

Fan Economy and Irrational Consumption in China

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Abstract: In recent years, the high-speed development of the fan economy in many parts of the world, China particularly, has influenced society significantly. In many cases, those fans might overconsume products related to their idols because of their irrational decision-making and consumption. This phenomenon occurs very frequently, especially among young populations, and may further lead to both positive and negative impacts. There may be new commercial opportunities and economic growth, but also severe impacts on individuals who made irrational consumption and on the whole society. For example, the TFBOYS Ten-Year Appointment Concert in Xi'an China is a suitable case, and it might be one of the biggest or the most influential idol events in the history of China. Therefore, this research paper will analyze this case to understand the relationship between fan economy and irrational consumption and give some suggestions on how to avoid the negative impacts.

Keywords: Fan economy, Irrational Consumption, Impacts, Factors, Suggestions

1. Introduction

The fan economy refers to the business income-generating behavior based on the relationship between fans and influencers like celebrities and idols [1]. Fans refer to a group of people who admire or have great interest in and support stars, celebrities, or objects. The common ways of consumption due to their idols are buying their concert tickets, photobooks, endorsed products, and others. In 2022, it is estimated that the market size of China's film and television industry reach 276 billion RMB, and having an increase of 17.5% year-on-year [1]. Irrational consumption refers to unreasonable consumption decisions made by consumers due to various factors. This includes not maximizing their benefits, not following the laws of diminishing marginal utility, not regarding the constraint of income, and not purchasing without understanding the products' full information. The law of diminishing marginal utility means the value or utility that an individual consumer derives from the final product consumed decreases as the amount consumed increases [2]. The mechanism of industries related to fan economy is the utilization of the weakness of fans, which is making irrational consumptions at purchasing idol products, to maximize the price of those products and therefore maximize their profits.

2. Case Analysis

2.1. Overview

In July and August 2023, the TFBOYS Ten-Year Appointment Concert became one of the hottest topics in China. TFBOYS is a very popular idol group in China, consisting of 3 members who are

skilled at singing and dancing, and being idols, they all have impressive appearances. The purpose of this concert is a ten-year appointment that they made when they first debuted, and many of their fans have seen them grow up, so that's why this concert is a sensational event in China. The set price of the ticket for this concert has 6 categories: 580, 806, 980, 1280, 1680, and 2013 RMB [3]. These prices are suitable for a large-scale concert because by comparing concerts of similar size in China, it is shown that most of them had their set price in a range of 300 RMB to 2600 RMB.

When the information about this concert was published, the fans of TFBOYS said that they were willing to do anything if they could go to this concert because this might be the last time that they would see all three members of the group performing together, which is the memory of their youth. This is an implication that they are going to make a lot of irrational consumption, and this has resulted in more than 6.7 million people wanting to participate in that concert according to the Damai ticketing platform while there are only 0.03 million seats [3]. Because of the passion of the fans, the scalpers detected the opportunity for them to get tremendous benefits therefore inflating the original price to sky-high prices. As some of the fans and scalpers revealed, the scalper ticket price and the labor cost of snatching the ticket were relatively cheap before the opening of the sale, which is about 2 to 4 times more than the original price [3]. Later on, the price overflowed the original price by about 10 times or more, and the seats in the front cost about 20 times.

When it went on sale, unsurprisingly, tickets with the original price were sold out in just a few seconds. This result is not considered as irrational consumption, at least for most of the ticket buyers, because the ticket prices did not exceed the value of the concert. However, all of the scalper tickets with sky-high prices were also sold out, and this is definitely considered as irrational consumption for most of the buyers. It is hard to define what TFBOYS means to them and how much this can value, therefore it is hard to measure if the sky-high price is worth it, but what made this consumption irrational is that they didn't take income constraints and total costs into account. Businesses and scalpers utilized the feature of irrational consumption among fans to create high profits. According to a statistical record, about 57% of the fans in China are students and about 8% are unemployed. In addition, over 80% of the fans have an average monthly income lower than ten thousand, so going to this concert with scalper tickets might snatch away their income for a month [4]. Therefore, it is reasonable to claim that many fans of TFBOYS are people with unstable incomes. In this case, those fans had to borrow money from either their family or the bank to be able to go to the concert.

