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9B18M190

big hit entertainment AND BTS: k-Pop Reaches for A Global BreakThrough[[1]](#endnote-1)

Morgan Zhuo and Professor Robert D. Austin wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Other Korean pop music (K-pop) bands had attempted to break through into markets beyond Asia, including the huge U.S. market, without success. But in the spring of 2018, executives at Big Hit Entertainment (Big Hit) had reason to think their super-hot boy band, BTS, might just have a real chance.

2017 had certainly been a great year for BTS. They had won the Top Social Artist Award at the Billboard Music Awards in May, beating out established Western artists such as Justin Bieber and Selena Gomez (see Exhibit 1). The BTS album *Love Yourself: Her* had broken into the top 10 of the Billboard 200, peaking at number seven, a K-pop first. The album had also debuted at the top of the iTunes charts in 73 countries. The BTS song “DNA” reached 67 on the Billboard 100, the highest rank that any K-pop song had ever achieved. BTS had exceeded 10 million followers on their Twitter account, setting a Guinness World Record for a musical act. Investors sought a piece of their action; Big Hit executives had so far accepted about ₩16.5 billion[[2]](#endnote-2) (US$15 million).[[3]](#endnote-3) According to reporters, BTS would “pave the way for K-pop golden age in the U.S.”[[4]](#endnote-4)

Both Big Hit Entertainment and BTS claimed differences from traditional K-pop. Big Hit was a relatively small label, unlike much larger labels such as SM Entertainment (SM), JYP Entertainment (JYP), and YG Entertainment (YG), which had dominated the industry in the past. Compared with other K-pop groups, BTS was considered to be more artist-driven and less company-driven. The seven-member band had cultivated a “culture of authenticity,” in a break from the usual top-down K-pop approaches that were sometimes criticized as being “overly manufactured.”[[5]](#endnote-5) Their songs ventured outside the usual wholesome, harmless K-pop topics to tackle social and political issues, such as bullying, elitism, mental health, and gender politics.[[6]](#endnote-6) Their approach to generating a fan base was also outside the norm—instead of focusing on television (TV) shows, the company used social media, building a base that included millions of foreign fans.[[7]](#endnote-7)

However, could BTS really escape the inherent limitations of the K-pop “system”? Emerging from the genre meant carrying a lot of baggage. K-pop had not always been taken seriously; some had described it as formulaic. BTS was different, but it was still K-pop. Could such a controlled system for generating creative outcomes (even a somewhat different system) generate the originality required for a global breakthrough? On the other hand, trying too hard to separate themselves from their K-pop legacy also carried risks; what would their most devoted fans think if BTS began to “Westernize” in a way that did not seem genuine?

Big Hit and BTS faced a range of possible options for moving forward. Should they produce an English-language album? Announce a North American tour? Or maybe they should double down on their K-pop legacy and focus closer to home (and not expressly seek a U.S. breakthrough). Their recent successes positioned them well, but it was far from obvious what they should do next.

THE K-POP SYSTEM

K-pop was a core component of South Korean “Hallyu,” a South Korean pop culture movement that encompassed TV series, movies, cosmetics, and food—and was growing rapidly (see Exhibit 2). The catchy songs, expert dance choreography, and slick production values made K-pop an undeniable phenomenon with revenues approaching US$5 billion in 2017.[[8]](#endnote-8) From 2013 to 2017, the genre’s fan base more than doubled from 30 million to 70 million,[[9]](#endnote-9) with 35 million identified as global fans.[[10]](#endnote-10)

A Brief History of K-Pop

The Korean music industry had been historically controlled by two TV broadcast networks, which introduced stars on weekend music talent shows. These networks and radio broadcasters were under tight state control, which restricted independent music production. Most music on radio and TV was very traditional—either slow ballads or old-fashioned big-band pieces played in a style called “trot.”

