

How K-POP Influences C-POP's Market Positioning: A Case on SNH48

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Abstract: This study investigates how K-POP influences the market positioning of C-POP through a detailed case study of the Chinese idol group, SNH48. Initially modeled after the Japanese group AKB48, SNH48 later transitioned to a K-POP-inspired approach. By analyzing SNH48's shift from J-POP to K-POP, this research explores the externalization business model employed by Chinese entertainment companies. It delves into how SNH48's market positioning evolved, emphasizing commercial best practices and external collaborations, particularly with South Korean firms. Additionally, by examining SNH48's evolution and collaborations with South Korean firms, the study highlights the role of the externalization entry-mode business model in shaping Chinese entertainment strategies. The research also considers the impact of geopolitical factors, such as the 2016 THAAD dispute, which led to the "Xian Han Ling" ban on Korean celebrities, prompting Chinese companies to adapt their strategies. The findings highlight the significance of adapting foreign entertainment models in shaping C-POP's future, demonstrating the importance of market positioning in China's entertainment industry.

Keywords: K-POP, C-POP, market positioning, SNH48, entertainment.

1. Introduction

Korea's popular music emerged at the beginning of the twentieth century as a creative, yet ambivalent, product of and response to the complex modernization instigated by Western influences, technological innovations, and Japanese imperial politics. [1]

In the mid-2000s, Hallyu was closely linked to Korean idol groups. With the emergence of the "web", driven by social networking sites and the smartphone, K-POP entertainment companies started to use various market positioning schemes to relate on and study both their domestic and foreign consumers. [2] The growth of social media also helped South Korea to develop its soft power during that period. However, at the same time, the J-POP production is quite popular in the Asian market. Musical copyrights were still bringing huge revenue to the J-POP industry.

With the rapid expansion of J-POP and K-POP, their market positioning saw an increase in popularity and influenced other countries' entertainment industries. After Terminal High Altitude Area Defense in 2016 [3], a countermeasure that the United States and South Korea defended North Korean missiles and nuclear weapons, some scholars considered it would impact China's reasonable national security because of two countries' location. [4] After that, the Chinese authorities launched a new and unwritten rule called "Xian Han Ling" dealing with the press and publications that the

rules banned the apparition of Korean celebrities on TV. [5] Due to Chinese geopolitics factors, the non-conventional foreign direct investment mode permitted cost savings and allowed more initiative for Chinese firms.

This research discusses the way Korean pop(K-POP) idol groups influenced Chinese pop(C-POP) idol groups' market positioning, based on the case of the band SNH48. The study of the case of SNH48 has two primary benefits.

First, SNH48 was debuted by both a J-POP company called AKB48 and a Chinese entertainment company called STAR48. From 2012 to 2016, the band SNH48 has collaborated with some K-POP companies. Every year after 2017, they send their trainees to South Korea to follow the Korean training system and purchase K-POP-style music demos.

Secondly, SNH48 has not only established its own performing theater for offline performances but also has built its own fandom applications for online platforms. It has cleared the identification of customer segmentation and has provided differentiated content for different fandoms. It has actively utilized information technology platforms such as Pocket48 (SNH48) which is an important factor in a customer-centered supporting system. This platform also allows members to produce their own content and direct communication with fans. The Pocket48 platform is similar to the K-POP fandom communication platform Weverse. This K-POP fandom application permitted a better identification of customer segmentation and has provided differentiated content for different fandoms. It also has a customer-centered supporting system, that allows members' production and diffusion of content and direct communication with fans. [6]

This research is a case study based on the existing literature, including former research, books, official websites, industry annual reports, and other mass media from three countries. In this research, the case of SNH48 is studied based on the externalization entry-mode theory in order to explain how entertainment corporations from two different countries established the group.

Due to the fast changes in the markets, positioning has become an important element for global brands. It will probably play a key role in the future development of the entertainment industry. Thus, studying how K-POP influences C-POP's market positioning is worth researching, in particular through the case of the band SNH48 as it might help forecast the future Chinese entertainment industry's direction.

The research hopes to find out what are the high points and trends of the Chinese entertainment industry's market positioning. After following both J and K-POP models, C-POP might elaborate its own create a foundation for the future of Chinese global idol groups.

