

Analyze of the Unique Characteristics of Bilibili

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Abstract. With the continuous development and expansion of bullet screen video websites, more young groups start watching bullet screen videos, paying attention to the culture of the bullet screen. Bilibili website has its unique advantages. It draws an increasing number of young people to become devoted users and rises to the top of the list of websites with bullet screen videos. It has consistently drawn the interest of mainstream media, certain official mainstream accounts, and brands in recent years. The host has repeatedly resided at B station. This paper takes Bilibili as the research object and starts with the analysis of its profit model and then examines the distinct qualities of B stations in online video from the perspectives of website community operation, media, and popular culture. This paper also takes the financial analysis of B station as the profit benchmark to analyze its financial data. What's more, this paper studies the profitability of B station's profit model. The study found that the root causes of these problems were narrow revenue targets, bottlenecks in other businesses and high costs. Finally, according to the analysis results, this paper puts forward optimization suggestions.

Keywords: Internet; video; development of Bilibili; barrage; profit model.

1. Introduction

With the Internet's rapid development, the online video industry has developed rapidly, but the enterprises in the industry are still in a rapid growth period, with a high cost of investment. There is no mature business model and there are still many problems in the existing business model. In addition to the common Tencent Video, iQiyi, Youku, etc, Bilibili has become one of the best. According to an Analysis report, by the end of 2020, the scale of China's new pan-entertainment video industry will reach 1 billion people. Video platforms are becoming more and more complete, and the war on platforms has evolved into a competition for user attention. Long videos and short videos that seem to compete on different tracks have the same ultimate goal. Whether it is the layout of long videos on Douyin or the increase in Bilibili short videos, it is essential to absorb more user groups and compete for user time. The combination of long and short videos has also become the development strategy of major platforms.

After years of development, Bilibili, which started out as a bullet screen video website, has grown to become China's biggest ACG environment. The main reason for this is that Bilibili users have a different culture from other apps. Bilibili has been a bellwether for two-dimensional culture. Young people are particularly interested in secondary culture, which gives Bilibili a distinct advantage in both the marketing and operation of games. The forerunner of Bilibili, Mikufans, was founded by a group of two-dimensional enthusiasts under the direction of Xu Yi in June 2009. The website was given the name "bilibili" in January 2010. The website at this time was a two-dimensional vertical content community with games, animation, and comics at its center. In order to attract more users and transform from a vertical two-dimensional audience community to a pan-two-dimensional audience community, Bilibili started to redesign in 2013. This included adding content categories to the website and offering material like movies and television dramas. Bilibili's operational company, Shanghai Phantom Power Information Technology Co., Ltd., was founded in May 2013. The offshore holding company Bilibili was founded in the Cayman Islands in December of that same year. In 2014, Chen Rui, an angel investor in Bilibili, acted as the company's CEO and chairman, completely launching the company's corporatized operation, broadening the company's focus, and quickening the commercialization process. The "National Innovation (Domestic Original)" zone, which is dedicated to the promotion and ecological maintenance of domestic original animation, was established by

Bilibili in March 2017. The zone continuously expands horizontally while deeply deploying two-dimensional content, and over time, it gradually transforms into a pan-entertainment community dominated by young people. The listing of Bilibili on the NASDAQ in the United States on March 28, 2018, as the first "two-dimensional company" there, demonstrates how the scale of the domestic two-dimensional cultural market has grown to the point where any mainstream culture and mainstream media cannot ignore it. With the continued development of the mobile Internet and the rise in the consumption power of the Z generation population, Bilibili was formally listed in Hong Kong on March 29, 2021 [1]. The potential of the two-dimensional economy is also being released along with the two-dimensional consumers' expanding need for derivatives of two-dimensional culture. As a local two-dimensional video website, Bilibili attracts a sizable number of post-1990s and post-2000 users, which represents a sizable consumer market [2]. Several well-known domestic Internet businesses, including Tencent and Ali, have invested in Bilibili. This paper examines Bilibili's competitive strategy, pricing policy, and profit model in this environment, identifies Bilibili's issues and examines their causes before making a recommendation to maximize their profit margin.

