The influence of fans loyalty and herd effect of fans on purchase intention of collateral merchandise

In Partial Fulfillment of the Requirements for the Bachelor of Science in Global Business

by

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ABSTRACT

The objective of this paper is to explore the influence of fans loyalty and herd effect on the purchase intention of star collateral merchandise in the context of developed fandom economy. As the main force of the fan group, university students have a huge driving force for the development of the fandom economy because of their large amount base and consumption habits of conspicuous consumption and blind consumption. With the rise of the entertainment industry and emerging stars, the trend of fan economy has maintained a high level. In the process of rapid development of the entertainment industry, related industries have also developed together, such as manufacturing and tourism. The methodology of this paper is the quantitative method to collect primary data. An online questionnaire website (www.wjx.cn) is used to collect data with several survey questions. The number of valid questionnaires is 213 copies finally. The analysis of data is based on SPSS software. The finding is that changes in fans loyalty and herd effect can significantly affect the changes in the purchase intention of collateral merchandise. For readers who may be interested, producers and managers of related industries and fan groups may be interested because the research in this paper is relevant to their interests.

Keywords: Fans Loyalty, Herd Effect, Fandom Economy, Entertainment Industry, Related Industry
INTRODUCTION

Due to the emergence of many talent shows and debut opportunities, the entertainment industry has always maintained the constant trend of the new generation of stars, followed by the rise of the fan community. Among the fan groups, young people account for a considerable proportion. As the consumption power of the fans continues to increase, the significant impact of the fan community on the economy is increasingly worthy of attention.

As the number of fan groups continues to expand, fans are gradually becoming the power behind idols. Fans exist widely in many fields, not only music, sports, but also film and literature, etc., accompanied by the huge consumption contribution of fans to related industries. Fans groups bring a lot of wealth to celebrities and businesses. The fandom economy gradually penetrates the daily life of most people because of the large number of fans. A very obvious feature of fan groups is that the identity of fans will give them a strong sense of belonging and identity in the group. The identify theory mentions that group behavior stems from a common understanding of members of specific categories and the group may do things similarly, which causes the herd effects of fans. Therefore, the research on the fandom economy can provide reference for economic development (Abrams & Hogg, 1990).

LITERATURE REVIEW

As the economic contribution of fans increases, fans play more and more roles (sponsors, co-creators of value, stakeholders, investors, and filters), and these roles promote the formation of new relationships between fans and idols. In the new relationship, the fan community has the potential for the democratization of new social media and can communicate directly with idols without an intermediate platform. Some fans may become idol sponsors, albums, and propagators of new albums, and even shared stakeholders rather than former consumer identities. The "conversion" of the role of the fans is partly based on the foundation
of the "gift economy". For example, fans who buy thousands of albums to support idol’s new songs are often more likely to be favored by idols and have more benefits (Galuszka, 2014).

3.1 Bring energy to economy

Fan groups will contribute to the development of tourism. With the development of fans economy, fans prefer to go to the idol's place of residence to chase stars, and the relationship between fans and idols is strongly related to the tourism of the idol’s place of residence. In addition to the idol’s place of residence, fans will also include the location of places of idol’s TV series in their wish list of the travel city (Lee & Yoo, 2015).

There is a strong connection between fans and sales of star products (such as albums and CDs, etc.). Take art celebrities as an example, using mathematical methods to prove the strong connection between social media fans and art sales (Kang & Chen, 2017).

Besides, it is important that fan groups can convert their worship of idols into consumption. Brands are increasingly able to fully recognize the value of fan emotions, and consumers are described as the actual components of the brand. The fans of any sports team are the assets of the brand, and they add a crucial element to the experience of the product. For example, in sports competitions, in addition to the direct gym experience, the subculture identity of the fan group can also add luster to the brand and attract more followers. Therefore, some big brands focus on making the company's marketing activities that turn the fan culture into a consumer culture (Guschwan, 2012).

