a concert, Big Hit wants to bring all needed activities together like finding lodging, eating and attractions so that concert attendees have an easier way to find these during the concert and for Big Hit work together with the host cities to create added value.

In 2019, Big Hit launched 2 platforms that are meant to create customer experience easier. **Weverse** is communication platform, created for fans and idols. The platform is not only for fans, but also an easier communication platform for idols to comment on posts made by fans on the platform. **Weply** is an e-commerce service platform that provides different services in one place and makes the purchasing experience easier. They also want to tackle piracy and unofficial goods being sold by providing an easier way for overseas customers to buy merchandises and other goods that have previously been harder to find by them. After the launch of Weply, overseas buying rates for a particular index product rose 28.6%. Big Hit Entertainment is also building a better logistics system in Japan and U.S. that will maximize cost efficiency through data-based demand forecasting.

• **Expanding Value Chain**

Big Hit’s intellectual property vision is to boost the brand power created through the company’s idols. The key is to secure the impact and influence of these idols which can then be turned into a sustained brand business. In 2017, BTS collaborated with Line Friends, a popular character brand in Asia, and created characters based on the group’s members
called BT21, which turned out to be a successful model for music business expanding to other business fields. Big Hit also collaborated with the multinational toy manufacturing company Mattel and released a line of BTS dolls in 2019. In 2019, a game app was released by Big Hit and a mobile game company Netmarble called BTS WORLD and later that year the game company became the second-largest shareholder of Big Hit with 25.71% ownership (Forbes, 2019b). Big Hit seeks to create new opportunities to expand licensing, games and publishing to meet customer needs and expand into different consumer goods and commercial industries.

IP storytelling is the character universe of Big Hit that is integrated with its resident artists. As Big Hit is the home to two groups in 2019, BTS and TXT, they both have a unique character universe, BU and TU respectively, that will be expanded in different stages to include its artists in the company’s multi-label system. BU started with a storyline created by multiple BTS music videos and expanded into a novel, a web released comic series and in 2019 announced TV drama series.
ANALYSIS ON BIGHIT AND SM

SM Entertainment’s ‘Culture Technology’ seemingly focuses on creating acts to fit local market needs and preferences rather than giving all markets the same product. Their resident artists have different promotional activities depending on location, whether it be in local markets in South-Korea or in Japan. Updating the ‘Culture Technology’ in 2016 into ‘New Culture Technology’ to meet new consumer needs in the digital age appears to show the company’s adaptability and interest to keep up with current trends and desire to create additional value to the consumers. BigHit Entertainment’s press conference showcased their implementations for seemingly innovating the customer experience in concerts and venues as well as e-commerce and communications through the apps Weprly and Weverse respectively. Additionally, expanding value chain with intellectual property possibly creates more content for consumers to engage on, and creating a valuable brand around their resident artists.

In this chapter, two groups from both companies discussed in this thesis, SM Entertainment and BigHit Entertainment will be analyzed based on the 4 P’s of Marketing Mix. These two groups are BTS from BigHit and NCT from SM. The focus will be on the marketing activities of both these groups in U.S. In the picture above it is demonstrated the groups respective companies and the NCT brand that will be explained further in the following sub-chapter.

4.1 NCT By SM Entertainment

SM Entertainment’s biggest reveal for ‘New Culture Technology’ was the titular group NCT – ‘Neo Culture Technology’. The first of its kind in K-pop, the concept of NCT was to be a group with limitless number of members, and no location limitations and with the idea if openness and expandability. NCT was in 2016 described to have ‘Base Units’ in major cities all over the world and also diverse collaborative units between different teams and members of the brand (SMTOWN: New Culture Technology,
Lee Soo-Man said in his press speech ‘Through such musical and cultural attempts SM will achieve the true definition of “Hallyu Localization”. The group is highly multinational, as in 2019 NCT members amounted to 21;

- Korean: 9
- Chinese: 8
- Japanese: 1
- American: 2
- Thai: 1

In 2016, the initial plan was to debut base units in Seoul (South-Korea) and Tokyo (Japan) during the first half of 2016 and then Beijing and Shanghai (China) during the second half. Lee Soo-Man also told that base units for Latin-America and South-East Asia would be debuted (SMTOWN: New Culture Technology, 2016). Two base units have been released till 2019, NCT 127 based in Seoul, South-Korea and WayV, based in China with no specific base city. NCT 127 has its name based on South-Korea's capital, Seoul’s longitudinal coordinates, WayV on the other hand was theorized to not be under the NCT brand name due to the Hallyu ban of China (Billboard, 2019; MTV, 2019; Forbes, 2019c). Collaborative units that have debuted are NCT Dream, where members are under 18 years old and NCT U (United), which one was the first one to debut in 2016.