2. Introduction of Bilibili

Bilibili is an emblematic brand and a world-class video community for the younger generation in China. When Bilibili held the AD TALK 2021 marketing conference, Li Yi said that in the digital world, the brand value of station B is built by users, communities, and content. The same applies to any brand. Brand equity in the digital age is composed of brand content and user relationships, and is built through digital communities. The Bilibili community is formed by hobbies, respect for creative expression, and emphasis on user relationships. It drives high-quality content to be created and exchanged in large quantities, so as to build the future cultural lifestyle of Chinese young people. Bilibili can provide an extensive array of video content to satisfy users' various interests and preferences, and build a high-sticky and high-identity community about users' cultural pursuit, high-quality content, talented content creators, and a strong emotional connection that binds them together. Li Yi, Vice Chairman and COO of Bilibili, also explained the core value of Station B as a marketing platform - helping brand owners create brand value in the digital era. Brand equity in the digital age, there is a formula that can be simply summarized, brand equity = brand content + user relationship. And this additive relationship must be built through a digital community. Based on QuestMobile stats, at the end of last year, almost 82 percent of Bilibili users were Gen Z users, most of them were in first- and second-tier cities, and they were quite willing to pay [3]. As a platform-based company, Bilibili mainly connects video creators, video viewers, advertisers and other parties, and has the characteristics of multi-severalism. The up, official account or drama in Bilibili is stationed in Bilibili or distributed on Bilibili, and the users of Bilibili create revenue and heat for content providers through the bullet screen culture and community exchange culture of Bilibili.

In this process, Bilibili, as an Internet platform, has formulated relevant governance rules, such as Bilibili needs to answer questions to become a full member, and cannot send bullet screens when watching videos before answering questions [4]. Bilibili acts as a platform to evaluate users' hobbies and push relevant videos to provide users with a better experience. For video publishers, up-owners get traffic and revenue by getting three consecutive (Thumbs up, collection and tips) and clicks, which incentivizes the enthusiasm of video creators. Bilibili as a platform model operating company is different from pipeline model companies through the difference in profits. Bilibili is profitable through trading commissions, and Bilibili's platform charging model is mainly to charge enhanced content management service fees, such as Bilibili's large membership services, game publishing, live broadcast value-added services, etc. Bilibili also reflects the pricing characteristics of the Internet platform in terms of pricing. The most obvious feature is the flexible pricing method, including pricing that can be changed at any time. Like most platform companies, Bilibili will also carry out activities on special days such as Spring Festival, 618, and Double 11. Recharge members during the

promotion period have a discount and a certain number of free days [5]. Bilibili mainly adopts the PUGV mode, and PUGV content accounts for more than 90% of the overall playback volume. The main participants of Bilibili as a platform are video creators (up owners) and video viewers, who interact through the barrage culture of Bilibili, but also include advertisers, game publishers, etc.

3. Competitive Strategy

3.1 Preventing Multiple Homes

As an Internet video platform, Bilibili cannot control video authors choosing video publishing platforms. But they have taken measures on live streaming, anime and gaming to draw them. First, in the live broadcasting section, Bilibili signs contracts with anchors. Compared to the profits with a 5:5 divided portion between the unsigned anchor and the platform, it can be increased according to the popularity of the signing anchor who will certainly be restricted to broadcast or even make a cameo appearance on other live broadcasting platforms such as Huya and Douyu. According to an unaudited second-quarter financial report for June 30, 2022, released on September 8, 2022, Bilibili earned 2.1 billion yuan by providing value-added services, accounting for more than 42% of the total revenue, and climbed 29% year on year. In the second quarter, the number of active anchors of Bilibili increased by 107% year on year, and the average monthly paying users of the live broadcasting business increased by nearly 70% year on year [6]. This shows that the number of anchors, the increase of contracted anchors and the number of paying users of Bilibili promote each other.

Bilibili, like most Internet video platforms, adopts exclusive broadcasting of anime. It totally has 592 exclusive anime, including many popular animes such as Demon Slayer and Cells At Work. This measure enhances the stickiness of the users who love quadratic dimensional with Bilibili. Bilibili also releases many games as an exclusive proxy.

3.2 Cultivating the Innovative

In 2021, Bilibili purchased Xinyuanhudong, Youyaoqi, Huimeng and some other companies, mainly game development companies and animation companies. According to the Qichacha report, Xinyuanhudong was founded in 2019 [7]. It's an action game research and development company. Game School Shock, neon series and stars seek hegemony have been launched in 2021. The reservation number for the new-launched School Shock through its official website has exceeded 700,000 [8]. So, purchasing game companies not only increase the income of game services, but also develops the exclusive game business of Bilibili. Bilibili has been taking advantage of the value of the acquisition companies to improve its own commercialization capacity.

Youyaoqi has a number of popular anime Intellectual Properties, including Rakshasa Street. In 2021, on the very evening of the China Innovation conference, Bilibili announced that it would carry out continuously completely new adaptations and development of 13 anime owned by Youyaoqi, such as Rakshasa Street, One Hundred Thousand Bad Jokes, Die How, School Shock, Tiger Crane and Shan Shang. For Bilibili, mergers and acquisitions make up the ecological chain of its content. In addition, after the emergence and success of Tiktok, Kuaishou, and other short video Apps, Bilibili also developed short video functions to enhance user experience and interface richness.

