

## **ANALYSIS OF THE BCG MATRIX FOR HYBE CORPORATION FROM 2018 TO 2022**

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### **ABSTRACT**

This article discusses a powerful tool that aids businesses in strategizing their market share growth by analyzing their product portfolio, thereby making informed decisions about whether to divest or continue investing. This tool is the BCG Matrix, also known as the Boston Matrix (fully: Boston Consulting Group Matrix). The benefits of applying the BCG Matrix have been demonstrated through many specific cases in practice. The following article will use the BCG Matrix to analyze the expansion of the product portfolio that contributed to the breakthrough development of HYBE Corp. – one of the leading giants in the South Korean entertainment industry in recent years.

### **Keywords:**

HYBE Corporation, BigHit Entertainment, BCG Matrix, BTS.

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### **1. INTRODUCTION**

South Korea has long been known as a nation that emphasizes the development of soft power through a cultural export strategy aimed at extending its influence across the continent, and even globally. After a few decades of implementing this strategy, the "K-wave" (also known as Hallyu) has become a global phenomenon. Not limited to television dramas or cuisine, since 2020, the Korean entertainment industry has expanded remarkably with numerous achievements in various fields.

In the film sector, the masterpiece "Parasite" won the 2020 Oscar for "Best Picture," and "Squid Game" became the most-watched TV series on Netflix ever. In 2020, the scale of the Korean film market was estimated at \$2.2 billion. Despite the impact of the Covid-19 pandemic, the market size in 2021 still recorded an impressive \$893 million. Alongside the expansion of the film industry, South Korea has also become the sixth largest music market in the world and the second in Asia. In 2021, the total value of the Korean music market reached \$6 billion. This success is inextricably linked to the explosive growth of K-pop in recent years, with the global sensation BTS at its core.

Looking at the overall picture of the current Korean entertainment industry, it is clear that competition is becoming increasingly fierce. Due to specific characteristics such as rapidly changing tastes and a high elimination rate, even the industry giants must make great efforts to maintain their positions. For more than two decades, the Korean entertainment industry has been dominated by three companies: SM Entertainment, JYP Entertainment, and YG Entertainment. However, with the global success of BTS, their managing company, HYBE Corporation, has officially become the fourth pillar of the Korean entertainment industry. To maintain this hard-earned position, how has HYBE Corporation crafted a systematic strategy, restructured the business, and expanded its product portfolio to meet the needs of existing customer groups and identify and develop new customer groups?

The following article will provide an overview of HYBE Corporation's portfolio expansion from 2018 to 2022 through the analysis of the BCG Matrix.

### **2. RESEARCH METHODOLOGY**

This article employs analytical, synthesis, and forecasting methods based on data collected from announcements, journals, and domestic and international scientific research works on the South Korean economy; business reports; and HYBE Corporation's publicly held strategic meetings.

### **3. RESEARCH CONTENT**

#### **3.1. Formation Process of HYBE Corporation**

Big Hit Entertainment, or Big Hit (the predecessor of HYBE Corporation), was founded by Bang Si-hyuk in January 2005. During this period, Big Hit was a small company with a limited number of artists and little recognition in the Korean entertainment industry. In 2010, Bang Si-hyuk signed a contract with RM, the leader of the global band BTS, and the company also held nationwide auditions to find members for the group. On June 13, 2013, BTS officially debuted with the name 방탄소년단 (Bangtan Sonyeondan). At that time, Big Hit was burdened with billions of won in debt.

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In 2016, BTS won their first prestigious music awards in Korea, including the Daesang "Album of the Year" at the Melon Music Awards and the Daesang "Artist of the Year" at the Mnet Asian Music Awards. This marked the beginning of BTS's golden era, as they continued to sweep major, prestigious awards both domestically and internationally. Along with BTS's success, Big Hit also transformed and rapidly grew to become one of the four giants in the Korean entertainment industry.

