The Economic Impact of Fan Circle Culture on the Future Development of the Entertainment Industry

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Abstract:

Fan circle culture originated in the entertainment industry but has since evolved into a significant social and economic phenomenon. It impacted not only the entertainment industry but also sports and other sectors. This article explores the operational model and economic impact of professionalized fan circles by focusing on their transformation into structured business entities. Fan circles increase the visibility and market value of idols, athletes, and teams through organized support activities. The rise of social media has further amplified the economic power of fan circles, as fan-driven activities generate revenue for both brands and idols. However, the emergence of fan circles also presents challenges, including extremism and excessive commercialization, which can strain the emotional foundation of fan communities and create tension between fans, idols, and the wider public. In industries heavily reliant on fan economies, balancing commercial interests with the integrity of fan communities is essential for sustainable development.

Keywords: Fan Circle; Fan Economy; New media operation; Entertainment industry; Sports industry.

1. Introduction

A fan circle refers to an entertainment community where fans gather to support a celebrity with extreme emotional devotion and unconditional loyalty. Originally emerging in the entertainment industry, fan circle culture has gradually permeated other fields. In recent years, certain unhealthy aspects of fan circles have frequently attracted social attention, even challenging moral and legal boundaries, which led to public criticism and reflection. However, from an objective perspective, many industries' business models have become deeply dependent on the economic benefits brought by fan circles.

At its core, fan circles represent a commercial battle revolving around fan economies. The fan circle economy is a systematic economic activity derived from interest groups, where the primary aim is to convert fan loyalty and purchasing power into tangible profits. Fan groups not only buy products endorsed by their idols, such as concert tickets, albums, and merchandise, but they also actively support their idols through fundraising and promotional activities. On

social media platforms, fans elevate their idols' popularity by creating trends, engaging in voting campaigns, and sharing content. These actions not only boost the celebrity's visibility and market value but also drive traffic and advertising revenue for social media platforms.

The fan circle economy has established a complete profit chain—from fans' emotional investment to the monetization of capital, to brands' market promotion. This entire process is tightly interconnected and mutually reinforcing which creates a distinctive business model.

The research on sports fandom and fan culture highlights the evolving nature of fan engagement across various industries. Johnson et al. explore how modern sports fans invest emotionally and financially in their favorite teams, which contributes to the economic growth of the sports industry while facing challenges from increased competition [1]. Similarly, Mastromartino et al. emphasize the deep emotional connections sports fans have with their teams, which continue to drive the industry despite changes in the sports landscape [2]. Wu examines the influence of fan circle culture in sports, showing both its positive effects, like increased visibility, and negative consequences, such as extreme fan behavior [3]. In a broader context, Wang and Li focus on global entertainment and fan economies by discussing how fan engagement drives economic growth but also presents risks of commercialization and exploitation [4,5]. Turk highlights the labor theory of value in fandom's gift economy, where fan-created content is valued based on the labor invested that fosters a strong sense of community [6]. Liu discusses how fan culture, particularly through social media, has transformed fans from passive consumers into active participants in the film and television industries, while Pearson examines the digital era's impact on fandom and reveals the tension between fan autonomy and corporate control [7,8]. Additionally, Schleifer et al. explore the importance of team colors in sports and highlight their role in promoting emotional connections and maintaining team identity, and Ku uses scientometrics to analyze trends in sports fan research, noting key areas like fan loyalty and the effects of global events like COVID-19 [9,10]. Collectively, these studies reveal the complex and multifaceted role of fan culture in shaping industries like sports and entertainment, while also addressing the challenges posed by commercialization and evolving fan behaviors.

2. Challenges in Sports and Entertainment Fan Cultures

The current state of fan communities in the sports and entertainment industries is both complex and diverse.

However, this fan culture has also given rise to negative issues, such as conflicts between fans, online harassment, and the invasion of athletes' privacy. These phenomena reflect fans' passion and support for their idols on the one hand, but on the other hand, they raise concerns about the healthy development of sports and entertainment culture. Balancing commercial interests with the personal rights of idols is a challenge that fan communities in both sports and entertainment must address; Finding the balance between respecting idols and maintaining public order has become an issue that society as a whole needs to confront and resolve.

