

Analysis of the Market strategy of Enterprises Based on Fan Economy in China Taking Fashion Magazines as Example

Shi Manyi

Shanghai Guanghua College
manyishi1229@126.com

ABSTRACT

The sales revenue of fashion magazines are growing rapidly even though the market of traditional paper media is declining in the digital age. Research finds out that fashion magazines transformed and reformed its company under the background of media convergence through market strategies based on fan economy. This paper aims to explore the effectiveness of this new business strategy along with the customer motivation behind it. In the process of writing, this paper mainly adopts the research method of issuing questionnaires in addition to personal interviews. The author also read papers on other related topics, expand and summarize some of the ideas based on my own views. Through the research, the author found that the fan economy can be used as an effective marketing strategy in the fashion magazine industry because of three factors: fan groups have become major readers of fashion magazines, introduction of celebrity cover magazines meet fans' psychological needs and complete after-sales services. However, under the high profit that fan economy brings, what is hidden is the danger of the damaging brand value of fashion magazines and the appearance of more low-quality industry competitors.

Keywords: *Fan economy, Fan culture, Market strategy, Fashion magazines, Consumer psychology.*

1. INTRODUCTION

With the booming development of the Internet, the way people gather information is no longer limited to books or newspapers, but from various social media platforms such as Wechat, Weibo, Instagram. This phenomenon severely affects the development of traditional paper media. According to the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT), the total number of printed journals in China is declining year by year from 2013. In 2017, the number fell to 2.49 billion, 25.7% less than that of 2012. Circumstances in newspapers showed the same trend as journals. Overall, the market demand for paper media has been sharply reduced and showing the declining trend of the whole industry. Consequently, traditional paper media is coming to a state where they have to transform and reform. What is worth mentioning is that the fashion magazine industry in China succeed in finding a new way of development that is to combine fan economy as their main strategy.

2. THE EVOLUTION OF CHINESE FASHION MAGAZINE INDUSTRY

2.1. started its development in the period of 1920s to 1930s

The development of the Chinese magazine industry originated in Shanghai. At that time, Shanghai was the largest modern city in China. The upper class society had a great pursuit of fashion and luxury. Therefore, fashion magazine culture was able to flourish there, and various new magazines began to be issued, including "The young companion" and "Linloon". The common feature of these magazines is that most of their content is about women's lives, trying to encourage women to pursue a better life through social noble entertainment. The themes and content of these two magazines played a very good guiding role in modern women's cognition of beauty at that time, and laid a solid foundation for the development of the fashion magazine industry in the future.

2.2. Stagnation phase (from the late 1930s to before the economic reform and open up)

Due to the war, during this period of time, the China magazine industry failed to continue its development. In 1939, the magazine Chinese Women was published to show photos of women's work and life, but these contents surely have nothing to do with fashion.

2.3. Stable development period(1978-1988)

With the development of socialism and the advancement of modernization, people started to pursue higher quality life, standard requirements for food, clothing and housing became much higher than before. Fashion culture then started to be noticed by more people again. The publication of fashion magazines such as "L'officiel" and "Shanghai style" met people's psychological needs. Generally speaking, at this stage, the Chinese fashion industry is developing steadily with the development of the economy [1].

2.4. Prosperous period (1988-2013)

In 1988, <<ELLE>> magazine and Shanghai Translation Publishing House cooperate with each other and introduce a brand new fashion magazine << ELLE China>>. This fashion magazine is considered to be the first professional fashion magazine indeed. From then, the number of sino-foreign cooperation magazines has continued to increase. Well-known fashion magazines with international copyrights have entered the Chinese market and competing for market shares During this period of time, more and more fashion magazines of various styles and themes emerged. According to statistics, there were more than 180 newly-published magazines in China in the year 2001 and 108 of them related to fashion.[2] The internationally renowned fashion magazines like Harper's Bazaar, ELLE, and COSMOPOLITAN also started to expand its business in China.

