

The Influence of Fan Economy on Marketing Strategy

— Taking Xiaomang E-commerce as an Example

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Abstract: This paper explores the influence of fan economy on marketing strategy according to the research background of Xiaomang E-commerce: the television media facing the challenges that users are losing, and sponsors are withdrawing under the impact of short videos and live streaming platforms. Traditional marketing strategies have proven inadequate for industry development, necessitating innovative approaches. For enterprises like Mango Super Media, e-commerce has become a pivotal choice for internet business expansion. By employing the SWOT analysis and embedding development theory, this paper reveals that the fan economy plays a significant role in Xiaomang E-commerce's marketing promotion. And the fan economy has facilitated Xiaomang E-commerce to explore new avenues in the saturated e-commerce market and gradually steers market trends. This paper proves that Xiaomang regards fan economy as an important part of its precision marketing. By building embedded communities and fan consumption models, Xiaomang has opened up a new e-commerce track. At the same time, using the principle of 'reducing cost and increasing efficiency', Xiaomang continues to improve the competitiveness of the platform.

Keywords: Xiaomang E-commerce, fan economy, SWOT theory, embedded development theory.

1. Introduction

In recent years, the digital divide in China has significantly narrowed with the non-internet user population decreasing to 310 million. In 2024, internet users aged from 20 to 29 constitute 13.5% of the total user base, highlighting a vast and vibrant online community [1]. This extensive internet penetration has facilitated the proliferation of internet-related technologies across diverse industries which yields remarkable achievements. One such sector that has experienced exponential growth is e-commerce, which has amassed a staggering 812 million online shopping users, providing a solid foundation and impetus for China's high-quality economic development [2].

Within the internet media industry, numerous content platforms have ventured into creating their e-commerce ecosystems. For instance, iQIYI launched its 'iQIYI Mall' in 2015 and established 'Fanfan Planet' to offer celebrity merchandise to fans. To seek transformation in the face of evolving internet dynamics, Hunan Broadcasting System (HBS), a venerable traditional media outlet,

established 'Mango Super Media' through mergers and acquisitions in 2018 and established the Xiaomang E-commerce platform in 2020.

Backed by Hunan Broadcasting and Television's extensive resources, Xiaomang E-commerce's platform integrates with the established e-commerce platform 'Happy Go.' While focusing on vertical markets and precision marketing to bridge online and offline revenue streams, Xiaomang launched an internal e-commerce column called 'Mango Goods,' and transformed traffic into revenue. Furthermore, by precisely targeting young urban females and catering to Generation Z's emphasis on psychological satisfaction and interactive experiences, Xiaomang cultivates a fan economy which drives rapid revenue growth through a novel 'long video + e-commerce' model [3].

Currently, there is a paucity of analysis on Xiaomang E-commerce's platform, particularly regarding the influence of the fan economy on its marketing strategies. This paper focuses on the impact of the fan economy on Xiaomang's marketing tactics. It uses SWOT analysis and embedded theory to examine its role in promoting the platform, creating content, and monetizing traffic, as well as how it aids Xiaomang in carving out new market niches. The paper delves into whether fan economy-based marketing strategies can enhance Xiaomang's brand recognition, forge unique market paths, and hold significant research value in a saturated e-commerce market. It will also offer new theoretical insights and practical experiences for broadening the e-commerce landscape.

Xiaomang E-commerce is a platform aimed at young urban women established by Mango Excellent Media, and it uses a new brand concept which combines people, products, and market to sell many kinds of products, especially original products [4]. The SWOT theory is a strategic planning tool used to evaluate the internal and external factors that can impact the success or failure of a business or organization, including the Strengths, Weaknesses, Opportunities, and Threats [5].

2. Xiao Mang Monetizes through User Aggregation Communities

Through the application user's aggregate communities, Xiaomang E-commerce converts the user flow into cash flow.

2.1. Xiao Mang's Precision Marketing Model

The current e-commerce market has become saturated, therefore, how to target customer groups accurately has become the main focus of Xiaomang's E-commerce platform to improve brand stickiness. As a Cenozoic e-commerce terrace, Xiaomang E-commerce created a new track that sells products to Generation Z. According to DT Business Insights, about 50% of young people are willing to spend for emotional value, and they pay more attention to spiritual consumption [4]. It can be seen that Xiaomang E-commerce shows the brand positioning: of young urban women on the official website [6]. Also, the application uses the Amazon cloud service to orientate the customer more precisely and builds a vertical track with labels 'young' and 'quality' [3]. However, Xiaomang E-commerce's precision marketing model of e-commerce still has weaknesses. For example, Xiaomang E-commerce still continues to use traditional data thinking when using Amazon cloud service, so it is unable to build a precision marketing technology system [3].

