Analysis of Fans' Economy Business Models in the Perspective of Behavioral Economics

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Abstract. In recent years, with the development of new media, big data and the Internet, a new economic model - fan economy is rapidly emerging, with the growing fan base, its formation of social influence and commercial value is also increasing, in the present, the fan economy ecology is richer, has been Nowadays, the ecology of fan economy is richer, which is no longer limited to the dimension of pan-entertainment industry, but also adds the fan economy of commercial brand IP. Based on the perspective of behavioral economics, this paper analyzes the business model of fan economy and puts forward suggestions.

Keywords: behavioral economics, fan economy, business models.

1. Introduction

In recent years, the phenomenon of fan economy has gained widespread attention from all sectors of society. Fans quickly gather on social media platforms to form an organized community that collectively puts great effort and energy into someone or something. As the fan community continues to grow, a powerful force has emerged, which has had a profound impact on celebrity resources and the content structure of online novels through the medium of word-of-mouth, likes, retweets, and consumption behaviors of fans. The emergence of the fan economy has made the interaction between fans and other audiences more active, thus promoting the interaction between fans and idols, and fans have begun to follow the footsteps of their idols. This social phenomenon has also inspired in-depth research in the academic world, and has brought more commercial value. According to the National Bureau of Statistics, China's per capita consumption expenditure will be 24,100 yuan in 2021, with a compound annual growth rate of 7.1%; the per capita education, culture and entertainment expenditure of residents will rise from 2,086 yuan in 2017 to 2,599 yuan in 2021, with a compound annual growth rate of 5.7% [1]. The pan-entertainment market in the PRC has grown rapidly in the past few years, mainly driven by the increase in per capita expenditure on cultural and entertainment content of urban residents in the PRC. As a result of the steady development of the pan-entertainment industry in China, the market space for fan economy has been expanding.

2. Fans economy overview

The initial meaning of fans mainly refers to the admirers and supporters of entertainment stars. With the development of the Internet economy, the types of fans have become diverse, ranging from literature to brands, from idols to sports, and they can be found in different contexts. Fan economy aims to establish a business model based on the interaction and communication between fans and other audiences so as to realize a win-win situation, i.e., to enhance the loyalty of fans and establish a good word of mouth so as to realize sustainable development, and in our country, the development of fan economy has gone through the following stages.

Table 1. Stages of fan economy development [2]

2000-2005	2006-2014	2015-2016	2017-2020	2021-
Internet postings and forums	The rise of talent shows	Popularization of social media	The emergence of live streaming	The Rise of Virtual IP
Emergence of online communities based on fans aggregation	Netflix fan economy gradually appeared, fan traffic began to flock to the head netflix and stars	The fan economy was formed, platform accounts began to accumulate a large amount of traffic, and online celebrities and stars began to utilize the stray for endorsements and other commercial activities.	The fan economy continues to grow with the emergence of specialized KOL anchors and MCN companies in the market.	With the development of blockchain technology, the traffic value of IP has gradually shifted to asset value, making it possible to directly realize the cash of digital works.

3. Business models of the fans' economy

3.1. The ecology of fans' economy

At present, the ecology of fan economy is richer, no longer limited to the dimension of pan-entertainment industry, but more added to the brand dimension of fan economy. The fan economy ecology is centered on fans, which can be divided into four types, namely stars, IP, netizens and brands.

Table 2. The ecology of fans' economy [3]

Types	segmentation	Representative Cases
celebrities	Dance/Drama	Yang Liping,
	Variety/Modeling	Sa Beining, Liu Wen
	Sports	Yao Ming, Gu Ailing, etc.
	Literature/Education/Science	Mo Yan, Yu Hua, Luo Xiang, etc.
	Music	Zhou Jielun, Jim Reeves, etc.
	Film and Television	Jackie Chan
IP	IP Cultural IP	The Palace Museum
	Hip	Bubble Mart
	Movie/Literature/Variety Game	*Qingyunian*
	Games	GloryofKings
Internet celebrity	Live Streaming Hosts	Li Jiaqi
	Content Hosting	Li Ziqi, papi
brands	Common Brands	Apple, Lancôme, Hermes
	Niche Brands	Skagen

3.2. Realization methods

The realization path in the fan economy can be divided into sales entity realization and traffic online realization. The realization of sales entities includes the sale of direct commodities, endorsement commodities and related products. The common forms of traffic online realization include advertisement realization, live broadcast realization, account sales, etc.

Table 3. Common Realization Paths of Fan Economy

Realization Methods		Description of realizations
Realization of sales entities	Direct merchandising	Selling products such as celebrities' or internet celebrities' peripheral merchandise, albums, concerts, photos, etc.
	Endorsement Sales	Products endorsed by celebrities or internet celebrities
	Related Merchandising Realization	Fans purchase products used by celebrities or internet celebrities on their own initiative
Realization of traffic online	Advertising	Internet celebrities, IPs, or stars use ads to cash in on their traffic.
	Live Streaming	Fan rewards and live streaming bandwagon
	Account Sales	Sell the account