2.1 Sports Fan Cultures

In the realm of sports, with the rise of athlete personal branding and the widespread use of social media, fan communities have increasingly taken on a celebrity culture. Athletes are no longer only recognized for their on-field performance but also for their personal lives, off-field behavior, and public statements, all of which frequently become hot topics of discussion. Fan culture in sports has begun to mirror that of entertainment. One major problem is the extremism in fan behavior. Some fans show blind and excessive support to the athletes. They engage in activities like stealing athletes' personal information such as ID numbers, phone numbers, and home addresses, or cyberbullying other athletes. This is especially evident during major events like the Olympics, where both athlete performances and fan behavior often become social media focal points. For example, when the Chinese table tennis team announced the roster for the Paris Olympics, the inclusion of Chen Meng and the exclusion of Wang Manyu became a hot topic. Many of Wang Manyu's fans expressed their dissatisfaction, which led to online harassment of Chen Meng, with her social media comments section filled with ridicule and abuse. Such behavior not only affects the healthy development of sports but also imposes psychological stress on athletes.

Furthermore, the economic impact of sports fan circles has become increasingly apparent. There is a trend of professionalization and commercialization in the organization of sports fan circles. Many fan groups have evolved into organized commercial entities, specializing in the promotion and marketing of athletes and teams, as well as selling related products. Fan support for athletes and teams is not only spiritual but also translates into direct economic effects through consumer behavior. Fans purchase merchandise, tickets, and membership services, all of which serve as essential revenue streams for the sports industry. A prime example of this is the soccer star Lionel Messi's jersey sales and related merchandise generate significant

economic benefits annually. Such economic activities driven by fan circles contribute to the commercialization and market development of the sports industry to foster the growth of sports brands and related fields. While this commercialization helps enhance the market value of athletes and teams, it can also shift the nature of fan support. What was once a purely emotional connection risks becoming more transactional, thereby, impacting the genuine passion and loyalty that originally defined fan communities.

By improving the management and guidance of fan behavior and promoting positive developments within fan circles, the sports industry can better control its power for sustainable growth.

2.2 Entertainment Fan Culture

In the entertainment industry, the issues within fan circles mirror those in sports, with similar challenges. Additionally, fans tend to engage in excessive consumption of products associated with their favorite celebrities.

2.2.1 Photocard collecting frenzy

In K-pop groups, every album typically contains several photocards, and entertainment companies exploit these photocards to encourage overconsumption. Since the cards are randomly included, fans often purchase multiple albums to obtain their desired ones. When a particularly popular photocard is released, fans may resell it online, sometimes fetching hundreds to thousands of dollars. Despite the high price, fans are willing to spend large sums. This phenomenon is particularly prevalent in the Korean music industry, and due to K-pop's global popularity, fans around the world participate in this craze.

2.2.2 Celebrity merchandise

The demand for celebrity-endorsed merchandise also drives fans to overspend. It's not just about products that celebrities officially endorse—even items worn by celebrities can trigger a buying frenzy. Companies take advantage of this by sending products to celebrities in hopes of attracting fans and boosting sales.

2.2.3 Limited edition collectibles

Limited edition collectibles such as autographed items or fragments of clothing worn by celebrities often skyrocket in price on second-hand markets, yet fans are still eager to spend money on these exclusive goods. While fan culture in the entertainment and sports industries provides fans with a platform to express admiration and support, it can also lead to excessive consumption and irrational behavior. The excessive commercialization of fan loyalty not only allows fan groups to be exploited by consumerism but also raises concerns about the sustainability of fans

and their idols.

3. Business Model and Development of Fan Circle Professional Organization

With the rise of the idol industry, fan circles not only serve as a bridge between idols and fans but also have gradually developed into a multilayered commercial ecosystem.

