

How Does the Theory of Marketing Mix Affect Consumer Behaviours, with the Development of Fandom Economy?

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Abstract:

Fandom economy is becoming an increasingly hot topic in current society. Therefore, researching on such a newly-emerging phenomenon is worthy of being done. Through the analysis of “celebrity effect”, also called “idol culture” in this dissertation, fans behaviours and the business model of entertainment company by the theories from marketing area, it could help to find out the supply chain of this industry and understand the fundamental reasons why fandom economy occurs.

Keywords:

Market Economy; Fans idol; Culture Social Platform

Introduction:

This dissertation will be divided into five chapters: introduction, literature review, methodology, results and analysis, and conclusion. In the first chapter, the researcher will introduce the background information about fandom economy, consumer behaviours, and a brief overview of theories: models of marketing mix. In the second chapter, the researcher will give a thorough review of literatures and theories, making comparisons between the previous study and the current research demands. As for the third part, methodologies will be introduced in details, and the design of survey will be primarily ensured. The researcher would choose quantitative methodology, and prefer to questionnaire, as the way of data collection. The fourth chapter is to present the survey results and analysis. In this chapter, the researcher will mainly summarize the consumer behaviours, surveys their attitudes towards idols and the management company. Finally, the overall conclusion could be given. The researcher will also critically add limitations to this part.

1. Chapter 1 Introduction

1.1 Background

1.1.1 Introduction to Fandom Economy

Fandom economy, or fans economy, deriving from entertainment industry, is the consequence of consumerism. The essence of fandom economy is the business model that creates a relationship between celebrities and their followers, and makes the process of celebrity admiration profitable. (Grinnell College, 2019)

Fans refer to a group of people who admire an organization or individual with great passions and spend time or money on

them. The concept of fans, in the broad sense, could date back to Victorian Time, primarily refers to the religious fanatics. (Staiger and Hake, 2009) And when it came to 1960s-1970s, with the recovery and development of economy after World War II, the sports and entertainment industries such as movies and pop music began to thrive rapidly, which led to a prosperity of fans group of these sports and movie stars. This kind of group spontaneously give support to the celebrities who they admire, which laid the foundation of fandom economy in the post-modern time. (Fiske, 1992) After 21st century, fandom economy became more professional and commercial, because many entertainment companies began to take the initiative to package stars for the tastes of fans, with fixed procedures. In this condition, stars or celebrities are more likely to be assumed as “commodities”, while their fans or followers could be regarded as “consumers”, because the companies charge them for the shows and performance of celebrities.

1.1.2 Introduction to Idol Culture and Its Connection with Fandom Economy

This dissertation will mainly focus on the “idol culture” which is included in the range of fandom economy, especially exists in East Asian countries, such as China, Japan and South Korea. Idol culture is a kind of profitable subculture in current society. Here, “idol” means a specific branch of entertainment celebrities, and specially refers to the ones who are packaged with a stylized process by their companies. Most of them debut as groups or bands. They signed a contract with companies at early age, and received singing and dance training under the guidance of professional teachers. The entertainment company put them onto the market, and charged their fans for the purpose of

supporting activities and concert tickets. (Deng and Zhou, 2018) A representative of this packaging model is the K-pop group. Besides it, in China and Japan, they also have their national idol groups packaged in such a similar way.

In China, for example, there is a popular group named TFBOYS which could be regarded as a typical product of idol culture and fandom economy, in recent years. This boy group consists of three members: Karry Wang, Roy Wang and Jackson Yee. They entered their management company, Time Fengjun Entertainment, as trainees at the age of 11 and 12, and debuted in 2013 as the youngest Chinese idol group. The band became famous in 2014, with their hit song *Manual of Youth* throughout China and Asia. (Wang, 2016) Because of their youthful and positive image among teenagers, the group was praised highly by Chinese official government. And they are also cited as one of most influential acts to shape the national entertainment industry by assisting to spread Mando-pop internationally and are dubbed as one of most successful Chinese boy group to hit mainstream media in terms of sales, influence and endorsement value. They have been ranked in *Forbes China Celebrity 100* for 4 continuous years since 2015, and have an estimated commercial value of more than 430 million USD (equals to 3 billion CNY) combined from group endorsements and branding in 2018. (Straits Times, 2017) In addition, they owned more than 200 million followers on Sina Weibo, a well-known social media platform in China. (Kan, 2017)

1.2 Theoretical Guidance

1.2.1 Introduction to the Theory of Marketing Mix

The theory of marketing mix mainly includes several types of models whose evolution process will be introduced in details, in the next chapter. This part will only focus on the content of three main models of marketing mix: 4Ps model.

