



# Marketing Strategy Analysis of Products Derived from Fans' Economy—Take Yuying Wenchuang Company as an Example

Jinyi Yang<sup>1</sup>(✉), Hongxing Yang<sup>2</sup>, Shishan<sup>2</sup>, and Xiaoqiang Zhao<sup>2</sup>

<sup>1</sup> Robert H. Smith School of Business, University of Maryland, College Park, USA  
jyang.116@umd.edu

<sup>2</sup> Huaneng Huaneng Longdong Energy Co., Ltd., Qingyang, China

**Abstract.** Took *World of Honor*'s peripheral products' crowdfunding program which established by Yuying Wenchuang company as an example, analyzed the characteristics of companies which mainly rely on fans' economy and the products they sell. Due to special characteristics of crowdfunding products and different motivations for buyers to buy fans' economy products, companies which sell products rely on fans' economy will face more problems. This article used two products which have most serve problems in this crowdfunding program as example and described marketing and operation problems of this company face and why the company has these problems. In this end, put up some suggestions how to solve and avoid marketing and operation problems in the future.

**Keywords:** Fans' Economy · Crowdfunding · Microeconomies · Marketing Strategy

## 1 Introduction

### 1.1 Introduction of Fans' Economy

In a macro level, fans' economy mainly refers to the business model with fans as the main consumer group [1, 2]. In a narrow sense, fans' economy generally refers to the business income-generating behavior based on the relationship between fans and followers. Most followers are stars, idols and industry celebrities, etc. [3] Besides that, many TV series, movies also have some business income-generating behaviors. There is a wide range of fans' economy. The most obvious is concert tickets, ball game tickets, music albums. Secondly, there are some obvious endorsement products and peripheral products of film and TV series, such as: the same products of film and TV series. In the fans' economy, the subject of consumption has the dual attributes of fans and consumers. As for fans, consumers with adoring and following psychology, their consumption goals are alienated and irrational [4]. The enlightenment given to us by the fans' economy is simply word of mouth + large fan traffic  $\approx$  profit. There is a conversion rate that successfully converts fans into consumers [5].

## 1.2 Introduction of Crowdfunding

Crowdfunding consists with initiators, follow-up investors and platforms. Compared to traditional financial methods, crowdfunding has lower threshold, bringing unlimited opportunities for entrepreneurs and operators of small and medium enterprises. In 'Internet +' era, cultural crowdfunding is a product of the combination of traditional cultural industries and the Internet [6, 7]. Programs on the civilized creative crowdfunding platform are original, innovative, forward-looking and executable [8].

Some rules of Crowdfunding: Within the set number of days, if the ratio of crowdfunding financing reaches 100%, it is considered successful, initiators will obtain funds and startup the program. But in fact, crowdfunding projects can still continue to raise funds within the set time, which means that the final financing ratio of crowdfunding projects is greater than 100% [9]. After finishing the program, investors will receive initiators' pre-commitment returns. If the crowdfunding programs failed, all funds will be return to investors. Normally, refunding is available during crowdfunding, no refunds when crowdfunding ends. Even through investors are permitted to refund, only partial refunds are available. In addition, most of crowdfunding programs will set a lot of unlock programs. For example, when program succeed, initiators will provide some limited gifts for investors. This kind of gifts can't buy in different channels. Generally, many merchants will re-sell crowdfunding products in their shops, but price of re-sell products will higher than price of same products when crowdfunding program in progress.

