

The international marketing strategy of Korea's Hybe Corporation and its implications to Chinese entertainment companies

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Abstract. With the continuous development of economic globalization, foreign trade has brought unprecedented opportunities, and the exchange and dissemination of different cultures have become increasingly important in international trade. Since the rise of South Korea's entertainment culture in the 1990s, it has taken less than a decade for Korean dramas, fashionable clothing and other popular cultures to become "popular in Asia" and "popular around the world". In recent years, Korea's Hybe Corporation broke the pattern of YG, SM, and JYP which are Korea's three major entertainment companies, jumped to become the fourth largest Korean entertainment company giant. Its strong cultural output has led to the extraordinary influence of Korean pop culture on a global scope. From the perspective of international marketing strategy, this paper introduces the development status of Hybe Corporation through PEST analysis and 4P marketing theory, so as to inspire Chinese entertainment companies to keep pace with the times and promote the export of Chinese culture.

Keywords: International marketing; International cultural trade; Cultural export; Korean Pop Culture.

1. Introduction

In the mid-to-late 1990s, South K-pop music, film and television productions swept into China, which was called "Korean Wave" by Chinese media. Among them, Korean pop music, also known as K-pop music, has impacted the entire Chinese music market because of its exclusive charm and unique fashion trend. In the 21st century, K-pop music has spread this trend to the world, and "Korean Wave" has become a generic term for the export of Korean culture. The reason why the "Korean Wave" has sparked the international market is not only due to South Korea's strategy of becoming a strong cultural powerhouse, but because of the new media strategies of the three major TV mainstream media, SBS, KBS and MBC, and the eye-catching brand packaging and marketing strategies of top entertainment agencies.

YG, SM, and JYP, as the three top entertainment agencies in South Korea, are far-sighted and have achieved a magnificent transformation from popular pop music to an original brand of music by relying on a sound industrial operation mechanism and mature market planning. With the explosive popularity of BTS in 2018, the operating profit of its subsidiary BigHit has exceeded the sum of the three giants of South Korea's entertainment companies for several years. In 2021 BigHit officially changed its name to Hybe with labels such as BigHit Music, BELIFLAB, SOURCEMUSIC, PLEDIS Entertainment, etc. The trend is overpowering the big three. From a small company with only the BTS portfolio to a large company with nearly half of the popular groups and a variety of entertainment industries, Hybe's success is inseparable from its advanced international marketing strategy.

2. The macro environment of Hybe Corporation - based on PEST analysis

2.1. Political environment

Since the 1980s, the Korean government has gradually opened the entertainment industry to the international market, and the entry of a large number of foreign films and music products has promoted the Korean local entertainment industry to the international first-class level. In 1997, when

the Asian economic crisis hit hard, the International Monetary Fund (IMF) provided Korea with a cultural industry fund as assistance, and the strategy of saving the country through culture was tried out in Korea. BitHit Entertainment, the predecessor of Hybe, was officially established in 2005 to take advantage of this "cultural wind". The most important feature of the Korean government's "cultural nation-building" strategy is its extroversion. In order to develop the culture industry into the largest export industry, the government has formulated the Five-Year Plan for the Development of the Culture Industry, increased financial support for cultural innovation projects, and promoted the innovation and sustained prosperity of the Korean Wave cultural industry through the comprehensive integration of social resources. These initiatives have created a favorable domestic business environment for Hybe's overseas market expansion.

In addition to the domestic political environment, Hybe's choice of marketing markets is also influenced by the international political environment. At the beginning of the 21st century, China and South Korea completed the transformation from a comprehensive partnership to a strategic partnership. After the signing of the Agreement on Cultural Cooperation between the government of the People's Republic of China and the Republic of Korea, the two countries have formed a multi-level, multi-channel and diversified cultural exchanges, and the "Korean Wave" soon became a craze in China. At the same time, the "Korean Wave" also began to flourish in Japan as a result of South Korea's "cultural state-orientation" policy at the end of the 20th century, which coincided with the prevalence of the cultural industry in Japan at that time. Therefore, Hybe's main targets for overseas market expansion in the early stages of development were China and Japan. As the "THAAD" incident weakens the influence of the "Korean wave" on China, as well as relations between Korea and the U.S. reached a new level, and relations between Japan and Korea thawed, a large number of Hybe's plans from the end of 2021 onward indicate a shift in its core markets, with Europe, the United States and Japan as the main battlefield, and the Chinese market is only the most basic investment.