4Ps model consists of four dimensions: “product”, “price”, “place” and “promotion”. Among them, “product” refers to items that satisfies customers’ demands. It could be tangible commodities and intangible services. (Needham, 1996) “Price”, means the amount of money that consumers pay for the product, which is decided by value of product, and fluctuates around it. (Marx, 1865) “Place” means the accesses to carry out transactions. In other words, it means to provide customers with convenience to get in touch with the products. (Wright, 1999) “Promotion”, including elements of advertising, PR (public relations), sales and direct marketing, refers to marketing communications. (Rajagopal, 2007)

1.2.2 Connections between the Theory and Fandom Economy

Interested in fandom economy, and given that it is existing in a commercial market, there is a significance to research it with 4Ps model. Specifically speaking, this dissertation will respectively analyse how fandom economy works in the four dimensions of

“product”, “price”, “place” and “promotion”; or the dimensions of “consumer”, “cost”, “convenience” and “communication”. And it will summarize the business model of this “idol” industry and give some reflections. Through the study and analysis of fandom economy with marketing literatures and models, it might help to acquire aspirations about the current entertainment market.

1.2.3 Research Purpose

Although there has been essays or reports written about fandom economy, most of them researched on the fans of sports celebrities in America and Europe. For entertainment celebrities, especially for idols in East Asia, the number of researches is comparably few. So, there is a significance to study on this topic that fewer researchers have explored.

Furthermore, idol culture or fandom economy is a newly-updated topic, which may cause widespread concerns among the public. Through the research of this topic, the researcher could acquire more critical reflections on current commercialized entertainment industry and the subculture of fan groups, which might help to attract more attention to East Asian idols and fandom economy.

2. Literature Review

2.1 Approaches to Fandom Economy

This dissertation will use deductive approach to study fandom economy. Deductive approach, opposite to induction, is the process of reasoning from one or more statements to reach a logically certain conclusion. (Hendricks, 2005) It needs to firstly propose the theory, then to test and explain it with a study. On the other hand, the process of study, including research design, data collection and analysis, and summaries of results, should be under the guidance of the theory which is presented in the beginning. (Bryman and Bell, 2015; Saunders et al., 2016)

2.2 Development of the Theory of Marketing Mix

The theory of marketing mix means a series of marketing tools that the firm uses to attract consumers and achieve the goal of making profit, in the target market. (Kolter, 2000) Since the birth of Marketing, it has experienced five stages—4Ps theory (product, price, place, promotion).

4Ps theory was defined by E. Jerome McCarthy in 1960. He presented a framework with four dimensions of “product”, “price”, “place” and “promotion”, for marketing management decisions making. (McCarthy, 1964) In 1980s, because the 4Ps theory, also called contemporary marketing mix, was not able to meet the demands of marketers for practical use, theorists began to make some upgrades on the basis of the original theory.

2.3 History of Research on Fandom Economy

2.3.1 Early Phase (1990-2000): Focus on Sports and Music Fans

The majority of researches on fandom economy started in 1990s, mainly focused on the fans of sports and music. For sports fans, most of them studied on football fans, because of the

popularity of World Cup, and European football teams at that time. And as for music fans, they mainly studied on the fans of musical bands such as the Beatles and Queen.

2.3.2 Developing period (2000-2015): Transfer to the fans of Entertainment Celebrities

After the year of 2000, the entertainment industry became more commercial and prosperous, with more modeled process of star packaging. Fan-oriented idols or idol groups began to form, and quickly occupied the entertainment market, especially in some Asian countries. Therefore, researchers moved their sights to this brand-new area. And more researches of fandom were connected with business and marketing.

2.3.3 Recent Period (Since 2015): Timely Updated

During the recent years, studies on fandom economy have witnessed a timely update, which means the investigated subjects mostly become the fans of pop stars and band groups. For example, the chapter Fan Economy and Consumption Fandom of Korean Music Bands in China of book *The Korean Wave: Evolution, Fandom, and Transnationality* has studied the consumer behaviours of K-pop fans, such as buying idol related products, fan meeting and concert tickets (Zhang and Fung, 2017). Furthermore, the article Research on the Behaviour of Idol's Related Product Reseller under the Background of "Fans Economy" —Monthly Photography of SNH48 as an Example (Deng and Zhou, 2018) also investigated the same aspect as the previous one, and narrowed the range of idol groups by taking one specific group as a case.