The initial plans for NCT did not come to be as described in 2016 in several ways. There has not been as many base groups as initially promised, at the end of 2019 there being 2 base groups (NCT 127 and WayV) and 2 collaborative groups (NCT DREAM and NCT U). WayV is also highly debatable whether it is part of the NCT brand, as it is not promoted as a part of the brand and is managed completely by a Chinese subsidiary of SM Entertainment, Label V. On the other hand, 5 of the 7 group members have been part of other NCT groups and all are trained under SM Entertainment before debuting, making them a close part of the NCT brand (Forbes, 2019c).

The group had a successful initial debut with collaborative group NCT U’s song ‘The 7th Sense’ that was released in 2016. With the base group NCT 127, the brand group has ensured a strong fanbase.
in their 3 years of promotions, they are having 2 million monthly listeners on Spotify and nearly 3 billion views combined on their music videos (SMTOWN, 2019; Spotify 2019b). In the U.S market, NCT 127 has been the one to promote the most out of all the other base groups. In addition to Korean language songs that the group has promoted in the U.S, like ‘Superhuman’, the group has released 2 songs completely in English, ‘Highway to Heaven’ and ‘Regular’. (YouTube, 2019e)

4.2 BTS By BigHit Entertainment

![BTS on the red carpet of Korean Popular Culture & Arts Awards on October 24, 2018 (NINE STARS, 2018)](image)

The popularity of the group BTS from Big Hit Entertainment started in 2015 when their song ‘I Need U’ met commercial success in South-Korea as the song became the group’s first single to reach top five in the nations music chart Gaon Chart and won its first award in a weekly music show (Gaon Chart, 2015; Onsen, 2015). From the same album, The Most Beautiful Moment in Life, Pt. 1, the second promotional song, Dope, was the subject of international recognition, especially in YouTube. Since then, the group started to gain recognition from all their activities and releases and in 2018 their album Love Yourself: Tear became the first non-predominantly English album to be no. 1 on the Billboard 200 list since 2006. The group then started to gain major international success, especially in the U.S (Billboard, 2018b; Billboard, 2016a). In 2019, the group has over 16 million monthly listeners on Spotify and a combined amount of over 57 billion views on their music videos on YouTube (Spotify, 2019a; YouTube, 2019)

Oh In-gyu, who was a professor at the Research Institute of Korean Studies at Korea university told to South China Morning Post (2018) that BTS offered an upgraded version of K-pop. "North American and European fans were sick and tired of K-pop bands. All of them were identical because the Big Three entertainment companies manufactured similar groups. BTS were initially a hip-hop group and enjoyed a strong reputation among hip-hop fans in North America and Europe. They became a global
phenomenon after they embraced some K-pop elements, such as synchronized dance moves, in their performances”. He continued by stating that other K-pop groups would benefit from the popularity of BTS, and the golden days for K-pop music will begin to unfold in the United States. (South China Morning Post, 2018)

The group doesn’t have any foreign members, though their leader Kim Namjoon – professionally known as RM – does speak nearly fluent English, and in the groups own discography doesn’t have any songs sung completely in English. Many believe consumers find the group’s musicality and messaging appealing as the members tend to talk openly about struggles and hardships in their lives and want their fans to feel genuinely appreciated. But the group didn’t stay only in their music, as they worked with UNICEF with the ‘LOVE YOURSELF’ campaign against child and teen violence (Love Myself, 2019). The group spoke for the campaign in the UN in 2018. In the speech RM said ‘After releasing our Love Yourself albums and launching the Love Myself campaign we started to hear remarkable stories from our fans from all over the world how our message helped them to overcome their hardships in life and start loving themselves’, demonstrating the affect their unique musicality and messaging. (UNICEF, 2018)

The creative narrative called BU (BTS Universe) brings additional value to the groups value chain, as it comprises of content varying from the real members, making them characters with stories. BU started from their music videos but has thus expanded into a web comic, book and an upcoming drama series, creating additional content for consumers to participate on. Music video storylines weren’t a new thing when BTS started it with ‘I need U’, but as it has expanded in magnitude, it is a unique aspect of the group that can’t be overlooked. (Medium, 2019a)

4.3 4 P’s of K-pop

**Product; Albums and Tours**

In this thesis the groups are considered as the main product and have been introduced in the earlier subchapter but in the 4 P’s the focus will be in albums and concert tours. The album and tour examined in this chapter will be the most recent one from both groups by the end of 2019. There is a great amount of tangible and intangible products produced around these two boy groups, but we will concentrate on these 3 products as they are the ones that consumers tend to engage the most with.