In 1992, however, all of that changed with the band Seo Taiji and Boys. They competed on a talent show with an American-style pop song that incorporated South Korean cultural elements. However, the show’s conservative judges disapproved, earning the group the show’s lowest rating ever. But in that moment, K-pop was born. Their single “I Know” topped South Korean charts for 17 weeks, the longest number-one streak in the country’s history, which went unmatched for the next 15 years. Their success paved the way for a new, more modern music style; it also accelerated the liberalization of South Korea media and set in motion a transition from broadcaster-centric music production to a new studio system.[[11]](#endnote-11)

Between 1995 and 1998, three major entertainment labels emerged to cultivate what came to be called “idol groups.” The first, SM, was founded by music producer Lee Soo Man, who recognized that Korea’s increasingly affluent teens “yearned for homegrown idols they could call their own.”[[12]](#endnote-12) He introduced the first generation of idol groups, such as H.O.T., which amassed a large and passionate fan base. Two other agencies, JYP and YG, introduced hit groups such as Wonder Girls and Big Bang. By 2007, the majority of creative content production was dominated by the “Big Three”: SM, YG, and JYP (see Exhibit 3).[[13]](#endnote-13)

These companies resembled old Hollywood studios in terms of their size, organization, and contractual relationship with their stars. Contracts included strict controls on the idols’ lives, such as how late they could stay out at night, whether they could date or not, and what topics they could talk about in public (politics was typically off limits).[[14]](#endnote-14) The agencies performed functions that in other systems would be separate, such as manager, agent, and promoter; and the contracts were long—typically seven to 14 years. The firms thus had a huge amount of control, which they leveraged to extend K-pop’s success beyond Korea,[[15]](#endnote-15) to Japan, Thailand, and Malaysia. Using what they called a “culture-technology” strategy, pioneered by SM’s Lee Soo Man, they identified and moulded products to address the precise details in promoting music abroad. For example, this approach might mean recruiting foreign composers, choreographers, and other staff, or matching detailed choices about creative products to foreign cultural features. Different chord progressions, eye shadow colours, hand gestures, and even camera angles were presumed to work best in specific countries.[[16]](#endnote-16) Although this strategy seemed to work reasonably well in nearby East Asian countries, penetration into other markets remained limited. K-pop was a niche category in most major music markets (see Exhibit 4).

Ironically, the greatest international K-pop success up to 2018 had not been representative of the overall phenomenon. In mid-2012, solo act Psy released a single called “Gangnam Style” that quickly went viral, becoming the first YouTube video to reach one billion views. It became the most viewed video on YouTube in November 2012, when it surpassed “Baby” by Justin Bieber featuring Ludacris, and retained that distinction until almost five years later, when, in July 2017, it was surpassed by “See You Again,” by Wiz Khalifa featuring Charlie Puth.[[17]](#endnote-17) Psy’s success failed, however, to generate more general interest in K-pop, probably because Psy was considered “an oddity in the K-pop scene”;[[18]](#endnote-18) in the United States, he was depicted “as a hilarious, thus non-threatening, Asian male stereotype,”[[19]](#endnote-19) as opposed to more typical K-pop acts that were “very serious and sexy and very well crafted.”[[20]](#endnote-20)

Idol Group Development

Agencies made large upfront investments in idol development. Idol hopefuls, typically between 12 and 19 years old, applied to participate in competitive auditions.[[21]](#endnote-21) A large agency might receive several hundred thousand applications from multiple countries for 20 to 30 idol trainee slots.[[22]](#endnote-22) A startling 4 per cent of the population of South Korea auditioned in a 2012 competition.[[23]](#endnote-23)

Once chosen, idols were further designed to be attractive. Software simulations projected how the voice and appearance of the applicants would change as they progressed through adolescence,[[24]](#endnote-24) leading to planned interventions. Plastic surgery was often offered to and accepted by idols; problems with faces and hair colour could be solved, voice issues could be subjected to training, but height was more of a problem.[[25]](#endnote-25)

To develop singing and dancing skills, trainees underwent rigorous training programs for two to five years. The companies bore all costs, including living expenses for the trainees, about $27,000 per month per trainee. In addition to singing and dancing, the training programs included basic education subjects (to compensate for the regular schooling that trainees did not have time to receive). Trainees that were recruited to perform in international markets were taught foreign languages.[[26]](#endnote-26) A typical training day lasted 12 hours.[[27]](#endnote-27) Attrition rates were high; only about one in 10 trainees made it to an actual performance debut.[[28]](#endnote-28)