3.2 Influential Factors

Many factors affect the fan economy, and marketization and loyalty are among the factors. Marketization can promote fans economy. Take Chinese football club as an example, when the club gets more income, it will attract more fans to support the club more firmly, thus increasing the loyalty of the club fans. In turn, more fans support and it also increases the commercialization of the club (Yiyong Liang, 2017).
Fans’ correct understanding of their meaning will also affect the fan economy. In some sense, fans have a decisive role in the star. Taking basketball fans as an example, the author pointed out that a sports team cannot exist without the support of fans, just as a company cannot exist without customers. Furthermore, no group can exist independently without supporters (Fejza, Fejza, Ademi, Reshidi, & Kajtazi, 2017).

There will be a herd effect and a star effect in the fan economy, and the herd effect will greatly promote the development of the fan economy. Fan groups generate herd mentality because of the Identity Theory (Burke, 1991). Fans are willing to produce the same behavior as other fans, which leads to the impulse consumption of fans and stimulates the purchase demand (McCall & Simmons, 1966).

3.3 “Engagement” and “Involvement”

When it comes to fans, some people feel that involvement is a feature that fans can keep fresh, but different people have different opinions about involvement. Taking sports events as an example, some people think that engagement is the meaning of attracting fans every day in sports competitions (Bahk, 2000). Others think that participation can reflect the attraction of fans and the important value of fans (Shank & Fd Beasley, 1998).

Due to the participation of fans, the degree of attention and attention to citizens around the world may be different. It is pointed out that fans may have a higher level of attention to citizens worldwide (Plante, Roberts, Reysen, & Gerbasi, 2014).

3.4 Interaction between Fans and Consumption

Due to the large base and group belonging of the group and the high level of overall consumption, fans often bring different levels of consumption, so the fan group will affect consumption (Fiske & Lewis, 1992). For example, some manufacturers will produce peripheral products that are more catching up with the times based on the constantly updated idol boom and the changing aesthetics of fans (Chapple & Garofalo, 1978).
In turn, manufacturers and companies also influence the fan base in some sense. Due to the development of the network and the rise of “crawlers”, the consumption habits and preferences of fans are more easily captured by manufacturers (Morris, 2011). Manufacturers vote for their best and try to drive fans to buy more goods to bring more profits to the company and even reach the purpose to control the consumption habits of fans (Burkart & McCourt, 2006).

**STATEMENT OF HYPOTHESIS**

According to the above literature review, fan groups can bring energy to economic development, and the development of fan economy will be affected by some other factors. Engagement is one of the important factors. However, the existing literary works pay more attention to the overall analysis at the macro level, while ignoring the emphasis and refinement of specific points. For example, as for the involvement of fans, loyalty is an important prerequisite for involvement. Similarly, among the factors affecting the fandom economy, the herd effect will drive fans to buy on a large scale. This paper researches by focusing on refined points – the influence of fans loyalty and herd effect to purchase intention of collateral merchandise.

Based on the existing body of knowledge reported above, the following hypotheses are derived.

**Research Question (RQ): How does fans loyalty and herd effect of fans influence purchase intention of collateral merchandise?**

H1: When fans loyalty increase, fans’ purchase intention of collateral merchandise will increase.
H2: When herd effect of fans increase, fans’ purchase intention of collateral merchandise will increase

METHODOLOGY

Instrumentation Design (Quantitative Method)

In this research, the quantitative research method will be used to collect primary data to express the assumptions of a positivistic paradigm that illustrates behavior that can be explained and generalized through direct survey (FIRESTONE, 1987). Thus, the data can help solve research questions and draw a conclusion to the research.

The study used an online questionnaire website (www.wjx.cn) to collect data. The expected target questionnaire answer count is 200 copies. The final valid questionnaire received 213 copies and reached the expected number. There are several survey questions in the survey. Questions are set based on previous research (Tian & Jieyi, 2018) and personal understanding and questions can be seen in appendix 1.

SPSS software was used to analyze the data since SPSS software is scientific and beneficial to get a conclusion.

1. Survey Question on Demographic

Three questions of demographic were given as possible responses for the question

- Gender: Male; Female
- Age: <18; 18-25; 26-30; >30
- Education Level: High school or below; Undergraduate; Master or higher

2. Survey Question on the Fans Identity and Habit of Supporting Idol

- Do you have favorite idol(s)? (Yes; No)
- Which area does your favorite idol belong to? (Singer; Actor; Model; Gaming; Secondary element; Live streaming; Sports; Others)
What is your habit of supporting your idol? (Only support through social media; Buy albums or collateral merchandise to support; Occasionally attend a concert or meeting; Even if I don’t have money, I will see my idol!)