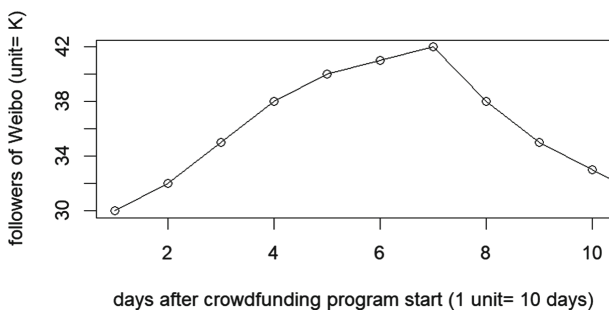
## 2 Overview of Crowdfunding Program Established by Yuying Wenchuang Company

### 2.1 Overview of *World of Honor* Peripheral Products

*World of Honor* is a popular TV series in 2021 March. When *World of Honor* are updating and releasing, many companies are participated in peripheral products of *World of Honor*. *World of Honor's* derivatives included the same accessories in the play, and derived the same style of Hanfu (Chinese traditional clothing), jewelry, perfumes, etc. All of these products are pre-sale in Taobao, part of products use pre-sale and crowdfunding method.

### 2.2 Some Advantages of Crowdfunding Program Established in Early Stage

*World of Honor's* crowdfunding program of Yuying Wenchuang company is one of the representative projects. It focuses on 100% restoration of the same accessories and props in the play, as well as some derivative jewelry. When starting of crowdfunding program, some advantages of the program emerging. Compared with other similar peripheral products, Yuying's crowdfunding program had the shortest of production period and no bundled sales. Because of crowdfunding program, after amount of money achieved or exceed the set amounts, buyers will get different gifts. These gifts will not give away when crowdfunding end and finished. These gifts will not sell by other merchants, has scarcity characteristics. Products purchased during crowdfunding will be received earlier than products of the same type purchased after crowdfunding. Besides that, compared with other companies, this company has two-year experience of making films' and TV



**Fig. 1.** Changes of Weibo Followers of Crowdfunding Company (self-drawing).

series' peripheral products. Yuying Wenchuang company had 30k followers in Weibo Platform. When *World of Honor's* program started, the followers of Weibo Platform increased. But when most of buyers received their products, the followers decrease into 30K. (See Fig. 1).

The curve above represents the changes of Yuying Wenchuang's Weibo Followers' numbers when *World of Honor's* crowdfunding program started. When crowdfunding program ended and some sample products showed to buyers, some buyers refunded and did not follow this company in Weibo Platform.

### 3 Analysis of Problems and Causes in World of Honor Peripheral Products' Crowdfunding

#### 3.1 Some Problems in *World of Honor* Peripheral Products' Crowdfunding

The most obvious problem of *World of Honor's* peripheral products is understaffing, staffs in Yuying Wenchuang company only focus on crowdfunding program follow-up and product optimization, not customer service. For example, agents of customers services often offline, the problems of customers cannot be answered on time. Besides that, in the later stage of crowdfunding stage, the production progress of different products is updated slowly, and customers cannot know the progress information on the appointed dates. Among them, folding fans and White Jade Hairpin have most serious representative problems.

Because there are several props' folding fans used in the *World of Honor* TV series, and pattern of each props' folding fans' bones was different, many buyers are dissatisfied with the pattern of one folding fan which they do not like. After buyers repeatedly suggested changing folding fan bones' pattern to a desired style, Yuying Wenchuang company didn't modify folding fan bones, the company also claimed that they are unwilling to follow the revision suggestions of buyers, and the satisfaction of buyers dropped instantly. Besides that, products were about 1.5 months later the agreed delivery day and was delayed several times, causing some anxious buyers to refund after promised delivery day. Some buyers found that folding fans bones are full of imperfections and wrinkled fans' surfaces. Therefore, many buyers complained on Taobao platform, even

got refund directly. Also, some buyers who are not satisfied with qualities of folding fans after receiving return it directly.

