

Differentiation Strategy of Bilibili Platform

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Abstract. With the rapid development of the Internet, the competition among internet platforms is becoming increasingly fierce. Differentiation strategy, as an effective means of competition, has a significant impact on the development of internet platforms. This study takes Bilibili as an example and uses the SWOT analysis method to explore the impact of differentiation strategies on internet platforms and summarizes the role of differentiation strategies in improving user experience, increasing user stickiness, and diversifying profits through analysis of Bilibili's differentiation strategies. The research results show that differentiation strategies have brought significant competitive advantages to Bilibili. It includes maintaining the basic advantages of a large number of young people and anime users and expanding their user groups, improving user experience, increasing user stickiness, stabilizing profits, and growing steadily. In the future, it is wise for Bilibili to dilute the differentiation on the user base and explore more methods to increase user loyalty. At the same time, Bilibili must seize the opportunity of advertising growth and explore better advertising monetization models to achieve stable and steady profit growth.

Keywords: Differentiation strategy; Bilibili; anime culture; high stickiness community; diversified profits.

1. Introduction

With the rapid development and popularization of internet technology, internet platforms constantly face increasingly fierce market competition as they emerge. The advantage of a differentiation strategy is that it can highlight unique characteristics and attract target groups. Through product innovation, brand positioning, and service personalization, companies can establish a unique market position and improve their competitiveness. A differentiation strategy can help reduce price sensitivity and increase customer loyalty, thereby achieving higher profit margins. With an in-depth understanding of target market needs, differentiation strategies can more accurately meet customer expectations, break the homogeneous competition pattern, and create sustainable core competitiveness for enterprises. In this context, differentiation strategy has become one of the key factors for many internet platforms to gain advantages in competition. By providing unique products or services to users, internet platforms can stand out in fierce competition, attract more users, and continue to develop.

The report uses SWOT Analysis which analyzes the Internal strengths, internal weaknesses, external opportunities, and external threats of the company Bilibili and then explores the differentiation strategy of Bilibili. The purpose is to explore the impact of differentiation strategies on internet platforms using Bilibili as an example.

As the largest anime cultural community and video-sharing platform in China, Bilibili has attracted a large number of young users and anime fans with its unique positioning and services. By conducting in-depth research on the impact of Bilibili's differentiation strategy on its market and users, people can better understand the role and significance of differentiation in the development of internet platforms.

2. SWOT Analysis of Bilibili

SWOT analysis is a technique that was used for business management purposes. In recent years, it evaluated as an analysis tool that is used to analyze a company. It consists of the initials of the English S(Strength), W(Weaknesses), O(Opportunities), and T(Threats) words [1].

In this essay, SWOT analysis will be used to analyze the company Bilibili. According to the SWOT analysis, the strengths of Bilibili include a large user base and a high-stickiness community. Bilibili has a large user group, especially young users and anime enthusiasts[2]. At the same time, Bilibili also has a high-stickiness community to increase users' sense of community belonging, and loyalty. In a stickiness community, users establish emotional bonds through shared interests, enhance their participation through bullet screen functionality, and enhance their sense of community belonging and loyalty by participating in Bilibili's unique formal membership assessment system[3]. The main weakness of Bilibili is its unstable profit model[4]. Bilibili does not have traditional video website stickers, and traditional advertising revenue methods make it difficult to bring a large and stable income to Bilibili. The opportunities of Bilibili are Anime cultural market growth and advertising market growth. The popularity of anime culture among young people is increasing, which provides an opportunity for Bilibili to expand user groups and market share. Meanwhile, the rapid growth of the digital advertising market also provides opportunities for Bilibili to increase revenue. The main threat of Bilibili is Intense market competition. As other Internet platforms gradually realize the potential of the anime cultural market, competitors may gradually enter the anime cultural market, thus bringing competitive pressure to Bilibili, which may seize users and reduce their market share[5]. Through the above SWOT analysis of Bilibili, the current strengths and weaknesses, as well as the opportunities and threats faced by Bilibili. This can help us better understand how Bilibili maintains its strengths, handles weaknesses, seizes opportunities, and responds to threats through differentiated strategies.

3. Differentiation Strategy of Bilibili

3.1. Object Oriented

The main target users of Bilibili are young people who enjoy watching interesting videos and socializing. According to official data from Bilibili, nearly 80% of the platform's users are young people under the age of 24, with a high proportion of 78.67% being born in the 1990s and 2000s. Bilibili has a deep understanding of the audience of Generation Z, who is an awakened generation with a rich core. Young people emphasize individuality, high moral standards, and greater tolerance, while also experiencing a unique sense of loneliness as only children. Therefore, watching dramas and variety shows can no longer satisfy young people, who seek social interaction through videos. At the same time, Generation Z has strong purchasing power, loves to buy and dares to buy, uses genuine products, and has high entertainment needs[6]. Seizing the needs of Generation Z can bring tremendous value to the company.

Providing a large number of anime cultural content is also popular with young people. Bilibili started from ACG culture. Now, the demand of Generation Z for anime is rising steadily. The number of animation users is rising steadily every year. 40% of young people are animation lovers, and the number is further expanding. By focusing on young people and anime culture, Station B can maintain its basic advantages of a wide range of young people and anime users. At the same time, with the opportunity of the growth of the anime culture market, Station B can constantly expand its user groups, increase its market share, and also cope with the competition from other Internet platforms to enter the anime culture.