In K-pop industries, many products and merchandise has become a defining part of the fan culture. It is a way for fans to show their support for their favorite groups and a way for others to identify you (Vice, 2019). When a new album is released printed materials are a vital part in promotion and sales. Albums commonly contain a CD, a photobook of photos of the members and the group, a photocard of one or more members with a written message from the member and a poster of the group. It has become more common to have different versions of an album available, giving fans the opportunity to choose the one they like the most or collect them all.
The most recent album from the NCT brand is the Seoul base group NCT 127’s 4th Mini Album ‘We Are Superhuman’ was released in May 2019 with the promotional title track being ‘Superhuman’. Mini album is the same equivalent as an EP, extended play, that contains more songs than a single but not as much as a full album. (Fuhr, 2016). The album debuted on the U.S Billboard 200 album chart at number 11 making this the group’s highest position in the chart, and later rose to number 1. The album sold 27,000 units worldwide, 25,000 of them being traditional album sales and the rest digital album sales. (Billboard, 2019f) As seen in the picture above, the physical album contains a poster of the group NCT 127, a preview of the photobook and preview of the possible photocards attainable. (SM Global Shop, 2019)
'Map of Soul: Persona' was released in April 2019 with the promotional title track being 'Boy With Luv' featuring American singer and songwriter Halsey (Billboard, 2019b). The album sold 4 million copies worldwide (Showbiz Cheatsheet, 2019a). In the picture above, the contents of the physical album are disclosed. The Mini Album itself has 4 versions, every version being a slightly different hue of pink. Depending on the version, there are 4 different versions of a photobook, photocard and poster that are included in the album. There is also a postcard and an 8 mm filmstrip-like collectible picture. (ktown4u, 2019)

NCT 127 started their first Tour 'NEO City – The Origin' in January 2019 and was still ongoing at the end of 2019. At the end of the year, the amount of shows was 45 and had the total revenue of over $12 million with 19 of the announced 45 shows held. In U.S. region, the group had 10 concerts, 2 in San Jose, totaling 9 cities, all of them sold out. (Touringdata, 2019)

BTS’ ‘Love Myself’ World tour was started in August 2018 and finished in April of 2019 and was continued as ‘Love Myself: Speak Yourself’ from May to October in 2019 (ibighit, 2019). The tour totaled to 62 shows and 2 million attendees, generating $117 million (Billboard 2019e). The extension ‘Speak Yourself had 6 U.S. dates that generated $44.4 million in revenue and all the dates were sold out.

**Price of Product**

In the place section, we will be focusing on social media, as most of the marketing activities in K-pop happens online. As social media was of the initial tools that helped K-pop spread globally, it is still used actively as a marketing tool by South-Korean Entertainment companies. (Ahn, Oh, & Kim, 2013) The main platforms that will be covered are YouTube, Instagram and Twitter.

NCT albums can be purchased from SM Entertainment’s global shop at smglobalshop.com as well as other. The price for ‘We Are Superhuman’ is $18.95. BTS albums can be purchased officially from Weply App, that is an official merch store from BigHit Entertainment. The catalogue cannot be accessed through a web browser, only through the app. There, the price listed for ‘Map of Soul: Persona’ is $13.17. A $5.78 difference can be seen in the albums that both have the same amount of songs on them and accommodating printed material as well.

Concert tour tickets for both groups are quite close to each other. The tickets usually vary in price depending on the place at the concert, the closer the stage the pricier. For all concerts in the U.S. NCT ‘NEO City – The Origin’ tour tickets varied from $69 to $205 (NCTsmtown_127, 2019). An example of ticket prices for BTS ‘Love Yourself’ are from the Staples Centre concerts in Los Angeles were from $60 to $250.
**Promotion**

In the promotion section some of the promotional activities that both of these groups have participated in the U.S will be described. These include media content from YouTube like interviews or collaborative videos and TV appearances like interviews or music performances. This section will be focused on promotions that happened during 2018 and 2019.

