



# **Analysis of Factors that Promotes K-pop Photocard Trading Industry in Thailand**

**By**

**Chanikarn Sakchatmongkol**

**6004640295**

A REPORT SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR EE489 SEMINAR IN INDUSTRIAL ECONOMICS

FACULTY OF ECONOMICS  
THAMMASAT UNIVERSITY

ACADEMIC YEAR 2020

## **Analysis of Factors that Promotes K-pop Photocard Trading Industry in Thailand**

### **Abstract**

This study concentrates on the K-pop photocard trading market in Thailand where K-pop photocard refers to the photocard that has a facial image of a K-pop artist and is officially sold by K-pop entertainment companies. The study aims to observe the reason behind the popularity of the K-pop photocard trading market and analyze the consumer's post-purchasing behavior. The researcher applies the qualitative methodology of in-depth interview and group interview with a total sample size of fifty-nine participants and analyzes the K-pop trading card market's business model through the Structure-Conduct-Performance (SCP) approach. The analysis demonstrates that the unique business model of the photocard trading market which approaches the niche market of K-pop fans is the key success for K-pop firms. Moreover, K-pop firms also develop K-pop artists' identity to attract a strong fan base, creating a sense of mutuality and consumer loyalty. The K-pop photocard trading market expands and develops the secondary market where the consumer in the first market becomes the seller in the second market. This study also emphasizes the consumer perspective towards the K-pop photocard market and their behavior. Most of the participants collect K-pop photocards as their collection since K-pop photocards provide the emotional values to the collector and tie with participant's personal experiences and identities.

## **Introduction**

The music industry has grown significantly in the last several decades. In 1974, over one billion music records were sold worldwide, and continue to increase since then (Wikström, n.d.). As time passes, the music industry develops technology and innovation to enhance the music features, competencies obsolete, and accessibility in music streaming platforms, people can access music anywhere and anytime. The Korean music industry also grows at a significant rate and reaches beyond South Korean borders. The leading music genre in South Korea which has become the mainstream music genre with catchy rhythms and choruses is Korean popular music, abbreviated to K-pop.

According to Statista, the sales revenue of Korean music industry has increased since 2014. In 2018, the total sales revenue was over six trillion South Korean won with the export value over five-hundred million US dollars from this industry. The export value from the music industry has been rising since Korean music successfully penetrated the global market in 2009. In August 2020, the K-pop band named Bangtan Sonyeondan also known as BTS, managed to set a new record with their music video, Dynamite on YouTube as it gained over one-hundred billion views engagement within 24 hours. K-pop is not only well-known among Asian countries, but it also reaches global audiences around the world.

K-pop is often associated with K-pop artists or K-pop idols who perform in this industry. K-pop idols debut individually or in groups at a very young age. They are known to have good-looking appearance with high talent in singing and dancing from the training system. K-pop idol does not only contribute their songs to their fans, but they also contribute motivation and inspiration as a role model. K-pop fans admire K-pop idols, dedicate their time and money to support their favorite artist. Being a fan is not just an activity for leisure, but it composed and create a new culture. Most of the fans are willing to pay for the products related to their favorite idols. These idol goods contain the features representing the artist whether the facial image, or symbols of fandom (Jenol and Ahmad Pazil, 2020). One of the most popular idol goods today in the K-pop industry is the photocards which contains the artist's facial image, either group image or individually. This study will analyze the reasons behind K-pop trading card market popularity

using the Structure-Conduct-Performance (SCP) paradigm and explain the consumer behavior in the market.

### Scope of the study

This research concentrates on the business model of the K-pop trading card industry and examines the consumer behavior after they purchase the K-pop photocard of the K-pop fans in Thailand.

### Research objective

The research objectives are to analyze the factors that make the K-pop card trading industry popular in Thailand through the Structure-Conduct-Performance paradigm or the SCP approach analysis. The area of this research will include the consumer's post-purchase behavior. The study will answer the following questions:

1. Why K-pop card trading market is popular in Thailand?
2. What is the consumer's post-purchase behavior?

## **Industry Background**

### Korean Entertainment Industry

Korean popular culture has come into vogue, firstly targeted on East Asian countries such as Japan and China, then further spread to Southeast Asian countries. This phenomenon of Korean pop culture can be called *Korean wave* or *Hallyu*. Hallyu is a Chinese term invented after Korean pop culture successfully penetrated and grew popularly into the Chinese market in the late 1990s from Korean drama or K-drama. This can be implied that Hallyu bloomed from contemporary popular culture instead of Korean traditional culture. This phenomenon does not only denote the popular culture trend but also demonstrates the multi-layered transitional movement of people and political-economic ideologies with different paradigms in the East Asia region, including Big Data information and capital flows (Kim, B. R. 2015; Messerlin & Shin, 2017).

Korean Ministry of Culture and Sports describe the growth of Korean pop culture as cultural territory expanding since the Korean government also supports the export of this culture. Korean entertainment industry successfully initiates the *right product selection* for the global market with comparative advantages of a new business model which is different from western pop culture. Kim Bok-rae, a professor from Andong National University (2015) breaks down the origin of Hallyu with three theories: (1) competence or the hard power, (2) attractiveness or the soft power, and the last theory, (3) criticism. The competence is explained by the rapid development in cultural technology during the industrialization period which allowed the workers in the cultural business field to produce the culturally exported products. The attractiveness is explained from the Korean development model where Korean society maintains the combination between Korean traditional values and new civilized society. The criticism is explained by the niche market penetration in the Asian region.

Korean entertainment industry proves its huge success under US-led global culture with the Oscar Awards from the movie named *Parasite* in 2019, this affirms the Korean entertainment industry's capability to compete in the global entertainment market. Korean entertainment also entered the Thai market in 2001 through K-dramas such as "Autumn in My Heart" and online game such as "Ragnarok". The success of these two industries led to higher demand for Korean pop cultures and products in other industries. The coming of the Korean music industry or K-pop was also initiated by these two industries. K-pop firms entered to Thai music market with catchy beat songs from well-known artists such as Super Junior and Girls' Generation.

### Korean Music Industry

Korean music industry skyrocketed growth within the East Asian region and globally, steadily breaks into mainstream media in several decades with the most popular genre of Korean pop music or K-pop. In the last two decades, three Korean music companies have acquired most of the Korean music market share and remained unchanged for years, mostly known as the Big3 of the Korean pop music industry, SM Entertainment, JYP Entertainment, and YG Entertainment. According to Statista and MarketScreener, SM Entertainment company generated net annual sales revenue of over six-hundred billion South Korean won and over thirty billion South Korean won for net income, followed by YG Entertainment with almost three-hundred billion South Korean

won for their net annual sales revenue in 2018. In the last several years, a company named Big Hit Entertainment company raised their artist's performance and the company's financial performance and became the Big4 of Korean pop music companies.

Artists in the K-pop industry are widely known for their outstanding singing and dancing talent, some of them even compose songs by themselves. They are also recognized by good-looking appearance. K-pop music companies did not sell only K-pop songs, but also artist's stories to K-pop fans. However, K-pop companies view that K-pop idols have a high break-even point compared to other industries or have a short cycle in this business. This leads to intense competition in this entertainment industry and forces to generate the highest profit in a limited time (Kim, et al., 2018). Since K-pop fans are a crucial part of this industry. They are members of a subculture group who are willing to pay for their favorite artist. Therefore, K-pop companies have to extract the highest possible surplus from K-pop fans. K-pop companies launch many K-pop merchandises related to K-pop artists to gratify K-pop fans with merchandise collections. Merchandises can represent the symbols of a social group that have the same interest (Jenol and Ahmad Pazil, 2020). Most of the merchandise contains several inclusions for fans to collect with the facial image of their favorite artists. The most popular K-pop merchandise collection is the K-pop photocard or K-pop trading card.

