

Analyzing the Factors that Make K-Pop Trading Card Industry Being Popular in Thailand

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Introduction

Scope of Study

This research aims to study the business model of the K-pop trading card industry and study consumer post-purchased behavior.

Research Objective

- To analyze the factors that make the K-pop trading card industry being popular
- To analyze the consumer behavior on K-pop trading card purchasing

Research Question

- Why K-pop trading card industry is being popular in Thailand?
- What are the consumer's post-purchase behavior?

Korean Entertainment Industry Overview

In the last decade, the Korean government has supported and exported Korean pop culture to other countries. Korean wave or also known as Hallyu (Chinese term of Korean wave) refers to the global popularity of South Korea's pop culture including music, TV drama, and movies.

Korean government aims to spread soft power. They firstly targeted East Asian countries such as China and Japan. Then, further spread to Southeast Asian countries, Thailand also be influenced by Korean soft power.

Korean Wave enters to Thai market in 2001 through Korean drama such as "Autumn in my heart" and online game such as "Ragnarok". The success of these two industries led to higher demand for Korean products in other industries. In recent years, the Korean music industry also enters the Thai market with well-known artists such as Super Junior and Girls' Generation.

The music industry also launches K-pop merchandise for the fans to collect with several inclusion. Most of the fans purchase these merchandises to support their favorite artist.

K-Pop Merchandises

- Photo Book
- Lyric Book
- Postcard Poster
- Sticker
- Folding Poster
- Photocard
- Circle Card

NCT 127
NEO ZONE
NCT #127 The 2nd Album

PHOTO BOOK
W220 x H298 x T95 mm / IEA / 160 Pages



STICKER PACK
W100 x H130 mm / IEA / 스티커 6종 포함



FOLDING POSTER
W576 x H408 mm / IEA



STICKER
W205 x H145 mm / IEA



PHOTO CARD
W55 x H85 mm / IEA of 9EA



CIRCLE CARD
W60 x H60 mm / IEA of 9EA



LENTICULAR CARD
W160 x H110 mm / IEA



CD-R with SLEEVE
W130 x H130 mm / IEA



Photocard

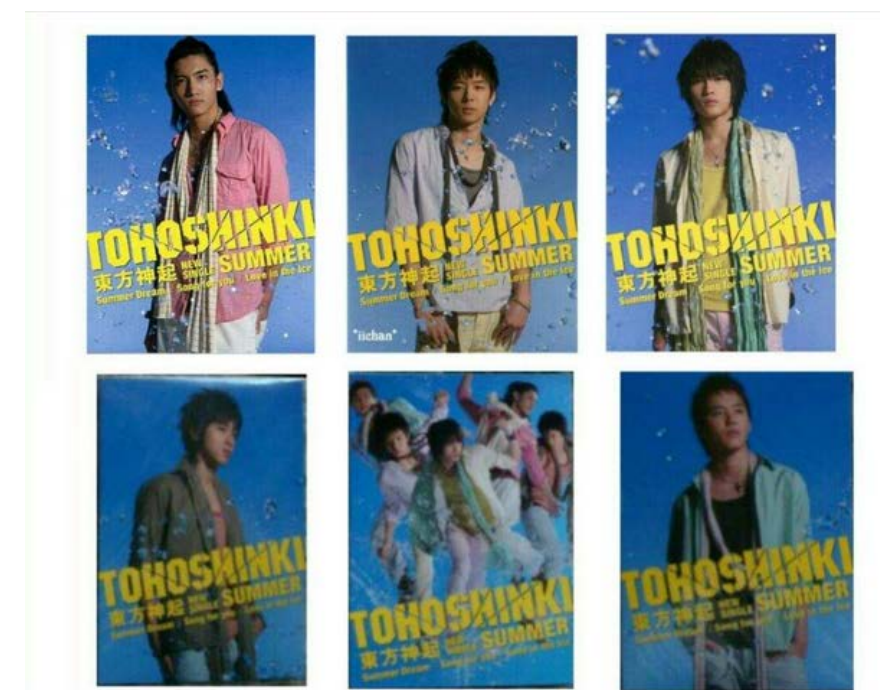
Sm Entertainment

SM Entertainment is one of South Korea's largest entertainment companies. SM Entertainment is the *first company that introduced the K-pop trading card* as one of the album inclusion.