The problems of White Jade Hairpins are most severe. In the early stage, the company chose several different jade materials to manufacture White Jade Hairpins. Finally, using Hetain Jade as raw material to make a 100% restoration of the White Jade Hairpin with 500 limited pieces, RMB 499 yuan for each. This White Jade Hairpin would give two resin imitation jade hairpins the company also promised to find another cheaper jade material to make it before ends of crowdfunding. Subsequently, the company received many requests from buyers and decided to add a file in crowdfunding: White Jade Hairpin made by Hetain Jade, RMB 699 yuan for each, is same quality as that of 499 yuan, and an extra resin imitation jade hairpin will be given. Besides that, the company also released RMB 38yuan resin imitation jade hairpin. Before ends of crowdfunding, the company also release cheaper White Jade Hairpin made by White Marble, RMB 179 yuan each. In the early stage of White Jade Hairpin made by Hetain jade, there is a big difference between real products and props in TV series. For example, the hairpin is too thick, head of hairpin is too large and the hairpin is not agile compared with props hairpin in TV series. This problem has caused many buyers to be disappointed with the merchant and get refund before end of the crowdfunding. Due to the large number of orders for the White Jade Hairpin made by Hetain Jade, the pre-sale period was extended for nearly four months. Since the company informed customers in advance, most customers can accept extension. However, in the shipment period, although the delivery time is earlier than agreed time, there are many quality problems. In order to avoid damage, the company promise all jade hairpins shipped by SF Express which includes price insurance, and shipment costs paid by the customers. However, due to merchant's reason, the shipment company switch to Jingdong Express which also includes price insurance, and shipment costs paid by the customers. It is means that buyers (receivers) need to open the package in front of the courier for check quality of products. Some Hairpin made by Hetain Jade have defects due to packaging problems. However, sellers would not provide after-sale service for customers who do not taking video for the unpacking process. This problem is more serious in White Jade Hairpin made by White Marble. Because the material of White Marble is more brittle, the hairpin of white marble is easier to break. Because of no cooperation between Jingdong Express and Taobao Platform, there are no logistics information was displayed after sellers ask Express Company to ship products. Therefore, many buyers do not know that the Jingdong Express they received is the White Jade Hairpin. Sellers only notified buyers on the Weibo platform after ask Express Company to ship products, and did not send a text message or private message from Taobao to inform buyers.

Because the delivery time is mostly on working time, many buyers could not sign for it in person. Later, they found that the White Jade Hairpin made by White Marble was seriously damaged. Part of which was not damaged when unpacked, also broke or damaged within a few hours after first opening. Some orders sent wrong gifts to customers. When customers reported the situation to sellers, sellers refused to admit the mistake, saying that it was all caused by the buyer's inappropriate inspection and the courier's inattentive work, and refused to refund for products, even re-ship a new product. As a result, some customers complained on the Taobao platform. Taobao's official after-sale

customer service has dealt with complaints and protect rights of customers. Then, most of customers who receive damaged products complained to Taobao official after-sale customer services. Yuying Wenchuang Company's Taobao shop was punished by the closure and the goods could not be purchased. Finally, under the compulsory requirements of Taobao platform, the sellers promised return the damaged products, refund for customers and pay shipping cost. If customers still were willing to get the products, sellers can re-ship a new one. Seller had also compensated customers for all complained orders.

After the crowdfunding ended, the White Jade Hairpin made by resin imitation jade, which can be shipped normally, were dissatisfied by buyers due to color and material. As a result, the company decided to ship old version of White Jade Hairpin to customers who bought it which made by resin imitation jade, and later shipped a hairpin with better quality and color, which closer to the White Jade Hairpin in the TV series.

At the end of the crowdfunding of Yuying Wenchuang company, many sellers refunded their money because they were not satisfied with the sample products. However, due to the traits of crowdfunding, only the final payment could be refunded, and the deposit could not be refunded. Therefore, many customers unsatisfied with Yuying's refunded rules, and the seller had no choice but to refund the deposit.

Besides that, other peripheral products in the company's crowdfunding company of *World of Honor* also had many problems. Most of products had problems of delayed shipment to customers and insufficient after-sales service. For example, 925 Silver White Sword Bracelet, seller had repeatedly changed the shipment time, and directly gave a sympathetic explanation: due to the optimization of the product, it cannot be shipped on time. After being complained by the buyer, the company remembered to negotiate with the buyer to deal with it.