2. Literature Review

2.1. K-pop in China

Following China's economic reforms after 1978, diplomatic ties with the Republic of Korea were established, enabling the entry of South Korean cultural products into the Chinese market [7]. China embraced K-pop early on, quickly becoming one of the largest markets for South Korean pop culture [8]. From the 1990s onward, the "Korean wave" (or Hallyu) and K-pop began spreading across China in three main stages that mirror shifts in media technology: first, the "Analog Media Era" (1992–2004), followed by the "Pre-Mobile Internet Era" (2005–2012), and, from 2012 onward, the "Mobile Internet Era" [7].

During the Analog Media Era, K-pop's diffusion set the stage for a dedicated fanbase in China. One under-explored factor in this early period is the role of cultural intermediaries—both individuals and companies—who facilitated K-pop's entry into China. This initial spread coincided with growing non-governmental exchanges between China and South Korea, which multiplied after official relations were established in 1992. Cultural intermediaries who frequently traveled between the two

countries shared their exposure to South Korean music and helped introduce K-pop to Chinese audiences through personal networks [7].

In South Korea, gatherings where students played K-pop in nightclubs and its appearance on radio programs helped boost its popularity during the mid-to-late 1990s. Lacking comparable local cultural resources, many urban Chinese youth eagerly embraced K-pop, paralleling their South Korean counterparts' interests and contributing to the early formation of Hallyu—a wave that would later grow into a global cultural movement. During this period, the fanbase for K-pop expanded in China, as seen in fan letters published by *Light Music*, a Chinese magazine. Fans included secondary school students and office workers, with estimates of 20,000 to 30,000 Hallyu fans (Hahanzu) in Beijing alone. At its peak, the K-pop band H.O.T. garnered a Chinese fan club of over eight million members, with H.O.T.'s sold-out Beijing concert attracting large crowds of young Hahanzu [7].

Despite recognizing the potential of idol groups, Chinese entertainment firms struggled to replicate this model. Groups such as Young Girls (Qingchun Meishaonü) and China Power (Zhongguo Liliang) surfaced but failed to sustain popularity due to their generic image, limited vocal skills, and the financial constraints of their companies [9]. K-pop succeeded in the Chinese market by meeting local youths' desire for relatable idols with high-performance standards, like those seen in groups such as H.O.T. [9].

In the Pre-Mobile Internet Era (2005–2011), K-pop's influence in China became evident in the growing number of online news articles and forums. During this time, K-pop companies began recruiting Chinese talent to adapt K-pop for the Chinese market. Beyond performances, K-pop idols were increasingly visible across various media, although this phenomenon remains underrepresented in existing literature. Furthermore, there is little academic coverage on how unlicensed internet content and user-generated media contributed to K-pop's spread in China. The internet became a potent medium for K-pop fandom and dissemination, with online forums, video sharing, streaming sites, peer-to-peer downloads, and MP3 players central to fan experiences. Fan-generated content and forums, like Tieba, offered unofficial yet crucial avenues for K-pop's diffusion, setting the foundation for more decentralized fan networks [7].

TV talent shows and viral internet songs also shaped China's music landscape, with the open nature of the internet and democratic voting mechanisms of talent shows challenging traditional top-down methods of talent discovery. Though Chinese talent agencies made efforts to develop local idols, K-pop groups continued to dominate, with acts like TVXQ, SJ, Girls' Generation, and Wonder Girls gaining substantial recognition in China. This period laid the groundwork for the growth of a Chinese K-pop fandom, with online engagement increasing public interest in K-pop [7].

In the Mobile Internet Era, state regulations on K-pop in China tightened due to political and health-related concerns. For instance, the U.S. launch of the Terminal High Altitude Area Defense (THAAD) missile defense system in 2016 led the Chinese government to impose an informal restriction on Korean celebrities in media [3]. Nevertheless, mobile platforms and fan-produced content sustained the connection between K-pop and its Chinese fanbase [7].

The burgeoning Chinese idol industry, heavily influenced by K-pop's idol model, also contributed to K-pop's sustained popularity despite regulatory challenges. Seeking to attract music fans, the Chinese idol industry adopted the K-pop model and even collaborated with South Korean entertainment agencies. This strategy has proven successful, given the increasing demand for young idols in the Chinese market [7].

