

Opportunities and Challenges for Commercial Brands under Fan Economy

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Abstract: With the popularization of the Internet and a variety of social media, an increasing amount of investment was made in the market, and a new form of self-media marketing emerged. And as the market continues to grow and expand, some practitioners have become "celebrities" in this market, which we call an influencer. Different from the traditional celebrity or movie star. They are more engaged on the internet instead of offline activities through the "self-media" they mainly established by themselves. They gain financial benefits by advertising their own brand or endorsing other existing brands using their "celebrity" (or influencer) effect. The fan economy is booming because of this environment. Some companies have significantly improved their popularity, attracted lots of attention through the fan economy, and obtained huge profits. However, some negative content and value orientation in the fan economy may lead to threats to both companies and social stabilization. This paper will illustrate research on the "fan economy" in self-media marketing. Based on the analysis of different "self-media" platforms domestically and abroad. Demonstrating how companies should better seize the benefit and avoid the negative impact brought by this new economy in such an era.

Keywords: fan-economy, self-media marketing, internet marketing

1. Introduction

Self-media is the account that individuals used to produce personalized content and operate by themselves on social media platforms. After the individual build up a significant number of followers. They can be described as an influencer. Then the fan economy will emerge. The fan economy can be seen mainly as a system of practices of fans' material consumption of their idols' products and practices of cultural consumption, with occasional fans' production of their idols' images, products, and side products that manifest the creative dimension of fandom, apart from the commercial aspects [1]. From blogs to YouTube and TikTok. It can be seen that the technical threshold of self-media is continuously lowered, and the communication effect is enhanced. An increasing number of people chose to join the market. Thus, the fan economy develops rapidly as well and already plays a significant role in the internet economy. On the other hand, the fan economy brings negative influences such as irrational purchases and limitations on content. The normative operation of the fan economy has not yet formed systematic and effective management to avoid the negative effect. This paper will explain the reasons and behavioural logic of financial effects brought by fans in the fan economy through consumer behaviour theory. Providing a deeper understanding of the fan economy for companies to

better seize the benefits that might be gained from this background and also provide suggestions for companies to administrate the savage development of the fan economy and minimize the harm it might bring.

2. How Influencer Became Successful and Different with Celebrity

The self-media can play such an important role in the internet industry is predictable. A variety of phenomena in the past few years can be the reason why self-media can develop rapidly. First, the increase in the number of mobile users is tremendous. According to Statista, the current number of smartphone users in the world today is 6.648 billion, meaning 83.32% of the world's population owns a smartphone. This figure is up considerably from 2016 when there were only 3.668 billion users, 49.40% of that year's global population [2]. The need for entertainment to be simple, speed, and fun has increased. The content produced by self-media has the characteristics of diversified easy understanding and attraction, which perfectly meets the needs of people in this era. Second, compared with the 90s generation, the age at which teenagers have access to the internet, mobile phones, and social media is much earlier. Teenagers not only have higher Internet proficiency than their peers in the 90s but also have a deeper understanding of self-media. According to a report conducted by morning consult, about 86% of Americans surveyed are willing to try to become an influencer on social media platforms, while 12% of young people claim they are influencers already [3]. Given such a background, it is not surprising that self-media became popular. Influencers are Individuals who accumulate a following on blogs and social media through the textual and visual narration of their personal, everyday lives. Compared with celebrities. Influencers gain their followers in a different way. People follow celebrities because they stand out in one or more areas of the entertainment industry. For example, music, sport, and movie. While influencers gain followers more from their interests and niche. They always have unique characteristics. For example, the special diet they can provide for vegans, their humorous personalities, or being strong players in video games. In addition, the reason why people want to buy products endorsed by a celebrity is different from that of an influencer. Fans are curious about a celebrity's work and life. Fans look forward to the lives that celebrities show and they want to be as close to the lives of the celebrities as possible. When a celebrity endorses a product, it provides fans with a chance to use the same product as their idols. In addition, with the background of relatively transparent information, Fans know that the best way to support their idols is to purchase the endorsed product and let the company know that this celebrity has clout and the ability to increase sales. The fans will be delighted to see their idol become more successful. On the other hand, an influencer has some knowledge and experience in the field they choose to be part of. So, their fans are more likely to be people who are either interested in the field or peers. These influencers create content to share their experiences and surveys they received from the products they endorsed and carry out our marketing activities. Moreover, most of the influencers are not mega influencers. Therefore, they are more friendly and relatable. So, fans will believe what these influencers say about a particular product. For example, if a beauty influencer recommends a foundation that he thinks works well, fans' expectations and willingness to buy this foundation will rise dramatically.