Idol Group Formation

Eventually, trainees were formed into groups of between four and 20 members; odd numbers were preferred.[[29]](#endnote-29) Groups were divided by gender (into boy bands and girl bands) and then further by “concept.” For example, a girl group concept might be “girly innocent” or “badass poppy.”[[30]](#endnote-30) Members of the group were chosen to be complementary, with attention to their differences (e.g., height, size of faces) and how these attributes might suit them for “roles” within the group, such as the sassy one, or the serious one, or the cute one. Group members also specialized in different performance elements, such as singing or rapping or dancing. Once assembled, groups were taught how to position themselves—that is, how to sit or stand during interviews or for photographs.[[31]](#endnote-31)

And they were, of course, trained to perform together. All this training tended to produce very slick performances by groups highly skilled in singing and dancing. Euny Hong, writing in the *Paris Review*, referred to the overall process as a “lean, mean, star-making K-pop machine,” adding, “Bands are treated like consumer products from the beginning. Producers design the band they want—down to the precise look, sound, and marketing campaign—before they even audition members.”[[32]](#endnote-32)

Choreography and Staging

K-pop was choreographed and staged to maximize the visual appeal. Music videos were typically big production numbers, with set designs that spared little expense. So-called “soft power hooks” within songs were often sung in English in words that suggested a dance move—for example, steering motions in “Mr. Taxi” and butt shaking in “Bubble Pop.” Most K-pop songs were dance tracks; not being danceable enough was sufficient reason to disqualify a song. Because K-pop artists wanted their fans to be able to dance to the music, their routines sometimes included simplified movements that fans could mimic.[[33]](#endnote-33) Once trained, though, K-pop groups were typically superb group dancers. K-pop groups danced with much greater expertise than most Western groups.[[34]](#endnote-34)

The Origin of K-pop Songs

The entertainment agencies co-operated with large numbers of composers. SM alone maintained relationships with 450 composers. Sony Music Entertainment, Universal Music Group, Warner Music, and other foreign music publishing companies sold songs in Korea. The Korean agencies recruited experts in the field of album production, sought song ideas outside the country, and invited composers to participate in two annual conferences in Korea. Agencies also approached composers requesting songs in a particular format, such as something “sounding similar to Chris Brown’s ‘Fine China.’” Compared with song content in the West, Korean song content was narrowly restricted to family, friendship, and romantic love. For the most part, agencies tried to avoid topics common in Western songs, such as sex, drinking, and nightclubbing.[[35]](#endnote-35) The companies offered composers $35,000 to $45,000 per mini album, or $9,000 per song if the company had a personal relationship with the composer; otherwise, composers received $3,000 to $7,000 per song.[[36]](#endnote-36)

Composers sent back finished songs with English lyrics to agencies. These lyrics were translated or rewritten without consulting the composer (this right was specified in the contract). Often, songs would be translated into different versions to appeal to separate markets (e.g., Korean, Japanese, and Chinese).[[37]](#endnote-37) Multiple compositional artists collaborated on a single. For example, for Girls Generation’s “Genie,” Design Group from Europe composed the music, but Yu Yeong-Jin wrote the lyrics and arrangement for the Korean version, and Rino Nakasone Razalan did the choreography.[[38]](#endnote-38) Songs written for one idol group sometimes ended up being placed with another group.[[39]](#endnote-39)

The managers, not the artists, discussed extensively the concept and type of songs planned for upcoming releases, considering all elements of a song, including the lyrics and instrumentation. SM typically received 100 songs per week from songwriters; the producers and executives scored each of the demos and decided whether to proceed with them.[[40]](#endnote-40)

The stereotypical K-pop song resembled boy band songs popular in the United States in the 1990s. They aspired to explosive choruses but also strived for simplicity and “a catchy melody.” Tie-ins to Asia’s strong karaoke culture were important. Just as dance moves needed to be accessible to fans, the songs would ideally be singable in karaoke bars.[[41]](#endnote-41) Ryan Scott, a composer of many K-pop hits, described the ideal composition:

