

Research on the Development Strategy of Bilibili Company's PUGC Ecosystem

Yingcheng Huang *

The School of Big Data and Software Engineering, Chongqing University, Chongqing, China,
401331

* Corresponding Author Email: 20201577@stu.cqu.edu.cn

Abstract. Established in 2009, Bilibili Company initially gained attention for its video content, mainly centered around pirated videos, before evolving into a diverse creative platform. Nowadays, Bilibili is renowned for its excellent PUGC creative environment, numerous PUGC encouragement strategies, and for cultivating a unique space for creative expression and community engagement. PUGC is an abbreviation for user-generated content, which means professional content that is relatively close to PGC and combines the personalized characteristics of UGC with PGC's excellent production. Nowadays, Bilibili has successfully diversified its video content and offline activities, closely related to the effective operation of its PUGC ecosystem. This article will propose the definition and analysis of the composition structure of the Bilibili PUGC ecosystem. The Bilibili PUGC ecosystem involves platforms, fans, PUGC, and uploaders and can be divided into offline and online ecosystems. In addition, this study analyzes the innovative strategies of the Bilibili PUGC ecosystem and proposes prospects and development suggestions for the Bilibili PUGC ecosystem.

Keywords: Bilibili; PUGC; Ecosystem; Platform; Innovation.

1. Introduction

Bilibili Company was established in 2009 and is China's second bullet screen video website. Initially, its video content was mainly ACG (animation, comics, games). Nowadays, Bilibili has many primary and secondary video partitions, diverse video content, mainly PUGC, and is very popular with Generation Z. Moreover, Bilibili Company has organized many offline activities focused on the PUGC cultural content of Bilibili, such as the Top 100 UP Awards Ceremony aimed at encouraging PUGC creation and recognizing excellent uploaders and the BILIBILI MACRO LINK offline performance event aimed at gathering uploaders and domestic artists. It can be seen that the influence and involvement of Bilibili's business have exceeded the initial business, which is closely related to the formation of Bilibili's PUGC ecosystem and its innovative strategies. Although a certain number of scholars have researched the Bilibili PUGC business, few scholars have conducted a detailed analysis of the Bilibili PUGC ecosystem. Therefore, this article aims to conduct a detailed study and analysis of the Bilibili PUGC ecosystem, including relevant innovation strategies, prospects, and suggestions. This article analyzes the composition and structure of the Bilibili PUGC ecosystem. The Bilibili PUGC ecosystem involves platforms, fans, PUGC, and uploaders and can be divided into offline and online ecosystems. In addition, this article analyzes the innovative strategies of the Bilibili PUGC ecosystem and proposes prospects and development suggestions for the Bilibili PUGC ecosystem.

The structure of this article is arranged as follows: Chapter 2 will introduce professional terms and related papers, and Chapter 3 will analyze the composition and structure of the Bilibili PUGC ecosystem, as well as the innovative strategies related to this ecosystem. Chapter 4 will analyze the prospects for the future development of the Bilibili PUGC ecosystem and provide suggestions for the development of the Bilibili PUGC ecosystem. Chapter 5 summarizes the entire text.

2. Literature Review

2.1. Definition of Concepts

2.1.1 ACG

ACG refers to Animation, Comics and Games [1] and was first proposed by enthusiasts in Taiwan in 1995. It also includes light novels, radio dramas, picture dramas, animated game music, atlases, stage plays, cosplays, peripheral products such as handmade posters and many other carriers.

2.1.2 UGC

UGC is the abbreviation for "User Generated Content" [2]. It is also called UCC (User created Content) in some organizations. The concept of UGC originated from the Internet, where users display or provide their original content to other users through Internet platforms.

2.1.3 PGC

PGC is the abbreviation for "Professionally Generated Content" [3]. It refers to personalized content, diverse perspectives, democratic dissemination, and virtual social relationships.

2.1.4 PUGC

PUGC means professional user-generated content. It is a term related to networking [4]. It is in the form of UGC, producing professional content that is relatively close to PGC, and combines the personalized characteristics of UGC with PGC's excellent production. PUGC represents special live-streaming scenarios, direct identities, and specific, valuable, and non-replicable live-streaming content caused by some special events.

