

The Case Study of Marketing Strategies by Fan Economy

Xin Zhao*

School of Tourism and Hotel Management, Autonomous University of Barcelona, Barcelona, Spain

*Corresponding author: 1614380@uab.cat

Abstract. The purpose of this paper is to examine how marketing methods under the fan economy can influence beauty brands, as well as to determine whether they can benefit beauty brands. There are three main brands chosen in this study, and they are Perfect Diary, Florasis, and Fenty Beauty. The three brands mentioned above are representative of the beauty brands that have successfully harnessed the power of star power and the fan economy to their advantage. According to the comparative analysis, Perfect Diary has had weak growth under the marketing concept of fan economy, whereas the other two brands have correctly grasped the psychology of fan economy. In order to increase the added value of a brand and obtain recognition and support from fans, the brand culture as well as product research and development should always be recognized and utilized by the brand. In this regard, the analysis of the three brands also shows the effectiveness and limitations of marketing methods as a result of the fan economy and culture.

Keywords: Fan economy; Perfect Diary; Florasis; Fenty Beauty.

1. Introduction

With the advent of network traffic, the fan economy has slowly become a new marketing model in the market, formed by the relationship between fans and followers [1]. Today, as Wu (2022) indicated, there are many international brands, cosmetics, food, home appliances, and other industries that will use celebrities, idols, and online celebrities brought by a large number of fans to get attention, a successful marketing reputation to get attention, and a successful marketing campaign. As a result, it has to be noted that the fan economy has been widely employed in cultural entertainment. In addition, various social platforms provide fans with goods and services that are diversified and customized based on their interests. Taking a different perspective, this paper analyzes what is known as the fan economy, which is a way to use emotional capital in order to get emotional capital by marketing to fan communities through the use of emotional capital. In other words, enterprises plan marketing time based on the emotions of the fans (consumers) in order to enable the fans to establish a connection with their idols by starting from their emotions [2]. In this case, emotional capital plays a very significant role.

It goes without saying that the "fan economy" is a very effective marketing tool, generating a large amount of direct and indirect revenue opportunities for manufacturers, and many manufacturers can learn a lot from this novel "fan economy" marketing approach[3]. It has been noted, however, that the existing successful cases and studies have not explored its limitations in any specific way. In the case of idol stars with high traffic, it is possible to tie the fan economy to the brand company [4]. This will ensure that revenue can be generated for the fans. Popularity is also a source of uncertainty. Once there is a bad image of this individual, or if it is not popular, the negative impact on a brand company will be enormous as well. However, if the company uses too much fan economy to gain attention, people will also overlook the strengths of the brand itself and pay attention only to the external image that the brand creates to be carried by the water or it can be tipped over by the water, as commented by Ismail (2018). It is still possible to face risks and challenges when it comes to marketing methods in the era of traffic and the fan economy of today.

Hence, the primary focus of this paper is to highlight the adverse impact of fan economy on brand management. In addition, three case studies will be analyzed to provide a comparative analysis. The main significance of this study resides in how to prevent and avoid problems when brand companies implement the marketing measures of a fan economy as a means of marketing. The proper way to handle problems when they arise.

2. Organization of the Text

2.1 Literature Review

A fan economy is characterized by three main value attributes during the process of social development, and these are the trust factor, the emotion attribute, and the symbol attribute (Liang & Shen, 2016). There are three aspects that need to be analyzed and evaluated in order to effectively use the fan economy for marketing when analyzing and evaluating the brand.

2.1.1 Trust factor

In terms of the trust factor. As far as the fan economy is concerned, the "idol" is considered to be of high quality by fans, and they are not likely to deceive themselves by using him or her. There is a common misconception that once they gain recognition, they will only need to consume, and won't pay attention to quality and other factors [5]. Across all types of cases, it is evident that they use fan economy to gain the trust of their fans, which was said by Hung (2020). This will ensure that they will be willing to buy their products and ignore their competitors temporarily. This is based on the fact that fans have to make sure that the person they are following will not cheat them when they follow them. It is evident that once fans have negative comments about product spokespersons, to a large extent they will not buy tickets for these brands and products, and have a negative mentality toward these products [6]. By giving away some of their own rights, such as thinking and choosing, fans are giving up some of their own rights. Emotions are the distinguishing factor between fans and ordinary consumers, and they also drive the formation of exchange relationships [7].