2.4 Summary and Rationale

Moreover, in today's China, an increasing number of domestic idols are trained and packaged by many native entertainment companies. And since Chinese government imposed a ban on South Korean entertainers in 2016, due to the military system of "Terminal High-Altitude Area Defence" (THAAD), these native idols have been promoted, and replaced their popularity in Chinese market. (Huanqiu, 2016) Therefore, the fans of Chinese idol group also need to be investigated, which might have some difference with South Korea and other East Asian countries; but there are few researchers to do it. The next chapter will present the methodologies to answer the research questions, which specially focuses on the fans of Chinese idol group.

3 Methodology

3.1 Philosophy of Research

3.1.1 Philosophical Considerations

Research philosophy refers to a system of beliefs and assumptions about the development of knowledge, (Saunders et al., 2016) which means different philosophical dimensions, including ontology, epistemology, and axiology.

In terms of this dissertation, it may involve ontology and axiology in interpretivist position, and epistemology in positivistic

position. Because the study of fandom economy mainly belongs to the field of social humanities and social science, rather than natural science, and it is difficult to accurately measure or calculate fans' behaviours and motivations with scientific and mathematic. In other words, the value of admiring celebrities mainly originates from fans' subjective psychological affections, which is hard to quantify. Therefore, the ontology and axiology could be discussed in interpretive position. But as for the process of epistemology, the sample group, also called respondents, still needs to be investigated from objective or positivistic position.

3.1.2 Research Approach

As for the selection of approach, the researcher tends to choose deductive approach instead of induction. Induction or inductive approach means to develop the theory by researching; while deductive approach needs to propose the theory or hypothesis at first, then testing it by conducting a research. (Bryman and Bell, 2015; Saunders et al., 2016) The difference between them is the sequence of the theory and the designed research.

For this dissertation, based on the research question, it aims to study and analyse the effects that marketing mix has, for consumers, which means that the theory should be primarily presents, so that the researcher could use the theory to study on its practical influence. Therefore, deductive approach could be more suitable for this research.

3.1.3 Research Design

As it is mentioned in the last part, this research will be conducted with both positivism and interpretivism. But the approach will tend to be deduction. So, the methodology could be mainly focus on quantitative research.

Quantitative methods include objective measurements and the mathematical, statistical or numerical analysis of data collected through polls questionnaire, and surveys, or by manipulating pre-existing statistical data using computational techniques, (Given, 2008) Unlike the qualitative methods which are empirical research methods where the data are not in the form of numbers (Punch, 1998).

3.2 Data Collection

The process of data collection could be divided into the collection of primary data and secondary data. Primary data, also called raw data, refers to the data, such as numbers and figures, gathered by researchers in person, according to the results of surveys. (Kitchin, 2014) But secondary data emphasizes the data acquired from others or other resources, including government reports, journals, records of social organizations, etc, not directly collected by researchers themselves. (Saunders et al., 2016)

For this study, the researcher will firstly conduct primary data collection by looking up journal reports and other reliable sources, because it helps the researcher to be familiar with the background information and some general figures that are not

easy to be counted by sampling survey. Take TFBOYS as an example, the price of their concert tickets that will be listed in the next chapter is from the news of Global Times, which could be one of the secondary data.

As for primary data collection, it is the key point of the research, which will be particularly introduced in this chapter.

3.2.1 Method of Data Collection

Because the use of quantitative methods, the researcher will choose questionnaires to conduct data collection. Questionnaire is one of ways of survey to collect data, different from other survey techniques, such as structured observations and interviews. (Saunders et al, 2012) It is commonly used on the collection of data with large sample scale and testify a theory or specific hypothesis.

3.2.2 Questionnaire Design

In order to acquire significant sample, it is better to survey the fans who have spent money on their idols, which makes the survey non-random. The sample size should be 100 to 200 people. In order to have an access to the respondents, the researcher will join in their chat group on social media, such as Weibo, WeChat, and QQ chat group, which are the China's mainstream social media platforms. Because of the social distance that fans are scattered in different geographic places, it is not practical to give them paper questionnaire, and the online questionnaires should be more reasonable. By sending them questionnaire link, the researcher can acquire the first-hand resources about their thoughts and behaviours, which enables the primary data be collected.

3.3 Reliability and Validity

The researcher would use pilot test to test the reliability and validity. Pilot test, also called pilot study or pilot experiment, is a small-scale preliminary study conducted in order to evaluate feasibility, duration, cost, adverse events, and improve upon the study design prior to performance of a full-scale research project. (Thabane et al., 2010)

Taking the participants' feedback into considerations, the researcher made some revisions for the questionnaire, with cutting down the question number and changing the last open question into closed one.

