

# Generation Z: Starchaser vs Starmaker

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**T**he idols of Gen Z represent not only “spiritual power”; they are also involved in shaping economic chains and creating value. In this sense, they are generating “economic power” that cannot be underestimated.

In 2020, China’s luxury industry generated more than 340 billion RMB in

sales, with celebrity endorsements playing a major role in various marketing strategies. The value of livestreaming e-commerce, brought to life by stars and KOLs, was expected to rise to 1.2 trillion RMB in 2021. In the fast-moving consumer goods sector, almost all leading brands use stars or idols for endorsements.

From film and TV salaries, product endorsements, livestreaming and more, the economic power of idols has entered every aspect of our lives, and plays an important role in the creation of economic value in various industries. But, why do these idols generate so much economic value amongst Gen Zers?

## 01

### The Fan Economy

**The commercial value of idols is inseparable from culture and entertainment in China.**

A standardised cultivation process has laid the foundation for commercialising idols. It extends from the upstream selection of potential idols by agencies to talent shows to attract sponsors and fans to downstream media campaigns and performances, as well as the produc-

tion of films and TV shows. In this ecosystem, stakeholders such as agencies, streaming platforms, film and television companies and sponsors can explore how to work together to create idols and reap economic profits.

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The culture and entertainment industry has also largely reshaped the way fans follow their idols by creating fan groups. Media and social platforms have also established fan cultivation mechanisms, taking advantage of their high degree of interactivity. From trending topics on Weibo and popular question-and-answer websites like Zhihu to fan meet-ups, this ecosystem has transformed the pursuit of stars into a highly interactive group behaviour.

Susceptible to public opinion and the influence of others, fans are willing to support their idols by spending money on them. It could be said that the fan scale effect, fuelled by the cultural and entertainment ecological chain, has become the backbone for idols to build their public images and grassroots popularity, and to create greater economic and social value.

## 02

## Idol Endorsement and Generation Z

**The development of the fan economy derives from the digital transformation.**

First, the value of idol endorsements lies in the fact that they can make products more “visible” to consumers in our information-overloaded online marketplace. Through endorsements, companies establish strong links between their products and these idols by leveraging their popularity and personas to create unique messages which attract the interest of consumers. Therefore, idol endorsements are a “shortcut” for companies to differentiate their products in the digital age.

Secondly, idol endorsements help companies win consumer trust in the competitive internet market. The “role model” effect of idol endorsement might reduce the information asymmetry arising from the inability of consumers to experience products directly. Such endorsement by idols could make products more real for consumers, and thereby increase their intent to buy.

This “role model” effect also comes from the social credibility of idols themselves. Out of favour and trust for their idols, consumers are more likely to believe in the products they endorse in the absence of information. It could be said that the trust idols imbue products with is at the core of their commercial value. In this way, it is their personal credit that forms the “idol economy” in a broader sense.

## 03

## The Social Responsibility of Idols

Though the rise of the idol economy is inevitable in the digital age, it also faces challenges.

The central role of idol personas in the idol economy implies that their behaviour is often under public scrutiny, meaning they have to bear relevant social responsibilities while creating value. Every word and deed can affect the behaviour, mind-set and even the values of their fans, who may adopt a collective mood, thereby jeopardising public order in cyberspace or even in the real world.

Meanwhile, idols also have a role to play in shaping social morals and values. In the age of the idol economy, idols have become economic and cultural icons that have an influence on public opinions and values. How they conduct themselves and guide the emotions and consumption behaviour of their fans has become a social obligation.

While endorsements incorporate the image of idols into the value creation of products, the influence idols exert is closely intertwined with the development of companies and their competitive strategies. When idols fail to observe social rules and fulfill social responsibilities, their credit and commercial value diminishes.

For enterprises, it is risky to achieve differentiation by leveraging the commercial value of idols, as idols are frequently

replaced by the entertainment industry. Instead, companies should focus on improving the quality and differentiation of their products, increase investment in innovation, and improve their overall operational efficiency.

## 04

### New IP and New Opportunities

As a new business model, the idol economy also represents many opportunities.

#### Inspiring fans with positivity

The young generation is the backbone of idol culture and the idol economy. Quality idols with both excellent professional abilities and integrity of character can effectively drive young people to pursue meaningful goals and can promote positive energy.

#### Expanding the cultural and entertainment industrial chain

To win a foothold in the culture and entertainment industry, idols must rely on more than good looks; they need to prove themselves through their work to build social influence and credibility to support their commercial value. The demand for quality work has provided an opportunity for the development of the cultural and entertainment industrial chain, particularly in terms of literary and cultural creation.

The idol economy also provides opportunities for the systematic development



of artistic education. The cultivation of artistic talents is fundamental to ensuring the supply of high-quality talent for literary platforms and the culture and entertainment industry.

#### From the idol economy to the online celebrity economy, the industry is restructuring in the digital age

The online celebrity economy may help extend the idol economy into small-and-medium-sized enterprises (SMEs). Similar to the inception of idol endorsements, the emergence of social media influencer endorsements is a result of the desire of SMEs to get their products seen and be trusted in a fierce digitised market.

Internet celebrity endorsements, which are relatively low-cost, can convert traffic into purchasing power, making it a more attractive option for SMEs to promote their products. In contrast to idols, the credibility of online influencers mainly originates from their expertise and professional know-how in their respective fields. As a result, there are more opportunities for online influencers to be commercialised.

To an extent, the development of the on-

line influencer economy has gone beyond the traditional idol economy, and has more deeply altered competition and production models in the digital economy.

Manufacturers are increasingly relying on the judgement of online celebrities to find resources and manufacture goods that meet market demand and access sales channels. As a result, the role of online influencers has gone beyond idol endorsements, and has become a link and platform for coordinating production processes, thus playing a bigger role in industrial organisation.

Amidst this trend, online celebrities have further outgrown their individual identities and created “personal IP” with their credibility, professional competence and personas. The “people-oriented” “IP economy” together with the new industrial organisation model means that idols and online influencers will play a more significant role in the economy while bearing more social responsibilities.