

Research on “Fan Economy” and Marketing Strategy in the social media Era

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Abstract. The changes in media technology have changed the social structure and the economy's development, especially since social media has strengthened the community organization of “fans”. So far, a new business operation mode and relationship marketing mode, “fan economy” has become widely known. Meanwhile, social media provides fans with more space for participation, which makes the interaction between fans and idols more frequent and closer, and has a more significant impact on the promotion of the economy. As a product of the social media age that scholars and businesses value, the fan economy and its marketing strategies have great value for research. This paper uses case study and literature analysis methods to analyze and interpret some social media marketing cases in the fan economy. Moreover, this paper proposes novel solutions to the potential drawbacks of pop star endorsement and highlights the importance of the brand and the commodity itself. This research can further grasp the operation mechanism of the fan economy to utilize the value of this economy better.

Keywords: Fan Economy; Marketing Strategy; social media Era.

1. Introduction

1.1 Research background

More than a decade ago, communication scholars Andreas Kaplan and Michael Haenlein defined social media as “a group of internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content” [1]. In this age of social media, users are no longer just passive recipients of information but also content producers and disseminators. In addition, the emergence of social media has undoubtedly accelerated the diversification and differentiation of communication subjects in modern society. Its development has also benefited from the development of Internet technology, especially the establishment of interactive communities based on Web 2.0. Besides, the difference between social media and traditional media is that social media can bring users a strong sense of involvement and a great space for interaction. It can also satisfy the psychological needs of users of the “desire to be found and admired” and allows them to connect with others and make an impact on the Internet.

Driven by technology, social media has made it easier for users to connect and form large and influential communities through community members' continuous collaboration and emotional contagion. Its huge market potential has brought the fan economy, which is different from the traditional corporate marketing mode, into the public view.

Fan economy is a business operational mode that optimizes word-of-mouth marketing effectiveness by focusing on the emotional capital of customers and leveraging their loyalty towards a celebrity or brand to enhance customer stickiness to obtain economic and social benefits. In the past, most people admired by fans were celebrities and idols, and the purchase and consumption of celebrity endorsement products or merch was the fan economy in the traditional sense. But now, along with the change of communication mode, social media networks' instantaneous and interactive nature has transformed how fans access resources from passive to active. The definition of the people fans follow is no longer limited to stars. The fan economy also generates greater market vitality by developing relationship networks and viral communication.

The popularity of the talent show “Idol Producer” in 2018, Apple's popularity in the Chinese domestic market by countless iFans, and other related cases have shown us that the fan groups'

incredible consumption ability under the rapid development of social media networks. What's more, the fan economy has been sought after by many businesses and valued by scholars. The business mode of "whoever wins over the fans wins the world" has become an unspoken consensus in the industry. Therefore, the research on the relationship between marketing mode and strategy can also provide a reference for enterprises to conduct marketing campaigns.

1.2 Literature review

Foreign scholars have an early start in studying fans and the fan economy. Fans were first introduced as an imported concept, which Henry Jenkins described in his book "Textual Poachers" as a group of people who obsessively prefer sports, merchandise, and entertainment activities or are fascinated by, admire, and worship movie stars and sports superstars [2]. In his book "The Cultural Economy of Fandom" published in 1992, John Fiske compared fan culture with pop culture. He used Bourdieu's cultural capital model to analyze fans and the fan economy, suggesting that fans have three kinds of productivity: semiotic productivity, enunciative productivity, and textual productivity [3]. However, most of the attention on fans and the fan economy in Chinese domestic academic circles started after Hunan TV's "Super Girl" popularity in 2005. Li and Lv predicted the future development trend of the fan economy. They summarized their main response strategies as laying a solid foundation for the fan economy and creating a fan brand with a distinctive personality by creating a new situation of the fan economy of e-commerce 3.0, igniting excitement points, social points, and sharing points, and creating advantages of fan economy in community business [4]. Starting from the characteristics of fans in social networks, Xiao and Gao proposed two new strategic ideas, which are "creating a communication element that ignites the circle from communication thinking to social thinking" and "operating fan communities from marketing to fans to marketing to fan circles" [5].

Combining the viewpoints of Chinese and Western scholars, this paper found that fans are a consumer group with self-identity and output productivity rather than just a community of people gathered by common interests. However, due to the rapid change of the Internet, the research mentioned above is insufficient to analyze the new characteristics of the fan economy in the new media environment. It cannot fully keep up with the pace of Internet updating and reform.

1.3 Research framework

Based on the previous studies, this paper will start with the fans in the social media age and compare them with those in the traditional media age. Moreover, summarize the changes in their psychology, characteristics, and consumption behaviors and the new manifestations of fan economy under the change of media communication forms. Secondly, through collecting relevant data and cases, this paper has sorted out the various marketing strategies and communication methods used by some brands to successfully penetrate the fan group based on the social media platforms through the celebrity effect and analyzed the deficiencies and problems in the process. The research of these issues can better grasp the preferences and needs of fans, gain an in-depth understanding of the operation mechanism of fan economy and apply it positively, and also serve as a supplement to related studies.

