Research on the Integration and Development of Internet Economy and Real Economy Represented by Short Video Platform in China

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Abstract. The current short video platform is growing rapidly and enjoyable to the public, attracting us to focus on the development process and advantageous impact of the Internet economy. We will collect data on the number of users and profits of short video platforms in recent years, as well as the losses brought to the real economy, to further analyze the relationship between the Internet economy and the real economy. In general, the Internet economy and the real economy have their own advantages and disadvantages, and currently appear to be incompatible with each other in terms of impact patterns. However, the internet economy and the real economy are inseparable and complementary, and in the future we will study and promote their joint development to achieve a win-win situation.

Keywords: Short Video Platform, Internet Economy, Real Economy, Development.

1. Introduction

1.1 Research Background and Motivation

With the increasing number of Internet users and the popularity of cell phone users, the scale of online shopping has reached 782 million (47th China Internet Development Report), online video users reached 927 million, and online live streaming users reached 617 million. These figures are growing, which shows that the short video platform has an immeasurable future. The target customers cover almost all age groups, integrating traffic, shopping and creativity. Take Jitterbug, which combines music and short video, and now has a live shopping channel, so it is clear that the business value of short video platform is immeasurable. Mobile short video refers to videos that are shot on mobile devices such as smartphones and tablets and generally have a playing time of no more than 5 minutes. The short video industry refers to mobile applications that can edit, share and other interactive operations on short videos. The mobile short video industry first emerged in the United States in 2011, while the domestic mobile short video industry gradually formed a certain scale in 2014 and began to grow rapidly and gain widespread attention in 2018. In 2019, the short video industry gradually entered a stable growth period from the initial rapid growth period[1].

The short video platforms that have suddenly gained rapid growth in recent years, the value of the profits they bring and the speed of their popular expansion is astounding, and this has caught our attention. It can be simply said that for people in the past, their entertainment was watching TV, reading newspapers and reading novels, in contrast, people nowadays are basically watching short videos to pass their leisure time. Therefore, we wanted to explore the reasons behind the dramatic shift in the way people entertain themselves and the process of the rise of the Internet business model.

1.2 Literature Review

Internet economy is different from the real economy of the new economic development model, which is based on Internet technology and platform, the computer technology, big data, artificial intelligence, such as the Internet technology applied to the industrial innovation and development, to break the basic form of traditional real economy. It has created many new economic growth points and the market demand. Then, with the huge industry development potential and innovative Internet
productivity is widely concerned and supported by people. The Future Road of Internet Economy (published by Guangdong Normal University Press in April 2018), edited by Lang Xianping, takes the current innovation layout of Internet industry as the research object, deeply discusses the innovation topics of sharing economy, artificial intelligence, Internet enterprise operation and so on in the Era of Internet economy. From the perspective of game and cooperation between Internet economy and real economy, the paper deeply reflects the application and development of "Internet +" in other industries and fields. Lang Xianping, the author of this book, is a famous economist in China. His works are both professional and dissemination, and are widely praised by readers [2].

1.3 Research Contents and Framework

This article will explore the reasons for the rapid growth of short-form video platforms and the impact they have had. In addition to this, we will also focus on the initiatives of the real economy to cope with the challenges of the crisis in the context of the current rapid development of the Internet economy. First of all, in the first part, we will discuss the short video platform and the operation basis and the definition of the Internet economy. Secondly, in the second part, we will collect data on the number of users, traffic and profit results of short video platforms in recent years, as well as the loss of the real economy under the strong impact of the Internet economy. In the third part, based on the data collected in the second part, we will analyse them in depth the reasons and implications of the good development of short video platforms and how the real economy can develop hand in hand with the Internet economy. Finally, we will summarize the development process of short-form video platforms and the Internet economy, as well as the outlook on the future economic development model.