2.2. Economic environment

The Asian Economic Crisis of 1997 disrupted the steady growth of the Korean economy, the won depreciated rapidly, and businesses in all sectors were plunged into serious difficulties, and Korea entered a state of economic depression. In addition, Korea, as a small country with scarce natural resources and a small population, had to seek overseas markets and actively cooperate with other countries in the world due to the narrow domestic market and insufficient purchasing power of consumers. Moreover, the government realized that the traditional industrial foreign trade was not enough to save Korea from its predicament, and that the development of the cultural industry could be a new way of foreign trade to break the deadlock of economic stagnation. Korea, which sees its culture as a channel for foreign market expansion, has been blessed by the economic crisis, especially by the spread of K-pop music overseas, which has made the music industry a pillar industry of Korea.

2.3. Social environment

South Korea's traditional culture is colorful and has unique artistic characteristics, which lays a solid foundation for the later development of popular culture. In the early 1990s, the Korean entertainment industry began to expand, and began to promote the international market. As K-pop began to rap in Korean, the boundary between rock and dance music was broken, and songs with strong rhythm and danceability became the mainstream. At the same time, the songs of Korean solo singers mainly focus on lyric music. At the same time, under the influence of European and American pop songs, singers have enhanced their grasp of vocal cord function development and singing skills, and the display of power in lyric songs has become more and more prominent. In the early 2000s, many K-pop groups and singers achieved great success both within Korea and in the Asian region. At the same time, under the promotion of Korean entertainment companies, K-pop developed into K-Culture, including music, fashion, dance and film. Since 2010, K-pop culture has gained international recognition and attention beyond Asia. Numerous groups and singers have toured around the world, attracting millions of fans. Many Korean entertainment companies have achieved commercial success

in the international market, and Hybe is one of many Korean entertainment companies that have seized the opportunity.

K-pop culture has a strong influence in the world, not only because of its unique national cultural charm, but also because of its wide range of cultural elements from other countries to make it better accepted by people in the international communication, Hybe Corporation in the international marketing of K-pop culture made full use of cultural analysis. China and Japan are the suburbs of Korea and have a long history of cultural exchanges, so there is no doubt that they chose to explore the Asian market first. In addition, there are also cultural differences between the two countries, for example, in terms of consumer aesthetic preferences, the Chinese people are more attracted to handsome looks and dignified features, while the Japanese people are more attracted to cute and affable looks, and Hybe has responded to these cultural differences by selecting members of its idol groups who are more in line with local aesthetics for different occasions, which has fully mobilized consumers. The company's campaigns are designed to be more consumer-friendly.

When the Asian market reaches saturation, it is also the general trend to choose to explore European and American markets. K-pop culture itself has greatly absorbed the popular culture of Europe and the United States, so it is easy to cause cultural resonance in the development of the European and American markets, but the competition in the European and American music market is fierce, the development of popular music is mature, and it is also quite challenging to occupy a place in the European and American markets. Hybe is the first Korean entertainment company to successfully enter the European and American markets, beating other Korean entertainment companies. The market prospects in Europe and the United States are very broad and the consumer preferences in Europe and the United States are quite different from those in Asian countries. At this stage, Hybe attaches particular importance to the European and American markets. Hybe has not only tried to solve the language barrier by hiring foreign tutors to tutor the artists in English, but has also made certain changes in the selection of artists, clothing production and the cultivation of stage style, taking into account the fact that Europe and the United States mostly prefer healthy, self-confident and distinctive artists.