Circumstances of the recent Chinese fashion magazine industry seem to be more complex and the author discovered this in details in the following paper.

3. ANALYSIS OF THE CURRENT FASHION MAGAZINE INDUSTRY

After 2014, the fashion magazines industry was declining in the competition of the Internet and new media. Famous fashion magazine <<femina>> has declared that the 2016 November issue will be the final publication. Magazine <<Ray>> ceased their publication in 2016 and only electronic journals are kept. Apart from that, data from CTR, Research Department of China International Capital Corporation shows that the Chinese magazine advertising market has been failing since 2013 and in 2016, the figure plunged

30.5% compared to the previous year. This has led to a significant fall in advertising revenue of fashion magazines, leading to their closure in publication. Under such a tough environment, sales of many fashion magazines achieved overcoming the problem and their sales revenue are increasing significantly nowadays. Figaro's July 2018 magazine sold out in three seconds. Harper's Bazaar 2020 February sold 100,000 copies in one second and over 150,000 copies in 10 minutes. The sales of Cosmo in March 2020 exceeded 13,140,000 RMB. They all stopped using the traditional business model, and committed to fan economy as their main strategy, began to invite popular celebrities to be magazine covers.

4. HOW THE FASHION MAGAZINE INDUSTRY WORKS WITH THE FAN ECONOMY

Fan economy refers to an operational mode that aims to satisfy the desire of fans and has become a powerful economic force in the modern world that promotes the growth of various industries. The "fan culture" and "fan economy" started their development in China in the late 1990s, and at that time "fans" were still a group of members that lacked planning and organization. However, today's "fans" tend to be more professional and well organized. They are people from all age groups and various social backgrounds, with an extraordinary passion for supporting what they admire (celebrities, artists or fashion designers). According to George R. Milne and Mark A. McDonald, fan identification can be divided into three discernible levels: low (social fans), medium (focused fans), and high (vested fans) (Milne & McDonald, 1999).[10] Most of them especially for the medium and high level groups of fans have a striking impulse to consume for idols. Because of the strong purchasing power of fans, fashion magazines like Harper's Bazaar, Figaro, GQ and so on launched a new brand positioning, focusing on working with "top-tier traffic" rather than professional fashion models.

In order to discover the reasons why fan economy is rising in the fashion magazine industry, the author carried out an experiment design using a questionnaire. For this experiment, there were 100 participants from various ages and social-groups which may better reflect a more realistic social situation. There are several reasons that I have discovered.

Firstly, data shows that fans become the main customers of fashion magazines[3]. For the 100 samples collected, 64 of them bought fashion magazines before, and for those samples, 79.69% of them choose supporting idols as their main reason for buying fashion magazines, which is a much higher percentage than the common reason in the past, that is to study fashion trends and entertainment. What's more worth mentioning is that, there is a high proportion of them,

that is nearly 93%, will buy their idols magazine even if they are not familiar with it. All the data the author collected firmly support the view that, for the recent world, the main buyers of fashion magazines are those celebrity followers.

Apart from that, another important reason is that the market strategy used by fashion magazine companies perfectly satisfies the psychological wants of fans. Fans get a sense of happiness by buying magazines that have eye-catching photos of their idols on the cover. In order to have better understand the feelings of fans, the author carried out another experiment design using a one-to-one interview to discover the emotional reasons from a fan perspective. The first participant Amy that the author interviewed is a high school student who has 5 years experience of being a fan. According to Amy, she said that she enjoyed buying her idol's magazines, and used them for collection. In addition to that, Amy shared a view that sales revenue of fashion magazines are important as it implicitly shows the commercial value of a celebrity. As a fan, she wants to help the career of idols as much as she can, so she actively participates in every magazine purchase mission and works with the fan club. Another participants Candy the author interviewed claim that every fan is eager to see their idols be featured in well-renown fashion magazines. For them, it is an honor. She also points out a similar opinion as Amy that sales revenue also indicates fashion resources and job opportunities that idols can get. In the questionnaire the author designed, 27 out of 51 participants who buy fashion magazines for idols will buy the same magazine more than once, aiming to increase the total revenue. To conclude what the author mentioned before, it is clear to see that fans buy fashion magazines for enjoyment but also to meet their expectations in idol's career.

