

CHAPTER II

NCT PROFILE, BRAND LOYALTY, COLLECTIBLE ITEMS AND ITS PERCEIVED PRICE

The extended form of every variable or factor influencing purchase intention is examined in this chapter. Putting the subject's profile first will help readers comprehend it better. Keeping up with brand loyalty will lead to a better understanding. The definition of collectible items as the dependent variable's subject matter and its connection to perceived price are highlighted in this chapter.

2.1. NCT Profile

Among the largest entertainment companies in South Korea was formed by Soo-man Lee in 1995 and is called SM Entertainment (SM). The idol system, whose has been credited to SM as its inception, has been described as a method of industrialising the creation of celebrities (Jin and Ryoo, 2014). Neoliberal elements are mixed with the advancement of aesthetic ideas in the creation of K-pop groups. As a result of this successful system's rigidity and high investment requirements, the idol has become a replaceable token due to consumerism.

The intricate nature of the connections separating the aesthetic components hits a point where the concept of a Gesamtkunstwerk, which "tends to efface the frontiers between an aesthetic work and reality" (Marquard 1983:40), comes to

mind. In this example, the need to maintain a constant flow between the art—music, dance, and video—and reality is also motivated by a financial desire to bring a shared fantasy world of the artists and fandom to life. Given the numerous aspects of this made-up universe, it constructs the illusion of a shared identity.

The New Culture Technology (NCT), a project that Soo-Man Lee unveiled in January 2016, represents the next logical development in this movement towards the fusion of the concepts of art and reality. The project was management-based, with selection, training, producing, and marketing as integral pieces. SM added "interactive" elements like a radio channel and "Rookies Entertainment Mobile Application" that let fans engage with the rookies and function as producers. In order to realise the concept of "Hallyu Localization" which aims to unite the local and the global, NCT is designed to be an open form that may alter often and accept new members from all around the world (Ute Fendler, 2019).

2.2. Brand Loyalty

Online commerce and entertainment have gotten even more ingrained in daily routines as the digital age has progressed. The necessity of gaining and keeping customer loyalty is vital for businesses to remain competitive given that consumers have access to millions of options at their fingertips (Nielsen, 2019). Businesses need to understand how to build, preserve, and share with consumers their distinctive and differentiated brand value in sectors where switching costs are low and the market is saturated. Building a loyal following for the business

is one approach to achieve this. Learning to create brand loyalty among customers gives a business a significant competitive edge given increasing rivalry for a customer's finite attention span.

Brand loyalty is primarily motivated by the distinct perceptions of value provided to the consumer by the brand in comparison to rival brands. To achieve these perceptions, nonetheless, customers must develop an emotional bond with the brand (Tartaglione, 2019, p.2). In this way, NCT aimed to develop an emotional bond with their fans in order to foster a perception of brand loyalty. To numerous companies, employing idol worship to boost the favourable perception that a certain brand has in the minds of consumers and persuade them to adopt that brand has become a crucial marketing technique (Libin Chen et al., 2022).

Pop culture, according to Duff (2002), is pervasive in modern society. Pop fans, or people who are passionately devoted to pop stars, are thought of as consumers of the pop industry or as a significant global market for the consumption of pop culture (Gwinner K, Swanson R, 2003). The concept of loyalty has been used more and more in discussions of the fan phenomenon (Chen P, 2004). Thus, the word "fan loyalty" becomes legitimate to describe the allegiance a fan feels and expresses to the subject of his or her devotion in both popular culture and scholarly discourses (Sandvoss C, 2005). The idea of loyalty, however, is the subject of constant discussion (Neale, 2010).

A. Cognitive phase: Linked to consumer brand awareness and initial associations.

The extent of brand accessibility, level of assurance in the accuracy of a brand's assessment, relational alignment across a brand and one's value system (centrality), alongside clarity of the company's products and services and value in comparison to competitors are all factors that influence customers' development of brand loyalty during this stage (McMullan & Gilmore, 2003, p. 233).

B. Affective phase: Starts after a customer has used the good or service and had a

chance to evaluate it. The choices made by consumers on brand satisfaction, approving of choice, and cognitive consistency can be determined as a result of a comparison between the actual experience and the perceived conceptions developed during the cognitive phase. Stronger emotions may lead to more intense loyalties during this phase, especially before a behaviour develops into a habit (McMullan & Gilmore, 2003, p. 234).

C. Conative phase: Marked by the consumer's level of commitment, purchase

intention, and constancy of brand values. The effects of brand loyalty can be seen and assessed physically during this stage. Buyers in this stage are still vulnerable to both cost of switching and sunk costs as a result of expectations, despite their good associations with the brand (McMullan & Gilmore, 2003, p. 234).