3. Opportunities Fan Economy Bring to Company

The characteristics of the fan economy have brought great business opportunities to many companies. It brings the product and high brand loyalty. Furthermore, fans volunteer to be the medium of 'advertising.' Seizing the opportunities of a fan economy can bring a company huge benefits.

3.1. High Brand Loyalty

Brand loyalty describes a consumer's positive emotion towards a brand, and their dedication to purchasing the brand's products or services repeatedly, regardless of deficiencies, a competitor's actions, or changes in the environment. It can also be demonstrated with other behaviours such as positive recommending the brand towards others initiatively [4]. Fan economy relies on fans' positive emotions towards the influencers. At the moment, with the self-media developed. Celebrities themselves are using the media to show their personal life and activity. The distance between a celebrity and their fans is much closer than before. Therefore, it is both more convenient and easier to maintain the emotional relationship between fans and influencers, which leads to higher brand loyalty.

3.2. High Interaction and Participation

There are many new forms of media for the influencer to use to increase sales, other than filming an advertisement. For example, in recent years in China, the most popular form of live commerce is online. Since 2019, this form of marketing activity has increased dramatically from 1.5 billion RMB to 5.1 billion, more than tripling the previous year [5]. These new forms of advertising allow fans to be more interactive. Fans can use comments during the live stream to express their needs and ask questions about the product, and they will receive responses almost immediately. This way can not only reduce fans' concerns about the product but also provide them with a chance to interact with their idol. In addition, fans will post discussions on other platforms to spread the information. especially for fans of "cultivating idol". Fans even have the right to decide who will be the idol or what kind of idol they will become. Not only influencers have a variety of new forms to help businesses increase sales. Fans also have a lot of new ways to consume; these ways increase interaction. The traditional way includes buying an album and a film ticket. Nowadays, they can choose to subscribe to influencers' channels, and the platform will give influencers some money as an incentive. To watch some influencers' variety shows, membership in a video channel is often required. This amount of money is also accounted for as part of the influencers' salary. The most common way to die is by giving a life reward. The platform takes a cut, and the rest will be received by the influencer. Fans have a lot of new ways to support their idols since they want them to be a success. And all these ways are beneficial for businesses.

3.3. Fans Volunteer to be 'Media'

Belonging consumption can be defined as the sense of consumption that has strong absorption and certain exclusivity. Fans not only show off a certain product to others but also have an ambivalent attitude towards wanting too many people to own this product [6]. Fans, in this case, have more emotional needs instead of economic needs. Their belonging consumption greatly satisfies these needs. Fans witnessed their idols achieve their fantasy success. For example, some people's successes are being able to buy a villa on the beach one day and enjoy the sea breeze and quiet at nightfall, and when people were still far away from this dream, they saw their favorite idol live in a villa like this when they participated in a variety show. At that moment, their idols become the entities of their dreams. It will give fans an extremely strong attraction. with some guidance, for example, while their idol is lying on a sun chair while drinking a particular beverage. Fans will consume far more than the value of the goods themselves. These emotional feelings have attached great importance to lots of famous companies. Apple's customer experience strategy is exceptional in developing long-lasting relationships with customers [7]. It gives consumers a premium experience through the quality of its products and during making a purchase decision. However, the way Apple did it is hard to reproduce since it requires technology, superior design, and subtle user experience planning. Using influencers

Businesses can achieve a similar effect to some extent, so businesses should pay attention towards how to use influencers to create and satisfy fans' emotional needs.

4. Challenge Fan Economy Bring to Company

The fan economy brings companies huge benefits. However, the fan economy also presents companies with challenges. The company may be dependent on the fan economy. Irrational behaviour and waste may be caused by fans' economy, which may give non-fans a negative influence.

4.1. Company's Over-reliance on Fan Economy

The company relies on the fan economy to grow and increase sales, which may over-rely on the fan economy because it will bring greater operational risk and lower stability. What fans love is the appearance presented by the influencer's self-media platform instead of the person that they really are. Fans are willing to purchase the endorsed product since there is an emotional connection between fans and influencers. They are paying for their emotional needs instead of the product itself. The loyalty brought by the fan economy is not to the brand nor the product but the influencers, which means that within the period where fans have high engagement and high loyalty towards Companies need to shift that loyalty from the influencers to the products. and these usually bring lots of trouble. First, influencers have the possibility to flop. Second, as public figures, their personal lives are highly transparent. So it increases the company's cost to maintain that persona precisely. Any behavior that does not fit the persona or what the public expects of them can be easily discovered. For example, making inappropriate comments on social media several years ago or unethical behaviour like cheating or plagiarism. Thus, the emotional connection will be broken and lead to an enormous number of fans being unfollowed, and these situations are almost unpredictable. The moment famous influencers endorse a product, causing a large increase in order numbers. while the company is preparing the product. The next day, the influencer flops because the fan cancels the payment or returns the product, so the company has no time to shift the loyalty and wastes the endorsement fee. Second, some companies underestimated the sales increase that the fan economy can bring. The company is lacking supply and this leads to fans not being able to buy the products they want in a short period of time. When they may have a negative attitude towards the company, it is hard to increase loyalty anymore. Finally, sometimes the problems and profits caused by the huge sales increase may cause the company to ignore the matter of shifting loyalty. Therefore, when the contract of the influencers ends, the company also fails to take the proper approach, resulting in a serious decline.