2. Methods

2.1 Literature analysis

The literature analysis method is a research method that examines the collected literature data to find out the nature and status of the research object and to draw out opinions of the author from it. The literature analysis method used in this paper will conduct a literature review and reading of domestic and foreign works through literature retrieval databases such as CNKI. At the same time, combine the viewpoints of many scholars to summarize and compare the different characteristics of fans in the era of old and new media. From this, this paper can summarize the changes in the

characteristics of fans and the relationship between fans and the fan economy and objectively analyze the new features of the fan economy in the social media age.

2.2 Case study

A case study is an in-depth, detailed examination of a particular case or cases within a real-world context [6-7]. The case study method used in this paper combines qualitative and quantitative data, starting with collecting real case materials related to the research topic on the Internet through search engines such as Baidu and Google, then analyzing them from multiple perspectives. This paper will search for cases and real data related to celebrity social media marketing from the perspective of fan economy and sort out their marketing strategies, and then analyze their remaining shortcomings and make suggestions for improvements.

3. Results

According to American scholar Jenny Steger, the birth of the “fan” in the broad sense can be traced back to the Victorian period [8]. Xiao and Gao analyzed that fans have a single and passive form of access to the media under the traditional communication mode. It is difficult for fans to keep in touch with stars, and even following them will also be affected and limited by time, place, and media agenda setting. Therefore, the entry barrier for fans requires a high degree of fan cooperation with the star. However, the development of social media networks has broken all these obstacles and restrictions, making it convenient and easy for fans to follow the stars and enhancing fans’ initiative in following the stars. In addition, the emergence of social media platforms has realistically integrated the virtual network space into people’s real life, breaking the time and space barrier between fans and improving the efficiency of information communication between fans [5].

From the above, it can be seen that fans in the social media era have more access to information than those in the traditional media era, as well as more activities and ways to engage and interact with idols. For example, Japanese and Korean idol singers regularly hold offline concerts, signing sessions, clap sessions, and fan meetings to meet their fans, including online video signings due to the epidemic. Still, such events usually require fans to spend lots of money on the album to get a “ticket”. Besides, fans can interact with their idols on many social media platforms. There are several social softwares created specifically to improve contact between idols and fans, such as “V LIVE” which allows fans to see idols live streaming, and “UNIVERSE” and “Lysn” which are created by entertainment companies to allow fans to chat with idols. In addition, fans can also follow their idols’ latest news on general social media platforms, like Twitter and Instagram. However, in the age of traditional media, fans could only watch their idols passively and on time on the TV at home, and even if they bought their idols’ albums, they still could not have the opportunity to contact them. As a result, the consumption behavior of fans is also no longer limited to buying merch as in the past. Still, as mentioned above, it extends to a larger scale of consumption activities, such as spending money to subscribe to these applications and buying many albums to attend signing sessions. Meanwhile, this is also the new business form that the fan economy has taken with the development of social media and Internet technology. As Henry Jenkins suggests, fans are excessive consumers and dynamic readers, and the media should try to enlist their support as much as possible [2]. Therefore, the fan economy is not only a product of fans paying for idols as an audience but also a process in which the media forms economic benefits by gathering the power of fans.

With the diversified development of the fan economy in the new media era, more and more businesses have found business opportunities in the “fan culture”. Fans’ emotional investment in a product is valuable emotional capital for companies. Driven by this emotion, fans spend a lot of time and energy on their favorite products. In social media, where interpersonal relationships are intertwined, product information actively released by fans is spread without interruption, forming a hugely influential word-of-mouth effect, which constitutes the main source of value for the fan economy. On this basis, there are two situations. One is that the fans mentioned here are the “fans”

of the brand, and the other is the “fans” of the celebrity spokesperson of this product. And then this paper will give examples and analysis of specific cases for the second situation.

On February 20, 2022, Chinese new-generation actor Zhan Xiao officially became the global spokesperson of the makeup brand NARS and did Live advertising for its products. Since the official announcement of Zhan Xiao as the spokesperson, the sales of the NARS online flagship store have surged, and the industry ranking has risen from 51 to 1, which became the first in the whole industry. Moreover, the online transaction amount reached more than 79 million and increased by 20,741.14% compared to the previous day [9]. From these figures, it can be seen that Zhan Xiao has great celebrity influence and a huge fan base. The NARS has also successfully reaped great economic benefits from Zhan Xiao’s celebrity effect. For making quick money, finding a popular celebrity to be a spokesperson is a marketing strategy to gain high short-term benefits. However, it is not a wise decision for a brand trying to gain long-term stable benefits and brand loyalty; other factors are also important to consider. Besides, the negative impact of the “collapse” of the public image of several pop stars on the brands they endorse and promote has also increased the risk of celebrity endorsements.

