

Comparative Analysis of Idol Industry Development: A Case Study of NINE PERCENT and Seventeen Groups

Mengtong Li*

Wuhan Britain-China School, Wuhan, China

* Corresponding Author Email: limengtong_2025@163.com

Abstract. This article points out the current situation of the idol industry in China and South Korea, some basic data and future development trends, and then uses a case analysis method to compare NINE PERCENT of idol groups in China with Seventeen groups in South Korea. The paper presents the advantages and strong development momentum of China's idol industry and analyzes the specific reasons leading to the differences between the two countries' idol industries, which are, respectively, the population base, the length of the idol manufacturing process and the development direction after the debut. Finally, the article puts forward some constructive solutions, the most important is to identify the target market, that is, the Southeast Asian customer group, and then to a certain extent, diversify the idol's business scope and change the idol's operation mode, and increase the communication with fans to expand the viscosity of fans.

Keywords: Idol industry, Hallyu, NINE PERCENT, Seventeen Groups.

1. Introduction

South Korea's well-developed pop music industry is globally renowned, particularly for its established idol manufacturing system which has standardized the production and revenue models. The emergence of idol groups in Korea dates back to the early 21st century, with the pioneer generation originating in 1990. H.O.T., introduced by SM Entertainment in 1996, marked the inception of idol groups in Korea. Typically comprising five members, the first-generation idol groups were structured with distinct roles for each member, including lead singer, dancer, and rapper, setting the foundation for subsequent idol generations.

The emergence of second-generation idols can be traced back to the widespread success of the Wonder Girls' album "Tell Me" in 2007, which garnered immense popularity. Following the trailblazing success of Wonder Girls, early debuts such as TVXQ, SS501, Super Junior, and BigBang also gained prominence. Second-generation idol groups typically consist of more than six members and engage in both group and unit activities [1]. These groups often tailored their music to resemble Western pop to appeal to international audiences. With the music industry's shift towards digitalization, second-generation idols are releasing music more frequently and making appearances on various entertainment shows, creating a "different image" of "the image of the stage" and the friendly image outside the stage, and attracted more fans of different ages. Some of the more famous idol groups during this time were Girls' Generation, 4minute, 2NE1, f(x), TVXQ and BigBang.

Idols who debuted in the 2010s are categorized as third-generation idols, with EXO being recognized as the frontrunner for this generation, particularly among boy groups. Among them are girl bands twice, gfriend, and red velvet, and boy bands BTS and NCT, which have gained great popularity both at home and abroad. With the advent of social media, idol groups' marketing strategies have become more diverse, with unprocessed homemade content appearing on websites such as YouTube instead of through TV shows. Idol members have also started Posting on social networking services to get closer to their fans. More non-Korean members joined idol groups to internationalize their influence. There are also changes in the market, starting from 2012 and 2016 in Japan and China, respectively, the restriction of Korea, so that although East Asia is still the main town of Korean Wave, KPOP development areas tend to be diversified, North America has the strongest growth momentum, and Southeast Asia has improved earnings [2].

The phenomenon of Hallyu has played a pivotal role in bolstering South Korea's export industry, which has resulted in a sales volume of USD 9.48 billion. Notably, K-Pop merchandise made a substantial contribution to this total, generating USD 114.5 million in revenue in 2022[3]. The economic impact of South Korea's idol culture has also catalyzed growth across various sectors in the country, fostering overall development. The influence of Korean Wave content has had a profound impact on foreign tourists visiting Korea, driving a surge in tourism demand. This surge has propelled South Korea's tourism industry to unprecedented growth levels, with visitor numbers escalating from 300,000 in 1998 to 17.5 million in 2019[4].