3.3 Redefining the Target Population

The target population of Bilibili has always been the group of the Z era. But with the increase in the number of Bilibili users and the development of the Internet, the number of users between the age of 50-70 years are increasing, too. On the homepage of Bilibili, there are some push videos created by middle-aged people, such as wood carvings Zhengyi Lou and Mincibulao. The videos are not only suitable for the original target group, but also popularize Bilibili with more older people. This makes Bilibili user groups more colorful and mutual communication is the main feature.

4. Differentiation Strategy

4.1 Diverse Range of Business

Bilibili stepped into the stage of scale expansion from 2014 to 2018. The business now includes the original business-like animation, games and new areas like e-commerce, movies, live broadcasting, e-sports club building, virtual idol cultivation and some other fields. Meanwhile, the divisions of Bilibili have been expanded from the original 15 to 33, including anime, China Innovation, screens, documentaries and so on. From the two-dimension platform to the comprehensive entertainment video platform, the income sources of Bilibili are diversifying. In terms of the profit model, the main income sources of Bilibili are mainly advertising-income, value-added income (live broadcast income and membership charge income), game income and e-commerce income.

4.2 Copyright and Resources of Anime

There are many two-dimension users in Bilibili, so Bilibili develops in the field of animation. They bought a large number of Japanese manga copyrights, and also issued a lot of China-created manga. The update speed of anime on Bilibili is very fast. For example, in July 2022, Bilibili collected 24 new anime. In addition, the anime of Bilibili are of high quality. Among them, Kyoto Animation is technically advanced in animation and has a certain number of fans. Bilibili has purchased 36 copyrights of most of the manga from Kyoto Animation.

4.3 High User Engagement

One uniqueness of Bilibili from other platforms is its high user loyalty. The 12-month retention rate of new users on Bilibili is 80%, while the retention rate of other video platforms, like iQiyi, is less than 60% after 14 days, according to the Q2 financial report issued by Bilibili in 2021 [9]. At the same time, it also shows that, compared with other video platforms and original video platforms, Bilibili has more fixed creators and vloggers contributing to UGC. Meantime, more video viewers make it easier to bring vloggers with a large number of fans and subsequent income.

4.4 Unique Bullet Screen Community Culture

Bilibili has a unique bullet screen community culture, which is the exclusive social attribute of Bilibili. Bilibili is a bullet screen video network. The term "bullet screen" describes how audience comments from the bullet screen video website will display as sliding subtitles on the video screen in real-time. The bullet screen comment is a Bilibili feature that gives viewers a shared viewing experience by giving the impression of "real-time engagement" to the audience [10].

The community of Bilibili has a strong and special cultural atmosphere. Each zone has a different culture. The "exclusive slang" and memes intermingled in the communication help users choose the zone they prefer, and the vloggers can also find their own creation type and zone.

5. Conclusion

Bilibili is a community where people want to come together twice, and the lack of advertising leads to high user loyalty. The ad-free nature of the video platform also makes Bilibili far more popular than other video sites. In contrast, major ads on the remaining major video sites and models that require site members to be recharged to avoid ads will significantly reduce user satisfaction. Bilibili has also registered as the UP main site. This is equivalent to performing the duties of the MCN organization. Bilibili determines the direction and goal of the platform development according to the characteristics of the UP master, and makes plans for specific fields. This directly facilitates improved content manipulation. The platform also allows users to find out exactly what their likes and interests are.

Although the content on Bilibili is extensive and diverse, the uploaders are not directly under Bilibili's control, which poses a number of copyright problems for the videos on the site. The majority of Bilibili UP main's development processes involve copying and pasting the original video in order to further process it, which may constitute plagiarism of the author's original work. Because of this, understanding copyright issues is crucial to the development of Bilibili. Up to that time, there was no sense in introducing true animation, because they couldn't solve the legitimacy problem of video.

Bilibili's censoring mechanism was insufficient to prevent administrators from viewing the video's unsuitable or unlawful content. Some of the video's material is violent and bloody, which can disgust or even intrigue viewers. The potential repercussions are unthinkable.

Content must be vertically categorized as the volume of content grows. On the one hand, vertical content classification encourages users to stay on the site longer and access relevant information more quickly, which increases the content's durability and immersion. On the other hand, sunken vertical classification offers a simple and intuitive view of the platform's user data and gives a brief overview of user group photos. The ability for advertisers to invest in advertising more quickly and easily thanks to this data enhances the platform's marketing and monetization capabilities.

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