4. Discussion

If a brand wants to stand out in the highly competitive market and win fans, it has to build its brand culture and focus on product development and innovation. Collaborating with influencers or appointing them as spokespersons can result in a surge in brand sales by stimulating the fan economy, but once the spokesperson is replaced, the short-lived buzz that a celebrity brings to a brand can be fledged. To turn “fans” of stars into “fans” of brands, brands need to establish their distinctive image and produce unique and creative products. And then, look for celebrities who match their brand concept to endorse or promote them, rather than only cooperating with whoever is popular.

Florasis, as a Chinese brand positioned as oriental makeup, is not only very prosperous in China but has also successfully entered the overseas market. In recent years, Florasis has been active on many social media platforms, interacting with potential consumers through various creative forms and making consumers more interested in its brand and traditional Chinese culture. For example, they were trying to attract overseas consumers by posting product promotion videos in cooperation with well-known key opinion leaders on platforms such as YouTube and Instagram, and also putting a lot of effort into the gorgeous national style packaging and design concept of their products. Unlike other Chinese brands, Florasis not only avoid being labeled as a “big brand replacement”, but also focuses on creating a unique brand image of “Oriental Aesthetics”. Since its inception, Florasis has constantly been exploring the aesthetic elements of Chinese culture and building its ideal brand image, “Oriental Beauty”, through co-creation with users and celebrities. This can also be seen from the image of Florasis’s celebrity spokesperson. Royal model Xujia Zhang and spokesperson Juan Du both have a representative oriental face and temperament, which provides the prototype idea for designing Florasis’s virtual image. From the fact that the spokesperson that Florasis found is not a pop star, it can be seen that it does not just want to get the short-term popularity and fan consumption brought by pop stars. But to find celebrities who conform to the brand concept and further realize a win-win situation, and harvest the fans who truly appreciate the brand. What’s more, Florasis’s brand virtual image spokesperson, “Florasis” launched in 2021, is the best interpretation of its brand style and carries the brand’s value connotation. With the help of this virtual image, the dimensional wall between virtual and reality could be broken, which means the communication of the brand with the new generation group could be successfully realized. Meanwhile, Florasis also launched different virtual looks of “Florasis” at festivals, and it has been enriching the persona of the “Florasis” and trying to establish an emotional connection between it and its consumers to gradually cultivated the fan community of the virtual person “Florasis”. As a virtual spokesperson who will always accompany Florasis, “Florasis” can avoid the risk that a real celebrity spokesperson may “collapse”. The Celebrity effect is more like a double-edged sword for brands and a high-risk investment.

Sometimes if a brand chooses the wrong person, it will not only have little positive effect, the brand may even be backfired by the negative opinion of the celebrity.

In addition to the choice of celebrity spokespersons, other innovative fan economy marketing strategies are also worth learning for brand companies. For example, brands can “intelligent manufacturing” their products for fans. During the period of industrialization, enterprises paid special attention to product manufacturing. In the Internet era, the focus of enterprises has changed to intelligent manufacturing. The increasing willingness of consumers to participate in product manufacturing has led to the era of intelligent manufacturing. In this period of smart manufacturing, fans will participate in the production of products and jointly make suggestions on the products. For instance, when logical thinking was first established, some of its fans became part of the creative team and gave rationalized suggestions for product production, and it is because of this step that logical thinking has a large and loyal audience. It also fully illustrates that after entering the period of intelligent manufacturing, inviting fans to participate in the production of products helps to accurately grasp the needs of consumers, which is extremely crucial for the establishment of the brand [10].

5. Conclusion

In the contemporary social media era, which is also the post-epidemic era, fans have shown some new characteristics in response to the times and technology changes. And the fan economy has also developed diversified forms and existence, such as paid applications to interact with idols and face-to-face signing sessions. In addition, the case study on the collaboration between Zhan Xiao and the NARS also clearly illustrates the incredible consumer purchasing power and influence in the new fan economy. Still, there are also some potential shortcomings of its strategy. However, the case study on the marketing strategy of Florasis can also provide a valuable reference for other brands, and its methods can attract more loyal and sticky fan consumers while increasing its brand reputation. And its strategy could address the potential risks mentioned above. What’s more, using social media platforms as a medium, the “smart manufacturing” strategy of inviting fans into the product production process to provide advice and suggestions is also a very innovative fan economy marketing strategy. Therefore, if brands can make good use of the fan economy and better grasp the characteristics of fans in the new media era, then they could guide fan consumption well and even make economic contributions to modern society.

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