Overall, co-productions between the Chinese and Korean entertainment sectors, alongside China's growing internet industry and the informal "Korea ban," fostered the rise of a distinct Chinese idol music scene. By employing non-Korean talent, especially Chinese idols, K-pop continues to draw new fans and retain existing ones, supported by Chinese K-pop idols' work in television, film, and variety shows [7].

The lucrative Chinese market has encouraged the K-pop industry to localize in China through talent and capital flows. K-pop has now become integrated into China's idol music scene, as evidenced by Chinese adaptations of *Produce 101* talent shows. While K-pop only represents a segment of China's popular music market, its idol culture and fan practices have left a lasting influence on the broader Chinese entertainment landscape [7].

2.2. C-POP

Chinese pop music, or "C-pop" is actually a term used in the Sinophone world. The genre developed out of the pop influences prevalent in the cosmopolitan city of early 21st-century Shanghai. [10] Since then, young Chinese have been talking about C-POP content.

Nowadays C-POP is recognized as a branch of Chinese pop music that emulates K-POP's format of idol groups, and a devoted fandom is rapidly becoming mainstream, offering greater cultural proximity and safer political opinions for Chinese youth fascinated by the idol cultures. [9]

Pricewaterhouse Coopers' (PwC) perspectives on Chinese Entertainment and Media for the period between 2023 and 2027, estimate that within five years the total revenue of global entertainment and media will be about 2,780 billion US dollars. At the same time, the total revenue of Chinese entertainment and media will be 479.9 million, which will stand for 17% of the total. The Compound Annual Growth Rate of the Chinese entertainment and media industry market from 2022 to 2027 could be of 4.3%, which would be 3.6% higher than the global growth rate.[11]

According to the International Federation of the Phonographic Industry (IFPI)'s global music report, published in 2023, China has the fastest rate of revenue growth, where revenues rose by 25.9%, maintaining the country's place in the top five. It also was not only the fastest rate of increase in any top 10 markets but also the second highest ranking in Asia which is after Japan, before South Korea. [12] C-POP, as a kind of entertainment form and music style, has a significant meaning in the whole industry.

2.3. AKB48

J-POP idols had their own market category. [13] It had one of the phenomenal fandoms which was the existence of a group of fans of popular culture industry products from Japan from various forms of market positioning.[14] The band AKB48 is one of the most representative of the Japanese idol culture. It played a unique role in the recent Sino-Japanese cultural exchange. [15]

AKB48 was the first to introduce the "concept" of "idols you can meet", which allows the fandom to have opportunities to meet the group members in frequent offline events. The rotation system of group members and regular popularity contests, which all depend on the members' popularity, can create a deeper emotional commitment among their fans. This specific kind of market positioning permitted AKB48 to rapidly stand in a special and top position in both Japanese and Asian markets. [16] In the early 21st century, when K-POP idols were landing in Japan en masse, they targeted the second-largest entertainment market in the world, just behind that of the United States. AKB48 also launched multiple overseas sister groups, all in Asia: Indonesia, China, the Philippines, Thailand, Vietnam, India, and Malaysia.[16]

Although AKB48, one of the most famous idol groups, had a huge success in Japan and Asia, their global recognition was relatively minimal, [17] despite the ambition of the founder of the band, Akimoto Yasuchi, to dominate the global entertainment markets.[18]

2.4. SNH48

Shanghai gained in importance as an economic and cultural center from the 1980s on. According the Propaganda Department of Shanghai Municipal Party Committee, in 2018, the profit generated by

Shanghai's cultural industry, including media, entertainment, and related industries, reached 208 billion yuan, accounting for 6.8% of Shanghai's local economy. [15] In the context of a new market economy, with local government support, Shanghai has become a representative city of Chinese entertainment development.

Driven by his initial success in Japan, AKB48's founder, Akimoto Yasuchi, expanded the idol model to the whole Asian market. In 2012, The first Chinese "sister group", called SNH48, was formed and based in Shanghai. The band has been created by the Chinese entertainment company STAR48 specialized in the production and management of idol groups. [19] SNH48 started as a replica of AKB48 and initially imitated almost every aspect of the J-POP idol groups, from the stages, theaters, music types, and costumes, to their idol-selection strategy. [15] It helps SNH48 become one of the most popular idol groups in China, which has over 300 members at most in the same time. [20]

Later in 2016, AKB48 removed all SNH48-related content on their website, declaring the group to be fully independent, after SNH48 violated a contract. However, SNH48's management side insisted that they were an independent unit from the start and were never a sub-unit of AKB48, and there was never a contract to begin with.