#### K-pop Photocard/K-pop Trading Card Characteristics

K-pop photocard is the most popular collection for K-pop fans. A K-pop photocard is a card consist of an artist's facial image and motivation or inspiration message from the artist. The photocards are made of cardboard with the size of 2.5\*3.5 inches, see appendix (figure 1). The collector obtains photocards from the album or merchandise inclusion, or purchases from the company as a card set noted that the photocards, either album inclusion or photocard set, are sold randomly. Some of the cards are seasonal sales which makes them rare and limited.

The first K-pop company that initiated the K-pop trading card in album inclusion is SM Entertainment company, which is one of South Korea's largest entertainment firms. SM Entertainment introduced the first photocard inclusion in *TVXQ's 2007 "Tohoshinki" (Summer)* which is the Japanese album from the band called *Tong Vfang Xien* or *Tohoshinki*, aimed to capture the Japanese music market, see appendix (figure 2). SM Entertainment company also captured the

Korean music market by including photocards in “*Oh!*”, an album from *Girls’ Generation* or *SNSD* released in 2010, see appendix (figure 3).

The average card price is around one hundred baht depends on the popularity of the fandom and particular member. Some fandoms might have higher average photocard prices since they capture a higher market share, the average photocard price can be up to two or three hundred baht per photocard. According to KoreaBoo, the media website about K-pop content, launched an article titled *these are 20 of the most expensive K-pop photocards ever sold*. KoreaBoo demonstrated the ranking of highest card prices. The ranking of the top 5 most expensive photocards is as follows. The figure of the photocard will be shown in the appendix.

- (1) V from BTS, the group’s first Muster fan meeting cost 839.99 USD or 26,325.29 THB
- (2) Seulgi from Red Velvet, Superstar SMTOWN Halloween event cost 640 USD or 20,064 THB
- (3) V from BTS, the group’s 2014 Season’s Greetings cost 599.99 USD or 18,809.69 THB
- (4) Jimin from BTS, the group’s 2014 Season’s Greeting cost 590 USD or 18,500.63 THB
- (5) BTS photo group, public broadcast group photocard cost 459.99 USD or 14,422.99 THB

For the K-pop card trading industry in Thailand, the researcher only found and collected the most expensive photocard price from the band called Neo Culture Technology or NCT. The top 5 most expensive photocards are all from the game called Superstar SMTOWN game. The game will let the audience break the highest record of the game from each member card and the company will print out the card from the game as a physical card and send it to the record-breaker. The company will print out very few photocard amounts, some events have only 10 cards per member in the world. This has raised the cards’ value with their rarity. The ranking of the top 5 most expensive photocards in Thailand is shown as follows. The figure of the photocards will be shown in the appendix. However, the researcher was able to collect the highest market card price in the range between 25,000 – 35,000 baht, the rank will not be placed in order. The bidding and auction are not included.

- (1) Jaehyun from NCT, Superstar SMTOWN Love me now event

- (2) Jaehyun from NCT, Superstar SMTOWN Superhuman event
- (3) Jaehyun from NCT, Superstar SMTOWN 6<sup>th</sup> event
- (4) Jaemin from NCT, Superstar SMTOWN We go up event
- (5) Jeno from NCT, Superstar SMTOWN We go up event.

## **Literature review**

Korean entertainment industry is steadily successful in the mainstream media. The study of Messerlin and Shin (2017) demonstrated the factors of Korean entertainment industry's achievement. The success of the K-pop market can be measured by two indicators: the price tag of sold products and non-price tag of international visibility towards the K-pop performances through the internet-based approach. The blooming of K-pop cultures was initiated by the intra-Asian culture where K-pop penetrated to Chinese entertainment market and further expanded to countries with similar root of cultures. The K-pop industry has a comparative advantage in the product selection process. The K-pop firms intensively concentrate on choreographic performance or the visual inputs of dancing instead of singing or musical instruments. The Korean government also plays a crucial role in the cultural expansion of the entertainment industry through the development of internet-infrastructure. In other words, the key success is the *partnership* between K-pop firms and Korean government in the competitive market (Kim, B. R., 2015).

Korean music industry cannot be successful without support from the fans. K-pop fans are a group of individuals who are interested in the K-pop industry. The passion towards K-pop artists energizes them to enthusiastically participate in activities, create the social group or sense of unity. Fans' identity is overlapped between individual and social. The K-pop fans behave themselves according to the observable fandom symbols such as a light stick, merchandises, or K-pop photocards. The K-pop fans with the same fandom stays together and create the infinite spider network. They share their identities within a fandom (Nakha, 2017).

Additionally, Jenol and Ahmad Pazil (2020) interpreted K-pop fans' identity as it derived from the way fans socialize with each other and their behaviors within fandoms. The meaning of

K-pop to K-pop fans is not just a music genre but they expand and evolve to be a sub-culture among the mainstream media. According to Puangyanee (2019), K-pop fans continuously purchase official K-pop merchandise from the K-pop companies because of the meaning-based value. Each merchandise represents the uniqueness of the artist's characteristics. The K-pop fans in a particular fandom know the common meaning of each characteristic which is designed for each artist. Generally, the symbols are detected by the artist's band logo. The K-pop merchandise possession is also viewed as an indicator or the median in expressing the true fans which leads to the sense of unity. They consume K-pop merchandise the same way as they consume other general goods. However, the way they consume also symbolizes their K-pop fans' identity. The K-pop merchandise is also considered as a souvenir since K-pop companies will not resale some limited products (Jenol and Ahmad, 2020; Puangyanee, 2019).

Nakha (2017)'s study is also linked with Jenol and Ahmad Pazil (2020)'s study. K-pop fans shift from the consumer side of the first market to the producer side in the second market. The K-pop fandoms can be considered as a place for unleashing K-pop fans' talent. They create content related to their favorite artist to serve the whole fandom's demand. They can be viewed as *textual poachers* who reproduce content with the new meanings. This further develops to K-pop fans sub-culture, which is their own culture. The most significant objective for content reproduction is to promote and support their favorite artist, so it is important to include the artist's symbols such as color, logo, or choreographic. The reproduction content is called as *fanmade products*.

According to Yu Jin Kim, et al. (2018), K-pop fans heavily purchase when they identify and feel attached to the artists. Moreover, the income factor also heavily influenced K-pop fans' purchasing behavior. The higher income level, the higher investment on K-pop merchandise which then leads to the higher chance of repurchase behavior when the artist and the K-pop companies launch new related products. Considering the K-pop fans' annual expense on K-pop merchandises, most of them are light shoppers. Looking at the K-pop fans' post-purchase behavior, most of them are stored, displayed, and collected instead of being used in their everyday lives since most K-pop merchandise are not practical and are designed to be used for a specific purpose; for instance, a light stick is used during the concert.

Most of the K-pop merchandise intend to fulfill K-pop fans' collections. Dillon (2019) and Carey (2007)'s study determined that the collecting behavior is explained by financial speculation and trading the completed collection in the secondary market, and non-financial reasons. Human activity of completing their collection is driven by unconscious motivations or psychoanalytic treatment instead of fulfilling consumption or survival needs. This activity also intertwines with the emergence of wealth. The material possession behaviors also recognize an individual's identity. The collectibles item provides social and mental value to its owner.

Even though there is a lot of research about Korean music industry, K-pop fans' identity, and K-pop fans' behavior, there is no research on the K-pop photocard's trading market. This research aims to demonstrate specifically on K-pop photocard's trading market in Thailand.

