Analysis of Profit Model of Bilibili under Post Epidemic Era - Taking Advertising Marketing as Example

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Abstract. In this article, through screening Bilibili 5 years(2018-2022) in the first quarter of positive advertising revenue overall revenue in the annual report data mining sector revenue data bili bili commercialization trend of miles, through the two plates data policy interpretation, combined with the analysis of the existing advertising marketing model B stand UP main business single, advertising the advantages and disadvantages of take-off, video invitation, Put forward strategic advertising marketing suggestions, and carry out combined advertising marketing under the premise of realizing multi-win, de-marketing formalization and content tolerance, to reverse its profit status and provide direction for Bilibili’s future development.

Keywords: Profit Model, Post Epidemic Era, Advertising Marketing, Bilibili.

1. Introduction

The accurate prediction of power load is of great significance for electric power production and the safe operation of the power grid and the national economy [1]. Short-term load forecasting is an essential part of the energy management system. The prediction error directly affects the analysis results of subsequent safety checks of the power grid, which is of great significance for dynamic state estimation, load scheduling and cost reduction [2-4]. Traditional prediction methods are based on linear regression, such as time series, analysis, and pattern recognition methods have defects, respectively [5]. In the era of information fragmentation, short video platforms have developed rapidly and gradually become the main form of social entertainment. While accumulating fans and realizing traffic, video advertising marketing is becoming more common. Advertising marketing has the characteristics of low cost, rich delivery channels, ample space for choice of delivery platforms, and so on. Its recommendation mechanism also makes advertising marketing more targeted and interactive, fills up the fragmented time, and satisfies the desire for expression and creativity. With the increasingly interactive nature of advertising marketing, the increasing size of users, and the increasingly younger user portraits, short video platform advertising marketing has become a vital battlefield for for-profit models.

This study will examine the following issues: Bilibili’s current commercialization process and current advertising and marketing strategy analysis; Suggestions and Prospects for Bilibili’s Advertising Strategy in the Future. An analysis of Bilibili’s market competition strategy.

The research on the advertising revenue sector, which accounts for up to 23.34 % of the overall revenue of Bilibili is conducive to discovering the advantages and disadvantages of the existing advertising marketing strategies of Bilibili. It has a practical research significance in improving the current revenue of Bilibili. It is of great importance to analyze the existing advertising marketing strategies of Bilibili and put forward suggestions for the existing advertising marketing strategies from the third party perspective outside Bilibili and users. The integration analysis of the current commercialization process and advertising marketing strategy of Bilibili has policy guidance significance for the transformation and future development of the same type of platform.
2. Bilibili status analysis

2.1 The commercialization process

At the marketing conference of ‘Everything Bilibili’ at the end of 2019, Bilibili is officially about to enter the commercial deepwater area, which marks that the commercialization process has entered a new stage-diversified development, and opens the ecological chain to all suppliers [1]. Since then, Bilibili has established the UP main commercial operation platform-spark platform in 2020 to cooperate with advertisers. With the platform's help, it conducts marketing around the core copyright content and IP, creative marketing, image authorization, and activity cooperation. In recent years, the expansion of “professional personal production content” and “professional organization production content” has intensified. Fantasy, documentary, film and television drama, virtual idols, and TV competition are included in many industries to speed up their commercialization process.

2.2 Income in the marketing and advertising sector

According to the annual and quarterly reports of Bilibili, the total revenue in the first quarter of each year from 2018 to 2022 is 868 billion, 13.74 billion, 23.16 billion, 39.01 billion and 50.54 billion, respectively. According to the above data, the total revenue growth rate of Bilibili in the first quarter of each year is 58.29 %, 68.56 %, 68.44 % and 29.56 % [2]. In the first quarter of 2018-2022, the revenue of the Bilibili advertising section was 59.15 %, 89.38 %, 234.11 % and 45.59 % respectively.

According to the above data, it can be seen that the total revenue of Bilibili in the first quarter of 2018Q1-2021Q1 bears a rapid development trend of more than 50% growth rate, and the total revenue in the first quarter of 2021 reached 2.901 billion yuan. In the first quarter of 2022, the revenue reached 5.054 billion yuan, and the growth slowed to 29.56%.

According to Figure 1, the changing trend of the advertising revenue of Bilibili from 2018 to the first quarter of 2022 shows that although the growth rate of the advertising revenue of Bilibili in the first quarter of 2022 slowed down year-on-year, it still reached 45.59%, much higher than the growth rate of the advertising revenue of the entire Internet industry. Among them, Tencent’s advertising revenue fell 18% yearly, and Baidu’s advertising revenue fell 4% yearly.