In 2017, SNH48 published its sub-unit group called 7SENSES which is operated by Chinese entertainment company STAR48 and South Korean entertainment company ZB Label. It can be clearly seen that SNH48 changed its market choice from J-POP to K-POP to face the continual development of the global environment. They started to send more band members to the K-POP training system and purchase the K-POP style music copyrights. One of the famous Korean composers S. Tiger who has been designated best composer at the 5th Melon Music and the 11th Mnet Asian Music Awards, collaborated on several 7SENSES albums.

SNH48 has combined the advantages of J-POP and K-POP for their own content ideas such as musical style, fashion and aesthetics, training systems, and even the group's market positioning. Following the J-POP and K-POP style of fandom applications, SNH48 developed a digital economy-facilitated platform as well. They changed the main selling of music products into digital content from their own application POCKET48, underpinned by data foundation to explore more new technology and idol events. [21] Recently, K-POP companies such as HYBE Entertainment were praised for being able to convey great impressions to the public with innovative technologies. They have focused on the various NFT and metaverse projects and collaborated with different companies as well. On the other hand, SNH48 has started to explore the metaverse and the ACG culture aiming to become the most entertaining technology company in the future according to its official website. [22]

2.5. The externalization model

The organizational governance of a firm's business has been classified into two categories, internalization, and externalization respectively, by Coase.[23] According to Moon, externalization is a contract-based entry mode composed of trade, contract production, and licensing.[24] In the author's perspective trade is a shifting of final or intermediate products and services across foreign countries' boundaries. The production is finished in the home countries and the transaction is processed in the international markets, which is no exchange with other foreign countries. Dealing with contract production, which is widespread in the entertainment industry, it is a kind of outsourcing and partnership with other firms that can do the work better. As for licensing, it consists of knowledge and technology sales model. The contract is based on the owner firms and permission firms, which accepted the technology and sales model. The externalization model is a transaction based on the contract, which accompanies a certain level of administrative control over foreign operations.[24]

To face the competitive market from emerging sources, Yin also has given three conditions for the firms to externalize some parts of their activities to abroad companies instead of performing them

internally. The three elements are fast-growing, commercial best practices, and multiple competences. These three conditions have been extensively but separately discussed in the field of strategic management to explain the emerging sources of firms' competitive advantages. Nowadays, the business environment is full of rapid changes and complexity, and even some high-capability firms still prefer the externalization mode of outsourcing compared to internal development for getting high competitiveness and efficiency. [23]

3. Externalization model in SNH48

3.1. The business model imitation: from AKB48 to SNH48

In 2005, AKB48 was founded by Akimoto Yasushi, which was a Japanese all-female idol group. This group held records for the highest CD sales on the Japanese Oricon music charts (Oricon Music) and became a social phenomenon. Based on his success, Akimoto started to expand his AKB48 model to other Asian countries. Although both Chinese and South Korean markets have a lot of cultural similarities with Japan, the conflicting memories of World War II affected AKB48's expansion. [15]

In 2011, JKT48 became the first AKB48's overseas sister group and was based in Jakarta, Indonesia. [25] In 2014, JKT48 organized its first event during which the public was asked to vote for the favorite group members, an event also based on AKB48's model: more than 200,000 Indonesian fans participated.

Since 2011, AKB48 has been doing successful business while Japan's music industry collectively is declining. In 2015, the band became the first in Japan to have twenty consecutive million-selling CD singles which helped the country to surpass the United States as the largest music market in the world. The success of AKB48's business model has become a typical case study in venture capital circles in China. [15]

Despite the Chinese people's lingering resentment of Japan's aggression in the first half of the twentieth century and ongoing regional conflicts, Japanese popular culture has been one of Japan's most successful exports to China since the 1980s. At first, J-POP culture depended on similar language characters and fresh contents which got a success in Taiwan and Hong Kong area. Later, the geographical proximity and the shared "Sinicized" culture means that J-POP imports took only a small time to spread across the three regions and flow to attract audiences of ethnic Chinese. [15]