3. **Survey Question on Fans Loyalty**

Four items were given to illustrate the attitude towards fans loyalty. Five-point Likert scales were put into the question. The point from 1 to 5: 1 indicates “Strongly disagree”, 2 indicates “Disagree”, 3 indicates “Neutral”, 4 indicates “Agree”, and 5 indicates “Strongly agree”:

- I know a lot about the dynamics of my idol.
- I am familiar with the work of my idol.
- I am very supportive of the collateral merchandise of my idol.
- I will promote my idol to others.

4. **Survey Question on the Herd Effect of Fans**

Four items were given to illustrate the attitude towards herd effect of fans. Five-point Likert scales were put into the question. The point from 1 to 5: 1 indicates “Strongly disagree”, 2 indicates “Disagree”, 3 indicates “Neutral”, 4 indicates “Agree”, and 5 indicates “Strongly agree”:

- I am willing to buy the same things as other fans.
- I feel happy when I buy the same things as other fans.
- Buying the same things as other fans will make me feel like having a sense of belonging.
- I will refer to what other fans have bought before buying something.

5. **Survey Question on Purchase intention of Collateral merchandise**

Four items were given to illustrate the attitude towards purchase intention of collateral merchandise. Five-point Likert scales were put into the question. The point
from 1 to 5: 1 indicates “Strongly disagree”, 2 indicates “Disagree”, 3 indicates “Neutral”, 4 indicates “Agree”, and 5 indicates “Strongly agree”:

- I tend to buy idol endorsement products.
- I tend to buy the same item used by idols.
- I tend to buy products to support idols.
- I would recommend others to buy star collateral merchandise products.

**ANALYSIS / RESULTS**

A total of 213 online survey questionnaire responses were collected. In this survey, the respondents remained at the age of 18 or older (<18: 0; 18-25: 57.28%; 26-30: 26.76%; >30: 15.96%) which is more beneficial to investigate the situation of fans, since young people are the main force of the fan group. The questionnaires are valid responses, and these real and reliable data are important guarantees for data analysis and conclusion.

**6.1 Reliability Analysis**

Independent variable, fans loyalty consists of 4 items, with Cronbach α of 0.89. Independent variable, herd effect consists of 4 items, with Cronbach α of 0.81. Dependent variable, purchase intention of collateral merchandise consists of 4 items, with Cronbach α of 0.90. The collecting data are reliable since all the Cronbach α are more than 0.70.

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha based on standardized items</th>
<th>N of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fans Loyalty</td>
<td>0.886</td>
<td>0.890</td>
<td>4</td>
</tr>
<tr>
<td>Herd Effect</td>
<td>0.813</td>
<td>0.821</td>
<td>4</td>
</tr>
<tr>
<td>Purchase Intention of derivatives</td>
<td>0.905</td>
<td>0.905</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 1: Cronbach’s Alpha

**6.2 Correlation Analysis**

From the results in table 2, the variables that can prove the correlation are herd effect and fans loyalty (0.363), purchase intention of collateral merchandise and fans loyalty (0.257),
purchase intention of collateral merchandise and herd effect (0.240). There are no related variables that are not significant.

<table>
<thead>
<tr>
<th></th>
<th>Fans Loyalty</th>
<th>Herd Effect</th>
<th>Purchase Intension of derivatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fans Loyalty</td>
<td>$r^*$</td>
<td>$r^*$</td>
<td>$r^*$</td>
</tr>
<tr>
<td>Herd Effect</td>
<td>0.363**</td>
<td>$r^*$</td>
<td>$r^*$</td>
</tr>
<tr>
<td>Purchase Intension of derivatives</td>
<td>0.257**</td>
<td>0.240**</td>
<td>$r^*$</td>
</tr>
</tbody>
</table>

Table 2: Correlation Analysis

6.3 Regression Analysis

6.3.1 Multicollinearity test

The severe collinearity of each variable is that the tolerance is less than 1, and the variance expansion factor (VIF) is greater than 10. There is no risk of multicollinearity for all variables in table 3.