2. Methodology

2.1 Macro Environment Analysis

2.1.1. Demographic Factors

The macroeconomic data released by the National Bureau of Statistics of China shows that the gross domestic product in the first half of 2019 increased by 6.3% year-on-year. China's economic performance grew steadily, the trade structure continued to be optimized, the consumer index of residents increased steadily and industrial producer prices performed steadily. China's economy continues to grow at a medium-to-high rate above a large volume, and new business models are emerging, showing a booming trend. The role of consumer consumption in driving economic growth is becoming more and more obvious, and the economic structure is further optimized. At the same time, the short video industry is an important part of the new industry, which meets people's spiritual pursuit of a better life on top of the basic needs of life, and the overall economic situation is stable to good, which provides a good basis for the development of the short video industry. In recent years, in order to stimulate consumption, the government has been adopting a proactive fiscal policy and a flexible and prudent monetary policy, and the growth rate of government spending has rebounded significantly, and the government has shown a strong willingness to make payments. National general public budget spending has been increasing, with cumulative budget expenditures of 123,538 billion yuan in the first half of 2019, up 10.7 percentage points year-on-year. However, it is worth noting that 160.4 billion yuan, or 1.30 percent, was spent on culture, tourism, sports and media, an increase of 5.9 percentage points year-on-year, which is lower than the overall expenditure growth. However, the importance of the culture and media industry has not yet been fully matched, and the mobile short video industry still has a long way to go in order to achieve significant development in the current economic situation. [3]

5G network in the sink market to reduce the price of speed, short video applications show a low threshold of access, viewing convenience, social function perfect features, so short video to the sink market of new Internet users the most obvious attraction and pulling effect, become the most priority of new Internet users to try video content. As shown in figure1, China's mobile Internet users spend
more than a quarter of their time using short video applications every day, and short video has become the "third language" of the mobile Internet outside of text and voice. China's network short video user scale continues to expand, and in 2020 the network short video user scale reached 873 million.[4]

![Figure 1](image1.png) 2016-2020Statistics on the size of Chinese short video users

2.1.2. Economic Factors

From the main economic indicators, fixed asset investment has achieved stable growth in quantity and optimization in structure, especially high technology investment has grown faster, consumption has maintained a good growth rate, and the trend of consumption upgrade has been further enhanced. Therefore, in the work leisure life, more and more people will leave their time for short video platforms and watching live streaming and other entertainment activities, and make certain consumption and hitting investment. Short video has become the user "kill" time tool, short video user scale expansion, the market size is growing rapidly. The data in Figure 2 shows that the short video market in 2016 was only 1.9 billion yuan, and in 2020 it was 205.13 billion yuan. China Business Industry Research Institute expects China's short video market size will approach 300 billion yuan in 2021.

![Figure 2](image2.png) 2016-2020China counts video platform market size forecast trend chart

2.1.3. Legal policy Factors

The "2020 China Internet Short Video Copyright Monitoring Report" was released, and the report recommends a multi-dimensional short video copyright protection network. The report shows the development of China's online short video industry and the current situation and problems faced by copyright protection from multiple perspectives, including short video industry trends and regulatory dynamics, short video copyright monitoring, short video infringement risks, and short video copyright protection technologies.

On April 21, 2020, the Beijing High People's Court issued the "Guidance on Determining Damages and Judgment Standards for Statutory Damages in Cases of Infringement of Intellectual Property Rights and Unfair Competition", in which "short videos" were included in the scope of protection, including short video-type works, unlicensed music works played and sung by web hosts, as well as film and television dramas and variety shows. The scope of protection of "short video" includes short video works, unlicensed musical works played and sung by online broadcasters, as well as clips of film and television dramas, variety shows, sports programs, and continuous game footage, with basic
and discretionary standards for compensation based on specific circumstances. On November 11, 2020, the Decision of the Standing Committee of the 13th National People's Congress on Amending the Copyright Law of the People's Republic of China was adopted at the 23rd meeting of the Standing Committee of the 13th National People's Congress and shall come into effect on June 1, 2021. The highlights of the newly amended copyright law are worth noting: short videos with originality will be protected as "audiovisual works"; the upper limit of statutory compensation will be raised to RMB 5 million, and the lower limit will be set at RMB 500. The use of music in live webcasts should clearly pay remuneration to music producers; increase copyright collective management organizations to collect royalties according to authorization and establish power information. At the same time, it authorizes the collection of usage fees, establishes a power information inquiry system, makes transfer payment inquiry more transparent, and has stricter regulatory requirements[5-7].

2.1.4. Social and Cultural Factors

Today's new media era is developed after traditional media such as newspaper, radio and TV, and makes use of digital technology, network technology and mobile technology to provide users with information and entertainment, etc. through channels such as the Internet, wireless communication networks and wired networks, as well as terminal devices such as computer cell phones and digital TV sets. The number of new media consumers has grown rapidly in recent years, and the attraction of new media applications for the public is considerable. Anchors are also rising rapidly as a profession, and the new media era has brought a piece of professional innovation, giving us a new direction to find profit.[8]