As mentioned in Part 2, Shanghai as an economic center of China developed its own cultural scene and finance information platform. [15] China's 12th Five-Year Plan for Economic and Social Development was a set of economic goals designed to strengthen the Chinese economy between 2011 and 2015. The plan aimed, among other things, at the promotion of the cultural industry to improve metropolitan development. In 2010, the communist party of Shanghai Committee published a publication report about Shanghai's cultural and creative industry improvements, led by the Shanghai Propaganda Department, the Economic and Information Committee, the Shanghai Development and Revolution Committee, the Shanghai Commercial Committee, and other 22 official committees. The publication mentioned that the government would support 300 million yuan to develop Shanghai's cultural industry.

Steeped in Japanese manga and anime culture, Shanghai holds several manga and anime-related events such as gaming and cosplay shows monthly from 2004. Overall, there's no doubt that Chinese fans of Japanese popular culture are concentrated in Shanghai.[15] With the government's support, the externalization model between C-POP firm Star48 and AKB48 was set up and the cooperation started to establish the second AKB48's overseas sister group: SNH48. The latter, headquartered in Shanghai, was established in 2012. [15] As a group inspired by AKB48, SNH48 became a Chinese version of the Japanese group. The Chinese band followed the same training system as that of AKB48, adopted similar costumes, and the music genre too as the group was allowed to perform Chinese

songs under AKB48's copyright only. SNH48 has intangible become a diptych of J-POP and C-POP. Because of the intensive collaboration between SNH48 and AKB48, SNH48 became the representative of J-POP in China, which also seemed to meet the J-POP style market demand of that era. With the increasing popularity of SNH48 in the Chinese market, the imitation strategy from AKB48 and the cooperation between the two popular cultures proved to be successful. [15]

3.2. SNH48 original productions' emerging: from J-POP to C-POP

In 2016, SNH48 released its eleventh Extended Play (EP) recording, "Engine of Youth", and produced by Chinese musicians. It was the first SNH48's original songs after years limited to mere translations of AKB48's repertoire. Later, SNH48's home company Star48 announced its own expansion in China and its project to establish two SNH48 sister groups: BEJ48 in Beijing and GNZ48 in Guangzhou.[15]

After this news, AKB48 accused SNH48 of having breached the contract and removed all news related to the band from the official website. AKB48's Japanese staff in China, group members, and managers, all were recalled back to Japan. At the same time, SNH48 officially claimed that it was an independent firm ever since its establishment and not a subsidiary of AKB48. [15]This statement made the cooperation between SNH48 and AKB48 a case of externalization model, based on contract production and licensing, and differing from the traditional foreign direct investment entry model. According to a report by Southern Metropolis Entertainment Weekly in June of 2016, AKB48 founder Kotaro Shiba made a call to the SNH48 management, saying that he fully understood and supported SNH48's move towards originality.

Later in 2017, Legend Capital and China Media Capital invested hundreds of millions of Yuan in Star48, SNH48's home company. Legend Capital and China Media Capital are both Chinese financial giants, and according to some people, the local financial partnerships would have pushed SNH48 to end its ties with AKB48. [15]

In the following years, SNH48 launched its own original events such as the "mini live show", the "Best Partnership election", and produced several original albums and drama shooting. It became popular as one of the top C-POP idol groups, often appearing in both Chinese mainstream media and advertisements. Dealing with the commercial aspect, SNH48 has fulfilled all the demands of the analysts and investors. One of the most significant investors, Chen Tianyue, stated in an interview that SNH48 had a feasible commercial model that could cover costs, a sustainable business circle that could run several years, and a scalable enterprise that could get several times of revenue from costs. It filled the J-POP market gap in China and changed the Chinese general negative view of Japanese society and culture.[15] Combining the advantages of AKB48's model with that of the Chinese market, SNH48 also successfully created its own C-POP model.