For the third reason, fashion magazines often provide high quality "after sale" service which greatly attracts fans to buy more fashion magazines. Owhat electronic magazine has held sales tasks many times, and once the number of purchases reaches a satisfying level, it will hold personal magazine signing. Because of this, many fans will have greater incentive to buy magazines, hoping to have the opportunities to meet their idols. Apart from the signing session, fashion magazines like Harpers' Bazaar and COSMOS also take advantages of digital wave. They start using Weibo V (users with the influence who been verified in Weibo), WeChat official account and other media platform to spread more fashion news of celebrities (such as the red-carpet photos of celebrities participating in BAZAAR charity night, interviews or short-video provided for fans to discover more unfounded personal charm of their idols)[9]. Consequently, a friendly relationship can be established between firms and fans, thus promoting a better customer loyalty and thickness.

5. POTENTIAL PROBLEMS

Market strategy based on fan economy does work effectively to some extent, but it may also involve several potential problems.

To start with, brand image will be damaged and may be blamed by the public that fashion magazine industries are over relying on traffic stars to make money[6]. Magazines that blindly pursue high sales from fans will be criticized by the public for their ugly attitude. Some magazines, in order to stimulate more sales, will adopt the purchase list system. Those who buy more will be rewarded by things like autographs. When Elleidol launched Chinese boy band R1SE's cover magazine, it posted on its official social media that fans would need to buy magazines to help the unlock several welfare such as individual covers of its members. These marketing methods advocate many customers' irrational consumption, which brings a bad atmosphere to society.

Moreover, the quality of magazines is reduced, and there are more and more standardized and less creative magazines in the market[4]. Instead of focusing on how to spread fashion knowledge and upgrade the professional level of content, fashion magazines now tend to focus more on how to attract more fans through marketing. This has greatly lowered the threshold of the fashion magazine industry, with low barriers to entry resulting in the uneven level of the fashion magazines in the industry. Relying too much on star power without improving the standard of magazines will erode its brand value. When the contents of fashion magazines can no longer lead the trend that they can only react passively under the fan economy, this will consume the credibility of the media itself.

6. CONCLUSION

In conclusion, the fan economy indeed brought unignorable high profits to the fashion magazine industry. This undoubtedly brings hope to the declining paper media. However, this does not mean that the fan economy is a long-term effective marketing strategy. While maintaining the fans as main customers, the fashion magazine industry needs to improve its content and find new marketing methods. This is because when fans buy magazines, they are not considering content but the commercial value of their idols behind. The culture of fashion magazines will gradually be forgotten by the public. Those magazines that have high-quality content but ceased publication because of not inviting celebrities are undoubtedly an irony to the entire publishing industry. More importantly, fans are not the only determination of high revenue. This is not only for the fashion magazine industry, but also for other industries such as movies, clothing and food. Many examples prove that relying solely on fans cannot bring 100% satisfactory results. The Chinese film << Jade

Dynasty I>> and << Shanghai Fortress>>, even if they invited many traffic stars to participate, they still end up with a bleak box office. [3] This is precisely because they did not pay attention to improving the content of the film, which aroused serious dissatisfaction among the public. More importantly, products that rely on celebrity endorsements to make profit are risky to some extent. Many examples have shown that a company may be tragically resisted if their spokesperson has been involved in immoral scandals. The company may also be accused by the public of improper selection of spokesperson, which may lead to an indelible impact on the brand image. Generally speaking, it seems to me that the current fashion magazine industry should set a higher criteria for content, so that fashion trends and fashion culture can be better spread to the public and expand their customer base. This can be an important factor that helps the fashion magazine industry to achieve sustainable development.

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