D. Action phase: A stage of consumer's strongest loyalty degree. Inertia—

customer's comfort with a brand to the point that their information-seeking for

alternatives has lessened—and they are more likely to be active brand supporters during this time (McMullan & Gilmore, 2003, p. 235).

2.3. Collectible Items

Collecting is becoming increasingly popular among consumers worldwide, both as a hobby and as an investment. Additionally, collecting is becoming more and more technologically advanced and permeates everyday buying as a powerful sales promotion technique, raising marketing and ethical issues (Cary Lee et al., 2021). K-pop's export-oriented character has offered a special opportunity for market expansion abroad. It is commonly known that K-pop, also known as Hallyu, has spread to other Asian nations. This trend in Korean culture and goods, which had previously been associated with intra-Asian nations (Gil-Sung, P.A., 2013), has now spread worldwide. K-pop and K-dramas, which introduced Korean culture and goods to Western markets, have served as the primary drivers of Hallyu growth outside of Asia since the mid-2000s (Yoo et al., 2017).

According to Gil-Sung, P.A. (2013), K-pop consumerism is primarily centred in the USA, Europe, Southeast Asia, Japan, and China. A dedicated and engaged fanbase is another factor in K-pop's success on the worldwide stage. Although many studies believe that buying CDs is no longer necessary, this is not the case for K-pop. Since its business exchange value is no longer in doubt, the CD continues to be a potent, alluring, and collectible symbol that cannot be replicated (Choi, 2014). Parallel to this, the CD and other collectibles can be seen as strong

symbols of sentiments of nostalgia as well as of fundamental imaginaries for us to comprehend how South Korean pop music has been produced and experienced by the fans over the course of the medium and long term (Guerra & Alberto, 2021).

K-pop albums typically have simple covers, but their originality and effort are in the songs themselves and the additional products that go along with them. Fans find this to be a very appealing aspect, especially the fact that these are not traditional CDs like so many others, where the only thing that sets them from is the cover. According to Paula Guerra and Sofia Sousa (2021) the tactile characteristics of the objects themselves emphasises the interaction with their components resulting in an exceptionally enjoyable and sensorial expertise.

Photocards—the main focus of this study—are among the most collectible items, and they are equally as important as albums. The sense of community and belonging among K-pop fans can also be strengthened and maintained in this way (Galloway, 2020). In order to gather the ultimate bias, the processes of exchange, sale, and purchase of these products are promoted. Additionally, given that there is a preservationist attitude towards the photocards, the process of keeping them safe also serves to solidify the emotional bond formed between the group and the fan (Heinich, 2010).

2.4. Price Perception

Price is frequently considered to be among the factors that consumers assess when deciding on a decision about whether to buy a product or service in the

framework of product/service marketing (F. Tjiptono and G. Chandra, 2012). In the words of Schiffman and Kanuk (2008), the process through which people select, arrange, and integrate stimuli to create meaningful and accurate representations of the world is known as perception. Customers are significantly influenced by perception. The perception of price is one aspect that has an impact on them.

The cost of a thing is the entire amount of money that is charged for it, or the total of value to customers that is traded for the advantages of owning or utilising the product. Price is one of the marketing mix components that generates money, but Kotler & Keller (2008) and Lahtinen et al. (2020) claim that other components produce costs. Besides, price is one among aspect of the marketing mix that can be changed the most, while others—product characteristics, distribution methods, and promotion—require more effort (Lahtinen et al., 2020).

Additionally, price conveys to the marketplace the company's desired value stance on the goods and its brand. In fact, price is a variable that may be managed and affects whether a consumer will accept or buy a product. The cost is determined by the business's policy, although of naturally, taking into account a number of factors. The cost of a product is highly correlated with its nature. To be accurate, the cost of comparable goods produced or sold to other businesses must be taken into account. (Kotler & Keller, 2008; Lahtinen et al., 2020) state that the following indicators characterise price:

- a. Price that is affordable.
- b. Price and product quality compatibility
- c. Price and benefit alignment.
- d. Price has an impact on customers' purchasing power

In this sense, NCT (Neo Culture Technology) provides fans with official trinkets or group-related things that are sold through their agency, similar to other K-pop groups. There are 196 different authentic NCT products listed on the official SM Global Shop website in 2023, with prices ranging from approximately IDR 70,000 to IDR 1,464,000.00, excluding shipping fees from South Korea to Indonesia.