In March 2018, the company reported its first-ever revenue of 92.4 billion KRW (~82 million USD) and an operating profit of 32.5 billion KRW (~29 million USD) for the year 2017. That same year, Big Hit was voted the best investment company of the year at the Korea VC Awards. In March 2019, the company launched its next product, the boy band Tomorrow X Together (TXT). Debuting a new artist for the first time in six years since BTS, this was the first official move in Big Hit's strategy to restructure and expand its investment portfolio. These positive changes attracted significant attention from investors and opened up opportunities for business partnerships, laying the foundation for new joint ventures.

Initially, Big Hit operated as a private company with Bang Si-hyuk as the largest shareholder. In March 2017, the South Korean conglomerate Netmarble became the second-largest shareholder in Big Hit, paying a reported 201.4 billion KRW (111.8 million USD) for a 25.71% stake. In October 2018, private equity firm STIC Investments acquired an undisclosed stake in Big Hit with an investment of approximately 104 billion KRW (~93 million USD). That same year, the company was valued at over 1 trillion KRW. Big Hit's success was largely due to the massive financial foundation provided by BTS's global success. However, the company's strategy of developing as a technology company rather than merely an entertainment company brought many future opportunities. With this direction, Big Hit built a vast array of multimedia content related to its artists, leveraging the popularity of social media to attract public interest, forming a massive global fan community, and converting this interest into sales through the release of primary products (music, performances) and secondary products (goods, merch, IP, etc.). This was the new standard for the Korean entertainment industry, and Big Hit was the most successful company in achieving this at that time.

The financial report published in March 2019 showed that Big Hit earned approximately 214.2 billion KRW (189.38 million USD) in 2018, a 132% increase from 2017. Operating profit increased by 97% to 64.1 billion KRW (56.72 million USD), while net profit rose by 105% to 50.2 billion KRW (44.41 million USD). As of March 2020, the total value of the company was estimated at around 6 trillion KRW (5 billion USD). With all these achievements and future opportunities, on October 15, 2020, Big Hit was listed on the KOSPI stock exchange and began trading shares. Big Hit's IPO price was initially set at 135,000 won (118 USD) per share but doubled when trading opened on the KOSPI. Within minutes, Big Hit's stock price soared to the daily limit of 351,000 won per share before dropping back and closing at 258,000 won per share. At this price, Big Hit had a total market capitalization of 8.7 trillion won (7.6 billion USD), placing the BTS management company among the top 40 most valuable companies in South Korea.

Despite its high valuation, Big Hit caused concern among many investors, who warned that its stock price might decline after the initial excitement. The reason for this concern was that the company was still heavily dependent on BTS at the time. The entertainment industry is a rapidly changing field, and a management company entirely reliant on one group is not particularly attractive from an investment standpoint. Moreover, an unavoidable barrier in the Korean entertainment industry is the mandatory two-year military service for males. The oldest member of BTS was scheduled to enlist at the end of 2022, an event predicted to cause a significant drop in the company's stock price. To avoid such a crisis, Big Hit undertook a robust restructuring strategy to expand its product portfolio, increase investments, enhance collaborations, ensure the company's stable growth, and gradually reduce its dependency on BTS.

At the annual press conference in March 2021, Chairman Bang Si-hyuk announced that after a long period in the music and artist management fields, the company decided to diversify its business forms, including education. Thus, the name Big Hit Entertainment was no longer appropriate. According to an introduction video released on March 19, 2021, Big Hit Entertainment would officially change its name to HYBE Corporation, accompanied by organizational, operational, and headquarters structure changes. However, Big Hit Entertainment would not disappear but become a subsidiary under the new name Big Hit Music. (Figure 1).



*Figure 1: The Label Big Hit Music Emerges to Manage Artists, Produce Music, and Communicate with Fans*

### 3.2 Analysis of HYBE's BCG Matrix from 2018 to 2022

#### 3.2.1 The BCG Matrix and Overview of HYBE's Structure

The BCG Matrix is a model designed to assess the competitive position and growth potential of each product type by analyzing Strategic Business Units (SBUs). This allows executives to make strategic decisions about whether to continue developing or divest from a product. The BCG Matrix consists of two axes. The vertical axis represents market growth potential through the percentage sales growth rate of each sector. The midpoint of the vertical axis is set at 10%; exceeding this mark is considered high growth and below it is low growth. The horizontal axis represents the relative market share of the product compared to the leading competitor in the industry. The midpoint of the horizontal axis is set at 15%, representing the average market share of the leading company in the industry. Besides the two axes, the matrix has four quadrants: Question Marks, Stars, Cash Cows, and Dogs, corresponding to four different strategic groups related to market share and growth potential. (Figure 2).