![Trend of Advertising Income of Station B in the First Quarter of 2018-2022](image)

Figure 1. The changing trend of the advertising revenue of Bilibili in the first quarter of 2018 to 2022

2.3 Bilibili fireworks platform online

In July 2020, Bilibili Huahuo UP’s main business cooperation platform (from now on referred to as ‘Huahuo platform’) officially opened. When video advertising becomes the primary business income, Bilibili uses its vast number of users and high-quality UP owners to carry out long-term commercial cooperation with the brand side through the spark platform. The platform is mainly located as UP owners in the station, MCN institutions, and the brand side to provide a safe and standardized business cooperation environment and efficient and transparent business transactions.
Moreover, as an intermediary, the advertising score of UP owners is only 6%, which is far lower than that of 10% of Xiaohongshu, 15% of Express, and 40% of the platform [3].

As an official business cooperation platform serving high-quality UP owners and brand owners, fireworks can provide a safe and standardized business cooperation environment and efficient and transparent business transaction links for UP owners, MCN institutions, and brand owners in the station. Now ‘Huahuo’ platform has more than 15,000 UP hosts, become a significant source of advertising resources Bilibili is a critical way. At the same time, the reinvestment rate of brands is more than 75%, and more than 4,000 business videos on the site are popular, but also laid the Bilibili advertising scale foundation [4].

3. Bilibili advertising marketing strategy

3.1 Business Cooperation

Uploaders are the vital link between brands and the masses, and they will use their acting and creativity to transform the brand into a language that fits their respective circles and pass it on to their fans[6]; the relationship between uploaders and brands is generally win-win cooperation, brands can invite uploaders to participate in various online and offline activities to increase the exposure and spread of the activities through the influence of uploaders themselves, the ways of cooperation include but not limited to Advertising implantation, advertising customization, live unboxing, new product launches, live performances, flash stores, large exhibition and event sites, etc. This is currently one of Bilibii’s most successful and common advertising strategies.

3.2 Video Operations

Brands use Bilibili’s public domain traffic to promote uploaders’ business videos through the label to achieve accurate placement, usually shown at the home page recommendation position, or play page recommendation position.

The most common problems of advertising for brands are how to choose uploaders. The second thing is how to place the advertisements. After that is how to create exciting content, and last but not least, how to master the pace of placement.

3.2.1 Select uploaders with the same attributes

There are many mature data sites in the market, including Bilibili’s own Huahuo platform, which can help investors quickly and efficiently find promoters who meet the characteristics of the brand brands characteristics. Through work and tag analysis, clients can precisely understand the fan attributes of uploaders, including gender share, age share, active fan share, fan preference, etc., to achieve accurate placement.

3.2.2 Selecting placement areas

With a wide variety of vertical interest divisions, brands can choose to invest in different circles through the other attributes of their products [7]. The uploaders on Bilibili are generally divided into head, waist, and general levels, which correspond to different budgets, so brands can choose different levels of investment according to their marketing strategies, such as focusing on creating word of mouth or spreading the word widely.

3.2.3 Bold and quality advertising content

Bilibili users' hobbies are usually distinct and independent and have their circles. The highest evaluation of advertising by Bilibili users is "unexpected," which means that content authors have perfectly integrated the promotional content into their video style, and they don't even realize that it is a promotional video until they see it at the end. Therefore, if the content is too conservative or the form of advertising is too obvious will only cause users to reject it, damaging the brand image. Uploaders are the ones who know more about the preferences of Bilibili users than brands, so brands should give uploaders maximum creative space and create quality content together with them.
3.2.4 Capture placement frequency

The user atmosphere on Bilibili is laid back and relaxed, and the breaking news usually has a more extended timeframe than on other platforms. Most enjoyable "stems" need time to ferment and cascade, rather than being replaced in real-time. Therefore, the brand should have long-term planning, not rushed, through a short period of advertising bombardment to create a pop. Grasp the overall marketing direction and moderate investment rhythm, and sincerely play with Bilibili users to harvest users’ goodwill.

3.3 Invitation to advertise

By directly inviting brands to join the platform, Bilibili can combine the content of uploaders’ business video promotion with advertising space, and the audience can achieve goods while watching the video. It supports the direct purchase of e-commerce ads, third-party external links, H5 pages and landing pages. In addition to the many new video technologies developed by Bilibili, such as interactive video, naked eye 3D, etc., the novel video format always brings users a refreshing experience. This form of cooperation is still unattainable because the brand usually requires some conditions. Many brands to create scarcity, will choose to authorize a single platform exclusively, so the share ratio will also be a problem.

3.4 Infomercial (Mainstream advertising format)

In addition to the original co-op ads mentioned above, infomercials are also the main advertising business of Bilibili. The infomercials of Bilibili are usually placed in the middle of the infomercial content or at the beginning or end of the homepage content. Users will see the tweets filtered by data when they scroll down to view the content. The infomercial can seamlessly integrate into the information stream without disturbing users or interrupting their access process [8]. The Bilibili infomercial selects high-quality resources such as the home page recommendation stream, play page and PC terminal. It helps advertisers reach a high-quality advertising audience and interest circles based on young and diversified user groups, while maintaining a good user experience. The display forms are small infomercial, large infomercial, three infomercials, play page recommendation, partition focus map recommendation, etc. This is a common choice for most streaming platforms today and provides a steady stream of revenue.

