Introduction

Nowadays, we cannot deny that the Korean music industry has influenced many music industries all around the world. It has created and increased the awareness of Korean culture which generated the music export value of South Korea up to 512.6 million U.S. dollars or more than 0.3 percent of its GDP in 2017 (Statista, 2019).

In this paper, we will start with a brief background of the Korean pop music industry or K-pop of how they form, how much money circulates in the industry and its competitive environment, etc. Since this music industry can generate a huge amount of money, therefore, there is a high incentive for new firms to jump in to share this piece of cake.

But it's very surprising that almost two decades, since the first three companies; SM, JYP, and YG entertainment were established, no one was able to replace these three large companies even though they have fully competed. From that situation, it has led many people to have the same questions in their minds whether or not other companies that have similar or smaller sizes will have the opportunity to replace the top three big companies. This is the reason why we aim to study and analyze the strategies used by the top companies, the similarities or differences in their strategies, small companies' strategies and the possibilities of competition in business at first.

After our group did a rough run through the information about this topic, we found that in 2016, the popularity of a boy group named BTS has emerged. This boy band comes from a small company "Big Hit entertainment", which has just two boy groups and a solo artist. Moreover, this company once has declared bankruptcy. But due to the incredible popularity emerging of BTS around the world, the company has climbed up to be the number one company in the K-pop industry. How and why they could beat up the top three biggest companies in the industry will be discussed in this paper.

Therefore, in the study, we will first begin to analyze and study that for over two decades, why no one can replace the three big companies, what types of marketing strategies or operation strategies do they use, in the same and different ways, which makes them so successful. Then, move on to identifying what factors or strategies that made Big Hit conquer the difficulties and became the top music company that has the highest profit these days.

Furthermore, after we all know about the factors and strategies that those top companies use, we want to analyze further on whether or not those other small companies will be able to adapt or replicate the factors or strategies of big companies and become successful like Big Hit entertainment or those companies have its core competencies which made it unique and hard to copy.

At the end of this paper, we would like to discuss the future of the competition in the music industry in South Korea. We will look at the future strategic plan of each big company that they will do to maintain their positions and sustain for the future. What factors that could downgrade a company like what YG company experiences. As I said above, the Big Hit entertainment is a very small company which has limited artists and staff, so our group wants to know how they are going to survive in a long-term company compared to other big companies. All of these questions will be reviewed through the SCP analysis method.

Literature Review

Since the origin of Korean popular culture (K-POP) in 1992, it has grown over the past three decades and caught up with the world's music industry. The four biggest entertainment companies: SM, YG, JYP, and CJ entertainments that entered Korean music industries early were likely to maintain their rankings until Big Hit became a blast in 2016. There are three factors that contribute to the big four's success and failure: music, marketing, and expectations.

The K-pop industry has been using hooks to produce earworms to stick and repeat their music in the global ears even though it is in Korean and partially English (Burgoyne, Bountouridis, Balen, and Honing, 2013) to make music listeners obsessed with its music. The different colors of music concepts also make it stand out in the world market even though the Korean music industry is small relative to Japanese and Pop industries. It has all kinds of music one could ask for pop, indy, jazz, EDM, electronic, and etc.

Not only its repeating music, but it also produces performance including stage presence, dancing, music, and entertainment using different unique techniques, such as color theory; according to Flook (2018), every bit of color differentiation makes each advertisement different which can be applied to K-pop. Additionally, says Romano of Vox.com, 2018, K-pop music videos are extreme studio oversight and 52 years of training of K-pop group members combined.

K-pop traineeship system and social media what differentiates it from other music; it uses the hardworking friendly neighborhood girl/boy groups to demonstrate on social how much effort it takes to be an idol, resulting in excessive support from fans and social network sites SNS to actively promote it to the world's music market (Brand, 2017). As an early comer, K-pop has established many channels and platforms on SNS, for example, YouTube and Vlive.

Self-fulfilling is one of the biggest economic phenomenon that has ever happened to mankind. K-pop and expectations have been playing "bad cop, good cop" since K-pop's origin. YG companies were once one of the big four in Korean pop but due to its artists' controversies, it lost trust from its fans. In late November 2011, it debuted on KOSDAQ exchange but later it faced sharp decreases because of its artists' rumors of drugs and sex scandals; therefore the rumors or expectations fulfilled themselves. Ultimately, it failed to maintain its spot in the big four and will be unlikely to rise again in this decade though it uses perfect music marketing strategies mentioned above.

Methodology

To analyze the competitive environment between top firms and small firms of the Korean pop music industry, this paper will be applied to a conceptual and analytical framework.

Theoretical Framework

In this study, the analysis has been presented based on the conceptual framework and application of industrial organization theory, particularly the "Structure-Conduct-Performance" (SCP) paradigm, to examine strategies and rivalries in South Korea's music industry. The SCP approach of industrial organization economics attempts to explain the structure of the market that industry performance is determined by the behavior of firms within the market. The model is implemented to describe the relation between market structure, competitive behavior, and performance in analyzing how newly emerging Korean entertainment houses struggle with their challenges in identifying potentially successful business strategies in the Korean popular music (K-pop) industry.

Data collection

This paper, researchers use an available data collection based on qualitative secondary data analysis in order to conduct the SCP model analysis in further research. The related research, journal, book, and articles, including news and documentary, will be utilized as secondary sources to obtain the most accurate analysis result. In addition, the collected data is applied to indicate (1) the structure of K-pop entertainment marketing, (2) business background and related information

Korean entertainment companies. These sources of data will be used in further SCP analysis so as to get readers to understand the overall pictures of the K-pop strategic business model and to determine the factors of Big hit entertainment achievement which will also conduct in terms of economics.