The Economic Understanding of the Fan Economy

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Abstract. With the increasing diversification of people's needs, fan economy has become an indispensable part of economic development. In view of the existing problems, it is very necessary to put forward targeted suggestions in the management of fan economy. Only through joint efforts to create a good consumption environment can we promote the positive development of the fan economy. As a new economic model, fan economy has great potential, and every enterprise should adjust their sales strategy according to this development model. Especially in China, media and entertainment companies are gradually recognizing the innovation that fans bring and are actively looking for new ways to cultivate and develop their fan communities so that idols can be more successful. However, the promotion of consumer activity also raises a series of problems, the most prominent of which is how to effectively manage the fan economy. Therefore, it is necessary to put forward targeted suggestions in solving these problems, and provide references for creating a good consumption environment and promoting the positive development of fan economy.

Keywords: Fan economy, analysis of pros and cons, fan culture.

1. Introduction

With the development of the Internet and science and technology, the development of all walks of life in China has shown a good scene, especially the changes in the entertainment industry, which is amazing and mainly reflected in the fan economy [1]. Fan economy takes consumers as the main character and leading role, and uses the emotion of consumers to increase the emotion capital. It often refers to the value and revenue generated via interactions between individual fans and fan communities, with the artists/stars that they follow. When a fan finds others with adore of same idol, they may create or join a fan group, and then it gradually developed into fan culture [2].

In China, fan economy originated after the reform and opening up, but there was no commercial value at that time. In recent years, talent shows have developed very rapidly, and fans devote the incomprehensible enthusiasm of others to the idols they admire or worship, such as stars, writers and teams. And most of them are teenagers, although they do not have strong purchasing power, but they have strong enthusiasm and consumption impulse. As the development of the social network, the fan economy is knowledgeable by more and more consumers in daily life. But research now only concentrate on data-based model because fan economy has only developed in other countries in the past like Korea and Japan, their k-pop and j-pop has been successful. The appear time of fan economy is too short to investigate the impact. This paper will describe in detail how the fan economy drives the operation of fans, analyze the advantages and disadvantages, and finally describe the economic thinking of the fan economy [3].

2. Operation of fans economy

2.1. Cost money

Teenagers are the main consumers in the fan economy. According to the 2020 National Research Report on the Use of the Internet by Minors, 11 percent of junior middle school students participated in online fan activities, and also 10.3 percent of senior high school students, and even 5.6 percent among primary school students. If you want to join a fan group, you must spend enough money to support your idol, such as buying the products she represents, proving the commercial value of the idol with sales volume, or spending money to vote for the idol participating in talent shows to let the

idol debut. In 2020, talent shows such as "Youth with You 2" and "Produce 2020" also cooperate with a yogurt brand. Every time fans buy a bottle of yogurt, they can vote more for their favorite idol, which causes fans to buy yogurt crazily, and then discard it and waste it.

Idols often advertise for a product and their fan may be willing to buy it. In China, fans understand and support this behavior. Fans are proud to contribute to idols' commercial value. In other words, Chinese fans buy products not because they trust their idol's recommendation, but because they want their idol to make more money and prove his popularity. This is to promote the development of businesses and enhance their economic benefits through the attraction of stars to the public [4].

Communication scholar Henry Jenkins told Sanlian Life Weekly that it is the competition between idols. The shows want to inspire fans' purchasing power, and let them to pay more to support or buy many same albums to show their love for their idols.

2.2. Cost time

Many fans think that it is very important to increase their idols' like and comments of their posts. They think that these data represent the popularity and strength of the idols. The better the data, the more resources their idols will have, and they can become more famous and make more money. The leader in the fan groups will often ask the fans to do this.

One fan group and another fan group may often quarrel over some things that is nothing serious. For example, fans may think that their cooperation will have a bad impact on the development of the idol, and they want to express their dissatisfaction from the bad impact of quarrel and cancel the cooperation. This often happens, and at worst, fans may not put down their phones for ten hours. For this phenomenon, Jenkins believes that fans' emotions are being used on social networking sites. It is wrong to spend money or argue with others.

3. Profit and Disadvantages of Fans Economy

3.1. Profit

Fan economy is now becoming a new way to promote economic development in recent years. The purchasing power of these emotional fans is very strong. For example, some cosmetics brands ask stars to shoot advertisements, sales will increase a lot in a short time. For businesses, the number and enthusiasm of fans is often in direct proportion. Statistics show that 36 percent of fans said they are willing to spend 100-500 yuan a month for their idols, and the market size in related fields reaches 90 billion yuan. The fan economy makes the market pay more attention to consumer demand, and fans are easy to have dissatisfaction with the company. Fans' suggestions will help to increase profits. If the development of fan economy is well controlled, it can increase consumption, develop the market better, and raise people's living standard and let the accelerate rate of economic development increase. In July 2018, the General Office of the National Radio and Television Administration of China issued a Notice on the Broadcast of Online programs in summer vacation, pointing out that experts on idol cultivation programs and talent competition shows should ensure that the content of the programs is correct.