4. Fans' economic business model from the perspective of behavioral economics

4.1. The emergence and development of behavioral economics

Behavioral economics has been talked about as early as in Adam Smith's "The Theory of Moral Sentiments" and "The Wealth of Nations". Through the study of personal psychology such as "loss aversion", "overconfidence", "altruism" and their important impact on economic development, it has provided a firm Theoretical foundation for the development of economics. Many challenging economists and psychologists are working together to dig deeper into the reasons behind economic behavior and how they affect the way people think. in the 1970s, Kahneman and Tversky published a series of important research results, combining psychology and economics, centering on the construction of the utility function and applying it to other areas of economics, resulting in a new approach to psychology and economics. They combined psychology and economics, centered on the construction of the utility function, and applied it to other fields of economics, ultimately forming a brand-new school of "behavioral economics", which made an important contribution to the development of economics. With the passage of time and the unremitting efforts of many people, behavioral economics has developed into a complete theoretical framework.[4]

4.2. Main assumptions of behavioral economics

A powerful anomaly requires two key elements: a valid theory to support it, and strong evidence to prove its existence, and there is no contradiction between them [2]. The basic assumptions underlying all economic analyses are the same, whether it is the theory of the firm, the theory of financial markets or the theory of consumer choice that can be used to describe behavior. Human behaviors have a dual character: on the one hand, they have an instinct for self-preservation; on the other hand, they are also pro-social in the sense that they are concerned with the specific feelings of others. Therefore, both the underlying purpose of "self-serving" and the means of "altruism" may influence the development of human behavior. Thus, "self-interest" reveals a universal law of human behavior.

4.3. Analysis of fans' consumption behavior

First, rational consumption. When mentioning fans, people usually think of their crazy behavior, which is an unacceptable existence. Nowadays, many idols are actively participating in public welfare activities, spreading positive energy and bringing a healthier and more positive image to the society. Fans enthusiastically support their idols and have set up a number of charitable organizations in their own names dedicated to promoting and spreading charity. In this way, they can not only build a good image for their idols, but also change the public's perception of them and gain a positive reputation for them. With the increasing participation of fan groups in public welfare activities, they take their

idols as role models and bravely devote themselves to social welfare, spreading positive energy with their actions and benefiting more people.[5]

Second, irrational consumption. With the rise of personalized fan groups, people's demand for commodities has shifted from the pure pursuit of practical functions to the pursuit of the symbolic meaning embedded in it, thus completely changing the purpose embedded in the original design of commodities. In recent years, the emergence of "celebrity" platforms, such as Shutterfly and Jitterbug, has given everyone the opportunity to become the center of attention overnight. Many people take advantage of this and often "express" themselves in front of the camera. A live broadcast can bring huge profits, which are contributed by ordinary people, and some of them may even fall into financial difficulties as a result. For those who have the ability to think and act independently, it is frightening to support and imitate the ideas of others without justification. Therefore, we should probe deeply into the reasons behind such unreasonable behavior.[6]

5. Research recommendations

5.1. Accurately targeting audience fans

The first step to success in any company is to pinpoint the target audience. In the era of the fan economy, companies and organizations should actively maintain existing fan bases, tap potential fan bases, accurately locate target audiences, gain a deeper understanding of the needs of all parties, and formulate targeted policies rather than relying solely on the prejudices and preferences of the general public. If a cultural company wishes to realize its value and revenue through the fan economy, it is crucial to clarify the target audience.[7]

5.2. Thorough product experience services

Product experience and service is a key factor in maintaining the interests of customers and companies, and this should not be overlooked. The key to improving user experience is to create quality products that make users feel comfortable in the process and have a strong desire to buy for a second time. The service should focus on centering around the product, from pre-sale to in-sale and after-sale, tracking the whole process to ensure product quality. By providing high-quality products and perfect peripheral supporting services, can greatly improve consumer satisfaction, win their trust and choice.

5.3. Regulate online platforms and advocate rational stargazing

Currently, there are large differences in the level of fan communities, so the relevant agencies should strengthen the regulation of social media such as microblogging in order to prevent blind stargazing and irrational behavior. In order to safeguard the public interest, the relevant authorities should cooperate with social media platforms to strengthen supervision and severely punish inappropriate behaviors, so as to jointly establish a healthy and safe online environment. In response to illegal behaviors such as rumor-mongering, defamation, false propaganda and the sale of substandard goods, the relevant authorities should take tougher measures to ensure that the legitimate rights and interests of consumers are effectively safeguarded.[8]

6. Conclusion

The fans economy is evolving with the shift in consumer status, and today's brand communication environment is a fan-centered and fan group-driven communication environment. Brands must adopt appropriate communication strategies based on the fan economy, so that the fan economy can become a sword in their own hands and promote the healthy development of the brand.

In daily life, fan economy mostly refers to the profitable result of the event that fans pay for idols, but the star economy is only one of the most important manifestations of the fan economy, in addition to the IP operation mode and the new business model around the community are also important

manifestations of the fan economy. The brand communication strategy based on these three modes is conducive to improving brand awareness, establishing a good brand image and creating brand benefits. However, the fan economy is a "double-edged sword", which brings positive impacts to the brand as well as certain negative impacts to the brand. Brands may be adversely affected by the "fan culture" when formulating communication strategies, or may make mistakes in decision-making due to the lack of accurate positioning of "fans", or may be affected by the consequences of unexpected events involving their partner stars. In the face of these inevitable problems, the brand needs to improve its communication strategy based on its own long-term development, and before cooperating with the stars, it should do a good job of preliminary investigation to ensure that the object of cooperation is compatible with the brand's image. At the same time, we also need to correctly handle the relationship between the brand and the fans, to create a good brand image, through their own brand charm to attract more fan groups and establish a long and solid connection with them.

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