First Photocard Inclusion

The first K-pop photocard inclusion was *TVXQ's 2007 "Tohoshinki" (Summer)* which is the Japanese album of the band called *Tong Vfang Xien Qi* or *Tohoshinki*



First Korean Photocard Inclusion

The first K-pop photocard inclusion in a Korean album was *SNSD's "Oh!" album* in 2010 from the band commonly known as *Girls' Generation*.



Literature Review

Purchasing Behavior of K-pop Idol Goods Consumers in Korea

Yu Jin Kim, Jieun Lee, and MiYoung Lee (2018)

- This research study idol merchandise as a whole
- The author separates the consumer into 3 groups, which are the light shopper group, the medium shopper group, and the heavy shopper group
- The different consumer group also have different consumer behavior
- The more the participant identified their favorite idols, the higher the expenses of investing in idol products, the more likely they were to repurchase idol goods
- it was found that consumer's annual expenditure had the greatest influence ($\beta = .364$), followed by idol identification ($\beta = .268$) and the severity of fandom activities ($\beta = .206$).

Table 4. Factors Affecting Repurchase Intention Toward Idol Goods

Dependent V.	Independent V.	β	t	R^2	F
Repurchase intention	Severity of fandom activities	.206	3.713***	.419	46.060***
	Idol identification	.268	5.264***		
	Expenses for purchase idol goods	.364	6.748***		
	Income	.129	2.526*		

** $p < .01$, *** $p < .001$

Theoretical/ Conceptual Framework

Law of Demand and Supply

- The law of *demand*: at higher prices, buyers will demand less of an economic good.
- The law of *supply*: at higher prices, sellers will supply more of an economic good.
- These two laws interact to determine the actual market prices and quantity of goods in the market.

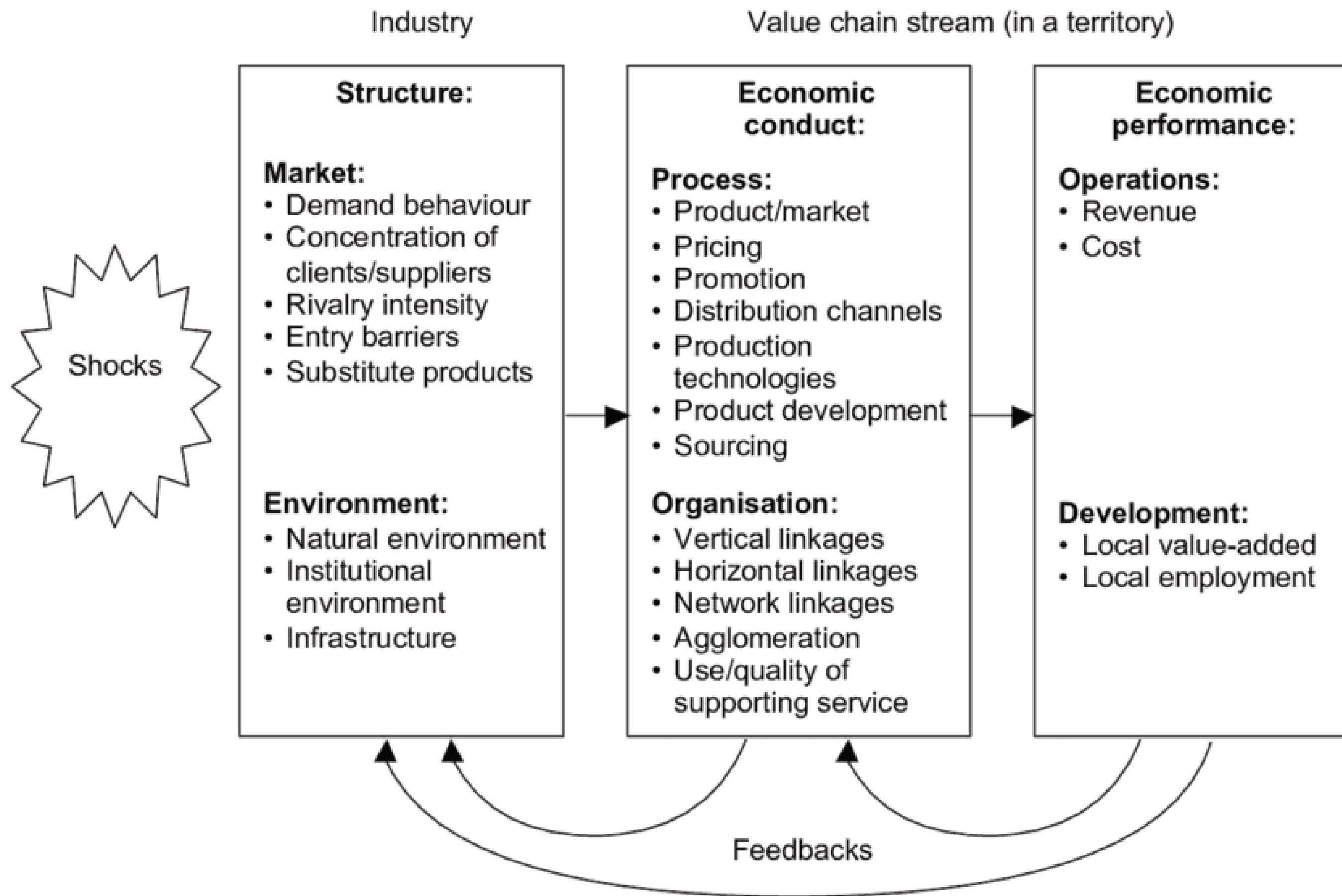
Second-Degree Price Discrimination - Bundling