The Korean idol is still popular in Asia, Europe and the United States. But now the problem of South Korea is that its market size is limited, it is difficult to be as big and strong as the United States, and there is a contradiction between the developed industrial chain and the limited consumer market. So South Korea's idol industry began to focus on overseas markets early, China previously being the development. Meanwhile, in 2016, rumours about the Korean restriction order spread in China. China expanded political tensions to the entertainment sector, imposing stringent limitations on South Korean artists hosting concerts in China and restricting the airing of South Korean TV dramas, and forcefully suspending the non-governmental performance cooperation between the two countries. After losing the Chinese consumer market, the market value of South Korean entertainment companies began to fall sharply. FNC Entertainment's valuation fell by 5%, and the number of South Korean tourists, previously more than 900,000 a month, accounting for more than 50 percent of South Korean tourists, dropped to 200,000. Wholesale and retail losses are estimated at \$108.9 billion [5]

Today, China has become one of the most important competitors in the Korean Wave. China, as a developing country with a population of more than 1.4 billion, has surpassed the United States in recent years to become the largest consumer market, which is predicted to reach 1.06 billion US dollars in 2030. Although China's idol industry is relatively unknown in the overseas market, our domestic market is very large because of the large base population. Chinese fans are also known for their willingness to spend money on their idols. As per a survey, approximately 40% of Chinese fans invest over \$850 annually on their idols, propelling China's idol economy to unprecedented levels. The market size surged to 494.2 million yuan in 2021 and is projected to escalate to 6.423 trillion yuan by 2023[6].

This paper mainly discusses the problem of market contraction faced by the Korean wave in the face of the booming development of China's idol industry, and puts forward effective solutions. Many previous articles have analyzed the future development strategy of the Korean wave and how to deal with the more competitive idol market. In terms of government policymaking, a business ecosystem could be formed by connecting the value-creation activities of enterprises as a network platform. As well as the need to focus on synergies between companies of different sizes and scales, collaboration between companies is seen as the best option, rather than the previous strategy of focusing only on small and medium-sized entertainment companies. Finally, Korea's Hallyu policy should be reoriented to encourage the integration of corporate networks, using corporate value activities as a platform for integration [7]. By comprehending the framework of global cultural exchange, the preservation of traditional practices and legacies by governmental bodies and corporations, the evolution and modernization of K-pop entertainment agency systems, as well as the digital convergence strategy in K-pop, it becomes imperative to adopt a strategy focused on creativity, dissemination, communication, and accumulation [8].

In terms of response strategies, it is recommended that small and medium-sized South Korean entertainment companies leverage the Korean Wave as a marketing tool in China. This involves not only utilizing traditional media for advertising but also disseminating information through social networks. South Korea's potential for technological innovation and the availability of 5G opportunities to cater to evolving content preferences present ideal conditions for market entry into China through collaborative efforts. For instance, SM Entertainment recognized the need to expand its business scope beyond the B2C model as K-Pop and the company gained global traction. By forging strategic alliances and partnerships with multinational corporations abroad, SM

Entertainment transformed into a truly global entity. Additionally, the incorporation of social media platforms and YouTube into its marketing strategies facilitated global customer engagement. These initiatives resulted in increased revenue, profitability, and an expanded consumer base [9].

2. Case Study

In 2018, China imitated South Korea's talent show model and launched *Idol Producer*, the first reality show about idol competition and cultivation. The program first selected 100 trainees, closed training and program recording in 4 months, and finally voted by the audience to win 9 people, forming an idol boy group debut. From the beginning of the program to the final period, the star-chasing girl, known as the 'National producer, voted day and night in order to make her favourite trainees' debut, real money and real feelings' every day. According to incomplete statistics, a total of nearly 180 million votes were cast by star-chasing girls, and the fundraising amount of the top 20 trainees on the night of the final reached 20 million yuan. After the debut of the final limited male group NINE PERCENT, although only two group albums were released, the live broadcast of the first album set a viewing record of nearly 16 million on the day of its release, and the total sales of the major platforms exceeded 10 million yuan, and 20 total charts were gained within three weeks. All of a sudden, Internet buzzwords related to talent shows have become popular all over the Internet. Even those who don't watch *Idol Producer* may know a thing or two about this idol group [10].