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Figure 2: BCG Matrix

During the period from 2018 to 2022, HYBE underwent significant restructuring, dividing into specific departments to manage distinct SBUs. After rebranding, HYBE is currently divided into two main headquarters: HYBE HQ in South Korea and HYBE America in the United States. This article will focus on analyzing the SBUs under HYBE HQ.

The company’s operations are divided into three groups: HYBE Labels, HYBE Solutions, and HYBE Platforms. HYBE Labels includes SBUs specializing in artist management such as Big Hit Music (100% ownership), ADOR (100% ownership), BELIFT Lab (47.5% ownership), Source Music (80% ownership), Pledis Entertainment (85% ownership), KOZ Entertainment (66.7% ownership), and HYBE Labels Japan (100% ownership). These units will maintain independence and be managed separately with support from HYBE’s overall management system. (Figure 3).



Figure 3: Current Subsidiaries of HYBE Labels

HYBE Solutions includes SBUs specializing in video content, IP, education, and games, such as HYBE 360, HYBE IP, HYBE EDU, SUPERB, HYBE Solutions Japan, and HYBE T&D Japan. These SBUs conduct business by utilizing creative products from HYBE Labels’ artists. Their target customers extend beyond the fan

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base of each artist to include large partners like LINE, Mattel, and others to bring products to the global public. (Figure 4).



Figure 4: Current Subsidiaries of HYBE Solutions

HYBE Platforms manages technology, social media, and entertainment platforms, serving as a hub to connect and expand all of HYBE’s content and services. Currently, the only subsidiary under this division is Weverse Company (formerly beNX). In January 2021, right before the restructuring, Big Hit Entertainment and beNX invested 30 billion KRW and 40 billion KRW, respectively, to acquire an 18% stake in YG Plus—a company specializing in the distribution of artist products. In May 2021, beNX also invested in the U.S. startup Fave—a fan community F2F platform—as part of its plan to enhance business opportunities there. (Figure 5).



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Figure 5: Weverse Company as the Only Subsidiary Under HYBE Platforms

HYBE’s ultimate goal is to complete a unified system that allows the three groups to seamlessly coordinate with each other, continually innovate, and develop. Simultaneously, the company has set a new vision to become one of the world’s leading companies focusing on entertainment and lifestyle, with music as its core foundation.

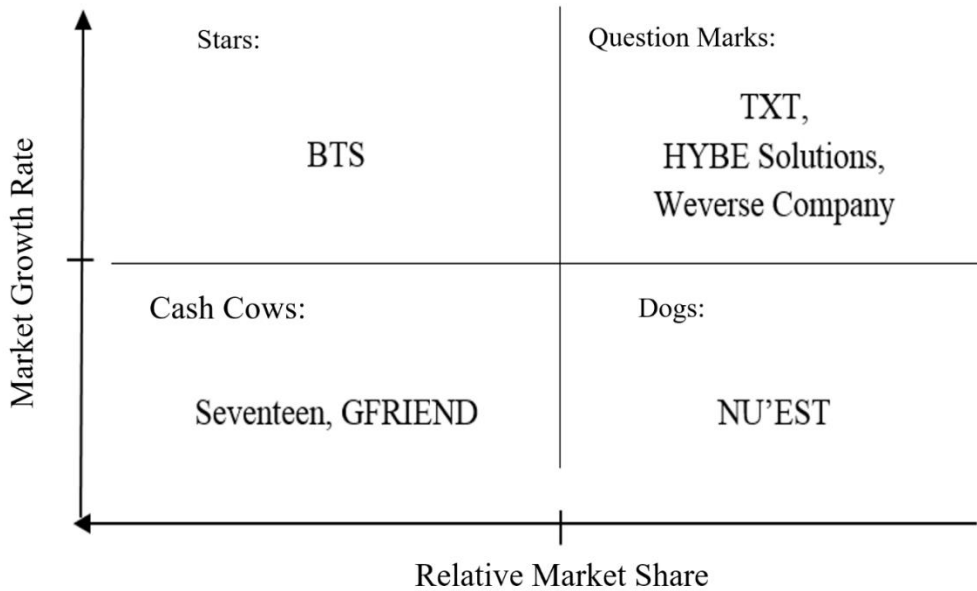
### 3.2.2 HYBE’s BCG Matrix from 2018 to 2022