It’s intro, so they can dance, verse, pre-chorus, chorus, then you have a post-chorus section. That’s the part that has the same phrase over again or an “oh-oh-oh-oh” section so that everybody can sing along to that. Then there’s a little break before the second verse so they can dance again. And then you make the rap a second verse.”[[42]](#endnote-42)

Top-level management was very involved in post-production (i.e., video editing, sound mixing, and special effects), working for a sound and look they considered just right. At SM, in the final decision-making stage, music producer and SM founder Lee Soo Man hand-picked the songs that would go forward.[[43]](#endnote-43)

Group Productivity and Lifespan

On average, a successful K-pop band produced an album every 18 months and a five-song mini-album once a year.[[44]](#endnote-44) Each year, 300 groups prepared to debut, although only 50 or so actually debuted; many faded away after a few songs.[[45]](#endnote-45) K-pop music contracts usually lasted seven years.[[46]](#endnote-46) One of the major causes of boy bands splitting up was the mandatory military service required of all males in South Korea.[[47]](#endnote-47) To offset groups disbanding, entertainment labels constantly introduced new groups.

Distribution

Within Korea, K-pop bands relied heavily on TV networks and weekly variety shows for promotion. Artists “debuted” (i.e., appeared for the first time) on these live TV shows. Artists who had debuted in the past appeared on the “comeback stage,” where they introduced new songs and new promotional efforts. The shows had scoring systems; by the end of a show, there were winners and losers, according to the scoring.[[48]](#endnote-48) Prior to a song release date, entertainment labels leaked video teasers onto social media, to build buzz for new products or music events.[[49]](#endnote-49)

Streaming services and platforms such as YouTube allowed K-pop to reach worldwide popularity. Between 2012 and 2017, the number of YouTube views for the top 200 K-pop artists had tripled; in 2016, the videos were watched 24 billion times, with 80 per cent of views from outside South Korea.[[50]](#endnote-50) As of April 2018, the top 10 viewed videos had been viewed more than 3 billion times (see Exhibit 5). K-pop stars became spokespeople for consumer products across Asia, ranging from Samsung cellphones to beauty products to roast chicken. At one point, the girl group Girls’ Generation, also known as SNSD, had 40 endorsement deals.[[51]](#endnote-51)

Fan Engagement

A big part of the K-pop experience, and a major factor in marketing, was the community of fans that followed each group. Agencies would facilitate frequent interactions between a band and its fan base over the Internet and via social and traditional media. For example, record labels might release a song to registered fans before releasing it to the general public. Fan groups would then memorize a chorus, or a chant, so that they would be able to sing along at the actual debut performance.[[52]](#endnote-52) Or, similarly, the agencies would introduce complex fan chants that the audience would sing along with during a band’s performance, as backing vocals or countermelodies.[[53]](#endnote-53) Fans brought balloons and glow sticks that matched their band’s fan colours to performances, grouping themselves with like-minded fans.[[54]](#endnote-54)

Being a “true” fan of a band meant you consumed behind-the-scenes content. Bands appeared regularly on variety shows and often created their own reality TV specials that allowed fans to get a glimpse into the band members’ personalities. Idols were also active on Facebook and Twitter. New interactions happened every two or three days, so fans could keep up with and discuss with each other the new things that were happening.

People in fan communities purchased the same music, created their own copycat bands, and shared ideas about how to imitate the fashions of their favourite K-pop artists.[[55]](#endnote-55) They took pleasure in interacting with others who shared knowledge about their bands, and who appreciated similar aspects of the bands. Some called it a subculture; others likened it to a family (see Exhibit 6).

THE NEW ENTRANT: BTS

BTS was originally an acronym for Bangtan Sonyeondan (which translated as Bulletproof Boy Scouts). In July 2017, they extended the meaning of their name to “Beyond the Scene,” which symbolized “youth who don’t settle for their current reality and instead open the door and go forward to achieve growth.”[[56]](#endnote-56)The band’s members—RM, J-Hope, Suga, Jin, Jimin, V, and Jungkook—were all in their early to mid-20s. They debuted in 2013, and operated within the context of an agency, Big Hit, which was run by chief executive officer (CEO) Bang Si Hyuk and was almost 20 times smaller ($30 million in revenues in 2016) than SM, the largest player in the K-pop space.[[57]](#endnote-57)

BTS and Big Hit aspired from the beginning to make unusual choices across a range of activities. Before the band’s debut, members ran a blog that encouraged ordinary teens to upload freestyle rap, songs, mix tapes, and work logs. The idea was to create a musical world out of the issues real teens faced and incorporate real-life fan stories into songs. This “of teens by teens” approach[[58]](#endnote-58) led observers to say that BTS was creating a “more thoughtful tone within the exhaustingly energetic world of K-pop” [[59]](#endnote-59) (see Exhibit 7).