3.1 Operating Model

The operating model of professionalized fan circles is mainly based on the interaction and relationship between idols and their fans. Typically, core members of fan circles will spontaneously establish support groups or fan clubs to help idols organize various activities to increase their visibility and commercial value. As the fan economy matures, these spontaneous organizations have evolved into more structured and commercialized groups.

These fan organizations operate similarly to companies, with systematic management and division of labor. Some of the larger fan organizations even collaborate with brands and entertainment companies to leverage the power of fans for marketing and promotions. In this model, fan organizations mobilize members to participate in commercial activities such as purchasing products endorsed by the idols, organizing both online and offline support activities, and creating hot topics for the idols on social media.

Many wealthy fans will also hire paid online fans for their idols. These paid online fans disguised as regular internet users or the fans to influence real users by posting, replying, and spreading blog posts. They boost the visibility and popularity of the idol's activities and media works by posting prewritten promotional content on social media. In some cases, they also engage in complaints and report actions. For example, on platforms like Weibo, they provide services to report and remove negative reviews or manipulate public opinion around films, celebrities, games, and more.

Fan circles are also introducing more specialized teams, such as experts in data analysis, marketing strategies, and public relations. These specialized teams help fan organizations run more efficiently while enhancing the commercial value of idols.

3.2 Chain Structure

The industrial chain of professionalized fan organizations can be divided into three stages: front-end, mid-end, and back-end.

At the front end, fans act as consumers and supporters who directly engage with the content of their idols. Fans consume idols' products through social media, concerts,

variety shows, and music albums, while actively sharing and promoting these contents online to increase exposure. The mid-end is where fan organizations carry out their activities and operations. The management within the fan organization coordinates activities like fundraising for billboards or purchasing merchandise. The main objective of this stage is to increase the idol's visibility and commercial value.

The back end involves brand collaborations, advertisements, and product endorsements. Fan organizations partner with brands to use the fan base's purchasing power to promote products. This not only brings financial benefits to the idols but also allows the fan organizations themselves to profit from their business operations. Additionally, some fan organizations increase revenue by selling exclusive merchandise or services.

3.3 Current Development

With technological advancements, fan circles are evolving into a more mature fan club business model. This model involves establishing membership-based fan clubs that provide more personalized and premium services. For example, fans can pay to join specific membership tiers and enjoy benefits such as priority access to tickets, exclusive idol content, and online or offline meet-and-greet events. Fan organizations can collaborate more deeply with entertainment companies and brands by utilizing fan data and behavior analysis to offer tailored products or services that match fans' needs.

At the same time, this business model can offer a closer interaction platform between idols and fans to enhance fan loyalty and their sense of belonging. In the future, professionalized fan organizations will become an indispensable part of the idol economy that is constantly innovating and expanding their business models.

4. Evolution of Fan Groups: Technology, Monopolization, and Professionalization

4.1 Technology-Driven Monopolization and Oligopoly of Fan Groups

Technology has played a significant role in transforming fan communities, driving them toward monopolies and oligopolies. Social media platforms, data analytics, and digital marketing tools have enabled fan groups to organize and mobilize on an unprecedented scale. These platforms give fan communities the power to coordinate their efforts, creating a powerful and unified force. By consistently posting positive messages about their idols

and pushing down negative ones, they can dominate public opinion and control the media narrative surrounding celebrities. As a result, More and more small fan circles are being absorbed by more influential large fan circles thus leading to a monopolization of fan activities.

Additionally, fan groups have become highly sophisticated at using algorithms and data-based strategies to promote their idols and increase visibility across multiple channels. Many fan organizations now operate almost like small companies. They even post recruitment ads to hire skilled data analysts proficient in Excel or translators fluent in multiple languages to handle more specialized tasks. This technological influence has led to the consolidation of fan groups into oligopolies, where a few dominant groups control the majority of fan activities and interactions. These powerful fan groups not only shape online trends and discussions but also influence the business strategies of entertainment companies. The oligopoly formed by these fan organizations creates a market where a small number of groups wield significant power, often determining the commercial and public trajectories of celebrities.