2.1.5 RBV

Resource-Based View, proposed by Birger Wernerfelt in 1984. It believes that if a company has extraordinary resources and prevents resource dilution through a certain isolation mechanism, it can earn sustainable extraordinary returns.

2.1.6 Gen Z

Abbreviation of Generation Z, which means people born between 1995 and 2005. They are indigenous people of digital technology [5].

2.1.7 MAU

Monthly Active Users (MAU) is a statistical indicator that reflects the operational status of websites, internet applications, or online games. It is usually counted as the number of users logged in or used a certain product within a month, excluding duplicate logged-in users.

2.1.8 DAU

Daily Active User (DAU) is a statistical indicator that reflects the operation of websites, internet applications, or online games. It is usually counted as the number of users logged in or used a certain product within a day, excluding duplicate logged-in users.

2.2. Relevant Research

Jiang and Zhang found that the business model of Bilibili's PUGC content has five capability mismatches and proposed optimization ideas [6]; Zhou and Bao systematically analyzed the user experience of Bilibili, a community-based video platform, based on the PUGC model [7]; Tang summarised the innovations of the video of classmates of He based on the PUGC model using a case study, and found that Its Vlog-style backstage display form, the coexistence of science and technology and humanities perspectives, and the content that compensates for users' freshness provide a reference experience for the dissemination of scientific and technological expertise [8]. Tian found that in an online community discourse that highly integrates objective statutes and subjective expressions, there exists a process in the production of PUGC videos in which the content authors transform their

intellects into the general intellects through multilevel negotiation and self-control. The authors' behavior of self-control and self-control is based on the user experience of Bilibili. Behavior, which is manifested by the characteristics of self-control, self-valorization and self-rationalization [9]. Li takes the PUGC model of the Bilibili pop-up video network as the research object and analyses the connection, integration and innovation of PUGC with UGC and PGC [10]. Liu and Yan showed three obvious stages of community economy development of B-station, which gradually transformed from a content-carrying community to a user-creation community. Finally, they became a comprehensive content community [11].

3. The Bilibili PUGC Ecosystem

3.1. Structure of the Bilibili PUGC Ecosystem

Bilibili maintains user stickiness comparatively well [12]. This is inextricably linked to the effective operation of the PUGC ecosystem. The Bilibili PUGC ecosystem (shown in Figure 1) involves four main bodies: professional users, the so-called uploaders in the Bilibili platform, the Bilibili platform, the PUGC, and the user fan groups. The Bilibili PUGC ecosystem is split into two ecosystems: the internet ecosystem and the offline ecology.

The platform cultivates and incentivizes the skills and knowledge of the Uploaders (cultivation segment), the Uploaders produce PUGC (production segment), and the PUGC attracts fans to interact with the Uploaders (interaction segment). The interaction segment increases the stickiness of the fan users. Bilibili is relatively productive in keeping its user's sticky [12]. Fans who love and are loyal to the platform choose to spend money on the platform's advertising, games, e-commerce, value-added services, etc., which makes the platform earn more money (consumption segment). The entire PUGC industry comprises the cultivation, production, consumption, and interaction [7].

The platform, fans, and Uploaders form the Bilibili PUGC internet ecosystem, which has spawned the offline Bilibili PUGC ecosystem. Bilibili has done offline activities such as the Top 100 Uploaders award ceremony, age worship, BML concerts, BW Comic Con, etc. According to the official website of Bilibili, such activities are mainly centered on the Uploaders and the creative works of the Uploaders. Bilibili's official website shows that such activities mainly focus on creating and achieving Uploaders, and the guests of honor are also mainly Uploaders.

At the RBV level of analysis, the PUGC ecosystem attracts and retains user resources [8], leading to a gradual growth of users (shown in Fig. 2) and an increase in the number of hours of user use (see Fig. 3). Moreover, the PUGC ecosystem allows professional users to be remembered by the times. It promotes the video culture of the Bilibili platform [13].