Compared with the bigger agencies that carefully controlled marketing promotions for fan interaction, BTS embraced the messy unvarnished nature of social media. The group ran one group account on each social platform, instead of the usual practice of one account per band member.[[60]](#endnote-60) Each member shared “each and every detail of their personal lives—from their meals, practice sessions to backstage (clips),” thereby “‘disarm[ing] the fans with intimacy.”[[61]](#endnote-61) BTS wanted to come across to fans as being real human beings, not just manufactured products, which resulted in particularly dedicated fans, who proudly labelled themselves “ARMY” (an acronym for “Adorable Representative M.C. for Youth). When the band’s successes led to a televised sit-down with Ellen DeGeneres on her popular talk show, the affectionate displays of ARMY members in the studio audience led Ellen to compare their success to “Beatlemania,” the fan sensation that resulted when the Beatles first landed in North America.[[62]](#endnote-62)

However, not all of the BTS sensation originated from the band’s activities off-stage. The general consensus among critics was that the band members were also outstanding performers. In addition to the excellence of their music and lyrics, experts attributed their success to high-quality performances. According to Yoon Min-Sik of the *Korea Herald*, their “complicated, high-energy choreography” was “something rarely seen in today’s pop music.”[[63]](#endnote-63)

GLOBAL BREAKthrough?

Toward the end of 2017, BTS released a new single, “Mic Drop.” The music video was released in December, and American DJ Steve Aoki subsequently remixed a different version of the song. Upon its release, Aoki’s version hit number one on the iTunes U.S. songs chart and number 28 on the Billboard Hot 100. The hit was certified gold in the United States in February 2018.[[64]](#endnote-64)

Despite the apparent momentum and success BTS enjoyed even in the United States, the CEO of Big Hit, Bang Si Hyuk, remained cautious. He perceived a tension, a conflict even, between the band’s carefully cultivated emphasis on authenticity and the urge to “Americanize” content for the sole purpose of catering to Western audiences.[[65]](#endnote-65) He shared his thoughts about, for example, releasing an English language song:

Targeting the U.S. by releasing an English song isn’t something in our plan. If you teach a K-pop artist English and sign with an American company, that is just basically Asians debuting in the American market. That is not K-pop. . . . We set out to protect the value of K-pop’s distinctness that was made in the 90s. Visually beautiful, creating music as a package, and a group that is cool on stage. This surpasses language.[[66]](#endnote-66)

Despite such concerns, BTS did continue to try new things, such as collaborating with Western artists including Fall Out Boy, The Chainsmokers, and Wale.[[67]](#endnote-67)

The larger question was whether the international success of BTS marked the start of a wave of K-pop legitimization, or whether it remained an Asian novelty. Watching the band steer through the U.S. entertainment landscape made it difficult to believe in the former. It was hard for true fans in the BTS ARMY to watch U.S. interviewers, who had done very little, if any, research on K-pop or BTS, asking such questions as “Do you dance?” when they were, in fact, known for their dancing, as most K-pop groups were.[[68]](#endnote-68)

Some long-term fans had even begun to take the position that they did not want BTS to go mainstream in the United States. In the online discussion forum “allkpop,” a fan with the screen name “keyboardwarrior7” posted: “I don’t want K-pop to lose its uniqueness. K-pop can be so corny and cringey in wonderful ways, and I don’t want it to begin conforming TOO much to meet Western standards.” Another fan, “emanresu,” agreed:

I like being a part of this “other” community online where it feels like we all share this secret passion that is ours and ours alone. If I’m entirely honest, one of the things that makes K-pop so special to me is that it isn’t mainstream where I’m from. It somehow makes it that much greater that it’s this own set apart community that you get to be a part of that not everyone and their dog is into.[[69]](#endnote-69)

These were difficult waters for Big Hit and BTS to navigate. They needed to make choices that created opportunities and held the potential for bigger breakthroughs, but without selling out their perceived authenticity and losing their devoted fans.