4.2 Big Fan Groups as Crucial Channels for Star Promotion

As fan groups have grown in size and influence, they have become essential channels for celebrity promotion. In the past, traditional media outlets such as television, radio, and posters were the primary platforms for promoting stars. However, with the rise of social media and fan-driven content, large fan groups have emerged as powerful marketing tools. These groups not only generate visibility for celebrities but also directly engage with the public to ensure that their idols remain relevant in a highly competitive entertainment market.

Big fan groups coordinate activities such as voting in popularity contests, promoting albums or films, and organizing support events. Their ability to mobilize quickly and effectively has made them indispensable for entertainment companies looking to boost their celebrity profiles. Celebrities and their management teams now rely on fan groups to sustain public interest, create viral moments, and enhance their marketability. This symbiotic relationship has led to the gradual integration of large fan groups into the official promotional strategies of celebrities, where fans play a pivotal role in shaping the public image and success of their idols.

A recent example is a popular Chinese celebrity, Li Zefeng. One of his fans gained attention by constantly sharing interesting footage of his private and public daily life, which increased his exposure and popularity. As this fan gained prominence, so did Li Zefeng, raising his chances

of being noticed by directors and producers. However, this transparency also brings privacy concerns, as a celebrity's personal life is typically kept private. Extreme fans sometimes resort to illegal means to obtain private information, such as their schedules, home addresses, contact details, and sometimes even their ID information. Some even stalk celebrities or install cameras outside their homes, which severely disrupts their lives and puts them at risk.

Yet, there are instances where celebrity teams intentionally collaborate with dedicated fans, selectively sharing information about the celebrity's schedule, so that these fans will be equipped with professional gear, and capture and post high-quality photos or videos on social media to raise the celebrity's visibility.

4.3 Professionalization of Fan Groups: Focusing on Talent Discovery and Development

The evolution of fan groups has also seen the rise of professionalized organizations that focus on talent discovery and development. As fan groups become more structured and sophisticated, they are no longer simply support networks for existing stars but are also involved in identifying and cultivating new talent. This shift reflects the maturation of fan organizations, which now operate much like talent agencies. They started to search for potential celebrities and helped them build their careers. They often use their experience and data analysis to predict who has the potential to succeed in the entertainment industry.

The influence and voice of fan communities have been steadily growing. Fans won't just be consumers of entertainment products; they could also become creators, directly shaping the direction of the industry. Today, there are instances where, if fans are dissatisfied with a project released by an entertainment company, they will actively boycott it. In response, the company often retracts the project and issues an apology to the fans.

5. Conclusion

Fan culture has a multifaceted economic impact on the future development of the entertainment industry. First, fan communities greatly expand the audience base for entertainment products, particularly through the rapid dissemination of content via social media and online platforms. This increased visibility can translate into significant financial gains, as fans are often willing to pay for products and services related to their idols, such as music, movies, concert tickets, and various merchandise.

Second, fan culture fosters greater interaction between the entertainment industry and its consumers. This increased sense of involvement not only helps shape brand identity but also boosts the visibility and reputation of entertain-

ment works through word-of-mouth to attract more potential consumers.

Additionally, fan culture has created new revenue models, including fan support campaigns, membership services, fan voting, and exclusive events, all of which generate additional income for the entertainment industry. The fan economy has also driven the digital transformation of the industry, introducing new business models and revenue streams through innovations like virtual merchandise. This opens up vast opportunities for innovation and development. However, it's important to balance the growth of the fan economy with consumer rights protection to ensure a healthy market environment and sustainable business practices.

The development of fan circles cannot be separated from the progress brought by technology. Technology has made fan circles more active, interactive, and diverse. Through Artificial Intelligence and digital platforms, fans can more easily access information about their idols, interact with them, and participate in various activities related to their idols. Additionally, technology has provided fans with more ways to express support and participate, such as creating AI agents, online cheering, and fan club activities. Furthermore, the development of technology has also led to a more vibrant fan circle market that brings more business opportunities and profit models.

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