The base unit NCT 127 has been the key player in the brand’s U.S promotional activities starting from 2018. In October of 2018, the group released their first English song, ‘Regular’ that started the groups promotions in the U.S. They were guests in several YouTube videos, for example on the channels of BuzzFeed, Billboard, WIRED, Teen Vogue and Apple Music and started to appear in U.S talk shows as well like the Late Late Show With James Corden and BUILD Series. In their most popular feature videos that year, the view count is around 1-2 million per video. They also attended 2018 Billboard Music Awards and American Music Awards. In 2019, while promoting the song ‘Superhuman’ NCT was featured in videos by BuzzFeed Celeb, Teen Vogue, MTV News, People TV and Allure to name a few. One of the most watched videos where the group was featured was a video by FBE, a popular reaction channel, with 6.6 million views. They also performed their song ‘Superhuman’ on The Late Late Show With James Corden in May of 2019. (YouTube, 2019)

BTS has been the center of great amount of media attention since 2016, and in 2018 was featured in a lot of media content during their promotions of the album ‘Love Yourself: Tear’ and the title track ‘Fake Love’. The group was featured in YouTube videos by BuzzFeedCeleb, People TV and Entertainment Tonight. A video from BuzzFeedCeleb titled ‘BTS Plays With Puppies While Answering Fan Questions’ has gathered over 20 million views. Other videos generally have between 1,5 to 3 million views per video. They had several talk show appearances The Late Late Show With James Corden, The Ellen Show, where they also performed their song ‘Mic Drop’, and The Tonight Show With Jimmy Fallon. They also attended The Billboard Music Awards, performing their song ‘Fake Love’ (YouTube, 2019).

In 2019 BTS promoted their song ‘Boy With Luv’ and were interviewed in YouTube videos by The Hollywood Reporter, Entertainment Weekly and TIME magazine, just to name a few. The group was also a guest on The Late Show With Stephen Colbert where they performed the promotional song. This year they attended the Grammy awards, the first K-pop group to do so, performed at the Billboard Music Awards and attended and received an award at American Music Awards. They also performed as a musical guest on the Saturday Night Live and at the Finale of The Voice. (YouTube, 2019)

**Place; Product availabilities**

In the place section, we will be focusing on social media, as most of the marketing activities in K-pop happens online. As social media was of the initial tools that helped K-pop spread globally, it is still used actively as a marketing tool by South-Korean Entertainment companies. (Ahn, Oh, & Kim, 2013)

The main platforms that will be covered are YouTube, Instagram and Twitter.

Both SM Entertainment and Big Hit Entertainment use social media for promotional activities and have created artist-specific accounts in several social media platforms for these two groups. In the following figures, the main accounts of these two groups are listed, with information on the amount of people following these accounts.
FIGURE 3. BTS Social Media Accounts.

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Account Name(s)</th>
<th>Follower/subscriber count</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouTube</td>
<td>BANGTAN TV</td>
<td>23.5 Million</td>
</tr>
<tr>
<td>Twitter</td>
<td>bts_twt</td>
<td>22.8 Million</td>
</tr>
<tr>
<td></td>
<td>bts_official</td>
<td>17.7 Million</td>
</tr>
<tr>
<td></td>
<td>bts_love_myself</td>
<td>3.3 Million</td>
</tr>
<tr>
<td></td>
<td>bts jp_official</td>
<td>6.2 Million</td>
</tr>
<tr>
<td>Instagram</td>
<td>bts.bighitofficial</td>
<td>21.2 Million</td>
</tr>
</tbody>
</table>

FIGURE 4. NCT Social Media Accounts.

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Account Name(s)</th>
<th>Follower/subscriber count</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouTube</td>
<td>NCT Daily</td>
<td>1.41 Million</td>
</tr>
<tr>
<td></td>
<td>NCT Dance</td>
<td>972.000</td>
</tr>
<tr>
<td>Twitter</td>
<td>NCTsmtown</td>
<td>2.4 Million</td>
</tr>
<tr>
<td></td>
<td>NCTsmtown_DREAM</td>
<td>1.8 Million</td>
</tr>
<tr>
<td></td>
<td>NCTsmtown_127</td>
<td>2.2 Million</td>
</tr>
<tr>
<td></td>
<td>NCT_official_JP</td>
<td>939.500</td>
</tr>
<tr>
<td>Instagram</td>
<td>NCT</td>
<td>4.4 Million</td>
</tr>
</tbody>
</table>