An English-Language Album?

Bang Si Hyuk’s reservations about sacrificing vital K-pop elements notwithstanding, some observers hypothesized that language barriers might be the major reason why K-pop was not taking off in Western markets. Very few foreign-language artists from any country had managed to break into the U.S. mainstream music market. To test this possibility, BTS could create English-language versions of some of their most popular songs. Alternatively, BTS could produce an entirely original English-language album. The latter would allow them more flexibility to apply the techniques of culture technology, writing, and adapting the sounds and lyrics to fit Western culture and pop preferences. However, doing so risked facing backlash from their existing international fan base.

A North American Tour?

Another option for BTS would be a North American concert tour, which could both reinforce their existing North American fan base and attract new fans. Some large cities had significant Asian populations and thus might be natural stops on such a tour.

A concert tour might also involve teaming up with Western record companies or bands. Such collaborations could be useful to build awareness about the band and might even be profitable. Should BTS open for more established Western artists? Which Western artists would complement the music of BTS? What other fans might have a natural inclination toward BTS or K-pop more generally? But the opportunity cost associated with this option would be significant; it would mean foregoing appearances on TV shows in Korea for a while, and perhaps the loss of Asian-based sponsorships or other advertising revenue opportunities.

Focus Closer to Home?

Many critics of K-pop believed that success in the United States would always be limited, partly due to cultural differences. For example, the Korean beauty trends and aesthetics that had attracted the rest of Asia were, according to Western standards, perceived in the West as being odd. Socially, Asians remained a minority in terms of their representation among celebrities.

When K-pop had commanded attention in the West, the emphasis had often been on its so-called “dark side.”[[70]](#endnote-70) Some journalists had referred to the trainee model as “gruelling” and to K-pop musical contracts as “slave contracts.”[[71]](#endnote-71) Negative perceptions of K-pop’s industrial model of star development could overwhelm the musical appeal.

Critics, including Hahn Dae-Soo—often referred to as Korea’s John Lennon—had commented that in K-pop the “artistic side is what is lacking.”[[72]](#endnote-72) K-pop songs tended to borrow from existing musical elements that were already popular in the United States and therefore competed with a wide selection of similar options. Also, some thought that, in contrast to Western expectations of popular singers, K-pop focused more on execution in performance, and less on originality.

Furthermore, radio and online audio distribution channels dominated the U.S. mainstream music scene. These outlets were ill suited to K-pop because so much of its appeal—the dancing, the clothes, the makeup—was better suited to video formats.

BTS was undeniably on top in Korea. Should they really risk losing focus—and fans—for an uncertain reception in the United States? Furthermore, Big Hit was still a relatively small firm in an industry of giants; could it afford to take such a risk, or would it be better off maximizing the value of BTS in Asia, or creating new idol bands?

LOOKING FORWARD

The K-pop system was evolving in 2018. TV companies, which had traditionally served as mere platforms for the entertainment agencies to use, had become content producers, moving into competition with the agencies. For example, Mnet, a South Korean pay TV music channel, had successfully debuted the girl group Produce 101 using a reality TV show that featured idols signed to different labels and bound to Mnet by short-term, flexible contracts. First impressions from this show indicated a “shift in consumer norms as fandoms become more tenuously connected to groups and more focused on individual artists.”[[73]](#endnote-73) Several long-standing groups disbanded, and their individual members launched new careers as soloists.

In addition, fan-powered ranking and voting systems were eclipsing older, “top-down” systems; in general, the vertically integrated distribution process was losing influence to more grassroots, less controlled fan development approaches. The Big Three agencies could no longer guarantee the success of newly debuted groups. In some ways, it appeared that the classic processes and the focus idol groups were fragmenting, yielding a more diverse, less controlled Korean popular music industry.[[74]](#endnote-74)

Many of these changes seemed to work to the advantage of Big Hit and BTS. But it was difficult to know what it would take for BTS to move into worldwide prominence and serious respectability. What made some artists enduring classics while others faded away quickly? One thing seemed certain: The way ahead would not be the same as the path that had brought BTS to this point.