2.4. Technological environment

In the early 21st century, the sale of records occupied the main part of the sales volume of the K-pop industry. With the rise and popularity of the Internet industry, traditional media could not satisfy the diversified needs of the users to obtain information, and the era of the financial media came into being. [9] Compared with popular records, digital music not only crosses geographical boundaries, enabling consumers all over the world to enjoy it simultaneously, but also enhances people's closeness to music, and attracts more consumers by opening electronic products to obtain music at any time. Numerous entertainment companies have opened a comprehensive promotion mode of digital albums and physical albums.

At the same time, based on the audiovisual of Internet channels, music production companies not only require a pure music listening experience, but pursue a considerable visual experience. Therefore, in terms of listening to music, Korean entertainment companies combine various popular music styles from Europe and the United States, such as hip hop, electronic, rock, dance music, etc., and use a large number of vocals in songs with the advantage of Korean pronunciation to produce a new style of K-pop music. In terms of visual presentation, for several hit songs in the album, companies will arrange the shooting of MVs that match the style of the songs, which not only include dancing but also rich storylines to allow viewers to appreciate the music and the emotions conveyed by the songs. In addition, the development of Internet audio-visual technology has gradually popularized smart devices, and digital content has diversified in form. Music shows, year-end parties, award ceremonies, etc. that were previously only available offline can be presented to more people through live streaming. Under the influence of the epidemic, online performance has become a trend in the performance market in the post-epidemic era. Hybe took the opportunity to launch an online performance for its popular group BTS. The paid concert on the line set a Guinness World Record for "most watched

streaming music concert". At a time when the global entertainment industry is struggling due to the epidemic, BTS's online concert successfully demonstrated the potential of online performance to succeed in the marketplace.

3. Analysis of the 4P strategy of Hybe Corporation

3.1. Product strategy

Hybe divides the company's business lines into those in which artists are directly involved and those in which they are indirectly involved. The business of direct participation of artists involves the products including albums, concerts and advertisements, while the products of indirect participation of artists are mainly brand authorization, content and fan community. According to the tangible and intangible products, physical products include star albums, peripherals, magazines, concert tickets, book signing tickets, showcase tickets, etc., while intangible products include visits to Hybe museums, social software fan welfare content, and chat communities, group variety shows, live broadcasts, online concerts, online book signings, and customized games. Among them, the variety of albums and peripherals is very rich, constantly changing with the needs of consumers; Flexible online products are also becoming major products due to the rapid development of the Internet.

The artist training by Korean entertainment companies is also a product production process, with a fixed production cycle. During the investment phase, Hybe will organize a variety of casting activities, scouting, and self-promotion to dig out young people aged 10-22 to enter the company for training. In the training stage, trainees basically have to go through a training process of 3-10 years, and a few may be able to debut after 1-2 years. The training stage will definitely take weekly and monthly exams for regular assessment of trainees, and use the end of the elimination system for talent selection. In the above process, the company will mostly one-way investment, the cost is high. At the present stage, because the profit model of Korean entertainment companies is very mature, from singles, albums, concerts, member value-added, peripheral derivatives, to TV variety shows, performance activities, and business cooperation can eventually help the company to achieve profit.

Hybe also develop differentiated product plans before entering different markets. Facing the Japanese market, where the entertainment industry is equally developed and geographically close, Hybe will not only strengthen the configuration of albums and peripheral innovations to satisfy the Japanese consumers, who likes physical experience, but also cater to the Japanese fans' preferences for the faces and personalities of love. It specially trained its artists to interact with fans with enthusiasm and gave the group members to create cute people and match energetic costumes to increase attention. The European and American markets are more concerned about the strength and aura of the artists, Hybe usually increase the number of concerts and meetings to address this point, as well as increase the training of the artists' stage presence. The members' person will be changed to generous and sexy, and their costumes will be more unrestrained. For the Chinese market, the second largest in Asia, Hybe chose to innovate online services could not be carried out. Setting up official accounts on Chinese social media was the first step, but more importantly, an online book signing format was launched, which is an intimate way of communicating with the Chinese fans and greatly alleviates the dissatisfaction of not being able to get close to their idols.