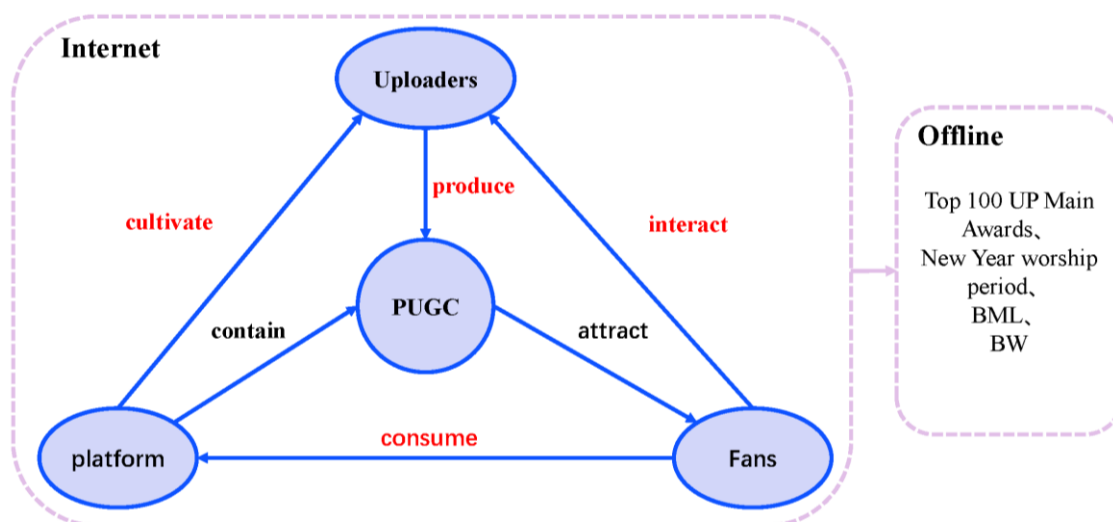


Fig 1. Bilibili Platform PUGC Ecosystem (Photo/Picture credit: Original).

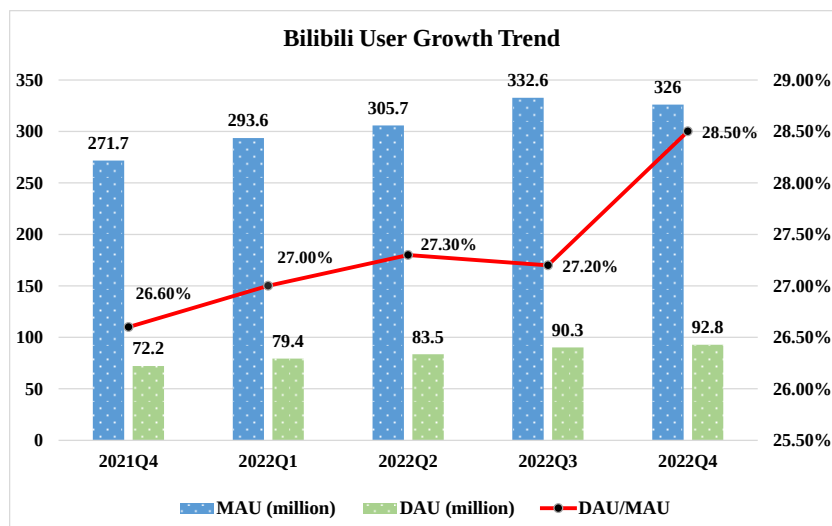


Fig 2. Bilibili User Growth Trend (Photo/Picture credit: Original).