4. Suggestions for the existing advertising and marketing strategies of Bilibili

4.1 Implement a multi-win-win advertising method

Put high-quality short advertising videos at the end of the video to form a blind box effect, satisfy consumer curiosity, and enjoy the beauty, value, and emotional communication.

Consumers: Advertising audiences. Watching videos no longer need to endure the advertising countdown passively. On the contrary, after watching the video, there are surprises, and you can actively enjoy the short video advertising [5].

Platform: Includes platform agents. Advertising is not just traffic; most of the traffic will disgust consumers. Thus advertising has a negative effect. This is an extensive vicious circle of increasing environmental pollution. If the platform pollutes its environment, it corrupts the forum's commercial value. Ad buyers spend money but don't bring in sales, only depreciating the platform. Exploring consumer-accepted advertising models is undoubtedly one of the keys to the sustainable monetization of the platform.

Clients: Includes client agents. There are many advertisements in the market, but bubbles are all, and disgust can only bring disgust. High-quality advertising is more likely to make consumers desire to buy.
Video UP Master: Includes film and television works or video agents. The easier it is to implant ads, the better the ads’ effect, and the more trouble-free and profitable the video producers are. And it can give up owners more motivation to produce high-quality works.

The public: A suitable mechanism can activate resources and allow all parties to use their talents best. It is hoped to promote the service industry, promote brand growth, promote high-quality entrepreneurship and employment, promote high-quality consumption, and make the digital economy and manufacturing more prosperous.

4.2 De-formalization of marketing routines

Bilibili is content-oriented. It is more disgusted with various marketing techniques. If the content contains a small amount of hard broad, it may cause disgust [9]. For this reason, Bilibili promotions are usually used before key brand nodes (such as press conferences and new product releases) to be used more for brand image exposure to create momentum.

4.3 Tolerance of Content

For traditional brands, if the content published is more serious, it is usually impossible to communicate effectively with the users of Bilibili. If a brand wants to live in harmony with younger users, it needs a spirit of self-deprecation and self-deprecation. When users use official materials for secondary creations, brands should promote this development rather than resist it.

4.4 Combined Advertising and Marketing

The core appeal of Bilibili advertising and marketing is to obtain better conversion through better costs and use Bilibili’s diversified product portfolio to continue to operate and get more conversion increments. “Fine” means that the UP main business order creates an interest content matrix and anchors accurate users; “Excellent” is the brand video with the take-off landing page, and high-quality content is more circle-breaking [10]. “Effectiveness” is to supplement the programmatic creativity and intelligently explore a larger traffic pool.

4.4.1 Interest content targets precise users

Through the UP main business list to create a topic matrix, commercial take-off horse racing, to achieve the efficient excavation of small and fine crowds, to explore the demand for new land. In the early stage, the brand and fashion, life, knowledge and other multi-division UP the main co-creation of the content matrix, release topic of interest content to help the brand closer to the user. At the same time, all co-UP owners can try it out in person to inspire user trust with more authentic assessments.

4.4.2 High-quality video footage is more eye-catching

Advertisers can integrate into the Bilibili community by starting with a sincere piece of content. Through dialogues such as heart-to-heart dialogue, explaining the product concept, the video quickly captures the curiosity of users, and tells the original intention of the birth of the product in a warm mood, hoping that more people will download the appeal of the experience and fully express the nature transmitted to the audience emotion [11].

4.4.3 Programmatic creativity is more efficient

Hobbies become careers, UP main through the video as the primary input material, but also the use of the programmed invention to generate information flow graphics, quickly through the material exploration period, at a price far below the average cost of the industry to obtain more efficient traffic, for the original core interest group package algorithm expansion, to ensure the cost stability of the case, intelligent exploration of a larger traffic pool.
5. Conclusions

Bilibili has maintained high growth and continuous penetration in the market while accelerating its commercialization process. Regarding advertising and marketing strategies, Bilibili insists on a multi-track and full-scene layout. Rich and diverse advertising strategies have brought stable income to Bilibili. Maintaining differentiation from other Internet platforms is one of the current research issues of Bilibili. It is also a big challenge to keep the stickiness of new and old users while maintaining the quality and freshness of the content.

Bilibili will balance the advantages and disadvantages between ‘high-quality users’ and ‘commercialization process. On the premise of maintaining the growth of healthy users, the strategic focus will be on accelerating the commercialization process, reducing costs, and increasing efficiency. At the same time, by expanding the liquidation rate of a single MAU and controlling operating costs, the current operating loss rate of 2022 is further improved to achieve the official general goal of a breakeven point in 2024.

Due to the limited time and professional level, the policy interpretation of the Bilibili is limited in the investigation process. It is not comprehensive enough to only consider the influence of the advertising sector on the revenue growth of Bilibili. It can only explore specific laws based on the existing annual and quarterly data, thus affecting the effectiveness of the study and obtaining more qualitative conclusions. This paper does not examine the direction for regional differences in the spatial changes of the belly advertising strategy. Future research can further analyze the policy differences caused by different spatial changes.

References