Exhibit 1: Billboard Music’s Social Artist Rankings



Source: Created by the case authors based on data from “Social 50: The Week of April 7, 2018,” Billboard Music, accessed April 9, 2018, www.billboard.com/charts/social-50.

Exhibit 2: South Korea’s “Hallyu” Export Market, 2012–2016 (in US$)

Source: Created by the case authors based on data from Invest Korea, *Investment Opportunities in Korea: Cultural Contents*, accessed April 9, 2018, www.investkorea.org/en/published/publications.do?mode=download&articleNo=470886&

attachNo=14467.

Exhibit 3: korea’s top k-pop entertainment Firms

|  |  |  |  |
| --- | --- | --- | --- |
| **Top 10 K-Pop Entertainment Companies (US$ millions)** | | | |
| **Company** | **Sales** | **Net Income** | **Net Income Margin** |
| SM Entertainment | 357 | 16.1 | 4.5% |
| YG Entertainment | 295 | 35.8 | 12.1% |
| JYP Entertainment | 69 | 9.7 | 14.1% |
| FNC Entertainment | 88 | 1.2 | 1.4% |
| Cube Entertainment | 22 | 1.3 | 5.9% |
| Starship Entertainment | 20 | 2.0 | 10.0% |
| Big Hit Entertainment | 19 | 4.0 | 21.1% |
| Pledis Entertainment | 15 | 1.1 | 7.3% |
| Woollim Entertainment | 14 | 1.0 | 7.1% |
| Star Empire Entertainment | 13 | 1.0 | 7.7% |

Source: Created by the case authors based on data from John Yoon, “Top 10 K-Pop Entertainment Companies in South Korea,” 2017, accessed April 16, 2018, http://seoulspace.com/2017/08/21/top-10-k-pop-entertainment-companies-in-south-korea/.

Exhibit 4: K-Pop’s Global Market Penetration, 2013–2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Global Concert Locations** | | | | |
| **K-pop Concerts as a Percentage of All Concerts** | | | | |
|  | **2013** | **2014** | **2015** | **2016** |
| East Asia | 78.33 | 78.43 | 70.29 | 77.85 |
| North America | 4.29 | 7.63 | 10.51 | 12.08 |
| Europe | 3.33 | 3.92 | 7.01 | 0 |
| Southeast Asia | 9.52 | 5.01 | 6.31 | 6.71 |
| South America | 2.88 | 3.49 | 4.21 | 2.01 |
|  |  |  |  |  |
| **Number of K-pop Concerts** | | | | |
| East Asia | 329 | 360 | 303 | 176 |
| North America | 18 | 35 | 45 | 18 |
| Europe | 14 | 18 | 90 | 0 |
| Southeast Asia | 27 | 17 | 19 | 5 |
| South America | 12 | 16 | 18 | 3 |

Source: Created by the case authors based on data from Jeff Benjamin, “K-pop Concerts Continue to Grow Outside Asia: Exclusive Infographic,” Billboard Music, May 3, 2016, accessed December 9, 2018, www.billboard.com/articles/columns/k-town/7350481/international-k-pop-concerts-growth-infographic.

