

Analysis of the Strategy and Practice of Entertainment Companies Using Fan Psychology for Profit

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Abstract. With the quick advancement of Internet technology in recent years, the idol cultivation model has rapidly emerged in the Internet and entertainment industries. Based on the theoretical basis of fan culture and fan economy, this paper explores how entertainment companies use fan psychology to improve profitability and analyzes the business logic and psychological mechanisms behind it. In addition, this paper also takes Korean companies such as S.M. Entertainment and HYBE as examples to explore the role of globalization strategy, social media marketing, and fan community operations in improving profitability. The study found that entertainment companies can effectively enhance the commercial value of idols and transform fans' emotions into actual consumption behaviors through accurate fan portraits and differentiated personality strategies. However, this business model also brings social problems such as extreme fan behavior and waste of resources. This article calls on entertainment companies to pay attention to fans' mental health and social responsibility while pursuing commercial interests, to achieve sustainable development of the entertainment industry.

1 Introduction

In recent years, with the rapid development of online life, domestic streaming media such as iQiyi or some short video platforms have gradually replaced people's past entertainment projects and become a new way to relax. Various short dramas and variety shows are emerging in an endless stream. According to statistics from the National Data Network, the number of TV dramas broadcast in 2023 will reach 210,000. At the same time, various ways of debuting, taking the major brokerage companies in Korean entertainment as an example, excavate and cultivate trainees, and after several years of training and selection, they are finally presented to the public through stage performances. By showing the growth process of their own lives, idols make fans think that they seem to be with the idols and participate in their growth. Fans vote, hit the charts, cheer, and do their best to make their favorite idols debut. This kind of "cultivation system" idols, such as the Chinese youth idol group TFBOYS, the top group BTS in the Japanese, Korean, European, and American circles, etc., have created a "unique" emotional connection between fans and idols, and made fans have a strong

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emotion for idols. This has led to more and more new generation idols sweeping the entertainment industry, bringing the "star chasing" trend to a climax. Brokerage companies "consume" idols by selling albums, peripherals, concert tickets, etc., converting fans' emotions into commercial benefits, and creating huge commercial value for entertainment companies. "Star chasers" satisfy their support and love for idols by purchasing these products, and even invest a lot of time and money.

Behind these seemingly pure emotions, brokerage companies use a variety of means to accurately use fans' psychology to promote consumption behavior and maximize profits. These methods can indeed bring considerable income to brokerage companies, but the psychological principles behind them have never been truly understood by people, so some extremely young people, even teenagers who are not mature enough in their thinking, and their families have caused great harm. How do brokerage companies use fan psychology to promote consumption? What position does fan psychology occupy in such business development?

The research direction of this article is to analyze how entertainment companies use fan psychology to improve profitability, how to make idols a tool to make money, let fans have special feelings for idols, and convert such feelings into business opportunities. In order to support the future growth of the entertainment sector, hope that our study will assist fans in avoiding overconsumption and in viewing star chasing rationally.

2 Theoretical basis

2.1 Fan culture

Fiske pointed out that fans are the "excessive" part of the audience. Fans are extremely devoted to their favorite idols, and their emotions and behaviors are enthusiastic, active, and fanatical. They are not different from ordinary audiences in terms of category, but more in degree. It is because of this "excessiveness" of fans that fans have become "the most discerning and picky group among the people" [1].

Fans have a strong sense of participation. Fans waving light sticks and singing with singers at singers' concerts, fans wearing the same jerseys on the court, and "human waves" completed by the audience have all become part of the performance. In particular, the intervention of new media has greatly increased the participation of fans and provided an effective place and channel for fans' participatory practices [2].

Fan groups, widely known as "fan circles", constitute a special community gathered around common idols in the Internet space. These fans, although strangers to each other, are closely connected because of their shared love for a certain idol and regard the idol as a spiritual pillar. Each idol has tens of millions of fans, who are gathered together by common emotional bonds, forming a small group with strong cohesion and a sense of belonging, with the same goals among members. With the rapid development of technology, the convenience of information dissemination is particularly significant on large social media platforms such as Weibo, which not only promotes interaction between fans but also leads to class differentiation within the fan group. Among them, fans with high ability, appeal, and influence often become the center of a natural gathering of "little fans". In addition, due to the excessive exaggeration of brokerage companies and netizens, some fans' behavior tends to be extreme.