### 3.2 Analysis of the Causes of the Problems

There causes of the crowdfunding programs of *World of Honor* 's peripheral products as follows:

- (1) Because many of peripheral products in Yuying Wenchuang company's crowdfunding programs of *World of Honor*, different products had different construction time. Due to special trait of crowdfunding programs, the production time is longer, resulting in delayed shipment.
- (2) Due to the small scale of the company, the orders for this project are extremely popular, the order volume is too large, and this company's employers are not sufficient. As a result, Taobao customer services' agent often cannot provide online services one time, causing bad experience of customers' service.
- (3) The company was unable to correctly estimate the production period. In order to attract customers to buy their products, the company write the earliest possible shipping date to give their products comparative advantage. However, because the production of all products is actually outsourced to other factories, there are many uncontrollable factors. Besides that, sample products were not carefully produced. The gap with expectation of products is very large. Therefore, it needs to be sent

back to make sample products again, resulting in slower delivery by the factories and further delay shipment to customers.

- (4) In terms of propagating, there is a certain sense of falsehood, exaggerated publicity, and the company is insufficient in the ability to restore 100% products compared with props in the TV series. The company's main focus is to 100% restore the accessories and props in TV series and films; but in fact, some products do not meet the restoration standards.
- (5) After switching the Express Company, the company didn't use effective way to notify customers: they change courier company.
- (6) There is no quality inspection commissioner, and no quality inspection is performed on the products. Fragile products are shipped without careful packaging. When problems arise, the company only know to shirk responsibility, and don't find a reasonable solution.
- (7) Due to the timeliness of TV series' copyrights, there is a certain sense of hunger marketing. The company believed that the target customers who buying TV series and films' peripheral products have impulsive consumption. And the company also thinks that the buyers are younger and inexperienced, have higher emotional value when they buying peripheral products. There are no 100% alternative products for these peripheral products. For the products which they like, buyers are defaulted that peripheral products will be shipped later. Seller has enough reasons to ship later. However, most of buyers of *World of Honor's* peripheral products are adults, they will not accept interpretation of delayed shipment. And these buyers are familiar with platform's terms and legal provisions. These buyers will use reasonable method to defend their rights.

#### **4 Analysis of the Products Produced by the Fans' Economy and the Characteristics of the Sale Companies**

Since many products are co-branded with IPs (Intellectual Property) such as TV series and movies, the price will be slightly higher. Due to copyrights and timeliness problems, it is difficult to find perfect substitutes for such products. Such commodities are monopolistic competition commodities, so merchants have certain pricing power, and buyers have insufficient bargaining power.

People who buy such products are generally fans of TV series or movies, not rational people. The original purpose of purchasing this kind of product is not to meet the actual needs of one's own life, but a consumption behavior inspired by emotion for the purpose of love and support [10]. Secondly, people who buy this kind of product generally focus on restoration. For example, the same accessories and props in the film and television drama need to be 100% similar to the same product in the TV series or movies.

Most of the company es selling such products are unknown small and medium-sized enterprises and do not have their own production lines. Constructions of different brands are outsourced to other factories, and most of the time the same batch of products will be outsourced to different factories. The quality of the products varies, and the shipment time is likely to be far beyond the agreed time.

The target customers of many films' and TV series' peripheral products companies have low awareness and loyalty to the company (brand), but high awareness and loyalty to IP. Many companies actually do business without repeat customers, so many companies do not pay attention to customers Serve.

Since most of the target customers who purchase many products of the fans' economy, such as film and television peripherals, are young and have low experience, the sellers are often delayed shipment time with miserable explanation. And it is very likely that there is an overlord clause.

Many companies prefer to use crowdfunding to sell products and use unlocked giveaways to entice customers to buy. This approach can reduce overall production costs and maximize fans productivity, engagement, and influence [11].