3.3. K-POP Ban in China

In 2016, the South Korean government decided to deploy the Terminal High Altitude Area Defense System (THAAD) to enhance its military capabilities as a response to North Korea's nuclear program. In turn, Beijing also reacted to Seoul's policy [26], and as China had become one of the largest markets for the Korean Wave or Hallyu's products, the authorities decided to take retaliatory measures: cancelation of Chinese K-POP events, ban of K-POP celebrities from Chinese screens, and the authorization given to only a limited amount of Korean media products to enter China.[27]

However, K-POP presence in the Chinese market had gradually increased before 2016: several K-POP reality shows started to be produced in Chinese versions – such as "Running Man" or "We Got Married" – and about 20 other programs produced in collaboration between Chinese and Korean broadcasting stations. [27] K-Pop's influence in China did not stop with the emergence of a new

geopolitical dispute. In 2018, the Chinese version of “Produce 101”, adapted from a successful Korean survival show, drew more than 4.3 billion views on Tencent Video which was one of the biggest online video platforms in China. Nowadays, the biggest is TikTok. In the final stage of the program, 9 female trainees debuted as a group called Rocket Girls and instantly joined the club of the best-selling performers in China. A success resulting from their participation in the selection process of the TV show. [15]

Despite the political issues between Beijing and Seoul, K-pop remained the biggest C-pop competitor in the Chinese market, and the large Chinese K-pop fandom maintained its existence.[9]

3.4. From cooperation with J-POP company to cooperation with K-POP company

It was the same year, in 2016, that the split between SNH48 and AKB48 happened. Despite the split, the former business model was maintained and the Chinese company organized the selection of untrained young girls to be trained as idols. The 2018 “General Election” alone permitted SNH48’s revenues to reach approximately 15 million US dollars which was far from being exceptional and similar events are held annually in the band. [27] This success led some scholars such as Zhao and Wu to consider that SNH48 fits into Chinese culture and is not simply a replication of AKB48. [16]

At the same time, the K-pop ban in China pushed many C-pop idol firms to reproduce K-pop’s format of operation, a step that allowed them to become mainstream rapidly. [9] The high competitiveness in the Chinese market, incited SNH48’s home company to expand at the level of the Asian market. Thus, SNH48 launched its first international subsidiary idol group, called “7SENSE”, in 2016 to debut shortly after in Korea in 2017. The training and the production of 7SENSE’s albums were carried out in both China and South Korea. In their second album, “Chapter Blooming”, three songs were composed by one of the most famous Korean composers, 신사동호랑이 (1983-2024), also known as “Shinsadong Tiger”.

SNH48’s cooperation with K-pop firms follows the entry model theory and its three conditions. SNH48 depends on outsources which is from the externalization model through production contracts with the Korean composer Lee Ho-yang and K-pop production firms. Dealing with outsourcing, Moon [23] considered it a “business strategy” whose aim is to gain a competitive advantage relying on external skills, competences, and knowledge. As for K. Matthew Giley and Abdul Rasheed’s (2000), they defined outsourcing into two types which are substitution and abstention. [23]

In the case of SNH48, the company engaged in the collaboration with various external partners as a substitution strategy to face the changing entertainment market with more “agility” and “flexibility”. This kind of outsourcing activity, which can be defined as “transformational outsourcing” [28], emphasizes cooperative relationships and inter-firm. [23]

Later, 7SENSES continued this kind of “transformational outsourcing”. The group’s third album, Swan, published lyrics in both Chinese and Korean languages. In February 2019, 7SENSES attended a famous Korean TV show, broadcast by MBC music and called “Show Champion”. In November of the same year, they held their first Korean showcase event. The group was also invited to Korean music awards such as the 2018 Soribada Best K-music Awards (for the Global Entertainer Awards) and the 14th Annual Soompi Awards (for the Asian Influential Awards). The band observed K-pop idol groups’ experience and tried SNH48’s new market positioning in the Korean market.

With the success of 7SENSES, SNH48 started to send more trainees to Korean firms. In 2019, five SNH48 members announced a two-year training project in South Korea. As for its local project, SNH48’s started to add K-pop elements to performances and costumes that were previously entirely influenced by J-pop’s style.