## **Theoretical and Conceptual Framework**

Economic theories which would explain and are related to the K-pop card trading market will be clarified in this section. The model of the SCP paradigm for analyzing the K-pop card trading business model will also be defined.

### Law of Demand and Supply

K-pop photocard price is driven by basic microeconomic theory, the law of demand and supply. Most of the economic actions are correlated with these two laws. The law of demands stated that the price of the demanded economic goods would rise as the quantity falls, this also leads to the fall in consumer demand while all other factors being constant, and vice versa. Law of supply stated that the quantity of supplied economic goods would also rise as the price rises, leading to the rise of the supply side while all other factors being constant, and vice versa. The market will find the balance price between consumer and seller at the equilibrium point (Ehrbar, n.d.).

### Income elasticity of demand

Income elasticity of demand measures the sensitivity or the change in quantity demand for a product from the consumer when their real income changes while keeping all other factors

constant at the same level. The higher the income elasticity of demand, the more response in consumer purchasing behavior. The value of income elasticity of demand can be roughly categorized into inferior goods and normal goods, where normal goods can be further classified into necessity goods and luxury goods (Hayes, 2021).

### Second-degree price discrimination – Bundling

Price discrimination is when a firm sells different units of products at different price levels. Firms that applied a price discrimination strategy do know that different buyers have different willingness to pay in the market, but they cannot observe the willingness to pay of *each* buyer. The different levels of willingness to pay can be categorized into different segments of consumers, and the firms aim to extract the most surplus possible from each segment. Bundling is one of the second-degree price discrimination strategies where two related products are sold in bundles. This strategy allows firms to attract additional consumers. Firms set the small bundles to extract low-demand consumer's willingness to pay and set the large bundles to extract high-demand consumer's willingness to pay (Thomsen, 2021).

### Utility maximization

Utility maximization is a classical economic theory that measures and explains a strategic scheme where individuals make the economic decisions to reach the highest level of their satisfaction or yields their highest utility. The maximum consumer's utility they received is from the cost or amount of products that they are willing to pay which mostly is to spend the least amount of money and gain the highest level of marginal utility. The aim to obtain the highest level of utility affects the consumer's economic activity and further develops into their consumption habits (Simon, 2002).

### Law of diminishing marginal utility

Marginal utility is derived from the additional unit of utility change when the consumer consumes the product more. The law of diminishing marginal utility stated that when consumers consume one additional unit of product, the consumer's marginal utility drops, this reveals that the highest unit of marginal utility will be the first unit of consumption, the following unit will contain less utility. The marginal utility can be decreased to a negative value where consumers stop

consuming that particular product. The law of diminishing marginal utility is also related to the diminishing price conception where consumers are willing to pay less amount of money when their utility is declining (Kenton, 2021a).

### Behavioral economics theory

Most of the economic theories are based on the rational choice theory which stated that human beings make the economic decision effectively and rationally with the condition of an individual utility maximization under scarce resources by weighting between costs and benefits. Behavioral economic theory is the study field that combines psychology with economics, explaining the irrational decision-making process of individuals since some economic actions or their behaviors do not follow the economic model assumption. Behavioral economics will explain these deepening reasons (Kenton, 2020).

The behavioral economic theories applied in this research are willingness to pay, collecting behavior, dual process theory, and the endowment effect. These theories will be defined as follows.

### Willingness to Pay

Willingness to pay or WTP is the maximum price or maximum amount of money that consumers are willing to spend their own money to get that product under a certain situation or their limited budget. Most of the consumers are not willing to pay higher than their budgeting threshold, so this is important to firms for the price-setting mechanism in order to extract the highest possible surplus. The willingness to pay can be changed if the consumer has an urgent need for that particular product (Stobierski, 2020).

### Collecting behavior

Collective behavior is the behavioral economic theory which combines with the study in the social psychology field, explaining individual behavior on desires to collect things passionately. A collectible item can be valued for aesthetic collection, social value as a symbol of social status, ordinary use, and financial use. The collectible behavior can be broadly separated into a collector and non-collector where a collector will value their collection for various purposes, either as their collection or ordinary use, a non-collector will not value the additional unit of their

collection higher than the value of ordinary use purpose. A collector will have a lower rate of marginal utility diminishing, while other factors being constant. The rate of marginal utility might rise as their collection grows (Carey, 2007).

### Dual process theory

Dual process theory refers to the decision-making process from two motivational processes, between intuitive (type 1) and deliberate (type 2). The intuitive refers to short-term goal-oriented which is mostly driven by emotion, reflex, or the basis of an initial response. The deliberate refers to long-term goal-oriented which is a reason-based process. Some behavior like emotion-driven actions is viewed as unpredictable and too complicated for formal economic model explanations. The dual process models distinguish between the hot emotional system and the cool cognitive system, the economic activities will depend on which system is dominant at a particular moment (Thompson, 2013; Loewenstein, O'Donoghue & Bhatia, 2015).

### Endowment effect

The endowment effect refers to individual action based on the emotional bias that places the value of the product irrationally higher than its market value. The product which clearly presented the endowment effect is the product that has emotional or symbolic significance to the owner. The main psychological reasons affecting individual cognitive bias is from ownership and loss aversion (Ganti, 2021).

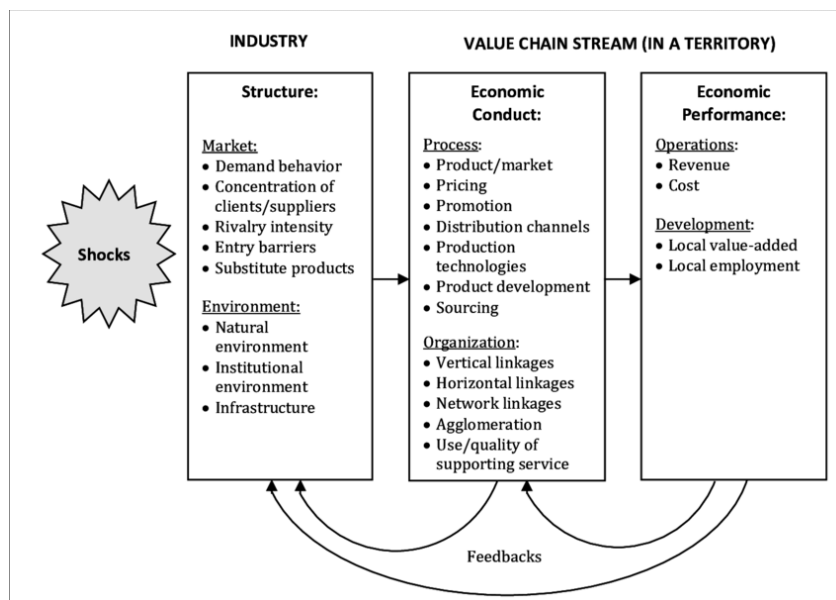
### The Structure-Conduct-Performance paradigm or SCP approach

The Structure, Conduct, and Performance approach or SCP approach is an analytical framework based on a theory in the industrial economic study that explains and analyzes the market performance from the market structure and market conduct. The market structure is determined by the law of demand and supply which can further classify the characteristics and composition of the market through the number and size distribution of firms in the market or market concentration, product similarity, barrier to entry the market, and barrier to exit the market. According to Salvatore (1998), the concept of markets roughly identifies into 4 types; monopolistic market, perfectly competitive market, monopolistically competitive market, and oligopolistic

market – each market consists of different number and characteristic of the seller and the buyer (Ferguson,1988; Boru and Kuhil, 2018).