2.1.2 Emotional factors

In terms of emotional factors, as mentioned before, the fan economy is also through marketing means to constantly create and add value to the emotional capital in order to expand the market, increase the number of fans, enhance user viscosity, and build their own operating system as well as their own brand attributes[8]. Based on the observation and application of the fan culture, the fan economy has developed based on fan culture, capital stimulates fans to consume based on their unique emotions and psychological states through observation and application of fan culture [9]. Nevertheless, if the brand fails to grasp the psychological changes of fans, it can have a negative impact on the success of the brand.

2.1.3 Symbolic Attributes

In terms of symbolic attributes, it is more inclined to the end of consumption from a symbolic point of view [10]. The fan's consumption behavior is a reflection of their love for the idol, which they pour into their behavior to consume it. The product is not just a simple material commodity, but also spiritual nourishment, and it appeals to emotions as well [2].

3. Method

This paper examines the brand's influence on the brand using the marketing concept of fan economy. How will it affect the brand positively or negatively?

3.1 Sample

Chinese beauty brands Perfect Diary and Florasis (both of which are popular beauty brands in China due to their use of fan economy, the Internet celebrity effect, and traffic platforms) are selected as research objects. As well as Fenty Beauty, a critically acclaimed beauty brand based on the popularity of singer Rihanna.

3.2 Methodology

In order to provide key information and data for the three selected beauty brands, a literature review method has been selected as the main research method. Secondly, a comparative analysis will

be carried out in order to analyze and compare Florasis, Perfect Diary, and F Fenty Beauty from the perspective of three dimensions of fan economy.

3.3 Comparative Research

The three cases focus on Chinese beauty brands, Perfect Diary, and Florasis, as well as Fenty Beauty, founded by American female singer Rihana [11]. The main reason to pay attention to beauty brands is that the beauty category has shown a tremendous growth trend in recent years. China increased from 368.1 billion yuan to 453 billion yuan. This was with a growth rate of about 7 percent. The report on China's beauty industry can be seen in Chart 1.

3.3.1 Perfect Diary

The first case involves a Chinese beauty brand called Perfect Diary. Back to the history of Perfect Diary. Initially, Perfect Diary utilized social media platforms, like Little Red Book Taobao and Bilibili, to provide its users with beauty tutorials, color testing, and other marketing content. This was done to increase its popularity on these platforms. There was also an opening of a fan circle and an arts and culture circle on the platform, and platforms such as TikTok were able to reach the target consumer market quickly. Eventually, Perfect Diary began to provide accurate delivery on social platforms, which allowed it to penetrate the mass market with ease, as summarized by Li & Zhang [12].

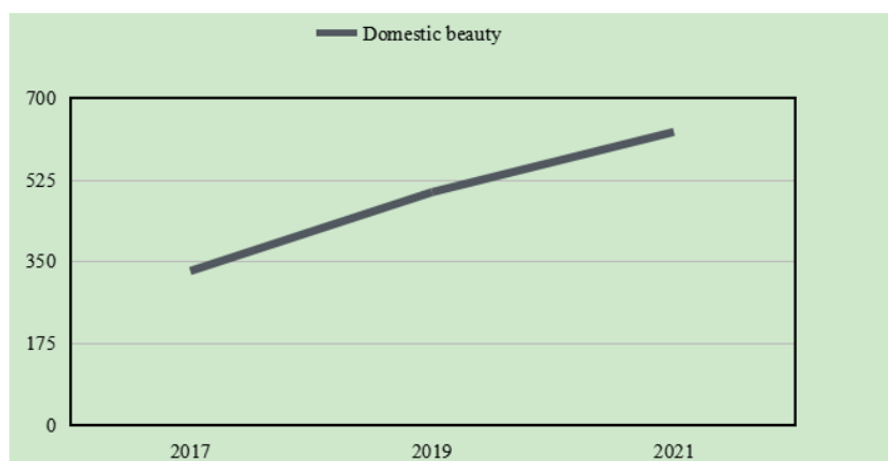


Figure 1. Domestic beauty.