In addition, Hybe has extended its product line. When scouting for talents, Hybe focuses on recruiting people from different countries, and expand the consumer group by means of the affinity of language and cultural affinity of members from different countries. Integrate the local culture of each country in the planning of the combination concept to arouse the resonance of consumers in different markets; Hybe's product strategy is to find people of different nationalities to enter the company for training and debut as members of the group to stimulate the natural goodwill and attention of fans of the same nationality.

3.2. Price strategy

In May 2023, Hybe reported sales of 410.6 billion won and operating profit of 52.5 billion won in the first quarter of 2023. Sales increased by 44.1 per cent and operating profit by 41.7 percent compared to the same period last year. Hybe's impressive results could not have been achieved without its prescient pricing strategy. Due to the peculiarities of the Korean entertainment industry, where the prices of goods sold are related to the popularity of the idol groups, the pricing of albums, peripherals, concert tickets, and app subscriptions varies according to the popularity of the groups. However, if prices are too high, it is likely to cause dissatisfaction among certain groups of consumers. Therefore, Hybe usually sets a uniform price for online app subscriptions and concert tickets in order to achieve the goals of sustainable management and competitive strategy. In the case of albums and peripheral products, Hybe will consider the cost factor and customize different prices according to the quality of the product, while taking into account the market demand and adjusting the price of products that are in short supply at the right time. For example, BTS, the popular group, ranked first in Korean male group sales in the first half of 2022 with a physical album that eventually sold 4,523,749 copies. As a result, Hybe openly sells BTS-related albums and peripherals at high prices, and even makes high profits on the reason that the products are out of print or limited, but the consumer group mainly fans have always bought them.

Hybe offers a wide range of products, but the most lucrative and profitable product is the ticket for the artist's performance. The 2021 BTS tour, which totaled 11 live shows, grossed a whopping \$75,138,456, with an average per-show gross of \$6,830,769, with 458,677 tickets sold and 100% attendance. Based on the company's investment in artists' performances and the total production cost, the attendance rate should be around 70% in order not to lose money. Many of Hybe's groups have high attendance rates during their tours, meet-and-greets, and showcases. This is because Hybe's pricing in this area is demand-driven, supplemented by cost-driven and competition-driven. For a world tour, the company usually chooses a stadium with a capacity of 10,000 people if it is in the capital city of a country to ensure attendance. If it is in a lesser-known or economically underdeveloped city, the company usually chooses a small venue with a capacity of 3,000-5,000 people. Prices in 10,000-capacity stadiums are generally higher than in 1,000-capacity stadiums, and prices in the infield are higher than in the outfield. In addition, psychological pricing strategy is also an important factor for Hybe to set tour ticket prices. According to the nationality distribution ratio of fans of its idol groups, BTS and NEWJEANS are obviously stronger in the European and American markets than in the South-Central Asia market, while SEVENTEEN, TXT, and ENHYPEN are more well-known in South-Central Asia. As a result, Hybe will increase the number of tour dates in countries where the group is more popular, so it will sell more tickets for the more popular dates.

3.3. Promotion strategy

In the current digital era characterized by attention economy, with the widespread use of short video apps such as TikTok, viewers are susceptible to information fragmentation and have much less patience for listening to songs and watching dramas. Music promotion strategies need to be adjusted with the times. In order to catch attention and quickly open the popularity of songs, Korean entertainment companies often make a big effort in arranging and marketing their songs. On the one hand, they endeavor to produce highly creative, light-hearted tunes that make use of repetitive lyrics to enhance distribution. On the other hand, they shoot short videos when they are newly released to be put on media platforms such as YouTube and TikTok, and make use of the push function of the Internet's big data to make the songs have a wide impact on people as soon as they are released. Thus their works become popular quickly. Hybe pays particular attention to this and often performs short videos of the highlights of its artists' new songs when they are released, either by linking up with the company's predecessors and successors or by linking up with artists from other entertainment companies. Many pop music works have received a high level of attention as a result.