Market conduct is determined by a firm’s or seller’s action within the given market structure. The firm applies the pricing policy including either price competition approach or non-price competition approach, and product strategy including product differentiation and product development. The huge companies have the market power to set their product’s price in the market whether independently or choose to collude with other companies in the market. The method of vertical integration, horizontal integration, and network linkage also applied in order to attract customers. The market conducts that the seller applied in a given market structure will be demonstrated in market performance, usually shown in accounting measures form such as net profit, return on equity (RoE), and return on asset (RoA). The firm uses these market performances in considering customer satisfaction. The market performance also further illustrates how the firm allocates the resources efficiently and productively (Ferguson,1988; Boru and Kuhil, 2018; Figueirêdo Junior, et al., 2014).

Figure 1: Dynamic value chain Structure-Conduct-Performance framework.



Source: Figueirêdo Junior H. & Meuwissen, M. & Oude Lansink, A. (2014).

## **Methodology**

This study applies both primary data sources and secondary data sources in this qualitative research and conducts the SCP model analysis. The qualitative methodology reaches the limited and uncertain information which is too complicated for the econometric models in quantitative research. The open-ended questions explain the abstracted answer based on the participant's own experiences and their socioeconomic environment, leading to the conceptualized decision-making process. The researcher did not expect specific answers from the participants, but patterns of responses to group answers. The in-depth interview method is also used in understanding and setting the model on the participant's behavior (Piore, 1979).

### Primary Data

The sources of data collection are from the one-to-one in-depth interviews and group interviews with the same set of open-ended questions. The total sample size in this research contains fifty-nine participants who are passionate about the K-pop industry. The participants can be separated into forty-five participants for one-to-one interviews and four group interviews. The interview questions can be classified into five parts; participant's demographic information, opinion towards the overall K-pop industry, participant's photocard purchasing, participant's perspective towards K-pop trading card consumption, and participant's perspective towards the future market in the K-pop industry. Most of the interview questions concentrate on the participant's experience with card consumption and participant's attitude toward the card trading market.

The researcher selects the participants or the interviewees from the researcher's own social circle and through social media platforms – the researcher's own Twitter account and the researcher's own Instagram account. Hashtag (#) on Twitter is a place for people to share their same interests, in this case, the K-pop community, where people in the community exchange the artist's information and participant's K-pop collection through hashtags on Twitter. The participants who are willing to be interviewed would contact the researcher through direct message and interview via Google Meet, an online video communication service. The researcher also uses the same approach for the group interviews.

## Secondary data

The secondary data sources are from the related research, article, empirical data, and news to obtain the most accurate result. The information from the secondary data sources will be used to examine industry background, SCP analysis, and related information of K-pop market and K-pop trading card market, showing the overall business model.

## **Findings and Analysis**

### Participant's Characteristics

The primary data source of this research is from the one-to-one in-depth interviews and group interviews where the researcher selects the participants from the researcher's social circle and through social media platforms with a total sample size of fifty-nine participants.

Table 1: Participant demographic data

Participant Demographic Data	Amount	Percentage
Gender		
Female	58	98.31%
Male	1	1.69%
Age		
15 – 20	16	27.11%
21 - 25	36	61.01%

26 – 30	5	8.47%
31 – 40	2	3.38%
<b>Educational Level</b>		
Junior High School	2	3.39%
High School	2	3.39%
<b>Bachelor Degree</b>	<b>54</b>	<b>91.53%</b>
Master Degree	1	1.69%
<b>Occupation</b>		
<b>Student and Undergraduate Student</b>	<b>40</b>	<b>67.79%</b>
Freelance	3	5.08%
Corporate Employee	6	10.16%
Business Owner	3	5.08%
Unemployed	4	6.77%
Other	3	5.08%

Income Level (baht per month)		
< 10,000	23	38.98%
10,001 – 25,000	24	40.68%
25,001 – 50,000	6	10.17%
50,001 – 80,000	-	-
More than 80,000	1	1.69%
No income	5	8.47%

From table 1, the demographic data shows the proportion of respondent's gender where female respondents are accounted for 98.31% or 58 respondents from 59 respondents and 1 male respondent which accounted for 1.69%. The age of participants are between 15 to 40 years old where most of the participants are between 21 to 25 years old which can be calculated as 61.01% of all participants. Over 90% of the respondents have bachelor degree as their highest educational level which corresponds to respondent's occupation where more than half of the participants are student and undergraduate student. Since most of the participants are students, their income level will not exceed 25,000 baht per month.

The Structure-Conduct-Performance Approach Analysis or the SCP Approach Analysis

**Market Structure**

The researcher separated the K-pop card trading market into two markets. The first market is the K-pop companies who own the factors of production and directly sell their products in the market. This first market is categorized as the oligopolistic market or the business-to-consumer (B2C) model. The second market is the market where people can buy and sell the product they already owned, in this case, their albums, goods, and photocards. This second market is categorized as a monopolistically competitive market or consumer-to-consumer (C2C) model. This market structure part will be defined and illustrated market characteristics, types of sellers and buyers, and barrier to entry in each market.

### **Oligopolistic Market**

#### Market characteristic

An oligopolistic market is a market where there are few numbers of firms in the market, the dominant firms capture most of the market share. The number of firms in this market has to be low enough where the actions of one firm in the market will impact others (Brodley, 1967; Boru and Kuhil, 2018).

Korean pop music industry is well-known with the Big4 dominant companies, SM Entertainment, JYP Entertainment, YG Entertainment, and Big Hit Entertainment. These companies manage prominent K-pop artists such as Girls' Generation, Exo, BTS, NCT, and Red Velvet. In 2018, these four companies operated with a profit of around one-hundred and seventy billion South Korean won where Big Hit Entertainment company generated the highest profit of almost eighty billion South Korean won. More importantly, each firm's action affects the whole K-pop industry, for example, the initiation of photocard inclusion from SM Entertainment company where this impact still affects today's consumer behavior.

#### Types of consumers

The K-pop card trading market concentrates on the *niche market* called K-pop fandom or K-pop fans who passionately follow K-pop content, mostly through the internet such as social media platforms like Twitter, YouTube, and Instagram. However, K-pop fans did not only purchase the official merchandise and consume the official content to support their favorite artist, but they also re-create the content from the artist in many forms, arts, song cover, dance cover, or

even fanfiction, this leads to new sub-culture, the participatory culture. K-pop fans re-create interesting content to expand the market and fan base.

Based on the participant demographic data from the interview and the monitoring through the social media platform, most of the K-pop fans are undergraduate students, however, there still is a wide age range in the fandom. Since the individual's identity on social media can be concealed, K-pop fans are willing to exchange the artist's information within the fandom or to a person who devotes their time and money to the artist without the matter of age involved. This creates a strong sub-culture of the K-pop market and K-pop photocard trading market.

### Barrier to entry

The leading companies in the oligopolistic market will develop some obstacles for the newcomer to maintain their large market share. The economies of scale is the huge factor that discourage the new competitors.

### Economies of scale

The cost advantages from economies of scale are derived from the efficient production process from the big company. The large product quantities drive the fixed cost of that particular product down, and further the total cost of that product. This illustrates that the larger the company size, the less cost of the production process. Big K-pop music firms divide their specialized workers into each labor division, music producer, photocard designer, artist, and many more specialists. The company will reduce the cost from hiring the outsource to look after each division, the specialist also draws their full potential in their production process. The smaller firms or the newcomer are forced to face this huge barrier in competing with the dominant firms.

## **Monopolistically Competitive Market**

### Market characteristic

A monopolistic competitive market is the market with many firms selling similar products, but the product cannot be perfectly substituted. Firms that have the lower market power to increase the price are price takers. If the firms want to be price setters, they have to differentiate their product. Each seller's action in the market will not affect others since there are many firms.