2.2. Xiao Mang Builds a Unique Interest Community

By creating an independent profit loop with a community boundary and a traffic inlet with a bond between users, Xiaomang E-commerce forged a new 'relationship economy' (an economic mode which creates value by sharing messages in the community) [7]. Howard Rheingold pointed out that the virtual community is a group of people who communicate with each other primarily through a computer network. These members form communities based on non-material factors such as common interests, experiences, or professional backgrounds, and exchange words and ideas through computers

and networks, sharing some degree of knowledge and information [8]. In the application, Xiaomang establishes an interesting community called 'Club Square' at the bottom of the home page. The establishment of the community can be seen as a construction of a circle culture(a platform combining many people with the same interests or talks about the related topics), and Xiaomang E-commerce uses the contents to promote community activity, strengthen community relationships, and arise users' trust to the brand [7]. Finally, the content users and community users will be converted to consumers, which achieves the goal of converting user resources to cash flow. The annual report of Mango Excellent Media showed that, by the end of 2023, Xiaomang E-commerce's revenue had reached 28.2 calculate [9]. This 'relationship economy' can be seen as a product of relationship embedding. By building a circle culture, Xiaomang's E-commerce platform has built a content-based consumption scene and guided consumption with 'circle' resonance [7]. Structural embedding theory is also applied to Xiaomang's marketing strategy. Xiaomang E-commerce platform undertakes the resources of Hunan Satellite TV, builds the consumption model of 'human goods yard', and opens up a new track in the current e-commerce market [7]. However, at present, Xiaomang's E-commerce platform is facing huge challenges: in terms of relationship embedding, Xiaomang pays more attention to the construction of the relationship between media content and users, ignoring the communication between users in the social field; In terms of structural embedment, the Xiaomang E-commerce platform is still in the early stage of development, the infrastructure of the platform is incomplete, and the hardware conditions are weaker than other e-commerce platforms such as Jingdong.

2.3. Xiao Mang Custom Mode Advantage

The modern Internet community economy is an economic model that combines production and marketing. Since the public demand and the market requirements interact, Xiaomang E-commerce accelerates the transformation of its user usage pattern and boosts it into a 'customization' generation. Xixiaomang E-commerce possesses the ability of a self-made variety of IP strength since it has the support of Hunan Satellite TV (a long-established corporation with strong innovation ability). In 2023, Xiaomang E-commerce launched the first self-made travel variety show- Jump into the Geography Book for a Trip and set the corresponding interface in the application [10]. The strong ability of a self-made variety of IPs helps Xiaomang E-commerce optimize the vertical market segmentation and makes Xiaomang's E-commerce platform creative advantages that other e-commerce platforms do not have. Although the customized variety shows have smaller audience sizes, the strong user stickiness will cause a higher content e-commerce conversion rate [11]. However, the small customer scale will also lead to an increase in marketing costs, so Xiaomang E-commerce needs to constantly actively adjust the marketing strategy, as far as possible to achieve the personalized marketing strategy customization of the program. What's more, the segmentation market needs less money for enterprises to conduct commercial communication. This strategy helps Xiaomang E-commerce reduce the cost and improve the effect [12]. The customization is also reflected in the products. For example, Xiaomang E-commerce created a new IP doll, the number one rabbit, as the mascot of the variety show 'detective academy'(a variety show which invites many smart ass to play games together) [4]. The customization products offer people both content value and emotional value and the sole sales channel raises the repurchase rate of Xiaomang's IP products [13]. But at the same time, the customization of content may lead to conflicts between fan groups, so for Xiamang's e-commerce platform, how to effectively control online public opinion has become a huge challenge for it to maintain its customer base and brand reputation.

3. Xiao Mang Uses the New Model of 'Long Video + Content + E-commerce' Video Content E-commerce to Create a New Track

Using the new pattern of 'long video + content + digital marketing', Xiaomang E-commerce creates a new way of marketing [3].