List of Products Under the SBUs\*

SBU	Products / Year Joined HYBE
HYBE Labels	* Big Hit Music: BTS (2013), TXT (2019) * BELIFT Lab: Enhypen (2020) * Source Music: GFRIEND (2019), Le Sserafim (2022) * ADOR: NEWJEANS (2022) * Pledis Ent: Seventeen (2020), NU’EST (2020)
HYBE Solutions	* SUPERB (2019) * HYBE Edu (2018) * HYBE 360 (2019) * HYBE IP (2019)
HYBE Platforms	Weverse Company * Weverse (2019) * Weverse Shop (Weply – 2019) * V Live (2021)

\* Only a selection of notable products representing the SBUs during this period.

### BCG Matrix for 2018 – 2020



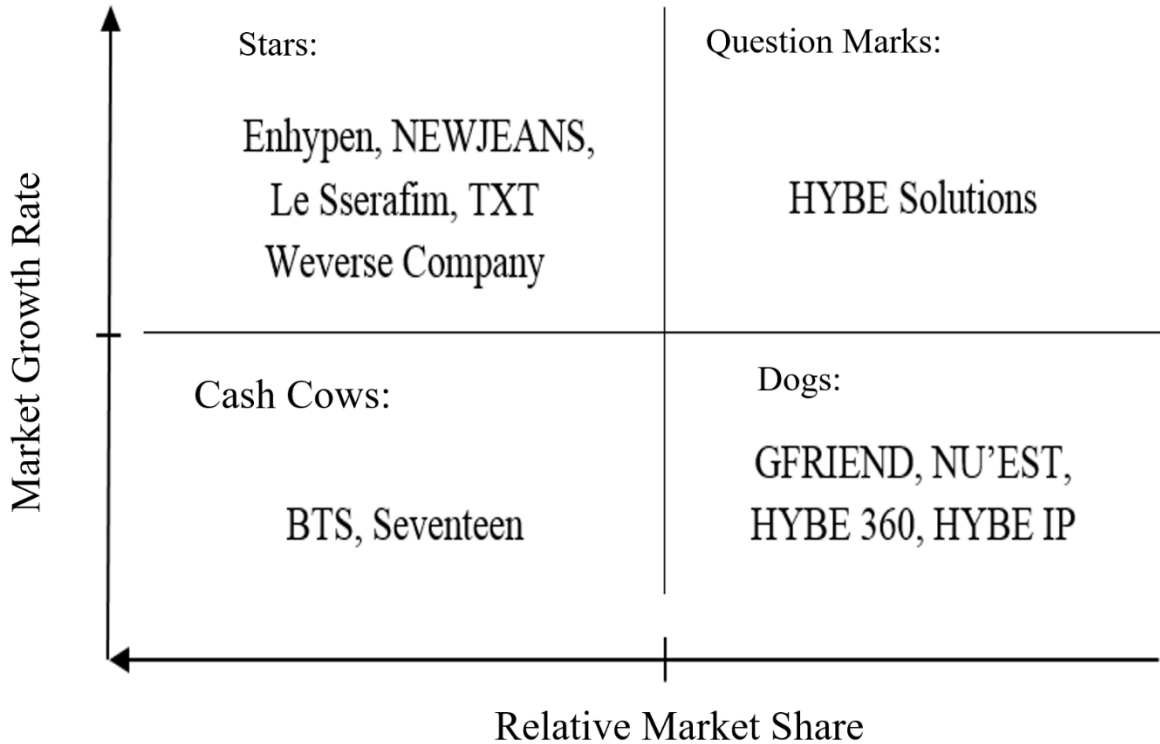
### BCG Matrix for 2020 – 2022

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**Identify HYBE’s strategy for each product belonging to the SBUs:**