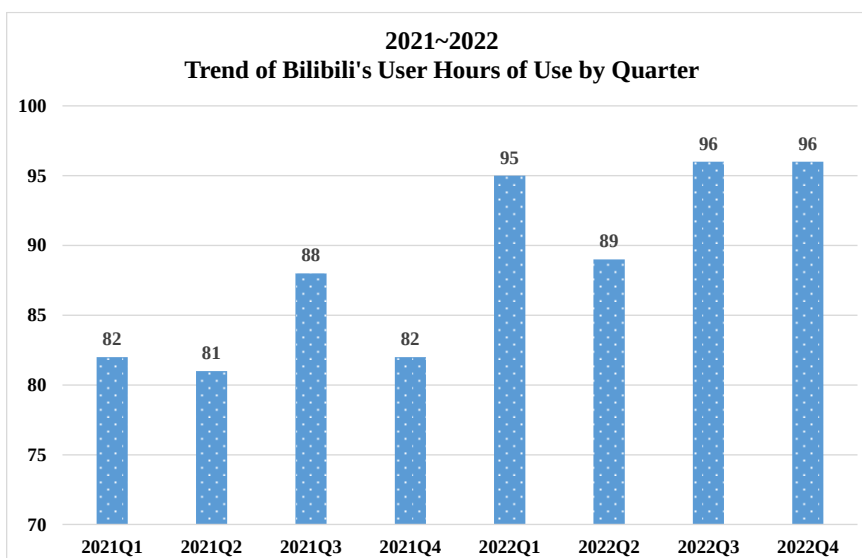


Fig 3. Trend of Bilibili's User Hours of Use by Quarter, 2021~2022 (Photo/Picture credit: Original).

3.2. Bilibili PUGC Ecosystem Innovation Strategies

Bilibili PUGC ecosystem employs a variety of many innovative strategies. Firstly, Bilibili has innovated at the level of realization strategies. Bilibili proposed a charging scheme in 2018 through which users can reward Uploaders, aiming to increase the sense of reward and the motivation and passion of Uploaders to create [14]. Bilibili also proposed an incentive scheme and a creation academy in 2018 [9]. The incentive scheme provides incentives to Uploaders and is one of how the platform and Uploaders jointly share the traffic. The launch of the Creation Academy can guide users to become professional users to create high-quality PUGC [10]. In addition, there are innovative strategies of Bilibili in terms of partition formulation. Bilibili has been constantly increasing the number of primary and secondary partitions. After its IPO in 2018, the number of primary partitions has increased. The game, life, and knowledge zone have a higher playback volume.

Pan-knowledge videos have become a hit, giving rise to many text labels and core cultural circles [11]. Secondly, Bilibili has innovatively developed rich ways of interaction between Uploaders and users. Bilibili is the second website in China to set up pop-up videos with a rich pop-up culture. In 2018, Bilibili developed a one-button triple-linking mechanism to make interaction more frequent [15]. Finally, Bilibili's "Creation Centre" serves as a guide for Uploaders [8]. Figures 8 and 9 show that the Creation Centre contains a wealth of prize activities and integrates "Creative Inspiration" for Uploaders to find directions and neighborhoods for their contributions.

4. Future Prospects and Suggestions

4.1. Prospects for the Bilibili PUGC Ecosystem

There are many opportunities and challenges ahead for the Bilibili PUGC ecosystem. 34% of the high-frequency use scenarios of Gen Z digital products are video creation, which shows that the PUGC ecosystem fits the preferences of Gen Z. Figure 4 shows the PUGC ecosystem has a positive cross-side platform network effect, with the advantage of a virtuous circle. In the circle, PUGC creation will satisfy fans' demand for content. After fans' demand is satisfied, fans will give further suggestions to the Uploaders' PUGC creation, thus inspiring the Uploaders' PUGC creation. While the fans' needs are satisfied, they will interact with the Uploaders and generate video revenue for the Uploaders, which motivates the Uploaders to create PUGC even more.

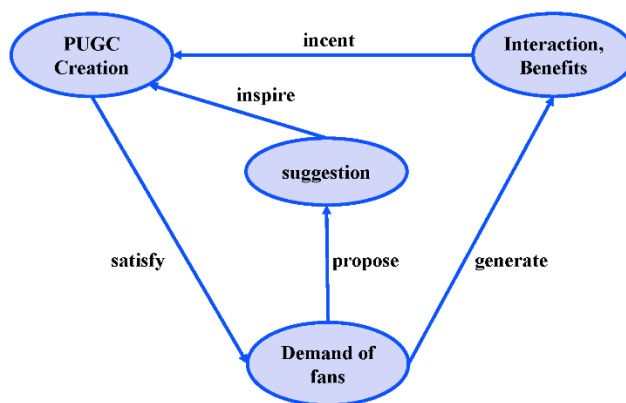


Fig 4. Positive cross-side platform network effects (Photo/Picture credit: Original).