For the K-pop card trading market, firms are also the consumer of the first market. They purchase official albums, merchandise, and photocards from the official sites and re-sell them online. Firms mostly sell their products on their personal social media account especially Twitter through hashtags (#). The consumer in this niche market is the same as the oligopolistic market, since most of the fans buy photocards from both the first market and the second market.

This market has a low barrier to entry and to exit. The main marketing strategy for firms in the market is to apply the product differentiation strategy, this will be further analyzed in the market conduct part.

## **Market Conduct**

Each market applies different marketing strategies to generate the highest income and attract the highest number of consumers.

### **First Market**

#### **Product differentiation**

K-pop companies add value by differentiating the product, creating special features to attract multiple purchases. K-pop bands mostly consist of around 5 members with different personalities and characteristics to attract K-pop fans' personality preference. Most of the fans purchase products that relate to their most favorite artist of the band. Not only different member's characteristics, but K-pop companies also launch various album features, at least two versions during the artist comeback period or the period that artists promote their songs, and each different version of the album matches different concepts. The included photocard contains the facial image of the artist that matches the concept of the album. K-pop companies also present the limited photocards which are randomly included in the album. The event photocard and the global photocard are another set of artist pictures from the ordinary Korean photocard version, all of these special photocards would be produced at a very limited amount per member. The company may also announce that they will not reproduce these photocard sets. This causes these photocards to be extremely rare and extremely exclusive for fans. K-pop fans who collect their favorite K-pop

artist photocards tend to buy every version of the album, multiple purchases each. Since the photocards are random, they want to increase their chance for their favorite artist photocard.

### Second-degree price discrimination – Bundling

K-pop companies sell K-pop photocards with other goods in bundles as album inclusions. K-pop firms will attract the additional buyer who are not interested in photocard collection but have demand towards other album inclusions. Firms can also charge a higher price of photocard if they sell in bundles. Instead of charging only the photocard price with a cost much less than one-hundred baht, firms can charge the photocard price plus album price plus other inclusions which cost approximately five-hundred baht per total album. Album bundle further categorized to a small bundle that appeals to low-demand consumer type and large bundle that appeals to high-demand consumer type. The small bundle will include ordinary album inclusions but the large bundle will include exclusive inclusions or exclusive extra photocard that can double the album price.

### Create story for each member as a core product value

K-pop artist does not sell only their songs and performance, they also contribute their story and identity through variety shows and other interactive channels. K-pop firms broadcast stories of how their artists grow and participate in the band. The firm might show the artist's story from the training period and the artist's development. For example, for the band called *Beast*, the company broadcast their story through the variety show, *Showtime Burning the BEAST*, presenting the story of how they engage and interact with each other when the artists are off-stage. This creates a sense of mutuality between the artist and the fans, since fans are allowed to know their artist life, and artists are allowed to show their identity. K-pop firms also form the way where artists and fans can exclusively communicate to each other, such as *Bubble*, the channel where artist and fans can text to each other, all of the fans will receive the same set of messages that the artist sent, or *Fansign event*, the event that the fans would have a chance to meet their favorite artist directly and be able to talk to the artist in person. These events create a stronger sense of mutuality where fans are more willing to pay for their favorite artist content. Most of the fans purchase photocards visualizing their favorite artist as they grew attached to their favorite artist's story and identity.

### Monetize the artist period

There is a high turnover rate for the K-pop music industry with the high competition of new bands. With the limited promoting time, K-pop companies have to extract the most income from the K-pop fans of each band since K-pop fans only pay to support their favorite artist. Firms develop products including photocard which are related to the artist and when the trading card market boom, firms further develop features and exclusivity to the photocard. This refers that not only to the K-pop artist market that has a limited time period, but it also refers to the K-pop photocard trading market that has been booming for several years until firms introduce new and more attractive merchandise or inclusions.

### **Secondary market**

#### Product differentiation

Sellers in the secondary market also apply product differentiation strategies to attract the most consumers. The photocard sold in this market are also the same card sets as the first market. Seller differentiates each photocard by the artist's image and the rarity of the photocard. The seller who owned the most popular member can charge the mark-up price and gain more economic profit from this transaction. The seller in the second market tends to sell only the photocard from one fandom since they sell the product they already own. If the seller wants to sell products of other artists, this requires switching costs to own photocards of new artist bands.

#### Speculation

Consumers observe that there are speculations from non-fans in this market. They buy products at a low price and sell when there is higher demand in the market. The photocard market price is driven by pure demand and speculation activities, leading to the overpriced card that is much higher than the original card price in the first market. Some photocards from the album inclusion worth half of the total album price or even higher than the album price.

#### Auction and Bidding

An auction is one of the pricing strategies in which the seller can extract the highest possible surplus from the potential consumer. The seller in the photocard trading market will set the initial price and let the potential buyer offer the price that they are willing to pay. This pricing

strategy is popular in this second market since the seller and the buyer assume that this is the optimal price for both parties. However, an auction activity also drives the photocard market price up to the point that most of the consumer consider as overpriced.

## **Market Performance**

According to the oligopolistic market structure and market conduct that the firm applies, it shows that K-pop companies accomplish huge success in the K-pop trading card market from the steady rise in net revenue from album sales over the year. Every K-pop firm has a rise in number of album sales after including random artist photocards as an inclusion. K-pop fans are willing to buy multiple albums of the same album to increase the chance of their biased artist photocard. The photocard market rapidly goes viral on the internet, leading to the secondary market that concentrates on K-pop photocards trading. The seller in this secondary market is also the consumer in the first market. This implies that there is an increasing trend of people who are interested in the K-pop music industry and already into this industry enough to start collecting related merchandise of the artist. Some prior albums, photocards, and merchandise are not resale after a long period of time, new fans in this market can only find the product in the secondary market.

## **Consumer Perspective and Consumer Behavior**

Almost all K-pop fans own K-pop photocards, either intentionally or unintentionally collected since it is obtained from album purchasing. This section will demonstrate the consumer perspective towards the K-pop card trading market and analyze their consumption behavior based on the interview answer.

Recently, K-pop photocard trading activity rapidly booms on social media. Many participants start to collect K-pop photocard from social influences from their social circle and through social media. K-pop photocard inclusion raises the number of albums sold and net income of the companies. Many participants choose to purchase more than one album per version to larger

the photocard chance. If there is no photocard inclusion most of them will decide to buy only one album per version.

Most K-pop fans view that the price of K-pop photocards is overpriced in every fandom. K-pop photocard price costs up to half of the total album price. The bloom of the trading card market and speculative actions lead to high demand in this market where people value the photocard more than before, this further drives the photocard price up. More than 80% of the participants view that people in the market put too much meaning just for a card. However, K-pop photocards also provide some personal emotional value to the owner. Some of the participants view that even the photocard price is quite high, but with the reason of emotional value, it is a reasonable card price range.

More than 90% of the participants choose to collect only one favorite member from the band they are interested in, and most of them are interested in one band at a particular time. When they are interested in a new band, they tend to consume less content of the prior artist. K-pop companies provide various variety shows since the artists are still trainees to create a strong fanbase before they debut. The fans from the artists' training period will guarantee the successfully achievement in their artist life. These fans are willing to support their artist and purchase merchandise related to that artist because of the consumer loyalty. Most of the participants choose to collect the photocard since each photocard related to their personal anecdotal experiences. One of the participants stated that each photocard acquired has its own unique story. For instance, the participant studied in Chinese language major, she showed one of her K-pop photocard and expressed her feelings towards this photocard during the interview since the photocard is the first one she purchased from the Chinese secondary market which applied her knowledge in real life. Another participant stated that she chose the collect photocard instead of other inclusion because she likes to take pictures and keep them physically. The photocard collection is a new hobby related to her interest. K-pop fans also collect the photocard as a souvenir since some photocards are limited and being sold with a particular event.