In the same year, Seventeen, a top Korean boy band with a certain fan base, released a new album "You Make My Day." Their music has also reached the top of the Korean music charts. But even with this new sales record, their album sales are only 200,000, far less than NINE PERCENT of their debut less than six months ago. And they are not as popular in South Korea as NINE PERCENT in China.

The first is the huge difference in population technology. By 2023, South Korea's population aged 15 to 60 will be around 30 million, while China's population of the same age group will be around 9 million, more than 30 times that of South Korea. As a result, in the fan base, Chinese idols have a great advantage; even if they are very marginal idols, the number of fans on social platforms has reached about 1 million. With a huge fan base comes a doubling of profits. Admittedly, China's theoretically huge market makes it easier for an idol to find, tap, and more quickly attract a certain number of fans who can support the idol himself and make money for his company. Similarly, some surrounding industries of the idol industry, such as its supply side, arrangement and choreography production, singing, stage production, etc., are very perfect, and related resources are sufficient in a physical sense. This indirectly promoted the idol's rapid growth.

Second, China's idol industry chain is short, and the cycle required to cultivate an idol is very short compared with South Korea. Unlike Korea, which has already produced popular idol groups such as Super Junior, EXO, and Bigbang and has a complete industrial system of artist production, domestic talent agencies are still underdeveloped in the era of artist training. For example, in the variety *Idol Producer*, some trainees are selected by the company to participate in the talent show after only being exposed to the idol's professional singing and dancing for less than three months. Without any skills, they just want to attract fans and make money. In South Korea, an idol trainee trained by a formal brokerage company usually spends at least three years of professional guidance on him, and some teams may spend 1 million won before their debut, and even after this, if the trainee does not meet the assessment standards, he is not allowed to debut. Therefore, in the idol industry, China's supply side is updated faster, which can basically meet the huge demand market.

Thirdly, after their debut, the development of Chinese idols is more diversified. In South Korea, there is a complete process for an idol debut that can maintain stable exposure from the singing stage to the roadshow to the concert. Therefore, South Korean love beans must spend a lot of time after their debut and polish their works. But China does not have such a complete system; in the case of the same type of groups that have been launched, of course, Chinese brokerage companies will take advantage of the popularity of the time and quickly turn this fame and traffic into profits. For example, NINE PERCENT has only released two albums in total, while Korean boy bands like Seventeen

typically release about two albums a year. However, none of the members of NINE PERCENT chose to retire together to concentrate on production after their debut. They frantically participated in various variety shows, and on average, each of them participated in at least eight shows in a year. For example, CAI Xukun, one of them, has participated in many national programs, such as Running Man. This has enabled Chinese idol boy groups to make sky-high profits in a short period of time, which has greatly increased the exposure of Love Bean and its market share.

3. Discussion

In order to solve the survival dilemma of the Korean idol industry, the best solution is to expand the overseas market, especially the market in Southeast Asia.

In fact, South Korea has long realized that the size of its local market is a hard injury and an unchangeable defect, so it has intentionally expanded overseas markets in the past few years. For example, some head idol groups have gained global popularity in recent years, BTS successfully entered Europe and the United States, ranked first in the number of relevant videos on YouTube, and TWICE in the Japanese market performance as the local girl group. All these indirectly show that South Korean love beans have a certain potential for overseas development.

In terms of sustainable growth, the Southeast Asian market emerges as a more favorable option and should be a pivotal target demographic for Korean idols. As per the Global Hallyu Trends 2020 report, Southeast Asia stands out as a prominent Hallyu hub, playing a significant role in propelling South Korea's Hallyu-related export markets valued at \$12 billion. This encompasses a wide range of sectors, spanning from K-pop and Korean dramas to consumer products and tourism. Furthermore, the Korean Wave, encompassing K-Pop, contributed to \$6.4 billion in cultural content exports. In terms of K-pop consumption, Southeast Asia has consistently held a place in the global league tables. "On YouTube, Indonesia ranks first in the world in terms of time spent viewing K-pop idol groups, while the Philippines, Thailand and Vietnam also rank high. And there are 500 million K-pop music streams on the platform every month from Southeast Asia. Moreover, it is obvious that the similar culture around Asia makes the Korean Wave better invade and integrate into the local culture of Southeast Asia. Compared with the huge cost of transforming completely different idols in order to integrate into the European and American markets, it is more cost-effective to enter the Southeast Asian market.