## 5 Conclusions

Based on the analysis above, some suggestions were put up as follows:

- 1 Improve product quality and cost performance. Even if many target customers are willing to pay more, the quality of the product needs to be improved. For fragile products, pay attention to packaging. Don't put the responsibility for damage to the goods to the customer and the courier company.
- 2 During the propaganda stage, do not make exaggerated propaganda. Don't promise anything the company can't do. If promised, the company must do it. For example, if 100% restoration is written around in description the film and TV series' peripheral products, the company must be done; if the company is unable to do it, do not specify 100% restoration.
- 3 Provide good qualities' after-sale service. Even if a company is understaffed, it's necessary to dedicated one employee to agent of customer services: Answer customer questions and respond to customers' comments and suggestions on time.

In particular, in the event that the shipment cannot be delivered on time, the buyer needs to be notified in advance. Explain the reasons in objective, unsentimental language to the buyer, admit mistakes, and offer several reasonable solutions: such as a full refund and a small gift. If the construction period cannot be accurately determined, it must be written before a certain year, certain month, and certain date, the products will be shipped to customers: if the product is produced earlier, it will be shipped earlier. For orders with a long pre-sale period, when products cannot be shipped on time, the sellers cannot solve the problem in a way that wins the sympathy of customers. If company change courier company, the company must notify customers by sending a text message, the way that is easier for the customer to know.

- 4 If the company enable crowdfunding programs, the company can build positive awareness of the program by customizing customer relationships. For example, the company will give a special gift to top 100 buyers. And if the program is very popular, the company can provide 'Interaction with Prizes' and 'Follow with Prizes' For crowdfunding products that need to be followed up, it is recommended to compare sample products that have been polished in several stages, so that customers can see that the company works hard to improve product quality.

- 5 Don't think that a business with few repeat customers and then the company don't focus on customer service. If the company do, it is very likely that the company will lose turnover at this stage.
- 6 Don't use discriminatory practices and blatantly violate the delivery time because the target customers are young and have low experience. Fans and buyers of many TV series or movies are not young, and younger customers have a stronger awareness of rights protection. If younger buyers encounter a breach of contract, they will find the platform to negotiate or start a complaint. A blatant default would only degrade the company's credibility and lose a lot of sales.

## References

1. Zhang Ronghe.: "Research on the Monetization Model of Fan Economy in the Internet Age", Macau University of Science and Technology, Enterprise Reform and Management, 2022 (07).
2. Chen Qi.: "Thoughts on the Path of Healthy Development of Fan Economy in the Internet Era", Northern Economics and Trade, 2022, (11).
3. Wang Xinyu.: IP Management of Cultural and Creative Industries from the Perspective of Fan Economy, East China University of Political Science and Law, "China-Arab Tech Forum, Issue 6, 2022.
4. Ren Tianyu, Sun Hongxiang.: "Analysis of Consumption Alienation in Fan Economy, School of Marxism", Xi'an University of Science and Technology, Land Bridge Vision, 2021 (11).
5. He Miao.: "Research on Transformation of Media Management Mechanism Based on Fan Economic Model", China Central Broadcasting Corporation, Enterprise Reform and Management, 2021 (22).
6. Jiang Xuerou.: "Looking at Cultural Crowdfunding and Marketing from "Big Fish and Begonia" Suzhou University, Soochow Business School.
7. Wu Changqi, Shi Lang, Zhang Kunxian.: "Research on the Internationalization of Crowdfunding Platforms under the Background of Digital Economy," Research on Economics and Development, Vol 41, No.6, January 2020.
8. Zhang Hong, Song Da'e, Wang Xinxin.: "Research on Project Financing Performance of Cultural and Creative Crowdfunding Platforms".
9. Fang Xing, Wang Bo.: "What drives excess funding for crowdfunding promoters? ", China Economic Quaterly, Vol 18, No.3, April 2019.
10. Yang Yanlei.: "Analysis of Corporate Marketing Strategies from the Perspective of "Fan Economy", Shanghai Business, July 2022.
11. Wu Xuanlin, Chen Baifu.: "The Economic Analysis of Cultural Crowdfunding", Journal of Yunnan Open University, Nov. 2017 Vol.19, No.4.



**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