Taking the 2021 Mainland China talent show "Youth With You" as an example, the program sponsor placed the voting QR code inside the milk bottle cap, aiming to use the fans' support for idols to promote milk sales and program participation. To help their idols debut, fans bought a lot of milk and scanned the QR code inside the bottle cap to vote. However,

faced with the problem of excess milk that could not be consumed, some fans, under the influence of the group, took the extreme action of dumping milk into the river, which not only caused environmental pollution and waste of resources but also aroused widespread social concern and controversy. The entertainment company originally aimed to promote the voting activities of the draft by attracting sponsors to cooperate and using the "cultivation system" of fans to participate in the psychology, while using the purchasing power of fans to increase the market demand for milk, to come to an agreement that benefits both the sponsors and the program group. However, due to the extreme influence of some fan circles and the extreme voting methods adopted by fans, the program was eventually forced to postpone its broadcast, and the relevant debut group failed to debut successfully, highlighting the complex and sensitive relationship between the fan economy and the program operation strategy. With such a strong cohesive fan organization, it plays an important role in bringing huge income to the agency. Fans will feel satisfied and have a sense of identity by consuming idol-related products, especially genuine products designed by the company.

2.2 Fan economy

Li Guangdou proposed in Fan Economy that the essence of the Internet era is fan economy. As long as you have a huge number of fans, you can gain huge influence. Fans will also change from consumers of products to participants and manufacturers of products. Fans need to be properly managed so that the fan effect can be expanded and economic benefits can be sustained because fans are the highest quality target consumers [3]. Zhang Qiang proposed that the fan economy is a new economic model, a marketing method centered on the emotions of fans and fan groups are gathered together through the Internet. In the mid-20th century, foreign researchers began to study fan behavior. For example, British scholar Sears believed that in the process of transformation of the media industry, loyal fans will most likely become consumers under strong attraction [4].

2.3 Analysis of the profit strategy of entertainment companies

The driving force of brand marketing communication of entertainment brokerage companies mainly includes three aspects, namely artist training, brand building, and globalization. The rapid development of the entertainment market has continuously pushed various celebrities with different personalities to consumers. Many personalities in the market are becoming less and less differentiated, and even "no differentiation" has appeared. In the process of the development of the domestic entertainment industry, video websites iQiyi and Tencent Video realized that this visual industry was very likely to cause aesthetic fatigue in consumers, and successively launched idol training programs to form a new idol market environment. Compared with ordinary artists, idols appear and change more quickly, which promotes the demand for communication methods. Their main demand is a large amount of exposure (i.e. traffic). Therefore, brand building has become an important means for entertainment agencies to develop and enhance their competitiveness. With the development of economic globalization, regionalization has gradually decreased, and entertainment agencies have gradually transcended geographical boundaries and begun to develop globally. The Korean entertainment agency JYP Entertainment launched the boy group Boystory in China, which has a wider brand influence and is more likely to succeed in brand extension. In the cultural industry, compared with domestic awards and honors, honors prefixed with Europe, America, Asia, and the world show the strength of the brand and will also increase consumers' brand preference and brand loyalty [5].

Because of its distinctive approach and creative business plan, it holds a prominent place in the K-pop sector. S.M.'s brand positioning has firmly grasped the target consumer group

from the beginning, attracting young consumers with young idols. In the early stage of product manufacturing, that is, the selection and training of artists, should accurately grasp the market dynamics and lock in the target consumer groups. According to the preferences of different countries and different consumers, should segment the market and tap the market potential. To avoid the emergence of homogeneity, should maximize the differentiation. S.M. has always maintained the most S.M.-style performance, adapting to the market while maintaining its characteristics and style [6].