3.1. Xiao Mang Uses Celebrity Power to Sell Goods

Fan economy is a commercial activity which uses the interests of fans and connects fans with the stars to create value [7]. Xiaomang E-commerce established a video channel called 'Star Live' to structure stars' life and work [3]. Xiaomang E-commerce uses AI technology in the videos, so when there is a product that Xiaomang sells, it will occur a link [3]. People can click the link to buy the same type of products that the stars use. Also, Xiaomang E-commerce will invite stars to their direct broadcasting room and sell the products. In the direct broadcasting room, the stars will interact with the audience. The 'fans economy' is different from the normal economy since the customers will pay more attention to the value of the product but not the cost performance and they will pay more for stronger consumer interaction [7]. On the home page of the Xiaomang application, the most powerful stars will get columns, this move is convenient for the fans to get the same type of the stars and will also lead to comparison consumption among fan groups. This effect also appears during the rodeo. For example, in 2023, people were told that if they bought products in Xiaomang E-commerce, they could get tickets to help their stars get more opportunities [3]. To the famous IP 'Escape Room' and 'Who is the Murderer', Xiaomang E-commerce invented a new technology to let people play the same game online and built Mcity(a place where people can play the same game offline) in many cities. This innovative strategy increases the exposure of the platform and brings new revenue growth to the platform. However, the model is easy to be copied by other competitors and the research costs are high, which means it may cause defects in the future.

3.2. Mang's Unique Pricing Strategy

With the fact that the e-commerce market is saturated, it is hard for Xiaomang E-commerce to develop rapidly [14]. To create more opportunities, Xiaomang E-commerce should consist of the favourable pricing strategy. For example, Xiaomang E-commerce will provide new users with discount coupons to attract more customers. Also, users can join the activity like 'keep sigh in to get a gift', the gift will be the signature of the stars [3]. This method assists Xiaomang E-commerce to widen its user scale and drive page views. However, there are still many potential threats to the development of the platform. For example, it may cause the number of fake users to rise since people may register more than one account number to get more discounts and this is a huge threat to the long-term development of the Xiaomang E-commerce. Also, discount coupons and various forms of activities are easy to be copied by other e-commerce platforms, and it is difficult for Xiaomang E-commerce platforms to establish marketing advantages.

4. Suggestion

The most serious problem of Xiaomang E-commerce is the after-sales problem. Due to its presale mechanism, it is very common for Xiaomang to cause the problem that missing part of the order. So it is urgent for the platform to establish a check mechanism. Also, Xiaomang E-commerce should pay more attention to training the customer service staff since it relates to customer satisfaction. Higher satisfaction will bring a higher repurchase rate, which is very useful for the long-term development of the platform. This paper focuses on the situation of young consumers more. And since the

Xiaomang E-commerce only launched in the Chinese market, the paper does not have enough data on the broad market.

5. Conclusion

Through rigorous research, this paper has demonstrated that leveraging the fan economy as a marketing strategy aligns with the Xiaomang E-commerce platform's user profile, precisely targeting customers while satisfying their psychological needs. By implementing precision marketing, Xiaomang has not only enhanced customer quality but also bolstered customer loyalty and brand awareness [15]. Through research, it is found that by amplifying various entertainment functions of the platform, Xiaomang takes fan economy as the core of its marketing strategy, builds a differentiated platform, and increases user stickiness. For example, the 'shop while watching' fan consumption model reduces marketing costs while elevating the platform's revenue levels and competitive advantages. Additionally, this research finds that by applying the theory of embedded development theory, the Xiaomang E-commerce platform positively influences a wide range of users by establishing an embedded community. Through this method, the Xiaomang E-commerce enhanced value realization opportunities and efficiency, and established stable user relationships that continuously empower diverse profitability. This research serves as an insightful reference for exploring new domains within China's saturated e-commerce market. Moreover, the analysis of Xiaomang and fan economy proposes the principle of 'cost reduction and efficiency enhancement' for e-commerce reform, benefiting the development of other e-commerce platforms. This article believes that in the future fan economy, marketing should pay attention to how to guide consumers through vision becomes an important aspect [16]. The rapid development of the fan economy will also lead to the development of the future market toward 'cultural industrialization', which will make the creation lose its core and become over-commercialized while rapidly monetizing traffic. Therefore, in terms of marketing, creation will become a hot spot. At the same time, this paper believes that the future research direction will be to study how to realize the emotional connection between fans and stars, and how to reasonably control emotional resources will also become a major focus of marketing.'

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