3.2. Disadvantages

For talent shows in the past, the talent and ability of the contestants were most important, but in the current talent shows, the opinions of the mentors are not useful, only the number of fans spending money can determine the final result. Most of the fan group members are teenagers and do not yet have good resolution, which will cause them to be misguided by others to buy idols' products and may be cheated due to lack of experience. The process of spend money on idols is complicated. Even where the money will go is unknown, there are still many fans who give money to the leader of the fan group, which puts a huge financial burden on many teenage families.

3.3. Principle Problem

In order to attract people's attention, some social network platforms randomly post some false information about stars, and even some acting companies will not respond to this, in order to make artists famous. Many new media in our country have provided reporting channels and restricted measures for some violations such as bad information and violent pornography. However, it is not perfect yet, and the management method is mainly based on a single method such as banning speech and account cancellation. If it fails to play a role, it will have a restraint and disciplinary role, resulting in a serious spread of false information and online violence. And some idols are eager to become famous, so they cheat their fans with entertainment companies and gain greater financial benefits. In addition, under the operation of entertainment companies, fans consumption desire increases instantly, and a lot of irrational consumption begins. Such as behaviors from buying idols' posters and albums to buying their private trips [5].

4. Current Situation of Fan Economy

4.1. Background

The word fans first appeared in the Chinese media in 2003, and it has been 20 years so far. But before that, the sayings of enthusiasts and many other names already existed. [6] Since 2010, after the influence of Korean pop music culture and the development of Chinese stars in South Korea such as Song Qian and Lu Han began to develop in China, fan culture, fan community, fan economy, etc. have gradually been formed. Since 2018, participatory consumption has become a new business economic model for the rise of China's fan economy [7].

With the continuous expansion of the industrial scale, the fields and contents involved in the fan economy are becoming more and more diversified. By standardizing this new industry and allowing the fan economy to drive consumption growth and industry changes, we can better meet people's expectations for a better life and accelerate economic development [8].

4.2. Current Situation

With the rapid development of the market economy and the rapid growth of the Internet, the fan economy has broken through the traditional perception and become a new force that cannot be ignored in the market economy, making more and more brands begin to realize the importance of the fan economy [8]. Due to the different national conditions, China's fan economy research is based on the draft, mainly focusing on entertainment stars, and the research focuses on social focus issues [9]. Starting from the cognitive, emotional and behavioral dimensions, Redden and taking several fans as the research subjects, Redden and Steiner found that fans have two important characteristics: strong emotional and excessive behavior, and a tough attitude [10].

5. Economic thinking of fan economy

5.1. Price elasticity Supply and Price Elasticity Demand

The price elasticity of demand is the numerical measure of the responsiveness of the quantity demanded for a product following a change in the price of the product. And the price elasticity of supply is the numerical measure of the responsiveness of the quantity supply for a product following a change in the price of the product. In the fan economy, this shows that the price of products about idols will affect the purchasing power of fans. When PED<1, it means it is inelastic and the price increase of the idol products will not greatly reduce the demand of the fans for these products, and it also shows that the fans have a strong love for the idol. When PED>1, it means it is elastic and if the price of the product that idol advertised or recommended increase, the sales will decrease a lot and it also means the idol need to perform better to let the fans adore you more. But whatever it is elastic or inelastic, if the fans are really dissatisfied with the morality or behavior of the idol, they'll not spend

money on them anymore, so to satisfy the consumer needs is important. When PES>1, it is elastic. Fans may not easily find alternatives to the idol they love right now in a short time, so the price elasticity is higher in the longer time period. When PES<1, it is inelastic. The time taken to train and make famous idol is really long, the firm cannot change people they trained now easily so it is not flexible and the price elasticity will be low.

5.2. Scarcity and Complements

Complement refers to the products that meet the same needs of consumers, such as game consoles and board games that people like to play. The price and demand between the two products change in the same direction. In addition, the emotional value provided by idols to fans cannot be replaced by almost all other products, and there is no competition in the market, which also leads to the scarcity of demand.

6. Conclusion

The potential of the fan economy is unlimited. If the current development is maintained, it will promote the economic development to a large extent. This paper mentions many advantages and disadvantages of the fan economy, although it can bring economic benefits to the brand and society, it will also have a negative impact on society. Fan economy is still an unfamiliar system. With the continuous improvement and development of the interconnection network, it will develop more and become stronger. Only under reasonable regulations can it bring more economic benefits. To bring more economic benefits, government should face up to the current advantages and disadvantages of the fan economy and manage it to ensure the positive development of the fan economy. As a fan, you should avoid blindly chasing stars, be rational enough, and avoid overly enthusiastic pursuit to burden yourself. Think from your own actual situation. When paying, you should also think about whether this product is worth the price, and take out the attitude of buying daily necessities in life to face the products of your favorite singer. In conclusion, the fan economy is a field that needs to be studied slowly in the future. We need to fully grasp this new economic form by understanding fan culture. Moreover, the fan group is diverse and complex. Only by treating the enthusiasm of fans rationally, guiding fans to consume reasonably, and turning the star effect into a good opportunity to enhance the popularity of commercial brands can we better reflect the value behind the fan economy. The fan economy cannot only be evaluated from economic benefits, but must be assessed at the same time to ensure the healthy development of the fan economy.

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