S.M. obtains music sales revenue through the release of albums and singles by its idol groups, such as NCT. Digital music and physical album sales are the main sources of income. South Korea's large TV stations such as SBS and KBS will hold music promotion activities for different idol groups every week, and the champion will be determined by comparing album sales and sound sources. The source of album sales is the fan economy. As consumers, fans not only satisfy their own comparison psychology and sense of achievement but also bring huge income to the entire Korean entertainment industry. S.M. will also launch multinational idol groups, such as NCT, which has a total of 25 members from five different countries. Different sub-groups will debut around the world, targeting the global market. S.M. operates fan communities in depth through fan platforms and membership systems and even provides a dedicated platform for idols and fans to interact and chat, greatly enhancing fan stickiness.

S.M. Company records artists from the time they are selected as trainees, to practice, debut, backstage life, and daily life. They will occasionally release photos or make videos to let fans see that idols are not as glamorous as they imagine. In particular, the high intensity of practice and the daily life of the members will make the audience empathize. Through such storytelling publicity, the audience will feel that idols are ordinary people. In this way, after the audience gets to know these artists, they will accept them emotionally and their loyalty to the artists will be higher. After a certain degree of loyalty is generated, it will be relatively easy to continue to shape the diverse image of the artists [7].

YG Entertainment was founded in 1996. As the largest HIP-POP company in South Korea, it has a large number of versatile artists and the best reputation in the industry. In the new media environment, if the quality of a merchant's products and services exceeds consumers' expectations, then consumers will spread the word of mouth and promote you for free. In 2006, YG launched the idol group BIGBANG. In 2015, since the release of the information about BIGBANG's world tour in China, it has been constantly on the hot search list of Sina Weibo by Chinese fans. Many big Vs have reposted it, and the group members have also registered Sina Weibo accounts to interact with fans, setting off a new trend of watching BIGBANG concerts in China. Many passers-by who originally lacked knowledge of BIGBANG also bought tickets, and tickets from major ticketing systems were snapped up within ten seconds. Then, YG immediately held a fan meeting and participated in the Chinese award ceremony while BIGBANG's China tour was still hot, constantly expanding its consumer group. It can be seen that in the new media environment, this low-cost, high-efficiency, and consumer-active viral marketing method has brought YG's overseas market to a new level [8].

Promotion is sales promotion, which means that companies encourage and guide consumers to buy their products through various incentives to achieve the goal of increasing sales. Its essence is a communication activity to promote business. Korean pop music has quickly established its brand image and increased brand awareness through promotion planning by leveraging key elements of success, unique resources, and the core capabilities of companies. First, the key elements of success are those product features that are considered to be particularly valuable by consumers. In the music market, brand labels will undoubtedly become an indispensable tool for measuring product value. Therefore, Korean pop music often wins various awards and creates a high-end brand image. Through the promotion model

of improving performance benefits, the audience can obtain brand satisfaction and achieve marketing goals [9].

3 Profit strategy

The construction of fan portraits plays a vital role in the process of brokerage companies accurately operating fan economy and improving the commercial value of artists. This process involves multi-dimensional data analysis of fan groups, covering demographic characteristics, behavioral habits, and interest preferences, aiming to provide a scientific basis for brokerage companies to formulate more accurate marketing strategies and content planning.

Taking TFBOYS as an example, the early fan portraits revealed that its main audience group is Chinese teenagers aged 12 to 22, and they are mainly concentrated in first- and second-tier cities. Based on this meticulous fan portrait, the brokerage company carefully planned a series of variety shows and fan interaction activities that meet the interests and preferences of teenagers, such as "TFBOYS GO" and "Idol Notes". By improving the interactive experience, these materials and activities not only accurately mirror the fan group's everyday lives, but they also greatly increase the fans' sense of involvement and loyalty.

Furthermore, to delve thoroughly into consumers' preferences for music genres, variety show themes, etc., entertainment organizations employ fan research techniques and big data analysis. to ensure that the content created can accurately reach and meet the needs of the target audience. This data-driven content creation strategy has greatly enhanced the appeal and influence of the content.