The “Question Mark” box includes products with high industry growth rates but relatively low market share. Typically, these are new products entering the market or in the process of upgrading to find their position. These products require large capital investment but have not yet generated much profit.

In November 2018, HYBE Edu was established with the vision of becoming a creative educational technology company that changes the nature of learning based on IP content from the world’s best artists. Since its establishment, HYBE EDU has developed and provided various language learning content, including Korean language content. In 2020, HYBE Edu collaborated with KF and Hankuk University of Foreign Studies to launch a Korean language curriculum called “Learn Korean with BTS”. The book sold out in the US and Japanese markets within hours of release, causing a global sensation due to its true value in promoting fans’ language learning process. This product was not only embraced by the group’s fans but also officially incorporated into the curriculum of many schools worldwide, such as Middlebury College (USA), École Normale Supérieure de Paris (France), EDHEC Business School, Ain Shams University (Egypt), University of Languages and International Studies – VNU, and Thang Long University (Vietnam). In 2022, the HYBE Edu education project collaborated for the first time with an artist not affiliated with the parent company, the famous group BLACKPINK from YG Ent. The book titled “Blackpink in your Korean” is expected to be a hit with high global pre-orders.

In August 2019, HYBE successfully acquired a music game company called SUPERB. According to plans, SUPERB will be responsible for mobile game platforms and global services using IP from HYBE Labels artists. In the same year, the company added brands such as HYBE 360 responsible for concerts, album distribution, media content...; HYBE IP responsible for intellectual property products; HYBE Solutions Japan providing solutions suitable for Japan including business activities for artist concerts, original content, IP and platforms; HYBE T&D Japan training & developing for future artists or trainees. After restructuring, all these companies and projects are under HYBE Solutions and are continuously developing.

The debut of BT21 Universe animated characters - a merchandise product co-created by BTS and LINE FRIENDS Corporation – made a huge impact on the global market when launched in 2017. The BT21 image has gone beyond BTS’s influence and become a separate brand attracting even customers who are not interested in Kpop. The famous American toy company Mattel, known for Barbie dolls, produced a limited edition collection of dolls modeled after BTS in 2019, which also received support from fans of this toy. Following this success, HYBE released the next set of animated characters called TinyTAN inspired by BTS members. This is one of

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HYBE's strategic directions with the ambition to make BTS-related IP exist sustainably like big names such as Mickey Mouse, Barbie, etc. (Figure 6).



Figure 6: BT21 sticker set (above) and TinyTAN animated characters (below) are both IPs inspired by the BTS group

2019 marked a year of strong expansion for HYBE in all aspects. In June 2019, Weverse – a social media platform and online social networking service owned by the company – was first released to the market. The application was developed by HYBE's technology subsidiary, beNX (later renamed Weverse Company). As of 2022, Weverse has over 6.8 million monthly users. Starting with BTS as the sole artist, the number of artists present on this platform has now reached nearly 80. The accompanying e-commerce service of the application, Weple (later renamed Weverse Shop), specializes in providing group-related products and exclusive merchandise on Weverse. The birth of Weverse has become a threat to V Live – another Korean live video streaming service commonly used by artists from this country to interact with fans – developed by the giant Naver since 2015. However, contrary to concerns about competition between the two giants, in January 2021, Naver announced that they would transfer their V Live service to Hybe Corporation's technology subsidiary, Weverse Company, while acquiring 49% of beNX's shares. In the same month, HYBE and beNX proceeded to acquire 18% of YG Plus shares – a subsidiary of YG Entertainment specializing in distributing digital, physical, merchandise, and goods products of artists. This combination helped HYBE Platforms grow substantially, moving from the "Question Mark" box to the "Star" box.