Irrational consumption is not only shown in buying the concert ticket but also in other aspects. According to some blogs on social platforms, many of the fans chose to purchase products like cheering light boards, glowing sticks, and accessories related to TFBOYS in advance. Even though those products are not very expensive, mostly about 100 RMB, the cost of production is much lower than the price. In addition, many fans ended up with no tickets, meaning that the money that they spent on buying them were wasted. This is an irrational consumption because they didn't get benefits when they put in costs. Although fans without tickets could not enter the venue, many of them still went to Xi'an Olympic Sports Center Stadium, which is where the concert was held. They couldn't even hear clearly the songs that TFBOYS was singing, much less to meet them. Also, it is not allowed to get very close to the venue while the concert was running. Therefore, it is also considered as irrational consumption for people who live far away from Xi'an because of the expensive train tickets and air tickets for a much less valued thing. The total number of weekend travel orders in Xi'an increased by 738% during the weekend of this concert, and the passion of TFBOYS fans and their irrational consumption are the biggest factors [4].

2.2. Impacts of Irrational Consumption

2.2.1. Positive Impacts

The most obvious positive impact that irrational consumption brought in this case is economic growth in Xi'an. As mentioned before, the total number of weekend travel orders in Xi'an increased by 738% during the weekend of this concert due to some irrational behaviors among fans, and it is estimated that this concert brought in 416 hundred million in tourism income to Xi'an [4]. In addition, many people might have the mentality of not wasting the sunk costs, which refers to the costs that were already given away and cannot get back, for example, the money spent on hotels and train tickets in this case. This means that many of them chose to stay at Xi'an for some days to travel around before and after the concert, making large amounts of consumption in products like taxi fees, souvenirs, and food. Therefore, in some cases, having irrational consumption can bring positive influences on society and foster economic growth.

2.2.2. Negative Impacts

On the other hand, here are some examples of negative impacts due to irrational consumption that can be directly seen in this case.

First, heavy debts. Fans who bought their tickets from the scalpers with sky-high prices might need to borrow money from others or take out loans to buy the tickets. In this case, especially with young fans, it is hard for them to get out thousands of RMB without the support of others. This might further lead to financial burden as the amount being spent on those products accumulates.

Second, wasted resources. On the weekend of the concert, many ordinary people and businessmen said that they couldn't buy train tickets and air tickets to Xi'an for emergency conditions. Because of those fans, the tickets to Xi'an were sold out a few weeks ago. Therefore, the ticket resource was wasted by those fans without tickets who still went to Xi'an.

Third, being scammed. Many fans, and not just students were being scammed because they wanted to get the concert tickets. For example, some fraudsters pretended to be ticket sellers and got money from fans without giving them the tickets. Because they were so excited about participating in the concert, they often skipped the step of identifying whether the men standing in front of them were fraudsters.

3. Incentives Of Irrational Consumption

The impacts of the irrational consumption phenomenon bring out a question to consider: what causes the irrational consumption of fans? According to some studies of the mentality of fan economy and irrational consumption, the incentives are divided into two big categories, external and internal factors.

3.1. External Factors

The most influential factor is the high-speed development of network techniques [5]. This enables businesses to advertise their products more diversely and attractively, which creates lots of commercial opportunities. There are lots of social Apps, some favorite ones such as Weibo and TikTok. Many businesses choose to create an account on those platforms and advertise their products. In addition, many fans like to publish information or videos about their idols on those platforms, letting more people be involved in this fan culture. Therefore there's a higher chance for irrational consumption. Also, consumers can purchase more conveniently so that they might skip the step of calculating the costs and benefits. In this case, the tickets were sold on online platforms, so it only requires a few seconds to purchase the tickets [5].

Another external factor is the decisions of the public [2]. People are used to following trends and fashions because they do not want to feel that they are out of fashion and eccentric, and so do fans. Therefore, when some fans start to say that they are going to this concert, other fans might follow them because they think it is the right thing to follow the majority of people, or when they follow them, there's a sense of belonging [6]. Also, there's often a countdown system in ticket platforms, which can make fans to be more excited about snatching the ticket. When other fans started to disguise the countdown, even those who didn't plan to snatch the ticket due to other reasons would be excited and try to snatch the ticket, and if they successfully got the ticket, as fans they would probably not return the ticket.