In the new media environment, Hybe also takes advantage of the fact that the quality of products and services of businesses exceeds the expectations of consumers, which in turn provides free

publicity and promotion for the goods, and builds up consumer goodwill by providing high-quality products upfront. For example, the 2020 BTS world tour was sold through a combination of three marketing methods: the company's promotion on the group's official account, major media coverage, and active participation by consumers. Those methods resulted in the concert tickets being snapped up very quickly. This kind of low-cost, high-efficiency, consumer-initiated marketing has allowed Hybe to reach new heights in the overseas market.

3.4. Place strategy

In terms of distribution channels, selling entertainment products in overseas markets through the Internet has always been the main method chosen by entertainment companies. Hybe has set up a mall on its official website as well as cooperated with overseas e-commerce platforms. The official website must have the most complete range of products, so in order to make it convenient for consumers from different countries, the mall is set up in several different languages such as Chinese, English, Japanese, etc. Supporting online payment makes it possible for fans all over the world to buy the albums and peripherals of their choice through the online mall. At the same time, Hybe has also set up a personal section on its official website for its artists to bid on items and donate all receipts. This public welfare product promotion method has brought Hybe a lot of topics and exposure, and product sales have been greatly increased.

One of the reasons why K-pop culture stands out is its strong sense of interactivity. This interactivity is not only between the audience and the communicator but also within the broad audience, especially among fans. The use of the group effect to bring greater heat and buzz to idol groups, which in turn enhances each other's enthusiasm for stars, and reduces resistance and even provides a new path for Korean entertainment companies. So the professional operation of the artist social platform was born. Among the different platforms developed by entertainment companies, Hybe's Weverse, a global fan community platform, has demonstrated its strength from the moment it was launched. By logging into Weverse, fans are able to quickly access information about the artists and the groups' schedules. Idols and fans can also communicate and interact directly through the platform, Hybe not only understands the ideas of the fan community in the first time based on the feedback from the fans, but obtains a lot of constructive suggestions for the development and innovation of the group. This improves Hybe's efficiency for the group's subsequent packaging and music production direction. Moreover, Hybe can understand the latest news of the core consumer groups, which enables more accurate control of the market, and customized music production. Thus, Hybe can control the market more accurately and customize personalized marketing planning.

4. Implications for our entertainment companies

Hybe corporation is one of the most influential entertainment companies in the world, adhering to the core concept of "music without borders" since its inception. Through years of accumulation and well-designed international marketing strategy, Hybe successfully built a group of artists with a wide range of influence in the world. This international entertainment marketing model not only promotes the enhancement of Korea's cultural soft power, but provides a lot of inspiration for China's entertainment companies.

(i) Systematic star-making system

South Korea's entertainment industry can develop and grow in a short period of time without rich talent reserves and follow-up complete training system, its procedural star-making system and a steady stream of talent resources mutual achieve. Hybe takes care of everything from artist training, album production to marketing. The company invests a lot of time and money in preparation to ensure that the trainees are cultivated into talents with perfect acting ability, charisma and stage performance. Debut idol groups will also have a special music production and choreography team to prepare their works, together with concept planning and marketing promotion to complete the whole process of groups marketing operation. In contrast, Chinese entertainment companies are accustomed to division

of labor and cooperation. The exploration and training of artists are carried out separately, and the production, distribution, sales and communication of music are also outsourced to different companies. This leads to the problem that the later stage of market operation can not keep up with the earlier stage. Therefore, Chinese entertainment companies need to learn from South Korea's mature star-making project to ensure the integrity of music industry chain. So as to avoid the company in the process of operation caused many intermediate cost waste. For Chinese entertainment companies, the most important thing to successfully carry out market activities is to make up for the disconnect between production and sales, so that idol artists have accurate market positioning.