The prospectus of Perfect Diary indicates that marketing expenditures were 2.033 billion yuan for the first three quarters of 2020, which accounted for 62% of the company's total revenue (As Figure 1 and Figure 2 show below). There has been an increase in publicity for Perfect Diary over the past three years as a result of the fan effect of Internet celebrities. Additionally, it has constantly changed spokespersons in order to maintain a high level of visibility in order to remain as visible as possible. In spite of the fact that Perfect Diary has increased its marketing investment, when compared to its revenue statement for 2022, the revenue has not increased by a substantial amount. Further, according to a consumer survey conducted by Perfect Diary, the majority of consumers believe that the marketing of the product has a greater impact on consumer satisfaction than the quality of the product itself [13].

Baudrillard's theory of consumer society, Yuefei (2021) discusses this brand, in which consumers make their purchasing decisions based not on product characteristics or quality but instead on the principle of spending more than needed to fulfill their psychological need for self-worth, which is the value of the brand symbol [14]. Due to the Internet celebrity effect as well as the fan effect, Perfect Diary cannot guarantee customer engagement due to Internet celebrity effect. The patent information for Perfect Diary indicates that the actual investment in product research and development accounts

for less than 1% of the total expenditures, and the marketing strategy used by Perfect Diary cannot create competitiveness in the market (As Table 1 shows below).

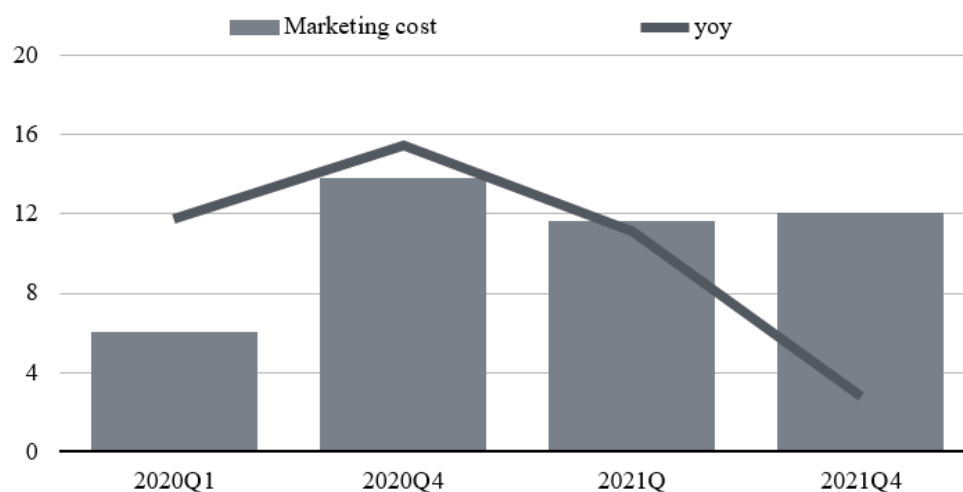


Figure 2. Perfect Diary in the market.

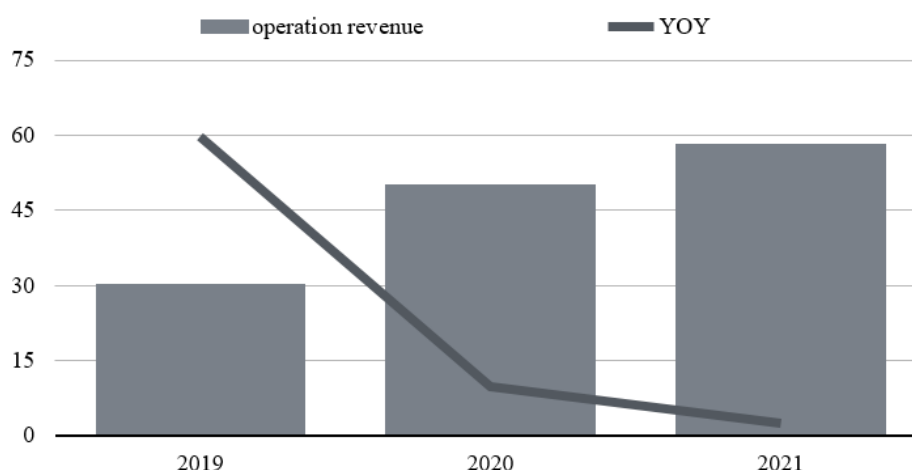


Figure 3. Operation revenue & YOY.