K-pop fans purchase K-pop photocards as their K-pop-related collection. They manage their collection in the card file or folder to prevent damages. Photocards also provide a common meaning which is only acknowledged among groups of fans, representing as a fandom symbol.

The collection will maximize the collector's utility if the collection is completed. However, fans are elastic to change in real income. If a negative shock occurs, participants tend to extend their purchasing period. Instead of purchasing from the official site during the comeback period, the participants might purchase from the secondary market who sell at a lower price or not purchase at all. The participants who purchase multiple albums also set the budgeting threshold that they will not exceed during the comeback period.

Emotion also significantly affects a participant's decision-making process. More than half of the participants have emotion-driven actions on purchasing decisions on that particular day, especially in a good mood. However, even if some participants have no emotion involved in their decision-making, the events or externalities still incite them to search for the photocard in the secondary market.

After time passes, the non-collector will diminish their marginal utility. They will sell their uncompleted collection set in the secondary market, some of them may sell at a high price for speculation. This can also occur to the collector who cannot complete their collection. However, if the collector is able to complete the collection, their utility will also significantly rise.

K-pop fans observe the overconsumption behavior in the K-pop fandom. This has been a trend, and people have been debating on social media for several times in the past couple of years. However, most of them consider that the overconsumption behavior is from other segments in the K-pop industry, not the photocard industry. They presume that if buyers have demand on K-pop photocard collections, this cannot lead to overconsumption result. On the other hand, some participants consider that even without card inclusion, there is already overconsumption behavior in the K-pop industry. The card inclusion has only risen this overconsumption issue since many fans purchase multiple albums only for photocard purposes.

### **Effect of Covid-19 on Trading Card Industry**

The negative externalities and disruption of COVID-19 pandemic caused most industries to face downturn but not with the card trading market. K-pop card trading boomed fascinatedly after the pandemic period, the same as the sports card trading market. According to FOX Sports

news and the website *Sports Collectors Daily*, the baseball trading card sales on eBay rose significantly more than 50% compared to before the pandemic within a couple of months, to be specific, March to May. Some sports cards that the collector predicted the price before the pandemic that it would cost five-hundred thousand USD rose up to almost one-million USD within several months.

K-pop card trading also faces similar circumstances. The K-pop photocard price has risen from less than one-hundred baht to hundreds within several months after COVID-19. The market size of fans also expanded. Many participants stated that they have been into the K-pop industry for years but were not interested in K-pop card trading. They viewed that the photocard from an album is just another inclusion but with the content on social media during the first wave of the pandemic, they started to interest in the card trading market. The larger number of fans in the card trading market and higher demand for K-pop photocard leads to skyrocketed card prices within a few months. However, the pandemic also hurts the economy. Many photocard collectors had to sell their collection to generate income. This leads to a higher number of both the seller and the buyer in the market.

## **Conclusion and Discussion**

The Korean entertainment industry is one of the main contributors of South Korea's economy. The factors that promote the K-pop photocard trading industry can be analyzed by using the SCP model. The result from the interviews and analysis shows that K-pop companies have a unique business model for the card trading market with appropriate marketing strategies to approach a targeted group of a niche market. K-pop companies attract K-pop fans with artists' stories and identities. Moreover, firms also include K-pop photocard as the album inclusion, so this is easy for fans to start their K-pop photocard collection. The photocard trading market expands to the secondary market, matching the higher demand on K-pop photocard. The second market applies different marketing strategies such as auction and speculative activities. Most of the K-pop fans viewed that the speculative action drives the photocard price to be overpriced, the standard price should be set. However, in reality, it is impossible to set the standard price since the market price is already the standard price.

Most K-pop fans collect K-pop photocards because these cards provide some emotional value towards each collector. Photocards deliver inspiration to each fan individually and deliver common meaning as a symbol of fandom to the group of fans. The result from the interview demonstrates the future K-pop card trading market will grow as the K-pop music industry grows. This will expand the fanbase. The K-pop music industry will penetrate other new international markets since K-pop artists are using more English in variety shows, and K-pop firms also audition foreign artists more.

### **Limitation and Further Improvement**

The researcher faces some limitations that would affect the result and analysis. The first limitation is time constraints. This research was conducted within a couple of months and the in-depth interview method required a lot of time in interviewing each person and studying their purchasing behavior. The researcher might also miss the chance to interview potential participants due to the time limit. The second limitation is the limited research and information related. K-pop card trading market is a new specific market in Thailand. This might lead to the lack of some related aspects. The last limitation is participant limitation. In this research, the participant's age range is quite wide, from 15 years old to 37 years old. However more than half of the participants are aged from 20 years old to 22 years old. Moreover, many participants are from the researcher's social circle. Hence, this might lead to biased results.

For further research improvement, the researcher should group the participants to be more varied and should take time series analysis into the calculation. In the future, the K-pop industry might introduce new inclusion and new photocard features to be more attractive. The set of questions and factors might have to change for the updated trend. Most of the K-pop fans are into K-pop for more than five years and tend to continue supporting this industry, so the method of time series should be taken into the calculation to observe their purchasing behavior. The researcher should also increase and expand the observations for a more accurate result.

## **Bibliography**

- Berklee. (n.d.). Top 10 Careers in the Music Business and How Much Money You Can Make. Berklee Online Take Note. Retrieved From <https://online.berklee.edu/takenote/top-10-careers-in-the-music-business-and-how-much-money-you-can-make/>.
- Boru, T. & Kuhil, A. (2018). The Structure Conduct Performance Model and Competing Hypothesis- a Review of Literature. *Journal of Financial Management and Analysis*. 8. 11-25.
- Breidert, C. (2005). Estimation of willingness-to-pay: Theory, measurement, application. *Estimation of Willingness-to-Pay: Theory, Measurement, Application*. 10.1007/978-3-8350-9244-0.
- Brodley, J. F. (1967). Oligopoly Power Under the Sherman and Clayton Acts -- From Economic Theory to Legal Policy. Articles by Maurer Faculty. Indiana University School of Law. 1717. <https://www.repository.law.indiana.edu/facpub/1717>
- Carey, C. (2007). Modeling collecting behavior: The role of set completion. *Journal of Economic Psychology*. 29. 336-347. 10.1016/j.joep.2007.08.002.
- Dillon, A. (2019). Collecting as routine human behavior: motivations for identity and control in the material and digital world. *Information & Culture*. 54. 255-280. 10.7560/IC54301.
- Ehrbar, A. (n.d.). Supply. Econlib. Retrieved from <https://www.econlib.org/library/Enc/Supply.html>.
- Ferguson P.R. (1988) The Structure-Conduct-Performance Paradigm. In: *Industrial Economics: Issues and Perspectives*. Palgrave, London. [https://doi.org/10.1007/978-1-349-19211-3\\_2](https://doi.org/10.1007/978-1-349-19211-3_2)
- Figueirêdo Junior, H. & Meuwissen, M. & Oude Lansink, A. (2014). Integrating structure, conduct and performance into value chain analysis. *Journal on Chain and Network Science*. 14. 21-30. 10.3920/JCNS2014.0231.