The other kind of shifting model also happened in the case of AKB48’s overseas sister group BNK48 which debuted in Bangkok, Thailand. In February of 2024, BNK48 published its latest song which was produced with one of the most famous K-POP production companies JYP Publishing. This

music collaboration mixed three countries' teams. Firstly, the melody is from Korean composer Lee Hae Sol. Secondly, the lyrics are written by Hai-Thanwa Ketsuwan and Hye Hai Paperplanes who come from Thailand. Later, the Japanese group Serious Flavor designed the choreography for the band. [29]

This shift in the market positioning also caused SNH48 to lose some parts of the fandom. Scholars Tanaka Hidetomi have argued that it resulted from the difference between K-pop and J-pop fandom. K-pop idols tend to adopt US methods to broaden their fan base because of the limited size of the South Korean market. The South Korean trainees under such kind of model have become much more professional in their performance in comparison with their former methods. While K-pop bands tend to display high singing and dancing skills, Japanese bands prefer a "face-to-face" mode. From Tanaka Hidetomi's perspective, K-pop idols are "3D" idols indicating human idol performers who are not preceded by a fictional or simulated iteration [30], and K-pop idols must have a beautiful appearance as an unwritten rule for recruitment to suit the market. In the case of AKB48, as the group started following Japanese standards, most of their fans like the elements of "2D" [31] that are from the fictional world, and most of the basic characters are influenced by anime or manga. [32] A situation that shows SNH48's ignorance of the fandom structure.

3.5. Commercial Best Practices in the Sino-Korean Entertainment Industry

To realize the best practices, according to Moon and Yin, firms could either internalize through learning or externalize through outsourcing. Although both methods are possible, the second one may be more appropriate, particularly when the business to which the firm belongs possesses the industry standard. [33] In the case of the K-pop industry in China, the different projects have been strictly controlled by the government. However, it was considered that learning from K-pop's success could help Chinese production to increase its international competitiveness as the K-pop market benefits from experienced global directors and production firms. Taking the film industry as an example, while Korean firms display a high level of technical ability and global experience among Korean firms, their costs are much lower than those of their Hollywood counterparts. [33] Attaining low costs could be a good choice for a C-pop firm such as SNH48. In this regard, the Sino-Korean entertainment industry can be considered as Commercial Best Practices following one of the three conditions from the externalization model to get more business value.

Overall, the co-production between K-pop and C-pop has become the key advantage for expanding the market and reducing the risk in both countries. With C-pop's increasing growth and potential market, the Commercial Best Practices are win-win growth for the development of the Sino-Korean entertainment industry. If C-pop should find its own way to stand in the Asian market in the future, it should maintain cooperation with K-pop.

4. Conclusion

This thesis focused on the externalization entry mode process and the C-POP idol group case SNH48. The theory helps to understand SNH48's market positioning decisions in different periods and political contexts and also specifies the special business environment of the entertainment industry. At first, the J-POP idol group AKB48 wanted to break the rush from K-POP, especially during the Pre-mobile Internet Era, so it started to expand in the Asian market. After SNH48's home company Star48 founded AKB48's overseas branches potential and limitations of development, they collaborated based on the contract and licensing from the externalization model.

Combined with the three conditions of the externalization entry mode, Commercial Best Practices also explain the relationship between SNH48 and K-POP production firms. With the increasing attraction of the Chinese market, K-POP firms had to find new opportunities or strategies to face

Chinese geopolitics and regulators. The outsourcing strategy based on the Commercial Best Practices condition shows the Chinese-Korean entertainment industries' development after the K-POP Ban.

The case shows that the entertainment industry is a highly controlled industry by the governments, especially in China. The success of SNH48's groups shows the market positioning is suitable for the Chinese environment and geopolitics. SNH48 is promoting idol groups in China, which are based in different districts in China to expand its scale.

However, C-POP still has a huge room to improve compared with J-POP and K-POP. Compared with J-pop and K-pop, C-pop can improve the quality of its production and international influence. From the IFPI global album chart 2023, several K-POP bands such as SEVENTEEN, Stray Kids, and NCT Dream, have gotten the TOP 10 ranking in the list.

The Chinese entertainment industry has not completely "gone out" yet. Chinese entertainment companies should not only refer to the various local market positioning but also expand their global influence to enhance their production. One of the best choices is to study how J-POP and K-POP models achieved success and establish their foothold in the Asian market. Collaborate with these companies and create a new C-POP path in the global entertainment industry. Although the thesis focused on the sole example provided by SNH48, it might help other entertainment companies find their future direction and realize the importance of the right market positioning for further projects.

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