The "Star" box includes products with relatively high market share and high industry growth rate. Products in this area have good competitive advantages, good development potential, and stand out in the market. These products still have large capital investment needs to maintain growth as well as market-leading positions. However, businesses must balance well between their revenue and costs.

From 2018 and before, BTS was HYBE's sole pillar in maintaining and developing the company. Thanks to the group's unexpected popularity and explosive development worldwide, HYBE transformed from a small company at risk of bankruptcy to a giant in the Korean entertainment industry. Even up to now, despite many efforts in brand and business diversification, with many achievements in new products well-received by the public, HYBE has not really escaped its dependence on BTS.

In 2018, the company first reported revenue of 92.4 billion KRW (~82 million USD) and operating profit of 32.5 billion KRW (~29 million USD) for 2017. These figures increased to 214.2 billion KRW (190 million USD) in revenue and 50.2 billion KRW (44 million USD) in profit for 2018. Big Hit experienced a 97% growth in pre-tax profit, 105% increase in net profit, and 132% increase in total revenue. This financial success directly reflects BTS's achievements, reputation, and popularity. In 2018, BTS's album "LOVE YOURSELF: Tear" sold approximately 4.05 million copies, and "LOVE YOURSELF: Answer" reached about 5.15 million copies. The group's LOVE YOURSELF world tour also recorded 810,000 attendees.



In 2018, according to a survey by the Hyundai Research Institute (HRI), BTS alone contributed over 3.6 billion USD to the Korean economy annually, a figure equivalent to 26 mid-sized companies combined. The estimated value of exports of goods and cosmetics related to the group brought in 1.1 billion USD. About 800,000 foreign tourists (out of 10.4 million visitors) came to South Korea each year to see BTS performances. This means 7.6% of annual foreign tourist trips to South Korea were due to BTS's appeal. The American economic magazine Fortune called BTS an "economy" with enormous commercial value.

In 2019, official expansion moves in the number of entertainment artist products were carried out. In July 2019, Big Hit acquired Source Music – the company owning the well-established girl group GFRIEND. In October 2020, Big Hit officially acquired Pledis Entertainment – the management company of two groups Seventeen and NU'EST after buying 85% of the company's shares in May and June of the same year. For this type of M&A action, HYBE not only saved on new artist training costs (which usually cost a large amount of money and time) but also captured market share and increased a significant customer base for products from other SBUs like HYBE Solution and HYBE Platforms. In March 2019, the company debuted the boy group Tomorrow X Together (TXT). Considered BTS's "younger brother", TXT received a lot of public attention and is expected to explode in revenue in the coming time.

According to HYBE's 2019 Financial Report, revenue was 587.2 billion KRW (11,221 billion VND) and profit was 98.7 billion KRW (1,886 billion VND). Compared to 2018, revenue and profit increased by 95% and 24% respectively. This is the highest figure since the company's establishment. The company's total hard disk consumption exceeded 6 million copies in the same year. Of which 3.7 million copies came from BTS's album "MAP OF THE SOUL : PERSONA", the rest came from TXT and newly acquired groups. Besides artist revenue, Big Hit also said that expanding artist intellectual property combined with a professional system with diverse business models helped them achieve significant growth and will grow even more.

In 2020, when the Covid-19 pandemic was severely impacting the world economy, BTS's online concert "Bang Bang Con: The Live" attracted more than 765,000 viewers from 107 countries and territories including South Korea, USA, UK, China, Japan, Vietnam... This achievement helped "Bang Bang Con: The Live" become the world's largest paid online program in terms of audience. The show's revenue was estimated at \$26 million (about 600 billion VND). In the same year, BELIFT Lab – a subsidiary of HYBE established by Big Hit and CJ ENM – organized a talent search show and selected members to debut in a boy group named Enhypen. This group was well received by the market and has a stable fan base, becoming one of HYBE's core groups at present.