Table 1. The patent application of Perfect Diary in 2020 (Yang, 2022).

The name of patent	Patent type	Application number
The new makeup compact	Utility model	CN211794820U
Cosmetic Brush	Design patent	CN306098805S
Eyeshadow brush	Design patent	CN306089274S
Showcase with mirror	Design patent	CN306079647S

3.3.2 Florasis

A Chinese cosmetics brand has created one of the first hyper-realistic virtual images to represent Chinese makeup and Oriental beauty to the whole world, and Hanashi is the first picture of Chinese makeup and Oriental beauty to be created by a Chinese cosmetics brand. As a young artist who was born just a few years ago, Hanashi is already experiencing significant success. As the most popular domestic product during Singles' Day last year, it topped the list as the most popular product on the market. During the Double 11 holiday season, Huaxi Zidan achieved a sales volume that exceeded Armani, MAC, and other international famous cosmetic brands, becoming the "light of domestic products". Florasis brand differs from many other Chinese goods brands in that it rarely declares itself

a "big brand flat for" *Florasis*. . Essentially, it is attempting to erase the consumer's impression of "flat for" by creating a distinct "Oriental aesthetics" national style makeup brand image in contrast to creating an impression of "flat for" in the mind of the consumer, as mentioned by Duan (2022).

Additionally, Florasis has a thorough understanding of the depth of its cooperation with Li Jiaqi, who has mastered the art of economic marketing, the head anchor of the channel. As one of the highlights of its marketing strategy in an industry that has a high dependence on grass, Li Jiaqi's collaboration with the company is one of the highlights. A strong online presence and a strong KOL drive led the flower to become among the top makeup brands in the domestic market within six months from March 2019, when Florasis first appeared at the start of the studio Jia-qi li, during which the flower and the studio Jia-qi li invested in long-term cooperation that resulted in a wave of success in the form of a short video and live events. It is estimated that Li Jiaqi's studio accounted for 40 percent of Florasis's flagship store's sales in January and February of 2020 (As figure 3 shows below) inspired by Dingyao white porcelain. To develop the domestic boy group department, Florasis and the first idol group collaborated on a hot topic. The campaigns were designed to achieve both brand awareness and sales for the upcoming cosmetics brand by leveraging economic dividends. IP has become a mainstream trend with the growing number of Gen Z users. In order to leave a lasting impression on customers, a brand has to transform its virtual IP into a super symbol of differentiation, so it can remain relevant for a long time in the minds of its customers.

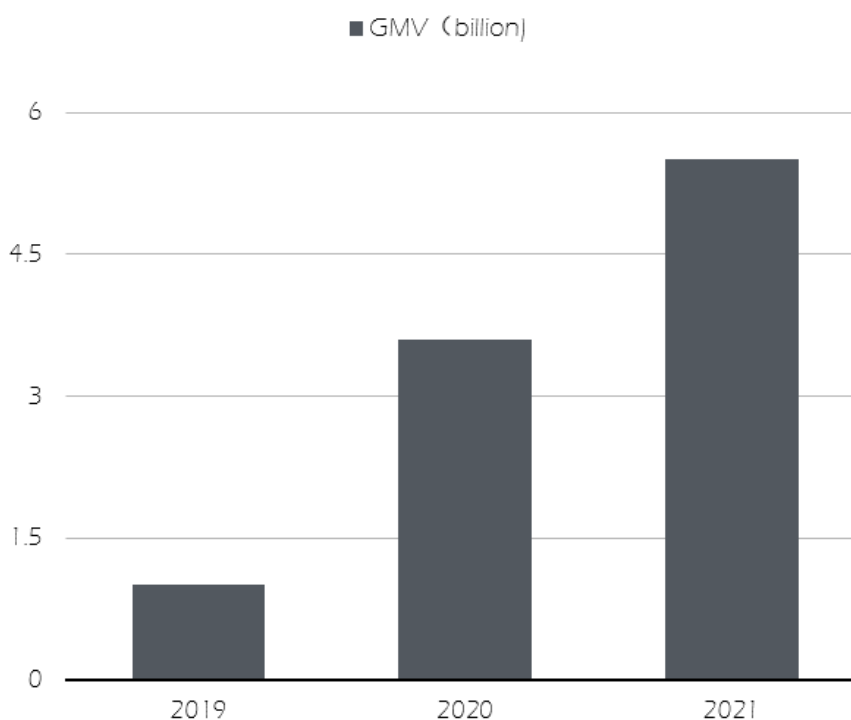


Figure 4. GMV.