(ii) Appropriate brand marketing plan

Faced with a small local market, K-pop music has to seek a way out, so the establishment of an appropriate brand marketing plan is a vital part of overseas market development. The brand marketing strategy of Korean entertainment companies is ingenious. It is not the non-internationalisation of Chinese pop music that makes local brands defenceless, but rather the fact that K-pop music has chosen to fill a gap in another country's market when it comes to market capture. Taking South Korea's measures against the Chinese market as an example, the age group of Chinese singers is roughly between 25 and 45 years old, while the average age of Korean singers is only 15 and 20 years old. Chinese pop music is mostly in the form of Solo, while K-pop music is performed in the form of multi-people groups. K-pop music has many genres, but only picks HipHop music genre to attack the Chinese market. Therefore, Chinese brands do not have to fall into the anxiety of self-doubt in their construction, but learn to try to fill the gaps in the international market.

Homogenisation has always been the most important risk to be avoided in brand marketing. In the process of learning the construction of K-pop music brands, Chinese entertainment enterprises should also avoid simple plagiarism and imitation. The loss of brand personality will only make Chinese pop music's competitiveness in the domestic market continue to decline, let alone enter the overseas market. It may be an effective marketing strategy to focus on the improvement and optimization of the good brand as the main brand, and then blend the characteristic musical styles of other countries with the national style on the premise of maintaining the personality of the music brand to create a new form of music as a sub-brand promotion.

(iii) Rich media promotion

Today, when science and technology are closely integrated with economy, politics and culture, the media system operates in the whole society all the time. Chinese entertainment enterprises must make good use of the various information dissemination channels in the era of integrated media to help expand the international influence of Chinese culture and enhance the country's cultural soft power. At present, China's entertainment industry has not completely "gone out", and the entertainment products provided have not reached the level of consumer choice, so it is very important to continuously increase exposure. Therefore, companies can make use of high traffic media platforms such as YouTube and Twitter at home and abroad, and actively participate in international music festivals, fashion weeks, international awards ceremonies and other events to promote our brand culture.

It's not enough to have official promotions, but the artists themselves can get active promotion from consumers by interacting with their fans. Hybe has done this particularly well. Whenever idol groups return to play songs, Hybe will have its own artists engage in a "challenge" (a type of short video interaction unique to Korean entertainment, i.e., a dance challenge) with their fans. This is a effective way to increase the popularity and interactivity of a song through the use of integrated media. Therefore, Chinese entertainment companies also need to cultivate artists' sense of autonomy in interaction. Artists should not only regularly interact with their fans by leaving messages, but use short video platforms to call on fans to participate in fun activities. After that, fans interact with idols at the same time to take advantage of the momentum of the song publicity, and short video in the media platform is spontaneously reproduced. Ultimately abundant and low-cost marketing campaigns were realized.

(iv) High-quality content output

At the moment, Chinese pop music market is not innovative enough and the industry is not developed enough. As early as in the 1980s, Chinese popular music borrowed more from Korean and Japanese pop music, which are also Asian countries, in terms of arranging. There is less original music in China. In the era of new media, online talent shows have become a hot trend, and more and more musicians disregarded the quality of musical works and stages in order to gain exposure. As a result, the output of high-quality pop music in China is insufficient, and it is impossible to achieve qualitative change from quantitative change. In this way, the public's taste and aesthetics for pop music have gradually been lost, leading to a vicious circle. Thus, the prerequisite for opening up the market is to have high-quality content output, from music innovation, album content to stage presentation and other aspects to improve the quality.

5. Summary

Apart from professional production teams, the main reason why K-pop music has been able to guarantee high-quality music and stage performances is that it has retained its own musical characteristics. In addition to absorbing elements from other countries, Korean music has always maintained the advantage of its local culture and language pronunciation to create a highly recognizable musical identity. Therefore, Chinese entertainment companies should adhere to the concept of integrating Chinese cultural elements into creations after the realization of professional production teams. For Chinese pop music, it is very important to have a high recognition. Only by truly making music with unique Chinese culture and characteristics can they instantly attract audiences from other countries in this era of cultural information explosion, thus generating effective cultural communication.

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