3.4 Ethical Standards

Research ethics refer to the standards of behaviour that guide the conduct in relation to the rights of those who become the subject of the researcher's work, or are affected by it. (Saunders et al., 2016)

Specifically speaking, to begin with the study, the researcher should make a consent form for the respondents. For example, before the researcher shared the online questionnaire links in the chat group of TFBOYS fans club, all of them should be confirmed that they would be investigated and understood the aims of the researcher's survey.

In addition, the researcher ensures the confidentiality of respondent's personal information, and makes a promise that all the data should be only used for this dissertation, not for any other commercial and uncommercial purposes.

Last but not least, though the respondents are not vulnerable people, the researcher should still be careful and respect them, especially for some teenager student fans. The researcher needs to make the ways or methods of survey as neutral as possible, without giving any subjective judgement to their behaviours of worshiping idols.

4 Results and Analysis

4.1 Results and Discussion of the Questionnaire

The questionnaire totally collected 162 responses with the survey software Qualtrics. All the respondents were anonymous and identified as the fans of TFBOYS. This part will summarize the data, based on the three sections of questionnaire: personal information, consumer behaviours, and satisfaction; and analyse it with SPSS and marketing mix models.

4.1.1 Results and Discussion of "Personal Information"

According to the bar chart shown in Appendix 6, the majority the fans of TFBOYS are young females (accounting for 94%); and most of them are at the age of 18-35. As for career situation, about 41% of the fans are students, whereas 59% have worked. Therefore, these students could mainly be college or university students, as most of them were adults. For the channel that they know this band, 91% fans are familiar with them through online self-social media.^[1]

4.1.2 Results and Discussion of "Consumer Behaviours"

The vast majority of fans choose to purchase for their idols directly, compared with making a donation to the intermediators like fan clubs. They mainly prefer to spend money on their idol's works, including albums, movies and TV series, etc. Besides it, the commodities which are endorsed by the band and the supporting products and concert tickets, could be the second and the third most preferable selections that they consume for idols.

In terms of the amount of expenditure which they annually pay for supporting the band, most fans spend under 1000 RMB and 1000-10,000 RMB on it, making up around 35% and 39%, respectively. As for the sources of funds, working and earning by themselves occupied more proportion than sponsored by parents, which is 48% versus 36%; because, as it mentioned above, there are more office workers than students the band's fans group.

4.1.3 Results and Discussion of "Satisfaction"

This section aims to survey "consumer satisfaction" about the "products". In this economic circumstance, fans could be regarded as "consumers", and the band could be the "products".

The researcher finds that fans' satisfaction with their idols is negatively correlated with the satisfaction with the management company (shown as the scatter plot by SPSS below). The majority of fans are very satisfied with the idols, but not satisfied with the

company.

4.2 Analysis with Models of Marketing Mix-4Ps Model

4.2.1 Product

When the band has a certain popularity, some other derivative products might occur. These derivative products could be mainly divided into four categories: supporting products and tickets, commodities endorsed by group members, their works, and online music lists.

Based on the survey results above, what the fans of TFBOYS attach most importance to is the “works” which makes up the largest proportion among the four categories of derivative products. The reasons are that idols are currently stereotyped as the “eye candy” which refers to the celebrities who only give people visual enjoyment with their good appearances, but have little competence to be specialists, compare with professional singers, dancers, actors or actresses. Masses usually believe that idols earn a living by their fans, instead of works which are universally known and accepted by normal audiences except fans. (Zhou, 2017) Therefore, make their idols’ works, including musical, film and television works, be widely appreciated by the public becomes an important goal for fans. To achieve it, they spare no effort to heat the music list and promote the movie and TV series they are starring in, so that their idols’ capacities of singing and acting could be commonly discussed and accepted by other people.

4.2.2 Price

Price is the reflection of products. In fandom economy, Price reflects the commercial value of idols, generally speaking. The more popular the idols are, the higher they are paid, which means that the advertising fees and remuneration of movies and TV series for top stars are much expensive than the B or C listers. Taking TFBOYS as an example, they are cited as the most influential Chinese group to hit mainstream media in terms of sales, influence and endorsement value, with more than 20 million followers in Sina Weibo in total and a top rank in Forbes China Celebrity list. Since 2015, the group’s commercial has approximately reached 3 billion CNY, which indicated that their “price” is expensive because of the high popularity. (Kan, 2017)

The reason why the band is marked at such an expensive price is that, its consumer demands exceed the supply. Because the band owns a large number of fans who have strong demands on their concert tickets and endorsed products, etc, it usually leads to a situation that the quantity of products offered by their management company cannot meet consumers’ needs. In microeconomic terms, this phenomenon is called “demand surplus”. (Case and Fair, 1994) When consumer demands exceed supply, the market could be oriented by suppliers or sellers, which is called “Seller’s Market” (Krugman et al., 2007). Due to the demand of fans exceeds the number of products that the

management company can provide, the price of the existing products could be risen, and keep a high level for long time.^[2]

4.2.3 Place

Given that the business of fandom economy is not a completely physical industry, the places where it was conducted are mainly in the virtual world of Internet. Because the idols are usually untouchable for fans and they only communicate with fans through their online social accounts, the most business transactions and interactions between both subjects are carried out online. Although they could physically see each other in concerts or fans meeting, the majority of time in adoring idols is spent online.