2.1.5. Technical Environment Factors

The competition in the future will not only be the competition of users, but the competition of excellent producers. Through the experience of the software, it is found that the same video content is flooded in different platforms. In order to avoid the homogenization of the content, the quality of the content and the featured quality content become the key to enhance their competitiveness, which can be seen from the fact that both Jieyin and Racer are actively fighting for quality MCN. Increasing the length of short videos enriches the diversity of content and also increases the cost of imitation by others to avoid homogenization. In addition, the revenue of the short video platform in the past mainly to live interactive bounty, but in recent years the short video platform is also gradually online live with goods function, and now live with goods has become a common feature of the short video platform. At the same time, more and more brands in the short video marketing campaign, advertising in the short video revenue share continues to rise. According to statistics, the head platform e-commerce infusion revenue share grew from 0.8% in 2019 to 6.3% in 2020; advertising revenue share also grew from 18.9% in 2019 to 37.2% in 2020.[9]

2.2 SWOT Analysis

2.2.1. Advantages

With the popularization of smart mobile terminals, the number of Internet users has increased, the time spent online has been extended, and the proportion of time spent on short videos has increased, providing favorable social conditions for the commercialization of Racer. According to data released by QuestMobile Research Institute, as of November 2019, the average daily Internet access time of mobile Internet users in China was 6.2 hours, and the scale of monthly active users reached 1.135 billion. China's TV Production Industry Association released a survey report showing that the number of monthly active users of short videos in China exceeded 820 million in 2019. At the same time, the length of use of short videos has also exploded, accounting for 36.6% of the total time users spend online and surpassing the length of use of long videos for the first time. In this context, the short video industry has a wide audience and a long consumption time, which is conducive to the short video platform to attract users and create value. The short video platform is used to record and share the lives of ordinary people, with the characteristics of diversity, common people and decentralization. The video protagonists are mostly grassroots and the content is closer to people's lives, which, on the
one hand, makes it easier to attract audiences to participate in creating content; on the other hand, it also resonates more with viewers and is favored by users.

In the early stage of development, the short video platform did not intend to go commercial, but focused on meeting users' needs and improving their experience. At the same time, we cultivate our own vegetarian anchors, collect advertising ideas with our own platform characteristics, continue the concept of "mass entrepreneurship and innovation", and expand the popularity of the short video platform. The short video platform is based on traffic cash, and the huge pool of user traffic provides favorable conditions for its commercialization. The short video platform combines people's fragmented time with social interaction, with simple operation and low entry threshold, making the identities of content exporters and receivers interchangeable at any time, enhancing user participation and entertainment experience. In addition, the short video platform adheres to the principle of "not disturbing users". On the one hand, it uses an artificial intelligence system to automatically filter and push content that users may be interested in. On the other hand, it allows users to choose the live broadcast and product content they are interested in.

2.2.2. Disadvantages

Because the initial stage of KnowHow needs to discover and cultivate the special anchors of its own platform, collect advertising ideas from netizens in various aspects, and share the revenue after selecting the most popular videos. Therefore, the initial investment will be relatively large and the financial pressure is high, resulting in a short commercialization time and immature mechanism, which makes the commercialization process slow. At present, the short video market is relatively saturated, with Jieyin, Rachet, and Xiaohongshu as the main three giants, and there is a lot of pressure on all aspects for the short video platform to be among the top short video platforms. Since all applications are constantly updating and innovating, the short video platform must launch its own innovative highlights as soon as possible to attract the public's attention. The profit model of the short video platform mainly consists of two aspects: one is infomercial, which is the most profitable way. The second is live streaming, but the money obtained from reward draws is limited and it is difficult to achieve a significant increase. Coupled with the need for a large number of employees to review non-stop, it is difficult to take advantage of the money-absorbing advantages.[9]

2.2.3. Opportunities

In the 5G era, users will be completely free from the shackles of internet speed and can watch short videos and live streams anytime and anywhere, so there are more potential customers, longer viewing time and a bigger market. In addition, 5G network provides favorable conditions for the popularization of VR technology, and making good use of this technology can further enhance users' sense of presence and immersion and create better experience effects for them. The short video platform's commercialization innovation adopts the "advertising + business ecology" model, focusing on the value of "private traffic" and emphasizing the sustainable development of commercialization. Focus on mining the value of "private traffic". The core thing of short video platform is not only the traffic, but also the social relationship, and the most important thing behind the social relationship is the private domain traffic. The most important thing behind the social relationship is the private domain traffic. How to bring the private domain traffic from the fans to the commercial content more efficiently and have more private domain traffic precipitated is the most important thing to consider. Commercial ecology mainly includes social ecology and content ecology. The social ecological products mainly include the vegetarian cultivation program. As for the content ecology, it builds a vertically segmented content marketing position with the merchant number as the core to help brand advertisers and small and medium-sized merchants to be stationed in the short video platform [10].