In 2022, as BTS gradually slowed down group activities to focus on individual activities of each member and prepare for military service time, HYBE accelerated new product PR activities and market education. Other subsidiaries Source Music and ADOR respectively debuted girl groups Le Sserafim and NewJeans. Both groups received very good responses from the public, the number of music products consumed was all at a high level compared to the general level of new groups, continuously recording achievements on the charts. The successful debut of NewJeans in August 2022 even helped HYBE's stock increase back 15.67% compared to the previous 25% decline.

In Q3 2022, HYBE earned 445.5 billion KRW, up 30.6% year-on-year with a profit of about 60.6 billion KRW, down 7.6% year-on-year. According to the report, operating profit decreased due to production costs for new group debut audition programs and costs for offline performances. Direct revenue accounted for 206.2 billion KRW, with album revenue accounting for the majority at 129.2 billion KRW, while performance revenue reached 47.2 billion KRW. In addition, revenue from selling goods, copyrights, content, fan clubs, etc. reached 239.3 billion KRW. Goods and copyrights accounted for the majority with 114.7 billion KRW. Content revenue reached 107.2 billion KRW thanks to BTS DVD and Disney Plus being the main distribution partner of in The Seom. Weverse also recorded 7 million monthly users, up 16% from the previous quarter.

At this time, the "Star" position in HYBE's BCG matrix includes names like Enhypen, NEWJEANS, Le Sserafim, TXT, Weverse Company due to their very large development potential along with high investment levels. For BTS, although the market growth potential is still very large at present, in terms of investment, there are still many concerns as the group confirmed that they will interrupt activities until members complete military service in 2025. HYBE's recent moves also show that the company seems to have prepared strategies to move the group to the "Cash Cow" box in the BCG matrix.

The "Cash Cow" box includes products with relatively high market share but the industry's growth rate has gradually decreased. Specifically, the product has reached its peak and the growth rate has slowed down according to the nature of a product's life cycle. At this point, the product still brings good cash flow to the business so it considers the next strategies. If possible, add new features to the product or add more push-pull-support products to bring the main product back to the "Star" box. If it is deemed impossible to bring the product back to the star box, the business needs to prepare early for the declining phase, moving to the "Dog" box.

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For HYBE, products placed in this box currently can only be temporarily counted as BTS and Seventeen. The reason is that the common life cycle of boy groups in the Korean entertainment industry usually ranges from 7-10 years and is easily interrupted by mandatory military service for men in this country. Seventeen debuted in 2015, the group's members were born from 1995-1999, meaning that the deadline for participating in military service is very close. Although the group recently decided to renew their contract with the management company, many opinions still believe that in the later period, the group will focus more on individual activities and gradually give way to the boy group playground for the next generations.

In a more special case, due to their great contribution to Korean culture and economy, BTS became the first and only Kpop group to receive the "5<sup>th</sup> Class Order of Cultural Merit" along with many other honorary titles awarded by the Korean Government. This is an extremely great honor and has a direct impact on the future of the group as well as the management company HYBE. Thanks to this Order, BTS members are allowed to postpone military service until the age of 30 (extended 2 years compared to current military law). With the economic value that BTS brings, many experts have worried about the economic downturn when the group enlists, there have been many controversies surrounding whether the group should be "completely exempted from military service" or not. However, despite conflicting public opinions surrounding this issue, the members still affirmed that they will enlist according to the prescribed time limit. On December 13, 2022, Kim Seokjin – the oldest member of BTS officially enlisted. This information immediately caused HYBE's stock price to decrease by 2.5%.