- Ganti, A. (2021). Endowment Effect Definition. Investopedia. Retrieved from <https://www.investopedia.com/terms/e/endowment-effect.asp>.
- Hayes, A. (2021). Income Elasticity of Demand. Investopedia. Retrieved from <https://www.investopedia.com/terms/i/incomeelasticityofdemand.asp>.
- Investopedia. (2020). Monopolistic Competition Definition. Investopedia. Retrieved From <https://www.investopedia.com/terms/m/monopolisticmarket.asp>.
- Jenol, A. & Ahmad Pazil, N. (2020). K-pop Fans' Identity and The Meaning of Being a Fan. 10.13140/RG.2.2.26305.79202.
- Kenton, W. (2020). Behavioral Economics. Investopedia. Retrieved from <https://www.investopedia.com/terms/b/behavioraleconomics.asp>.
- Kenton, W. (2021a). Law Of Diminishing Marginal Utility. Investopedia. Retrieved from <https://www.investopedia.com/terms/l/lawofdiminishingutility.asp>.
- Kenton, W. (2021b). Economies of Scale. Investopedia. Retrieved From <https://www.investopedia.com/terms/e/economiesofscale.asp>.
- Kim, B. R. (2015). Past, Present and Future of Hallyu (Korean Wave). Semantic Scholar. Retrieved From [https://www.semanticscholar.org/paper/Past-%2C-Present-and-Future-of-Hallyu-\(-Korean-Wave-\)-Bok-rae/6c8fa05ae6ae253dc618441710bed2e8742c5098](https://www.semanticscholar.org/paper/Past-%2C-Present-and-Future-of-Hallyu-(-Korean-Wave-)-Bok-rae/6c8fa05ae6ae253dc618441710bed2e8742c5098).
- Kim, Y. J., Lee, J. & Lee, M. (2018). Purchasing Behavior of K-pop Idol Goods Consumers in Korea. 패션비즈니스. Korean Fashion Business Association. Fashion Business Vol. 22, No. 6. Retrieved From <http://kiss.kstudy.com/thesis/thesis-view.asp?key=3648100>.
- Loewenstein, G., O'Donoghue, T., & Bhatia, S. (2015). Modeling the interplay between affect and deliberation. *Decision*, 2(2), 55–81. <https://doi.org/10.1037/dec0000029>
- MarketScreener (n.d.). SM ENTERTAINMENT CO., LTD. (A041510). Retrieved From <https://www.marketscreener.com/quote/stock/SM-ENTERTAINMENT-CO-LTD-6491662/financials/>

- Messerlin, P., & Shin, W. (2017). The Success of K-pop: How Big and Why So Fast? *Asian Journal of Social Science*, 45(4/5), 409-439. Retrieved From <http://www.jstor.org/stable/44508094>
- Mueller, R. (2020). eBay Sports Card Sales Have Skyrocketed During COVID-19. *Sports Collectors Daily*. Retrieved From <https://www.sportscollectorsdaily.com/ebay-sports-card-sales-have-skyrocketed-during-covid-19/>.
- Nakha, B. (2017). แฟนคลับเกาหลี: อัตลักษณ์เชิงวัตถุและชุมชนแฟนคลับ; Korean fanclub: material identity and community. The Degree of Master of Arts in Social Research. Faculty of Sociology and Anthropology. Thammasat University. 1248872794. doi: 10.14457/TU.the.2017.666
- Piore, M. (1979). Qualitative Research Techniques in Economics. *Administrative Science Quarterly*, 24(4), 560-569. doi:10.2307/2392362
- Puangyane, S. (2019). การบริโภคเชิงสัญลักษณ์ที่ระลึก (official goods) ของศิลปินเกาหลี; Consumption of signs of K-pop official goods. The Degree of Master of Arts Program in Mass Communication. Faculty of Journalism and Mass Communication. Thammasat University. 1248877034. doi: 10.14457/TU.the.2019.72
- Rogers, M. (2021). A fascinating look into the booming sports trading card market. FOX Sports. Retrieved From <https://www.foxsports.com/stories/mlb/cassius-marsh-booming-sports-trading-card-market>.
- Salvatore, D. (1998). *International Economics*, Sixth Edition Prentice Hall.
- Scott, M. (2021). 'Big 4' Entertainment Agencies Release 2020 Overall Profits and Sales - Who Do You Think Earned the Most? KpopStarz. Retrieved From <https://www.kpopstarz.com/articles/298159/20210330/big-4-entertainment-agencies-release-2020-overall-profits-sales.htm>.
- Simon, H. A. (2002). Rationality in Society. *International Encyclopedia of the Social & Behavioral Sciences*. <https://www.sciencedirect.com/science/article/pii/B0080430767019537>.

- So, W. (2021). Topic: K-pop and big 4 entertainment agencies in South Korea. Statista. Retrieved From <https://www.statista.com/topics/5688/k-pop-and-big-4-entertainment-agencies-in-south-korea/#dossierSummary>.
- Statista Research Department. (2020). South Korea's music industry - Statistics & Facts. Statista. Retrieved From [https://www.statista.com/topics/5098/music-industry-in-south-korea/#topicHeader\\_\\_wrapper](https://www.statista.com/topics/5098/music-industry-in-south-korea/#topicHeader__wrapper).
- Statista Research Department. (2021). South Korea: K-pop popularity worldwide 2020. Statista. Retrieved From <https://www.statista.com/statistics/937232/south-korea-kpop-popularity-worldwide/>.
- Stobierski, T. (2020). Willingness to Pay: What It Is & How to Calculate. Business Insights - Blog. Retrieved from <https://online.hbs.edu/blog/post/willingness-to-pay>.
- Thompson, V. A. (2013). What Intuitions Are... and Are Not. Psychology of Learning and Motivation. <https://www.sciencedirect.com/science/article/pii/B9780128000908000020>.
- Thomsen, M. R. (2021). Second-Degree Price Discrimination. Retrieved from <https://socialsci.libretexts.org/@go/page/45382>
- WIFR. (2021). COVID-19 pandemic brings boom to trading card industry. WIRF Newsroom. Retrieved From <https://www.wifr.com/2021/03/11/covid-19-pandemic-brings-boom-to-trading-card-industry/>.
- Wikström, P. (n.d.). The Music Industry in an Age of Digital Distribution. Queensland University of Technology. OpenMind. Retrieved from <https://www.bbvaopenmind.com/en/articles/the-music-industry-in-an-age-of-digital-distribution/>.
- Yoon, J. S. (2020). Leading entertainment companies operating profit South Korea 2018. Statista. Retrieved From <https://www.statista.com/statistics/983658/south-korea-leading-entertainment-companies-profit/>.