3.3.3 Fenty Beauty

More and more stars and flow mains began to consider the establishment of a more reliable brand to provide core support. This was. This was as the economy slid into the era of overnight bursts and collapse. As fans flocked into the era of overnight bursts and collapse. A number of celebrities have started their own beauty brands as a side business due to the rise of celebrity beauty brands as a result of the rise of celebrity beauty brands. There is, however, a challenge that stars have when it comes to selling their products to their fans. Brands can only grow if they are carefully created and maintained. On September 24, FENTY Beauty announced its entry into the Chinese market. Fenty Beauty was a huge success when it was launched in addition to Rihanna's popularity. Weibo and Little Red Book were abuzz with discussions about the brand and its products before the brand announced its entry into the Chinese market.

There were a series of commercials and product posters released by Fenty Beauty's official Weibo account and Little Red Book in June, which showcased the brand's products. In addition to launching its overseas flagship store on September 3, it also announced that the Tmall Super Brand Day would also take place on September 20. By doing this, complete preparations would be made for the brand's official entry into the Chinese market. "Explosive" microblog volume is an industry first. It is no secret that Rihanna's strong appeal and social presence have contributed to the buzz around Fenty Beauty on Twitter.

In the same vein as the "Explosive" diamond tweet from Fenty Beauty, the tweet emphasizes the industry's largest volume. After opening its flagship store on Alibaba two months ago, Diamond Highlight Month sales reached 14,000, ranking behind BOBBI BROWN and MAC. As far as microblog promotion is concerned, Fenty Beauty is primarily promoted by fashion and beauty KOL bloggers. Vlog makeup videos are the primary medium of communication. The fan economy served as the primary source of income for Fenty Beauty in the beginning. Because of Rihanna's star power and the buzz generated by social media, Fenty Beauty has become one of the most popular fashion makeup brands. A bucket of "gold" was dug by the fan economy through the use of the star effect." On Tmall, Fenty Beauty's flagship store has 439,000 followers, MAC has 14.28 million, and BOBBI BROWN has 4.73 million. In contrast, Fenty Beauty sells 14,000 diamond highlighter powders per month, representing a significantly higher conversion rate than MAC and BOBBI BROWN (As Figure 4 shows below).

3.4 Results

As far as the financial situation of each brand is concerned, it appears that Perfect Diary has been unable to achieve the expected revenue growth. Marketing Perfect Diary cost a total of 12 million RMB while revenue from operation did not increase. The increase in marketing expenditures is

Despite the increase in marketing expenditures. In the development stage, Perfect Diary often incorporates the effects of online e-commerce, fan economies, and celebrity influence, but the results are not readily apparent. According to the statistics of Perfect Diary's investment in products, it is clear that the company focuses too much on marketing and communication with its fans. While Florasis and Fenty Beauty focus heavily on the emotional aspects of fan economies, they have consistently demonstrated positive financial results. Although Fenty Beauty has fewer followers on Tmall in China than Bobbi Brown and Mac, the number of marketing and sales promotions is not insignificant. Fenty Beauty has a promising conversion rate. And in addition, the growth rate of Florasis has steadily increased from 1.3 billion in 2019 to 5.4 billion in 2022. Florasis, backed by top celebrity JiaQi Lee, increased sales by 40%. A celebrity can contribute to growth, but it cannot explain everything. Real patent innovation costs only 1% at Perfect Diary, while Florasis collaborates with celebrity endorsements when releasing its products.

In terms of marketing aspect, Perfect Diary does not focus on developing products that will meet their needs. Perfect Diary's marketing strategy and mode of operation actually negatively affect the cognition that the purchase of products can serve as a method of authenticating self-value with idols, from the point of view of excessive product promotion and excessive neglect of product research and development.