As of now, although HYBE has placed them in the "Cash Cow" box and applied corresponding strategies, BTS and Seventeen are still expected to be able to go against the current and return to the "Star" box in the near future. In fact, revenue from music products and accompanying goods of the two groups is still on a strong growth trend. In the Q2 2022 financial report, HYBE recorded more than 85 billion KRW (65 million USD) in revenue from artist concerts, including from BTS's Permission to Dance – Las Vegas and Seventeen's concert in Seoul. Looking at total album sales, we can see that BTS is still far ahead of the remaining competitors, not to mention the IPs released along with the group are also very well received by the market. According to the US Billboard report on June 2, 2022, BTS concerts attracted 458,000 viewers, helping the group win No.4 position on the Top Tours Mid-Year 2022 chart with 75.5 million USD (about 1.75 trillion VND). Counting only the "Permission To Dance On Stage" concert series including 4 performances in Los Angeles, 4 in Las Vegas and 3 in Seoul. Notably, with just 4 nights of performances in Las Vegas with more than 200,000 attendees, it contributed 35.9 million USD (about 832 billion VND) to BTS's total revenue. Seventeen also maintained their form when ranking 3<sup>rd</sup> in the list of top 15 artists with best-selling albums in 2022 announced by Circle Chart with 5,837,407 copies. (Figure 7).



Figure 7: List of top 15 artists with best-selling albums in 2022

• The “Dog” box includes products with relatively low market share and low industry growth. Products at this stage are falling into decline, with low profitability potential and poor recovery ability. Businesses need to consider ending the product life cycle through reduction strategies, liquidation, or selling off to focus costs on developing and marketing new products.

Although constantly using M&A strategies to expand scale, HYBE also simultaneously implements reduction and elimination strategies quite frequently for SBUs and products that no longer fit the general direction. Especially in 2021, when the whole system restructuring process reached its peak. In April 2021, HYBE officially announced that HYBE 360 and HYBE IP would merge with the parent company “to enhance competitiveness by increasing management efficiency and maximizing business cooperation effectiveness through merger”.

In May 2021, Source Music unexpectedly confirmed the termination of the exclusive contract with the girl group GFRIEND. In March 2022, Pledis Entertainment announced that 3/5 members of the group would not renew their contracts, NU’EST would officially disband after nearly 10 years of activity. The general reaction of the Kpop fan community to both these pieces of information was extremely surprised, accompanied by a wave of frustration from those who loved the groups. However, based on the product release revenue situation and market

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growth rate of these two groups, some other opinions suggest that HYBE had considered between the profits from maintaining the old group and the benefits of focusing entirely on new groups. Currently, Source Music has successfully debuted the new group Le Sserafim and Pledis continues with Seventeen.

#### 4. CONCLUSION

The BCG matrix is one of the important matrices that businesses need to master. It facilitates the analysis of the investment portfolio of product activities by examining whether the cash flow generated from some activities can offset financial needs; or checking whether new activities can replace declining activities, thereby helping to form objectives for the activity portfolio as well as strategies to pursue. Besides those benefits, this matrix also causes difficulties for users in positioning products and each box. Especially, in cases where products are on the border between boxes, determining strategy is very difficult and can completely lead to wrong decisions affecting the business's reputation.

For a business operating in the entertainment field with specific products being artists and music groups, every strategic decision made needs to consider the reaction of the fan community. For HYBE, this is even more important as the company is still benefiting greatly from the BTS brand. The fan community of this music group is known for its fervor and strong spending power, many of whom are HYBE shareholders. Therefore, every move related to BTS has the potential to cause serious increases/decreases in stock prices and confidence from investors. In June 2022, HYBE's stock began to plummet, dropping 25%, losing market capitalization value and 2000 billion KRW (1.44 billion USD) after the announcement "global music group BTS temporarily suspends activities to push individual solo projects of 7 members". A series of investors withdrew capital at the same time. This was HYBE's most serious decline since IPO. By August 2022, HYBE's stock value increased again, reaching 15.67% thanks to the successful debut of the girl group New Jeans. But in early September 2022, the South Korean Ministry of Defense made a statement about the difficulty of exempting BTS from military service, causing investors to start worrying about making profits from HYBE. Experts believe that most of the company's profits come from the national boy group. The enlistment of BTS members within 18 months will make their investments risky. This once again caused HYBE's stock price to fluctuate.

According to Michael Porter's "5 Competitive Forces Model", it can be seen that in the Korean entertainment industry, fans of music groups possess very great power, directly affecting the brand and revenue of businesses. To avoid unnecessary risks, HYBE needs to be really careful in all its strategic decisions when positioning and arranging existing products according to the BCG matrix.

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