3.2. Strategy Implementation

3.3. Establishing high-stickness communities.

In terms of community interaction, Bilibili almost has the most inclusive and highly cohesive community with a strong sense of belonging and a vibrant community that firmly connects users together. Specifically, the retention rate of formal members (users) is over 80% within 12 months, and the average daily usage time of users is 82 minutes, which is the best performance in the fourth quarter in history; The daily content viewing volume increased by 80% year-on-year, and the monthly average user interaction volume increased by 116% year-on-year, further increasing user stickiness.

Bullet screen is an important tool to increase user interaction experience. The bullet screen function is a new feature of the streaming industry that is very popular in east asia. The bullet comments sent by users will move in real-time on the video in a flowing form from the left to the right of the screen[7]. As the largest bullet screen video-sharing website in China, Bilibili can further enhance user engagement through its powerful bullet screen interaction function[8]. Allowing users to participate in formal membership exams, strengthens their sense of community belonging, and loyalty, greatly enhancing their long-term attraction to new users[9]. By establishing a highly cohesive community, Bilibili can enhance user loyalty to the platform, and at the same time, it can be sure that it will not lose the existing users and market share when other Internet platforms enter the anime culture.

3.4. Diversified profit model

Due to the uniqueness of Bilibili itself, although it directly replicates the traditional advertising profit model and does not have a good advertising monetization model, the absence of a two-minute opening advertisement compared to other video platforms is also an advantage, which can cater to the user's unwillingness to watch advertisements. Bilibili mainly relies on various ways of monetization, such as membership, games, live streaming, membership purchases, and offline activities, with diverse profit monetization models. As shown in the As the pillar business of Bilibili, the gaming business accounted for 83.4% of revenue in 2017. In recent years, its revenue has gradually declined. As shown in figure 1, in the second quarter of 2021, the revenue share of multiple businesses has tended to average.

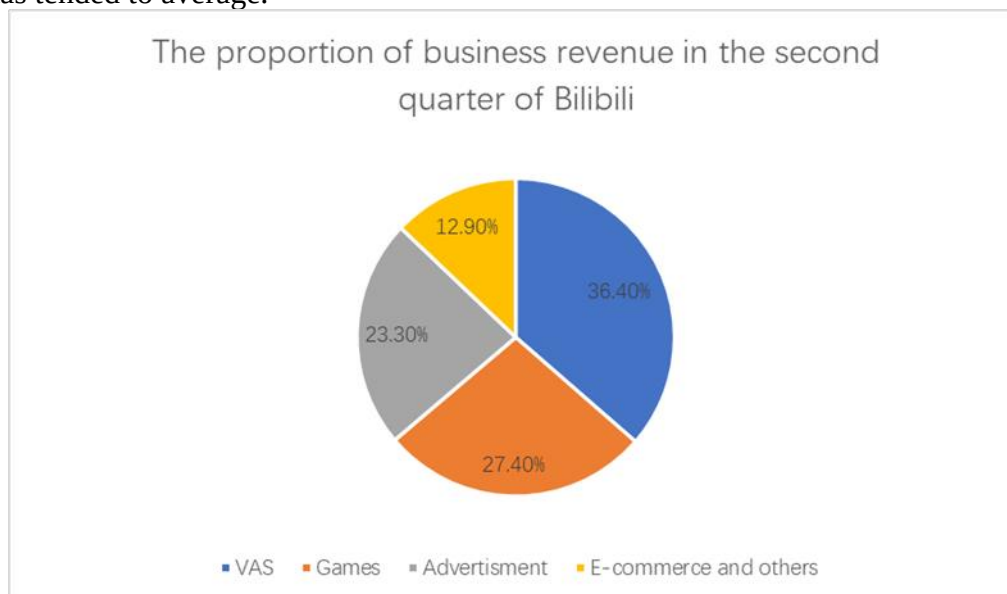


Figure.1 The proportion of business revenue in the second quarter of Bilibili

Bilibili is actively exploring new advertising monetization models, such as establishing an official account for the brand on Bilibili to facilitate cooperation between the brand and well-known influencers. Through joint submissions, influencers can implant brand advertisements in their videos to improve advertising efficiency. At the same time, with the help of "commercial takeoff" promotion heating tools, brands quickly and efficiently expose their native content to interested users, expand

communication effects, and achieve brand marketing goals. Bilibili Huahuo's main business cooperation platform officially opened which made advertising the main business and leveraged the huge user base and UP main base of Bilibili to establish long-term cooperation with brand owners through the fireworks platform[10]. Although it is still in its early stages at present, with the continuous growth of the digital advertising market, significant capital investment, and platform integration, the profitability of Bilibili will tend to stabilize and steadily increase in the future.

4. Conclusion

The impact of the differentiation strategy on Bilibili is significant. By implementing the differentiation strategy, Bilibili can maintain its basic advantages of a large number of young people and anime users and gradually expand its user group. Establishing high-stickiness communities can improve user experience and increase user stickiness; a diversified profit model can also enable Bilibili to gradually stabilize profits and steadily grow in the context of the continuous growth of the digital advertising market. Bilibili can not just stop at the benefits brought by the current differentiation strategy. With the continuous upgrading of Internet competition, Bilibili should gradually weaken the differentiation in user groups, gradually break the circle based on young people and anime users, and anime culture, and attract other user groups by providing more content. In establishing a high-sickness community, Bilibili should continue to deepen differentiation, maintain a good community environment for Bilibili, and explore more ways to increase user community belonging to increase user loyalty. In terms of diversified profits, Bilibili should try to explore more ways of monetization, so that Bilibili no longer overly relies on a certain business, while seizing the opportunity of digital advertising growth and exploring more suitable advertising monetization models for Bilibili.

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