- Price discrimination with *asymmetric information*
- Seller or firm *cannot* identify each buyer willingness to pay
- Selling the bundle for *less than* the sum of prices of the two products
- Attract *additional consumers* who would not have purchased the separate products

The Structure- Conduct- Performance (SCP) Approach

The Structure, Conduct, and Performance approach (SCP) is used as an analytical framework, analyzing relations among market structure, market conduct, and market performance.





Source: Figueirêdo Junior, Hugo & Meuwissen, Miranda & Oude Lansink, Alfons. (2014).

Market Structure

Oligopoly Market

- Oligopoly is a market structure with few firms, none of which can keep the others from having significant influence.
- The number must be low enough that the actions of one firm significantly influence the others.
- The concentration ratio measures the market share of the largest firms.

Monopolistically Competitive Market

- Monopolistically competitive market is a market in which many firms offer products or services that are similar, but not perfect substitutes.
- Firms have little power to set the mark-up price or raise prices to increase profits.

Methodology

Data Collection



Qualitative research, interviewing people who collecting K-pop trading photocard

- Open-ended questions such as opinion and experiences will be asked

Interview 59 participants

- One-to-one interview
- Group interview



Scope of the participants

- Thai people who interesting in the Korean entertainment industry, especially K-pop and collect K-pop photocard

Result

In-Depth Interview

**1.) Participant
Demographic
Data**

**2.) Overall K-pop
Industry**

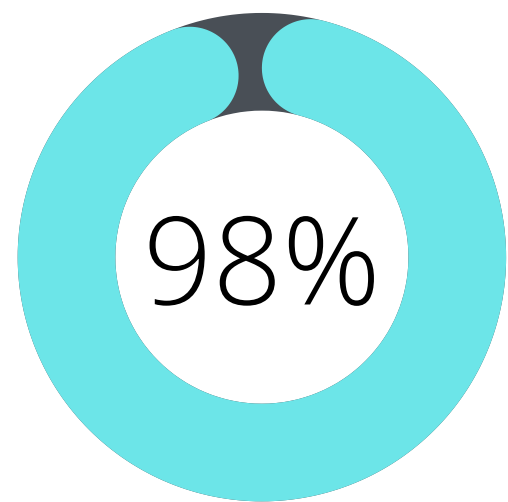
**3.) Card
Purchasing**

**4.) Consumer
Perspective**

**5.) Future
Perspective**

Participant Demographic Data

Gender



98.31% or 58 out of 59 participants are female

Age



Age range: between 15 to 37 years old

Educational Level



Over 90% of the participant have Bachelor degree as their highest educational level