2.2.4. Threats

The short video industry is highly competitive with high content homogeneity, mainly Jieyin, QQ, Xiaohongshu, Volcano and other platforms, and Jieyin is the main competitor of the short video platform. Jitterbug is the main competitor. Jitterbug started its commercialization early and fast, and
its commercialization model is more mature. In addition, there is a clear trend of "Jieyin Raptorization", and it has started to penetrate into the sink market and compete for traffic. In the context of big data, the application of data mining, artificial intelligence, cloud computing and blockchain technology has set off a new round of reshuffle in the short video industry, which is an opportunity and a threat, and has invariably intensified the competition among short video platforms. Although the scale of short video users is still rising, the demographic dividend will gradually disappear as the domestic market tends to be saturated and the growth rate drops sharply. According to the survey data published by Aimedia.com, the growth rate of short video platform users reached 107% in 2018, but dropped to 25.1% in 2019, and the growth rate is expected to be only 15.2% in 2020. For this reason, many short-video platforms have started to expand to foreign markets, and the short video platform needs to find countermeasures as soon as possible. Content diversity is a major advantage, but if there are problems with video content, it can pose a threat to the business. Due to the rich variety and large number of videos, it is difficult for platforms to set judging standards and conduct strict audits. And poor supervision of enterprises can lead to the flow of vulgar content to the market, bringing negative impact to enterprises [11].

3. Results and Discussion

The rapid development of the Internet is a fierce impact on the traditional real economy. The traditional real economy is facing the challenges and competition from the Internet in terms of efficiency, quality, communication, marketing, etc. Due to the difference in technology, concept and industrial model, the traditional market share of the real economy is gradually taken by the Internet industry. Take traditional shopping as an example, under the rapid development of e-commerce, the sales of offline physical stores are in decline, and ushered in a considerable wave of closures, a time when the entity everyone in the real economy is at risk, and even irrationally resist the Internet economy. In order to better resolve the huge impact of the Internet on the real economy, people gradually began to analyze the impact of the Internet on the real economy in a rational way. First of all, the Internet brings to the real economy is the impact of information dissemination. Internet communication is faster, larger and more transparent with the help of computer network, which provides free, open, transparent, open and interactive communication channels and platforms for consumers, and increases the opportunities for Internet enterprises to contact customers or consumers, as well as sales advertising and promotion, thus forming a closer link between production and sales, improving the sales. This has increased the accuracy of sales and effectively improved the overall efficiency of internet production and consumption. Secondly, the Internet has brought significant impact to the real economy in terms of distribution channels, especially the retail side and intermediate channels in the real economy, which directly connects producers and consumers, reducing inventory costs and retail costs, as well as more directly understanding and aggregating consumer demand and consumption data, thus improving the optimization of production allocation. As a result, a large number of upstream producers in the traditional real economy have started to turn to the Internet, making the living space at the end of the real economy increasingly narrow, and the structure of the traditional real economy needs to be changed and developed by the Internet. Finally, the Internet has also put forward new requirements for manufacturers and service providers in the real economy. In the Internet environment, changes in the downstream of the industry chain and channels gradually force the upstream of the industry chain, manufacturers and service providers need to change the Internet The production mode and marketing mode in the environment. Take the production model as an example, traditional manufacturers can only predict the scale of production through the feedback from intermediaries or retailers, which can easily lead to a large amount of inventory due to market changes, thus creating pressure on cash flow. With the addition of the Internet, manufacturers can directly understand and contact consumers’ needs and operate sales through Internet logistics, which improves the efficiency of production and sales and enhances the value realization ability of the entire production line while reducing inventory pressure[11].
4. Conclusion

In the recent years, short video platforms have emerged, popularized the public and made a lot of profits. Through the exploration of the rise and development of short video platforms, this article further analyzes in depth the willingness and impact of the rapid development of the Internet economy, as well as the impact and challenges brought by the Internet economy to the real economy. As a result, we find that the Internet economy and the real economy are complementary relationships, not substitution relationships, and all the Internet is built on the basis of the real economy. Therefore, both real entrepreneurs and Internet entrepreneurs should focus on our research and not just limit themselves to the independent development of their own fields, but also cooperate and win-win. In the future, we will further explore the innovative practices of the Internet economy and the real economy as well as initiatives to work together for common and development. In this era of traffic cashing in, or even traffic being king, it seems that traffic represents everything. We should seize the dividends of the times, forge ahead, combine creativity with technology, and complete creative cashing.

5. References