Exhibit 5: K-pop groups’ Youtube Music Video Views

|  |  |  |
| --- | --- | --- |
| **Most Viewed K-pop Group Music Videos (as of April 8, 2018)** | | |
| **Group** | **Song** | **Views (millions)** |
| Big Bang | Fantastic Baby | 346.3 |
| Twice | TT | 341.5 |
| BTS | DNA | 334.5 |
| BTS | Fire | 317.0 |
| BigBang | Bang Bang Bang | 302.9 |
| Blackpink | Boombayah | 299.9 |
| BTS | Dope | 290.6 |
| BTS | Blood sweat & tears | 283.3 |
| Blackpink | As if it's your last | 277.6 |
| Twice | Cheer up | 260.3 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Most Liked K-pop Group Music Videos** | | | | |
| **Group** | **Song** | **Likes (000s)** | **Dislikes (000s)** | **Ratio** |
| BTS | DNA | 4,892 | 267 | 94.8% |
| BTS | MIC drop | 4,487 | 125 | 97.3% |
| BTS | Blood sweat & tears | 3,761 | 117 | 97.0% |
| BTS | Fire | 3,366 | 120 | 96.5% |
| BTS | Not today | 3,143 | 111 | 96.6% |
| BTS | Dope | 2,959 | 78 | 97.4% |
| BTS | Spring day | 2,858 | 74 | 97.5% |
| As if it's your last | As if it's your last | 2,858 | 116 | 96.1% |
| BTS | Save me | 2,734 | 51 | 98.2% |
| Blackpink | Boombayah | 2,668 | 131 | 95.3% |

Source: Created by the case authors, with data compiled from “K-pop Groups YouTube Records,” accessed April 8, 2018, https://onehallyu.com/topic/320184-kpop-groups-youtube-records/.

Exhibit 6: Excerpts from Interviews with K-pop Fans

In developing this case, we interviewed some current and former K-pop fans. Interview subjects agreed to participate anonymously. Below, we identify them by fictitious first names:

“To like a K-pop band as much as I did . . . you have to put a lot of time into it, keeping up with their lives, consuming all the content that is available to make it feel real.” – Jenny

“When you see these videos that are, like, so energetic, you kind of want to know more about the people. Like for me, I just, like, really want to get to know their personality, like, they’re [sic] interests and, like, how they interact with each other. Because I really like watching that stuff . . . they upload a lot of videos where they celebrate each other’s birthdays, [do] interviews with each other or [go] on vacations and stuff. So after I saw those things I became more attracted to their personalities and kind of the bond that they had with each other.” – Lisa

“They really sell their personalities . . . at the time, I would identify with their personality traits or see them as cool people to look up to . . . my 12-year old impression was there were five members and one was the really silly one that was always making jokes, the brunt of all the jokes and it was really funny. One was the artistic one and he was mysterious. One was the weird one who would do funny things. One was the leader who was more masculine and serious. The last one was the youngest and he was kind of the evil young one, like mischievous. Looking back to it I think it was maybe somewhat reflections of who they were as people but also the companies as entertainment companies would try to pick five people with five different personalities that would appeal to different people and really tell them to play that part of themselves up.” – Jenny

“They do a very good job of selling everything to you. When I was interested in K-pop I wasn’t just listening to music, I was also watching the reality TV shows with these really beautiful K-pop stars that I thought were really pretty and I’d watch their interviews, watch their reality TV shows. You almost get sold in the person and believe in the person and want them to do well. You are sold on them, it’s like a movie, watching your favourite hero becoming better, and you want to see their next thing.” – Danielle

“I think the unique thing about K-pop is, I think this is a function of how much content they put out and how they sell not just the music but the people. But by doing that they are able to gain very, very, loyal fan bases, girls mostly, that not just enjoy the music but enjoy them as people and relate to them as people and see them as idols and get along with their friends by talking about them as people. . . . Every member had a different personality and stand for different things and stand for different personalities. And people would be like ‘this is my favourite member.’ You could meet someone and once they say who their favourite member was you could almost see something about who they are and it was an easy way of connecting with people . . . and the more you interact with that community, the more you feel you belonged, the more you liked the band.” – Jenny

“I don’t know how rational of a decision it was, it is generally, to like an idol or boy band. There is an element which is irrational. I think one is influence of friends. I didn’t find them myself it was a friend who was older than me that I had looked up to that was like, ‘Oh you should listen to this band.’ And I was young and impressionable so it was really easy to fall into that.” – Jenny

Source: Created by the case authors from personal interviews with K-pop fans in April 2018.

Exhibit 7: BTS Music Videos

* “BTS ‘IDOL’ Official MV,” YouTube video, 3:51, posted by “ibighit,” August 24, 2018, accessed December 9, 2018, https://youtu.be/pBuZEGYXA6E.
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Source: Compiled by the case authors.

Endnotes

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