## Appendix A: Related Figures



Figure 1: Example of K-pop photocards

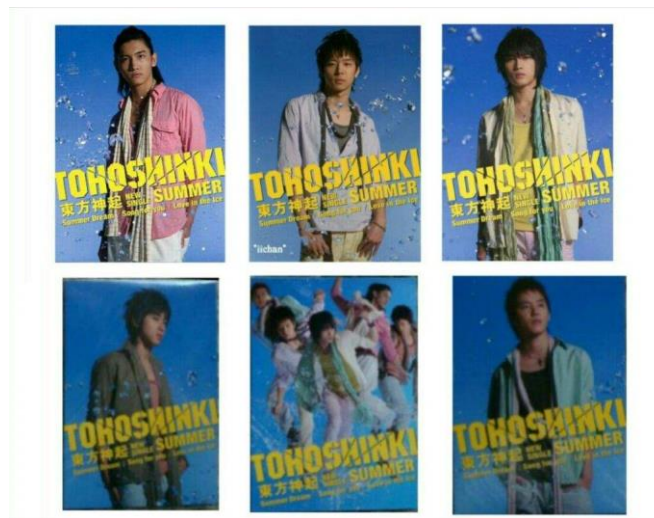


Figure 2: TVXQ's 2007 "Tohoshinki" (Summer) photocard

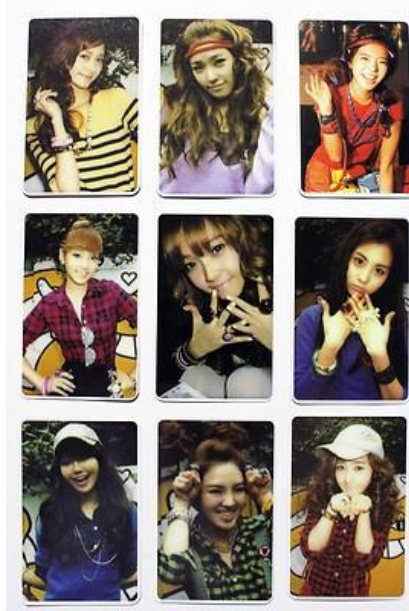


Figure 3: Girls' Generation or SNSD's 2010 "Oh!" photocard



Figure 4: V from BTS, the group's first Muster fan meeting photocard



Figure 5: Seulgi from Red Velvet, Superstar SMTOWN Halloween event photocard



Figure 6: V from BTS, the group's 2014 Season's Greetings photocard



Figure 7: Jimin from BTS, the group's 2014 Season's Greeting photocard



Figure 8: BTS photo group, public broadcast group photocard photocard



Figure 9: Jaehyun from NCT, Superstar SMTOWN Love me now event photocard



Figure 10: Jaehyun from NCT, Superstar SMTOWN Superhuman event photocard



Figure 11: Jaehyun from NCT, Superstar SMTOWN 6th event photocard



Figure 12: Jaemin from NCT, Superstar SMTOWN We go up event photocard



Figure 13: Jeno from NCT, Superstar SMTOWN We go up event photocard

## Appendix B: Interview Question

1. Participant Demographic Data
  - a. Gender
  - b. Age
  - c. Educational Level
  - d. Occupation
  - e. Income Level
2. Overall K-Pop Industry
  - a. How long have you been interested in K-pop industry?
  - b. Opinion towards today K-pop industry (e.g. competitive environment, etc.)
  - c. Do the participants constantly engage in the fandom?
  - d. Which K-pop group are the participants interested in?
3. Card Purchasing
  - a. How many K-pop trading card that the participants have in total?
  - b. How often do the participants purchase K-pop trading card? (throughout the year or only during the comeback period)

- c. Where do the participants get the card? (album inclusion, secondary market, etc.)
  - d. Have the participants ever auctioned K-pop trading card?
  - e. What make the participants start to collect the card?
  - f. What is the reason to collect the card?
4. Consumer Perspective
- a. Do the participants choose to keep only their bias member card or keep all card member?
  - b. Does participant's social circle affect participants' decision making on K-pop trading card collection?
  - c. Opinion towards K-pop trading card price
  - d. If the company increase the album's price, do the participant still buy the album at the same amount?
  - e. Does the participant purchase other K-pop merchandises?
  - f. In the participant's opinion, what are the factor that increase the K-pop trading card to be this high?
  - g. How large does the low peak period affect the card price?
  - h. Does the mood or emotion of that day affect the participant's decision making on K-pop trading card purchasing?
  - i. Is there an overconsumption in K-pop trading card industry?
  - j. Does K-pop trading card industry place too much value on the card?
5. Future Trend
- a. What do the participants think about future trend of K-pop industry and K-pop trading card industry?
  - b. How can future trend of K-pop industry and K-pop trading card industry affect the card pricing?
  - c. Any comment or suggestion about K-pop trading card industry

## **Appendix C: Overview of the participant's answer**

### **Section 1: Overall K-pop Industry**

**Answer:** Most of the participants are into the K-pop industry for more than ten years because of their social circles and social media. Some of the participants started to interested in K-pop because of the fanmade products, such as fanfiction, fan-video, and fanarts. All of the fanmade products include the artist's name and group. Hence, it is very easy to start following the artist. The fandoms require participating activities, almost every participant constantly engages within the fandom, the fanmade product is also one of the ways to participate. At least, almost all K-pop fans have watch to increase the views on YouTube, or การปั่นวิว. The participants with a high-income level also create a *giveaway gift* and set the birthday party event in a cafe to promote their favorite artist. After the participants are into the K-pop industry, most of them view that the K-pop environment industry has a highly competitive environment which is different from the market competitive environment compared to the past. Firms focus only on award and profit instead of music quality. Many new K-pop groups debut every year but less than half of them become popular. This leads to excessive supply in the K-pop industry. For the participants' personal interest, K-pop inspires and influences their daily life a lot. Many participants started to draw and write fanfiction because of the engagement within fandoms. Most of the participants follow the bands called NCT, Super Junior, Exo, and Treasure.

## **Section 2: Card Purchasing**

**Answer:** This section will be roughly separated to K-pop album purchasing and K-pop photocard purchasing.

Album purchasing: More than half of the participants pre-ordered and purchased every version of the album in every comeback period which is the time that the artist launched new songs. The rest will purchase just one version of the album during the comeback period, considering the album concept and current income. The reasons for the album purchase is for completing the album collection and to support the artist since the Korean music chart takes the number of album sales into the calculation. Many of the participants also purchased multiple albums because of the photocard. If there is no photocard inclusion, many of them tend to purchase only one album per version. For the participants who still buy multiple albums per version, they view that this will increase the album sale and increase the music ranking chart as one of the ways to support artists.

Photocard purchasing: Most of the participants collect the K-pop photocard approximately one-hundred photocard per person. They get the photocard from the album inclusion, merchandise inclusion, and purchasing from the secondary market. Almost every participant gets the photocard from the album purchase. However, there is a participant who only focuses on photocard collection and does not purchase any album. She only purchased the K-pop photocard from the secondary market. Most of the participants purchase the photocard throughout the year, the comeback period has only little effect on their purchasing decision. More than half of the participants have never auctioned the photocard and disagree with this price setting method since this activity drives the photocard price to be overpriced. However, many charity projects that generate money from the auction are acceptable since the purpose is good. Some participants still disagree because there are lots of ways to generate money for charity purposes. Moreover, the K-pop photocard collecting behavior is influenced by social media and social circles.

### **Section 3: Consumer Perspective**

**Answer:** Almost every participant chooses to keep only their biased or their most favorite artist of the band. Many of them aim to collect all photocards related to their bias. One of the participants has completed her favorite artist photocard collection, and she aims to collect her second favorite member next. More than 80% of the participants view that K-pop photocards are too expensive since K-pop fans put too much value on just a card. The rest view that this is a reasonable price because of the emotional value. The participants view that the random K-pop photocard does significantly increase the album sales. At the same time, if the companies decide to not include the photocard, this will slightly drop in album sales. The participants believe that K-pop fans still buy more than one album to support their favorite artist because they view that if the artist is not popular enough, this will lead to disband. Since most of the participants started to follow the artist as trainees, this created loyalty from K-pop fans. K-pop fans did not only purchase their favorite member photocard, but they also purchased goods and merchandise related to their bias. Most of the participants view that there is no overconsumption behavior in the K-pop trading card market. The demand only for photocard is reasonable enough to purchase multiple albums per version.

#### **Section 4: Future Trend**

**Answer:** Most of the participants view that the K-pop industry will expand to the international market. The K-pop firms will not only focus on Korean music market and Asian music market, but the firm will export K-pop globally. Because of the new market, this will lead to an even higher competitive environment, either between different bands and within the band. The participants look forward to see various types of music, concept, and production. However, there are still lots of participants who believe that the current music genre is already at the break-even point. Even though there is no new music type or production, the higher competition still occurs. This high K-pop competition will lead to the even higher K-pop photocard price. Many of the participants view that this photocard will last long since there are new K-pop bands and the K-pop companies still generate a huge amount of money from this market. However, some of the participants view that the K-pop photocard trading market will boom only for the next few years.