In addition, creating a unique and attractive persona for idol groups is one of the key strategies for entertainment companies to increase the popularity of artists, attract fan groups, and realize commercial value. A successful persona can not only highlight the personality characteristics of idols but also resonate deeply with fans, thereby enhancing fans' sense of identity and belonging. Within idol groups, to avoid homogeneous competition among members, entertainment companies will even make strategic adjustments, such as eliminating members with similar personalities, appearances, or characteristics, to ensure that each member can have a unique and distinctive persona.

As a unique idol group in the entertainment industry in mainland China at that time, TFBOYS stood out with its youthful, youthful, sunny and positive image. Through launching inspirational songs such as "Youth Training Manual", participating in charity activities such as the United Nations speech, and recording variety shows such as "All Accelerate", TFBOYS has continuously strengthened its unique persona and successfully attracted a large number of highly sticky fan groups. To date, the number of fans on Weibo of the group has exceeded 80 million, which fully proves the effectiveness of its precise operation and fan economy strategy.

Taking Korean entertainment as an example, a series of works such as album production, planning positioning, and publicity preheating have been prepared long before the artist debuts. Large companies with strong industries and sufficient budgets will spend several years preparing for the incubation of an idol group and packaging the artists in all aspects to capture the public. The appearance packaging of South Korea is even more first-class: the makeup, lenses, filters, and styles of the artists are all unique. Stylists will also try various styles for the members at any cost, carefully selecting and tailoring the most suitable appearance design. When the artists perform on stage, the camera uses close-ups and close-ups to magnify the advantages of the artists and highlight the highlights of their appearance and figure. Hallyu groups are good at using modern, personalized, and highly impactful visual styles to attract attention. They will also plan their styles according to trends and

changes in fans' preferences, keep up with the times, and create more freshness. The excellent packaging of Korean entertainment has successfully attracted the attention of young people in China and ultimately captured a large number of domestic fans [10].

4 Conclusion

This paper deeply explores the strategic mechanism of entertainment companies using fan psychology principles and fan economy models to improve their profitability and analyzes the deep logic and psychological basis behind this business model. The domestic entertainment business has experienced significant changes as a result of the Internet's and streaming media's rapid expansion. One such change is the growing emergence and dominance of the idol cultivation model. By implementing the "cultivation system" idol strategy, as shown in the successful case of TFBOYS, entertainment companies have successfully built a deep emotional bond between fans and idols, encouraging fans to deeply participate in the growth process of idols through voting, ranking competition, on-site support, and other methods. This emotional connection not only significantly enhances the loyalty of the fan group, but also creates considerable commercial benefits for entertainment companies, which is specifically reflected in multiple consumer areas such as album sales, peripheral products, and concert tickets, realizing the transformation of fan emotions into actual consumption behaviors.

However, behind the prosperity of this business model, the entertainment company's accurate capture and utilization of fan psychology cannot be ignored. By constructing a detailed fan portrait, entertainment companies can fully understand the key data of fans such as age structure, gender distribution, and interest preferences, and then formulate highly targeted marketing strategies and content layouts. In addition, entertainment companies are also committed to creating unique personalities for idols, deepening fans' emotional resonance and identity recognition through differentiated positioning strategies, and further consolidating the fan base.

This article further takes South Korea's SM Entertainment and HYBE as examples to deeply analyze how entertainment companies can further expand their profitability through global strategic deployment, social media marketing strategies, and refined fan community operations. SM has effectively improved the stickiness of fans by relying on the formation of multinational idol groups and the construction of fan interaction platforms. By using subject marketing techniques and the broad reach of social media platforms, HYBE has been able to spread information virally and garner the interest and involvement of a sizable fan base.

In summary, fan economy and fan psychology play a vital role in the entertainment industry. Through accurate fan portrait construction and personality creation, entertainment companies can effectively enhance the commercial value of idols, but they also need to be vigilant about their potential negative impact on society and fan groups to achieve sustainable development of the entertainment industry.

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