At the same time, it is imperative to note that there is a significant difference between Florasis and Fenty Beauty in terms of their marketing methods. Through the development and development of the original product, Florasis aims to continually improve upon it on the basis of the original product. It also aims to utilize the fan economy for publicity. Currently, Fenty Beauty is striving to create a brand that suits all colors, in order to cater to a large number of fans. In contrast, Fenty Beauty's marketing strategy relies heavily on the founder's credibility and word-of-mouth advertising. A major difference between the two lies in the emphasis on product value under the fan economy, which allows fans to realize their self-value while assuring their self-identity and constantly stimulating their self-identity, and the success of both is due to their focus on product value [16]. The brands Florasis and Fenty Beauty have tied their brands to the popularity of Jia Qi Lee and Rihanna to add symbolic attributes to

their products. At the same time, the purchase of products increases people's trust and provides them with the opportunity for spiritual sustenance at the same time. The opposite has been the case with the perfect diary, as spokespeople have been continuously replaced, focusing on a sweeping promotion of products, and the precise positioning of fans has been left unclear, which is controversial in the world of social media today. Furthermore, some of Jiaqi Lee's fans have even approved of the product, however, the level of public recognition has not yet reached its peak.

4. Discussion

The main objective of this paper is to analyze the financial statement, fan-based marketing strategies, and the performance of three beauty brands. It indicates the advantages and disadvantages. In this section, it aims at deeply going into how the three brands make use of fan economies and celebrity effects to promote the business. According to the research, it can be seen that a good marketing strategy can lead to the increase of finance for the brands. Therefore, one of fan economy-based strategies can be very effective for promoting a brand as much as letting people become aware of the brand and the company as a whole by allowing people to get to know the brand and the company as a whole. When it comes to celebrities, the purchasing power of fans cannot be underestimated. Take for example Rihanna's leading role for Fenty Beauty, as well as Florasis and Perfect Diary's own brands respectively. It is evident from Florasis' statistics that target consumers' purchasing power has grown along with the brand's growth. In addition, Fenty Beauty's brand value isn't only about the "Best sale", "Diamond Highlight", which was promoted in China through fan economy ads. As Yuefei (2021) noted, a fan economy can lay the foundation for a brand's promotion campaign.

However, according to perfect diary, it also indicates the limitation of fan economy, it may increase the cost of marketing and decrease the percentage of profits. Even though the fan economy can enhance the long-term sustainability of a brand, it is critical to acknowledge that it cannot guarantee it. Considering the data for Perfect Diary, the overall development of the brand is likely to present a downward trend, even though Perfect Diary has invested substantial resources in fan-based marketing and social media promotion. In the near future, Perfect Diary may be able to take advantage of the benefits of the network traffic associated with celebrities. However, this brand did not recognize that their fans' emotional states can still be affected, with or without the influence of their celebrities. The case of Perfect Diary illustrates that fan economies rely heavily on the psychology of fans to generate profits, which is easy to master but hard to predict. It is due to the fact that fan economies are based upon fan psychology in order to generate profits. As such, when developing a brand, it is essential to consider how to fulfill the long-term needs of fans, as well as how to increase the stickiness of fans.

By looking at the three examples, it is clear that at present, using the fan economy alone does not have absolute advantages. Because beauty brands that exploit the fan economy have a fatal downside [17]. On the one hand, these companies are immersed in how to quickly monetize their fans and gain more profits from their fans, while losing the importance of sustainable development [4]. Therefore, the carving of brand culture and concept has not become the focus of the company's long-term marketing development. Not only for beauty brands, in the current traffic era, but it is also impossible to achieve a leap in brand quality only through fan economy, only brand concepts and products can [2]. Therefore, on the one hand, the brand is making use of the fan economy to continuously expand the way to be known by people, and at the same time, it should pay attention to the product of excellence, so as to increase the stickiness of fans with creative marketing concepts and meet the demands of fans for products (Wilson, 2020). This is the real purpose of company marketing.

5. Conclusions

In a word, fan economy, network e-commerce platform, and network traffic era is not a new term. They have become a new marketing model derived from the development of the Internet and consumption mode. Each network e-commerce platform mainly aims at fans and brings huge sales

and benefits to brands and products through the flow of fans. However, when a brand uses the fan economy to gain the attention of fans, it should not only pay attention to the short-term huge benefits they bring but also pay attention to the long-term sustainable development. Because the heat on the Internet changes very quickly. Therefore, for future development, brand marketing means should fully take into account the three attributes of fans to meet their needs, break traditional thinking, and explore a suitable and unique marketing system.

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