**YouTube**

In YouTube, the most important activity for K-pop companies is the releasing of music videos. In these two key groups we are analyzing in this thesis, the music videos are released in the companies’ official YouTube channels, ibighit (BigHit Entertainment) and SMTOWN (SM Entertainment). These channels will not be discussed in this thesis and the focus will be on the group specific YouTube channels. Using YouTube as a marketing tool, South-Korean entertainment companies give consumers material that make the group’s members, idols, more approachable and very extensive content for them to engage with.

BTS’ channel, BANGTAN TV was started before the group’s initial debut in 2013 and its content then consisted of members video blogs, self-produced music and dance videos. As their company, BigHit Entertainment was considerably small compared to the industry giants of the time and lacked the funds and connections for promotional activities, so the company utilized social media for promotional activities. After the group’s debut in 2013, the channel started release short videos documenting the group’s behind the scenes moments. In 2019, the channel has 23.5 million subscribers. The channel also posts choreography videos of dances for the songs of BTS that have the most views of the videos on the channel. (BANGTAN TV, 2019)

NCT’s channel, DAILY NCT was started in 2018 and consists of array of content varying from videos filmed by the members to videos of the members engaging in different activities. The group’s other channel, called NCT Dance is focused on dance videos, differing from the members’ freestyle dances
to dance choreographies of the group’s songs. In 2019 these channels have 1,2 million and 972.000 subscribers respectfully. (NCT DAILY, 2019; NCT Dance, 2019)

**Instagram**

![Instagram accounts](image)

PICTURE 10. NCT Official Instagram and BTS Official Instagram.

The two groups Instagram accounts differ quite a lot in content. NCT’s account has a very personal approach, consisting of pictures and videos taken by the members as in contrast, BTS’ official Instagram is used for promoting their activities, like new album releases and concerts. In addition, NCT’s base group WayV’s members Lucas and Ten have their own individual Instagram accounts for more personal use, but none of the members of BTS have any personal accounts. (nct, 2019; bts.bighitofficial, 2019)

**Twitter**

‘Stan Twitter’ is a term that has become quite well known as part of K-pop community and behavior on the social media platform Twitter. The term refers to a set of cultural aspects and certain terminology used by a community on Twitter (i-D, 2018; Polygon, 2018). Many K-pop fans are on twitter to support their favorite groups and have hashtags trend worldwide, especially on members’ birthdays (Showbiz Cheatsheet, 2019b). In the figures below, the Twitter accounts of NCT and BTS are listed, with their primary usage and target audience.

**FIGURE 5. NCT’s Twitter accounts.**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCTsmtown</td>
<td>Official promotional activities such as promoting NCT DAILY YouTube videos, posting member pictures and releasing official photos</td>
<td>2.8 Million</td>
</tr>
<tr>
<td>NCTsmtown_DREAM</td>
<td>Official promotional activities for NCT DREAM</td>
<td>1.8 Million</td>
</tr>
<tr>
<td>NCTsmtown_127</td>
<td>Official promotional activities for NCT 127</td>
<td>2.2 Million</td>
</tr>
<tr>
<td>NCT_official_JP</td>
<td>Official promotional activities for Japanese releases (albums and tours)</td>
<td>939,500</td>
</tr>
</tbody>
</table>
FIGURE 6. BTS’ Twitter accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>BTS_twt</td>
<td>Primarily used by the members to post pictures and interact with fans and other artists</td>
<td>22.8 Million</td>
</tr>
<tr>
<td>bts_official</td>
<td>Official promotional activities such as tour information, album releases and award nomination information</td>
<td>17.7 Million</td>
</tr>
<tr>
<td>bts_love_myself</td>
<td>Official promotional account for the campaign partnership with UNISEF</td>
<td>3.3 Million</td>
</tr>
<tr>
<td>bts_jp_official</td>
<td>Official promotional activities for Japanese releases (albums and tours)</td>
<td>6.2 Million</td>
</tr>
</tbody>
</table>