Income Level



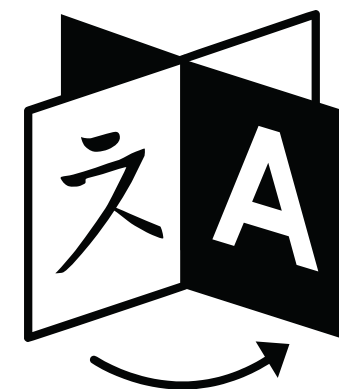
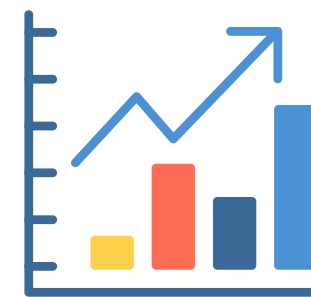
Half of the participants have an income range between 10,000 to 25,000 baht

Overall K-Pop Industry

Social Circle



Around **76%** or **45 out of 59** participants started to interest in the Korean entertainment industry from their *social circle*, friends and family



- The Korean entertainment industry has a *high* competitive environment
- A new band or group of artist debut every year, this leads to *excessive supply* in the K-pop industry.
- K-pop *inspires and influences K-pop fans in their daily life*, such as new hobbies, new language, building their self-esteem.

Card Purchasing

Album Purchasing



Pre-ordered *every version* in every comeback or the time when the artist launch new song, some of the participants buy more than 1 album per version

Card Purchasing

- Most of the participants collect K-pop photocard around *100 cards per person*
- Participants' *social circle* and *social media* influence them in card collecting behavior
- Card from the *album inclusion* and purchase from *the secondary market* is the popular way to get the card, some might *auction* to get it

Consumer Perspective

Card Price

- Too high in secondary market



Album Sale

- Photocard inclusion increase the number of album sale
- If the company did not include the photocard inclusion, this will slightly drop the album sale

Card Valuation

- Put too much value for the card, ignore other inclusion in the album
- Many participants also view that the k-pop fans still support the artist whether there is a card inclusion or not

Overconsumption

- Most of the participants view that there is no overconsumption in photocard collecting industry

Covid-19

- Almost half of the participants view that Covid-19 has no effect on the k-pop trading card industry since the photocard collection is a hobby that not affected by the pandemic

Future Perspective

K-Pop Industry

- Most of the participants view that the k-pop industry will expand to the international market
- A new market will lead to even higher competition between each band and between members in the same band
- The Korean entertainment industry is one of the main industry in Korea, many participants expected to see new concept and new production

Trading Photocard Industry

- Some of the participant view that the trading photocard industry will be the trend only for the next 2-3 years and no longer than this period since the participant expect the new inclusion product from the company
- Some of the participant view that the trading photocard industry will grow for many years since the company still can generate higher revenue from this product

Analysis on Consumer Behavior

Consumer Behavior

Utility Maximization

- Utility maximization is a strategic scheme whereby individuals seek to achieve the highest level of satisfaction from their economic decisions.
- The participants or the consumer choose to purchase the photocard of the artist that they are interested in, to be specific, their bias.

Consumer Loyalty

- Customer loyalty is when a consumer transacts with a brand (or purchases a specific product) on an ongoing basis.
- Most of the participants buy other products rather than album if that product is related to their favorite artist or their bias
- Some of the participants buy all of the related products even that product is not designed to use in daily life

- SM Entertainment debut training team called SM Rookies. These young trainees will debut as an idol band with their fan base in the future.



Conclusion and Limitation

Conclusion

Today's trading card market

- The participants or the consumer invest great amounts of time, money, and energy in fulfilling and maintaining their photocard collections.
- The value of the collection is not in monetary terms but emotional terms for the owner of the collection
- Moreover, the k-pop photocard also has some mental values to the owner, for example, the participants view their artist as their role model to working hard, or have some attachment with the particular card since each card has a different story to each participant

Future trading card market

- Many participants expect to see new products from the company
- If the company still want to generate higher revenue from this industry, the company should create new incentives, since some of the participants have the diminishing marginal utility on card collection

Limitation

Time Constraint

- Limited time to interview the participants

Limited in related research

- K-pop trading card industry is a new and specific market
- The trading card was being on-trend last year, so it is hard to find the related research

Participant or the sample is not vary

- Even the range of the participant is quite wide, 15 years old to 37 years old, but half of the participants have the age during 20 years old to 22 years old
- This might lead to inaccurate result

Thank You