<table>
<thead>
<tr>
<th></th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fans Loyalty</td>
<td>0.868</td>
<td>1.152</td>
</tr>
<tr>
<td>Herd Effect</td>
<td>0.868</td>
<td>1.152</td>
</tr>
</tbody>
</table>

Table 3: Multicollinearity Test

6.3.2 ANOVA test

$F(2, 201) = 10, P < 0.001$ is showed in the ANOVA test of regression equation which means the survey result is significant and the effect of at least one independent variable to the dependent variable is predictive.

<table>
<thead>
<tr>
<th></th>
<th>sum of squares</th>
<th>df</th>
<th>mean square</th>
<th>f</th>
<th>sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>regression</td>
<td>11</td>
<td>2</td>
<td>6</td>
<td>10.5</td>
<td>0.000</td>
</tr>
<tr>
<td>residual</td>
<td>114</td>
<td>210</td>
<td>1</td>
<td>$r^*$</td>
<td>$r^*$</td>
</tr>
<tr>
<td>total</td>
<td>126</td>
<td>212</td>
<td>$r^*$</td>
<td>$r^*$</td>
<td>$r^*$</td>
</tr>
</tbody>
</table>

Table 4: ANOVA Test of Regression Equation

6.3.3 Coefficients test
The standardization coefficient of fan loyalty is 0.196 (t=2.778, p<0.01), which means it is significant, and because the coefficient is greater than 0, fans loyalty positively affects the purchase intention of collateral merchandise. The standardization coefficient of herd effect is 0.168 (t=2.383, p<0.05), which means it is significant, and because the coefficient is greater than 0, herd effect positively affects the purchase intention of collateral merchandise. In short, changes in fans loyalty and herd effect will significantly affect the changes in the purchase intention of collateral merchandise.

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Std. Error</th>
<th>Std. Coefficients (Beta)</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>2.320</td>
<td>0.370</td>
<td>0.196</td>
<td>6.268</td>
<td>0.000</td>
</tr>
<tr>
<td>Fans Loyalty</td>
<td>0.190</td>
<td>0.068</td>
<td>0.196</td>
<td>2.778</td>
<td>0.006</td>
</tr>
<tr>
<td>Herd Effect</td>
<td>0.238</td>
<td>0.100</td>
<td>0.168</td>
<td>2.383</td>
<td>0.018</td>
</tr>
</tbody>
</table>

Table 5: Coefficients test

**FINDINGS AND RESULT**

The result of the analysis of collecting data is shown in table 6 that both hypothesis 1 and hypothesis 2 are supported (hypothesis 1 is supported with p of 0.006 and hypothesis 2 is supported with p of 0.018). Changes in fans loyalty and herd effect will significantly affect the changes in the purchase intention of collateral merchandise.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1</strong>: When fans loyalty increase, fans’ purchase intention of collateral merchandise will increase.</td>
<td>p=0.006</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H2</strong>: When herd effect of fans increase, fans’ purchase intention of collateral merchandise will increase.</td>
<td>p=0.018</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Table 6: Summary of Empirical Study
CONCLUSIONS AND PRACTICAL IMPLICATIONS

With the rise and expansion of the fan community, the role and influence of the fan community on the economy are increasingly worthy of attention. The role of the fan community in the economy will be affected by many factors, such as the level of consumption of fans, the herd mentality of fans, the loyalty and belonging of fans. Among these influencing factors, this paper focuses on the influence of fans' loyalty and herd effect (independent variables). Because the economic scope is too large, this article only studies the very figurative point in the economy - the fan's purchase intention of collateral merchandise and uses it as a dependent variable. According to the research, the loyalty and herd effect of fans significantly affect the fans' purchase intention of collateral merchandise, which can reflect the huge consumption potential of the fan groups.

Due to the huge consumption potential of the fan group, relevant industries must fully recognize the huge benefits brought by the fan groups and actively improve related industries according to the fan market-oriented needs. Fan groups should also be aware of their important role, to avoid being deliberately misleading, strengthening their awareness of prevention, rational pursuit of stars, and rational consumption.