In addition to comparing the general export direction of Korean idols, in the process of training love beans, major brokerage companies should try to avoid assembly line production, especially when mining some team propaganda characteristics. South Korean idol industry has been fully developed, close to a saturation state; idols who want to be famous must have their own characteristics, and this feature itself may be far more important than some love beans hard power in order to stand out in a number of formatted products produced.

Finally, Korean idols should also expand their business scope beyond their performances on the stage. Although many idol groups have begun to pay attention to the interaction with fans and derived team mini variety shows, every time they love to retire, polishing work time is too long; in such a competitive market, it is easy to lose some of the heat. Perhaps the agency can try to innovate and sing for a long time, but while polishing the works, it also occasionally participates in some program recording, at least to maintain the heat, so as not to completely disappear and lose connection with the fans.

4. Conclusion

This article points out the current situation of the idol industry in China and South Korea, some basic data and future development trends, and then uses a case analysis method to compare NINE PERCENT of idol groups in China with Seventeen groups in South Korea. The paper presents the advantages and strong development momentum of China's idol industry and analyzes the specific

reasons leading to the differences between the two countries' idol industries, which are, respectively, the population base, the length of the idol manufacturing process and the development direction after the debut. Finally, the article puts forward some constructive solutions, the most important is to identify the target market, that is, the Southeast Asian customer group, and then to a certain extent, diversify the idol's business scope and change the idol's operation mode, and increase the communication with fans to expand the viscosity of fans.

References

- [1] Park, Jinheon. From cultural export to economic engine: Examining the role of K-pop in the growth of the South Korean economy. *Open Journal of Business and Management*, 2023, 11 (5): 2198–2214,
- [2] Lee, Y.H., Lee H.J., Han J.J., and Cheon, Y.C. The Meaning and Challenges of the Korea-China Summit. *Issue Report*, 2017, 38(1): 1-18.
- [3] Lee, Chew Ging, and Shi-Min How. Hallyu tourism: impacts on inbound tourists to South Korea. *Current Issues in Tourism*, 2022, 30(1): 1361-1367.
- [4] Gan, Lina. Star Creation, KPOP, and Korean economy: A case study. *Advances in Economics, Management and Political Sciences*, 2023, 30(1): 14-19.
- [5] Studio, Fandom. Fan Economy: How Idols and Fans Drive Real Consumption. *Medium*, Medium, 2023.
- [6] Lee, Yeon W. and KyuYoo, Seung-Chul, et al. A Study on the Advertising Strategy Using'Shin Hallyu'Cultural Content for Marketing Korean Small and Medium-Sized Enterprise Products Targeting Chinese Consumers. *International journal of advanced smart convergence*, 2020, 9 (3): 105-117.
- [7] Chan Kim. The Next Growth Strategy for Hallyu: A Comparative Analysis of Global Entertainment Firms. *Kritika Kultura*, 2018.
- [8] Sim, Hee-chul, Soel-ah Kim, and Byung-min Lee. K-Pop strategy seen from the viewpoint of cultural hybridity and the tradition of the Gwangdae. *Kritika Kultura*, 2017, 29(1): 292-317.
- [9] Pratamasari, Annisa. International business strategy in selling Korean pop music: a case study of SM entertainment. *Jurnal Global & Strategis*, 2017, 10(2): 118-221.
- [10] Cui Di, Lin Junyao, Mu Yan. From Satellite TV to Platform: The Spatial logic Change of TV Entertainment Production: A Comparative analysis of Chinese talent shows in two periods [J]. *University Press*, 2023, 10(10): 90-105.