3.2. Internal Factors

First, lack of self-control is the biggest problem [5]. As mentioned earlier, many of the fans are students. Studies have shown that teenagers usually have immature nervous systems. The subcortical region controls a person's emotions and the prefrontal control region is responsible for self-control, and they have different rates of development in which the former develops earlier than the second. Therefore it is easier for them to be influenced by external stimuli that can affect their emotions [7]. Also, because they are young, the experiences and the information that they receive are not sufficient to construct a fully developed consumption view, so it is possible that they made mistakes in decisions related to costs and benefits.

Another internal factor is the sense of trust [5]. In this case, many fans tend to trust TFBOYS unconditionally because they believe in their vision, especially when they have admired them for many years. They might trust that TFBOYS is going to perform at their highest level during the concert, and most importantly, they believe they are in a situation where love is going in both directions. Therefore they believe that whatever the ticket price is, it is worth it. In other cases, some fans tend to assume whatever their idols did is correct, for example, if their idols recommended something to them, there is a high chance that the fans are going to buy it, and this is the value of using celebrities to advertise for a product.

In addition, the sense of involvement and belonging is also an internal factor that fans may consume irrationally [5,8]. When they buy something that is related to their idols such as products that they endorse and their concert tickets, they would feel that they have contributed something to make their idols successful or as if they are closer to them. Also, they would feel a sense of deferred gratification when they received those products. This is because in general, most of the peripheral products are pre-sold, which means that they need a long time for them to receive the products, so the excitement and happiness that they can obtain from receiving the products are greater. Therefore, many of them are willing to spend as much money as they can gather on them.

4. Suggestions To Avoid Irrational Consumption

4.1. Education

Nowadays in school, there's a lack of provision of lessons related to finance and the management of money. Even if those lessons are provided, they are not compulsory, so many students end up not taking any lessons related to money. Therefore, their consumption views were not built up, or their consumption view is immature, so when they are facing decisions associated with money, they may not be able to identify the best way to allocate their money, leading to irrational consumption.

If schools can offer lessons that can teach students about the management of money, their consumption views can be built up so that they can figure out a more suitable way to spend their money [5]. In addition to lessons, schools can try to offer "money consultants" for students who would like to solve some monetary problems in real-life situations. For example, when they were

insuring about whether they should buy this peripheral product, they could go and ask the money consultant in school. The consultant could consider the student's purchasing power and the value of the product to come up with fair advice. In this way, lots of irrational consumption should be avoided.

4.2. Propagate Buying on Proper Platforms

In many cases related to fan economy and irrational consumption, when products related to celebrities were sold out on proper platforms, many fans would choose to purchase for them from scalpers with high prices. As shown in the case above, many people were being deceived by people who pretended to be scalpers, which is caused by irrational consumption.

If celebrities can advise fans to buy their products on the proper channels and let them be rational when chasing stars, fans might listen to them and decrease their irrational consumption. Here's an example in real life that works with this method. One Chinese influencer once told his fans to buy his products on the formal platform and not trust anyone who was trying to sell the products at a different price easily when he was broadcasting, either at a lower price or a higher price. Over 90% of his fans listened to him. In addition, because of his actions, he gained a greater number of fans, so this is both beneficial for fans and celebrities.

4.3. Government Intervention

In many cases, fan economy can lead to various problems, and these problems are usually related to irrational consumption among fans. For example, the scalper price and the second-hand price of products related to celebrities like concert tickets might be too high. Many fans still choose to purchase for them even if the price is high. This is because there is no control of the price in this market so the producers could choose to maximize their profit as much as possible.

If governments can regulate the price of those products by spreading some legislation, the price can be controlled in a range that would not negatively affect fans a lot. For example, the government can set a maximum price for those products, and whoever breaks the regulation will be fined. In this way, even if fans wanted to purchase as much as they wanted for those products, the amount they ended up purchasing would not be too much, so this can reduce the negative influences brought by irrational consumption.

5. Conclusion

Irrational consumption among fans is a double-edged sword, meaning that it can be both a positive thing and a negative thing depending on different perspectives of judging it. The amount of people involved in this "idol culture" keeps increasing, so this might cause more people to make irrational consumption. If this phenomenon keeps expanding, the level of the negative impacts will increase as well. Therefore, this issue requires more attention in society.

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