The biggest twitter accounts for BTS and NCT are bts_twt with 22.8 million followers and NCTsmtown with 2.8 million followers respectively. BTS_twt account is primarily used by the 7 members themselves, giving fans content not produced by the company and giving it an authentic feeling that has been praised by media outlets (CNN, 2019). In 2019, BTS was the holder of Guinness World Record for most Twitter engagement on average tweets. Twitter Engagement is described as “total number of times a user interacts with a Tweet. Clicks anywhere on the Tweet, including Retweets, replies, follows, likes, links, cards, hashtags, embedded media, username, profile photo or Tweet expansion.” (Guinness World Records, 2019) The group has also broken several other records on Twitter, for example tweeting one of the most like tweets in 2018 (BTS_twt, 2018; Variety, 2018). NCT’s account, NCTsmtown is used in a different manner to BTS, as this account is used more for official promotional activities, as the freedom for NCT members to post more freely is on their Instagram account.

Summary

As BTS is considered to be the biggest boy band since they started to appear more on U.S music market, many have speculated this popularity to be thanks to their usage of social media (The Guardian, 2019; The Guardian, 2017). Compared to NCT, a group that had a strong staring point from an entertainment company considered to be one of the biggest in South-Korea, the differences in consumer engagement are quite visible, mostly showing that the fan base for NCT is not as large as for BTS. This on the other hand does not mean that the differences in fan base amount is directly comparable to the performance of their marketing strategies. Both these groups produce a strong marketing mix that appeals to consumers, as South-Korean entertainment companies are known to understand their market that largely consists of young people. Everything is made easily accessible online and they engage with fans and potential customers providing free content for them to view.
5 CONCLUSIONS

K-pop as a music industry has had a great internationalization process from its beginning in 1990’s to 2019. Even when the initial tries to penetrate the U.S and other global markets was not beneficial in the early 2000’s, with the help of social media and video sharing platforms, K-pop began to show success and receive consumer recognition. As Psy’s Gangnam Style hit a stage of a global phenomenon in 2012, other groups were able to expand beyond Asian market, like Super Junior and BIGBANG who had successful concerts in the U.S. As BTS, the boy group considered to be the biggest K-pop boy band in 2019, started to gain major global popularity in 2016, it was said for them to have pushed away the final boundaries for other K-pop acts to enter global markets. In 2019, the K-pop market has grown so much, that the world now has over 35 million K-pop fans.

In this thesis, the researcher has given information on marketing and its strategies, as well as studying the two case companies and its products. There were also two examples of marketing concepts focusing on localization and glocalization, explaining how K-pop entertainment companies utilize different actions to appeal to transnational markets. The two case companies of this thesis where SM Entertainment, an industry giant, and BigHit Entertainment said to be the underdog of the K-pop industry at its starting years. Both engaging in international marketing activities with seemingly different strategies, SM having its own 'Culture Technology' and BigHit focusing on innovating customer experience and expanding the value chain.

The analysis of these two groups’, NCT and BTS, marketing mix seemingly showcases especially the usage of a social media marketing strategy as an important activity and it works to attract potential customers and keep current customers engaged. A versatile use of different platforms, YouTube, Instagram and Twitter appears to have given consumers great deal of free content for them to engage on and establish them as fans of the group. Even though BTS seemingly has a larger fan base based on the number of followers and subscribers, it does not diminish SM Entertainments social media strategy for NCT. Also, as these groups have engaged largely in promotional activities in U.S, YouTube appeared to be a big part there as well. Many interviews and TV appearances where possible to find from the platform for fans to view as free content. The scope of this thesis can be seen as quite narrow, as the K-pop industry is much vaster, and more research could be done on the subject for more comprehensive results. This research hopefully can help other companies to shed light on how these two companies use their marketing mix for their advantage. In addition, it was revealed that SM Entertainment’s plans for NCT’s pure ‘Hallyu localization’ has not yet met its initial plans of global expansion due to various factors.

As said in chapter 1, the purpose of this thesis was to compare two South-Korean Entertainment companies that successfully have had activities in the U.S especially in 2019 and studying the global marketing strategies they have used in their activities. As the results showed, these two companies seemingly engage in similar marketing mix activities with difference in fanbase amount that affects in the results of these activities. In my opinion, the research question was answered as a reflection of the tip of the iceberg that is the K-pop industry. The thesis was started at the end of Spring 2019 and finished in December of the same year and an extensive amount of material was gone through. To get a more extensive picture to answer the research question, the scope could have been bigger and more detailed, but I am pleased with the amount of information I was able to gather and with that, create a thesis that will hopefully be of help to others needing information on the subject.
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