4.2. Irrational Behaviour and Waste

Group norms and group pressure were positively correlated with supportive behavior [8]. Under these certain rules and pressure, whether they are willing to spend money or spend more money on their idols becomes the standard of loyalty to their idols. Therefore, make an extremely irrational purchase decision. For example, last year in China. One variety show was sponsored by a milk company. One way to support the idol on the show is by buying the milk and scanning the QR code on the bottle caps. in order to see their favorite idol make their debut. Fans purchase tons of this bottled milk that they cannot consume. There are about 270 thousand unused bottles of milk. It not only wastes lots of bottled milk but also leaves non-fans with a bad impression of food waste. In addition, fans have a highly premium space for influencers. They are willing to pay more than the original price of tickets for offline activities or concerts. Thus, the possibility of scalpers greatly increased dramatically. They buy the concert tickets at the original price and sell them to fans at a much higher price, which fans are still willing to pay. These amounts of premium are not received by the businesses but are received by the scalpers. Moreover, some fanatical activities made by fans towards the influencers will also

have a bad impact on the brand image. Some fans idolize the influencer too much. Some celebrities' fan bases may be biased towards children. For example, cartoon influencers. These people lack the ability to judge right from wrong and are easily led to extreme behaviour or high consumption. So, any negative comments about the influencers are highly unacceptable. When they see negative comments, no matter what it says Fans may engage in extreme behaviour, including cyber manhunts and even cyber violence. As the number of star fans increases, the number of such irrational fans will also increase. Others will have certain prejudices against the fan group, and when such stars endorse the company's products, others are likely to transfer these prejudices from the fan group to the company, which will lead to the brand's image getting worse.

5. Recommendation

The company should have a corporation with the social platform influencer are using. Formulate proper with influencers, Eliminate bad bootstrapping. For example, the situation mentioned above including cyber violence should be avoided. When fans saw these comments. They will form a consistent external posture within the fan base and become aggressive to all the negative comments. This behaviour is not entirely spontaneous. The guidance of the platform and the indifference of the stars themselves to such behaviour in the past contributed to this behaviour. The company should make regulation on the platform to reduce the number of group missions the platform gives fans unconscious including control evaluation and comments or making data looks great. In addition, the contract with the influencers can be mentioned in a situation like flopping. Also during the period of cooperation, anytime when influencers are trying to say something or post some words on the internet should be audited by the company. Before cooperating with an influencer, do a complete background check to see if it fits your brand image and whether the comments, they have made in the past will affect your brand image. For example, vegan influencers are not appropriate for endorsed instance meatballs. Meanwhile, Minimising antagonism between different fan groups should also be considered before the corporation. If there is existing antagonism, the company should pay more attention to the situation where the sales increased from influencers can be reduced because other fans group refuse from buying. These strategies may reduce the high risk of using endorsements and keep the effect of increasing sales.

6. Conclusion

The fan economy can bring businesses both profit and reputation as long as the company uses it properly. The company should be aware that they should not over-rely on the profit and reputation that the fan economy brings at an early stage. Check whether the influencers are appropriate for the brand and the comments the influencers have made before. Be prepared for the influencers' flop by terminating the partnership in a timely manner or issuing a public apology. The company should shift the high loyalty from influencers to the product within the period when fans have a high willingness to purchase the product. Use proper rules and regulations to avoid fans from engaging in irrational behaviour and use appropriate methods to reduce scalpers. In this way, the huge number of fans of the influencers are more likely to become fans of the product. And they will be willing to advertise these excellent products by themselves as 'media'. The internet is still developing dramatically, with the advent of 5G and VR becoming increasingly mature. There will be new markets discovered and new customer bases created. The idea of a fan economy will still be important as it only changes the form. Businesses should keep the core content of the fan economy while making products and services suitable for different forms of fan economy.

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