A crucial reason for this phenomenon is the rapid development of self-media. With the update of information technologies, the growth of Internet users in China has reached 710 million, up to June 2016. Among them, mobile phone users have reached 656 million, increasing from 90.1% to 92.5%, (CNNIC, 2016) which means Internet users are becoming fonder of mobile phones to surf online in the recent years, because the devices are very easy to carry with, so that they can browse the webpages conveniently and frequently.

4.2.4 Promotion

Since it is one of commercial activities, it is important for fandom economy to take good promotion or marketing strategies, because the entertainment companies need to publicize the “products”-the idols they cultivated-as wide as possible, in order to attract more people to become their fans and make more profit. As it mentioned above, self-media is the main channel for the promotion of current celebrities in China.

Take TFBOYS as an example, the band firstly caught the public’s eyes by covering the song of Onion from Mayday, a Taiwanese rock band, in 2013. The video of cover version won millions of reposts by several self-media bloggers. (Law, 2019) After that, the band skyrocketed to fame when the song Manual of Youth kept five-week champion on the music list of YinYueTai in 2014, not only owing to the participation of fans, but also the online platform that provides them with the place for publication.

4.3 Test for Reality and Validity

To begin with, the researcher uses SPSS to calculate the Cronbach’s Alpha (Sijtsma, 2009) of the data, collected by the questionnaire. And the value is 0.547, whose internal consistency is poor. To increase Cronbach’s Alpha and make the survey acceptable, the researcher eliminates some invalid responses with incomplete answers, and finally made the value become 0.6932, which could be roughly equivalent to 0.7.

5 Conclusion

5.1 Research Purposes

This dissertation aims to use the theories of marketing mix to research on the consumer behaviours of fans, in the background

of fandom economy. The researcher took the fans group of a popular Chinese band TFBOYS as an example, in order to find out the influence that idol culture has on Chinese, especially on young generations. The fundamental purpose is to study the phenomenon of the idol culture from economic perspective.

5.2 Research Significance and Implication

5.2.1 For Academy

There are a few researches about fans and idols, especially for Chinese idols, in economic field, and this dissertation could be a reference to the future researchers who would continue to study on this topic. Moreover, it connected theories of marketing with fandom economy, enriching and developing the theories in practice.^[3]

5.2.2 For Economy

As a part of tertiary industry, entertainment industry plays an increasingly important role, owing to the thriving of idol culture and fandom economy. This research lists an obvious supply chain of this industry, and discussed relationship between objectives of consumers (fans) and merchandises (entertainment companies), which could help to give a hint for these companies to provide better services and products-packing idols with better quality and professional skills-for consumers.

5.2.3 For Society

This research not only presents the profit model of fandom economy and idol industry, but also give the public a chance to see the implicit problems for the society, and help them to make more rational and moral choice, when they have demand on these idols. In addition, it might help government to start an

awareness of reasonable supervision for this industry, and urges the entertainment to give teenagers a positive leading to worship idols.

5.3 Limitations

In the first place, time limitation may affect the completeness of the survey. For example, in this research, interview is merely considered as an alternative form of data collection. However, to acquire more qualitative data such as the thoughts, emotions and psychological movement of fans, and their motivations to worship the band; interview could be a proper way to help the researcher understand them more deeply. Through the oral communication with fans, the researcher would have a more direct and specific impression on them, which might make up the lack of voice and image in questionnaires. But because the longest time of survey is only one month, the researcher does not have enough time to conduct both questionnaires and interviews, since the interview needs careful preparations that the researcher should ask for the permission of interviewees, write the scripts and test the equipment of video or audio recorders in advance.

6. Conclusion

In the second place, the quantitative research does not contain enough direct mathematic analysis, including variables analysis and scales in data analysis. In other words, more questions in the questionnaire should be designed as scales, so that the data can be analysed by SPSS more easily. Besides some simple statistics of proportion, the data analysis should reflect more significant information, like covariance, correlation, and regression, etc.

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