LIMITATIONS AND FUTURE RESEARCH

Since the respondents in this survey are all 18 years old or older, 18-25 years old young people especially college students account for an absolute proportion. As the main force of the fan group, the college student group is easy to have the characteristics of being susceptible to others and irrational consumption. Therefore, the age group differences of the respondents are not obvious, which may affect the objectivity of the research results.
In future research, other factors that influence the role of fan groups in the economy are also worth studying, such as the level of consumption of fans. Also, the influence of gender differences and age differences on the performance of fans also needs to be specifically studied.
APPENDIX 1

* 1. 您的性别 Your gender:
   - 男 Male
   - 女 Female

* 2. 您的年龄段 Your age:
   - 18岁以下
   - 18~25
   - 26~30
   - 30以上

* 3. 您目前受的最高教育水平是 Your education level:
   - 高中及以下 High school or less
   - 大学 Undergraduate
   - 硕士及以上 Master or higher

* 4. 您有喜爱的偶像吗？Do you have favorite idol(s)?
   - 有 Yes
   - 没有 No

* 5. 您所喜爱的偶像隶属于哪一领域？Which area does your favorite idol belong to? (最多选择1项)
   - 歌手 Singer
   - 电竞游戏 Gaming
   - 体育 Sports
   - 演员 Actor
   - 二次元 Secondary element
   - 模特 Model
   - 网络直播 Live streaming
   - 其他 Others

* 6. 您的追星习惯是？What is your habit of supporting your idol?
   - 仅通过社交媒体 Only support through social media
   - 买专辑或周边支持 Buy albums or derivatives to support
   - 偶尔演唱会或见面会行程 Occasionally attend a concert or meeting
   - 吃土也要见到哥哥！Even if I don’t have money, I will see my idol!
### 调查七：关于粉丝忠诚度的调查 Survey on fans loyalty

<table>
<thead>
<tr>
<th>分值</th>
<th>我对于我偶像的动态很了解 I know a lot about the dynamics of my idol.</th>
<th>我对于我偶像的作品很熟悉 I am familiar with the work of my idol.</th>
<th>我对于我偶像的周边很支持 I am very supportive of the derivatives of my idol.</th>
<th>我会向其他人安利我的偶像 I will promote my idol to others.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
<tr>
<td>2</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
<tr>
<td>3</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
<tr>
<td>4</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
<tr>
<td>5</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
</tbody>
</table>

### 调查八：关于粉丝从众效应的调查 Survey on the herd effect of fans

<table>
<thead>
<tr>
<th>分值</th>
<th>我愿意和其他粉丝购买一样的东西 I am willing to buy the same things as other fans.</th>
<th>我会让我觉得很开心 I am willing to buy the same things as other fans.</th>
<th>我会让我觉得有团体归属感 Buying the same things will make me feel like having a sense of belonging.</th>
<th>买东西前我会参考其他粉丝已经买了什么 I will refer to what other fans have bought before buying something.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
<tr>
<td>2</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
<tr>
<td>3</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
<tr>
<td>4</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
<tr>
<td>5</td>
<td>[ ] Strongly disagree</td>
<td>[ ] Disagree</td>
<td>[ ] Neutral</td>
<td>[ ] Agree</td>
</tr>
</tbody>
</table>
9. 关于购买周边产品消费倾向的调查 Survey on the purchase intension of derivatives

<table>
<thead>
<tr>
<th>分值</th>
<th>1 非常不同意</th>
<th>2 不同意</th>
<th>3 中立</th>
<th>4 同意</th>
<th>5 非常同意</th>
</tr>
</thead>
<tbody>
<tr>
<td>我倾向于购买偶像代言的产品 I tend to buy idol endorsement products.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>我倾向于购买偶像使用的同款物品 I tend to buy the same item used by idols.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>我倾向于购买为偶像应援的产品 I tend to buy products to support idols.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>我会推荐其他人购买明星周边产品 I would recommend others to buy star derivatives products.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
References


doi:10.1080/09523367.2017.1341873