

Transcript for ICAMA-KAS 2020 presentation of **How Much is Too Much?: The Impact Of Big Hit Entertainment's Indirect Intellectual Property Strategy on Fans' Consumption Behavior**

SLIDE 3

Just a quick overview - Big Hit was founded in 2005 by Bang Si Hyuk. BTS was the main group until 2019. And as they neared IPO what happened was they had to diversify their revenue streams. One of the results of that was to grow their indirect involvement - IP strategy. Over the last three years that's grown from 22.3% in 2017 to 45.4% in 2019.

SLIDE 4

And so what that means is the way that Big Hit defines intellectual property and that strategy that they have is that there's two tiers. There's the source IP which is the core. That's what we all know to be the music, the videos, the photos - it's very direct for the artists. And then there is the second tier which is the indirect artist involvement of intellectual property, which is where Big Hit creates characters and universes and music-based IP and merchandise. Very few artists in the music industry delve into this arena of strategy or content given and so Big Hit is one of the, I guess, revolutionaries in this scene.

SLIDE 6

But we get to analyze what's happened in 2020 and so I'll skip this part but essentially what me and Emily, my co-researcher, did - she's somewhere in here - is we conducted one hour's semi-structured interviews with BTS fans who have bought merch. And this also included an ethnographic research study on a variety of other media platforms and what we asked was - what motivates people to buy, what kind of quality that they're looking for and then also like ideas for the future.

SLIDE 7

So we've interviewed 19 people - the age ranges from 16 to 44. Most of them are in their 20s, most of them are in North America and Mexico. Sorry Mexico [visual note: this was stated because Mexico was not visible on the slide]. And almost all of them are official members of the ARMY membership, except for one. And of those 18 who are members, 10 of them have renewed for the new year.

SLIDE 8

And so some insights from our participants are what's their motivation is that a lot of them cited fear of missing out, so FOMO, so you just end up clicking and you want to buy. A lot of that comes from the history of purchasing with Big Hit, particularly in BTS related products. It's hard to get and so you just get whatever you can. This goes for tour tickets mostly as we probably have all been through if you're a big BTS fan. It's to still support tangibly so giving financial support to BTS. This was also a strategy used by fans early on when BTS was a lot smaller and less globally recognized. It's to collect as well - people love having their shelves with BTS stuff on them. Some people just really like cute things and they will buy for that sake and that sake only. And also there's a portion of people who buy things that are very practical - notebooks, pens, things along those lines. For what fans have noticed in the merchandise release pattern, is from January of 2020 until September of 2020, a lot of them have noticed the most, like the amount of releases that have been given by Big Hit has increased more than they usually see. So it's gotten to a point where it just not only increased, but they increased so much that they're noticing and having negative effects from it. And so, one fan said, and we quote, "They're sitting on our ticket money and they're still juicing more money from us." And that was a very strong reaction to merchandise and purchase (...). [inaudible]

When it comes to quality and variety fans mentioned quality being very important. Nearly every single one of the 19 fans mentioned that, although many found the quality not to be up to par with the price that you're paying. So you're paying a

premium for this as well as shipping and as many know shipping globally is very, very expensive. And so a lot of our findings found answers in line with that.

And then finally, "How do you feel about when you get a notification that there is a new release?" And a lot of people cited excitement. A lot of terrifieds. A lot of dread, anxiety. Some good, some bad responses. It was a - it was a mixture.

SLIDE 9

There are some quotes. I'll just read a couple. So there are some positive comments: "good variety", "lots of cute stuff", "comfortable clothes", "BTS is everywhere." So it's good to have variety. Nobody had an issue with album or music related things, but a lot had more concerns with what Big Hit calls their indirect tier of products.

SLIDE 10

And then the negative sentiments were very strong. People had a lot of opinions so we decided just to quote it straight up. Some things like "releasing Break The Silence: The Movie merch was so low of them", "digging up stuff from their basement for the Bang Bang Con pop-up shop as cash crab was just hilarious." So these are sentiments of fans who have been fans for a very long time, who have been active members of purchasing products, and so, if it's gotten to this point, we wanted to know how far can Big Hit take this idea of just consistently releasing merch and how sustainable is that in the long run.

SLIDE 11

And so when we talked about likeliness. Like "how likely are you to buy certain types of merchandise?" If it's got BTS's face on it, if it's a caricature more likely. If it is referencing a song, kind of likely. If it's BTS content. So if it's "In the Soop" "Break The Silence", a lot less likely to purchase. And things along those lines.

A question we asked was, "How much do you think Big Hit's official merchandise reflects BTS and their message?" And that gave a whopping five. So pretty average there.

SLIDE 12

And this is where it gets really interesting. So from January until September Big Hit has released 51 product launches on Weverse or Weverse-related things on the Weverse shop and so as you can see these are all of the products. I don't think I listed every single one of them either. They break into subcategories, but these are the main categories of things.

SLIDE 13

And then we asked our participants what they bought and it's a big chart with a lot of colors. But what you'll notice is that there are certain things that most people do not buy like the Billboard Hot 100 You Sent Us To The Top, or the Speak Yourself in London. Those are just not relevant to like North American consumers as much which is really interesting. And there are other things that people are way more likely to buy, such as BT21 stuff. And so that would be very interesting to understand better how that will go in line with TinyTAN, which is also another caricature of BTS.

SLIDE 14

So when it comes to limitations, we understand COVID was a very big sort of wedge in our research because we can't quite analyze data from before. And understanding their release pattern and a lot of those things because Weverse also was something that was new. So that analysis could be delved into with a lot more data in the future. Then also our sampling is really small. It's from snowballing and that is something that we'd love to look more into as well.

SLIDE 15

And then conclusion. So fans are really dedicated and they are willing to spend, everything sells out. And so what we would like to see and understand better is ... despite the variety and quantity in current BTS merch, fans do desire design and connection that is more related to BTS. I think we see a lot of merch outside of that and we'd love to see merch inside of it, as well as future IP. And in IP projects and indirect artist involvement we'd like to see them thrive in a diverse way. And we're trying to see if TinyTAN is enough to please fans.

SLIDE 16

Well, I think, ah, yes, future research.

SLIDE 17

We can skip -- those are the references.

Thank you for listening...