4.2. Suggestions for the development of the Bilibili PUGC Ecosystem

Figures 5 and 6 show that Bilibili's operating income has increased yearly, with games and value-added services accounting for the largest share in the last two quarters. It is suggested that Bilibili add value-added services for members to encourage PUGC creation, such as buying members to give away paid software for video editing, paid courses for video editing, and discount coupons for purchasing photographic equipment, etc. to optimize the cultivation and incentive link of the Bilibili PUGC ecosystem, which will make the platform cultivate more Uploaders and produce more high-quality PUGC, thus attracting more This will enable the platform to cultivate more Uploaders and produce more high-quality PUGC, thus attracting more fans, and ultimately bringing more revenue and a virtuous cycle to Bilibili.

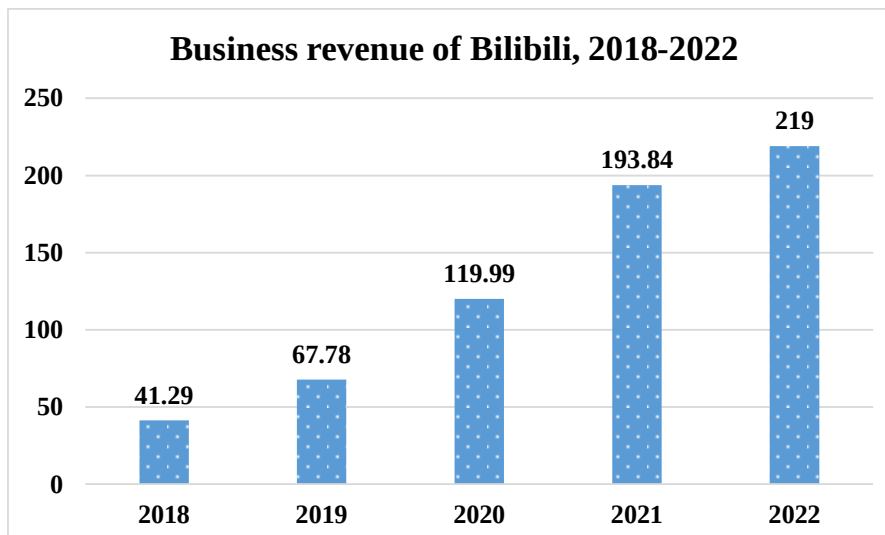


Fig 5. Business revenue of Bilibili, 2018-2022 (Photo/Picture credit: Original).

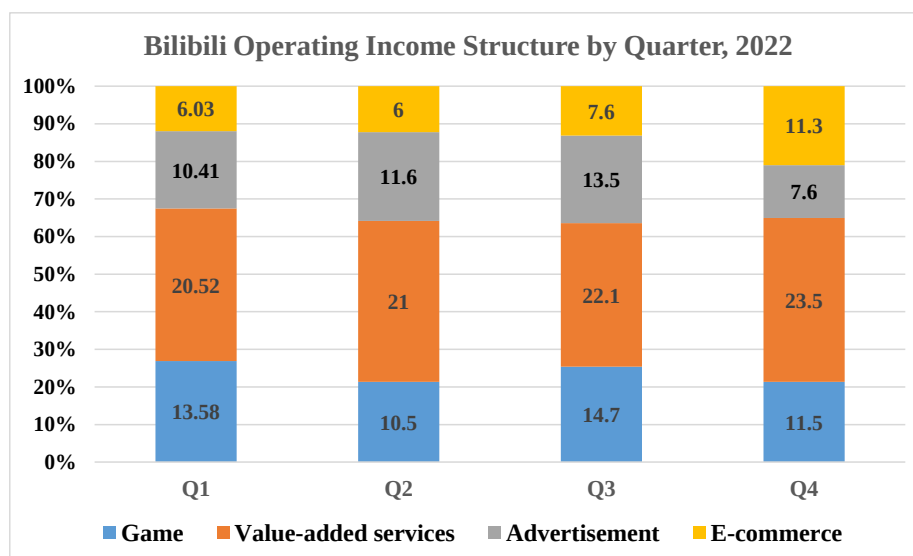


Fig 6. Bilibili Operating Income Structure by Quarter, 2022 (Photo/Picture credit: Original).

5. Conclusion

The PUGC ecosystem consists of cultivation, production, consumption and interaction, which effectively attracts and retains user resources, resulting in a gradual growth of users and an increase in the length of time they use, and the PUGC ecosystem allows professional users to be remembered by the times. It promotes the video culture of the Bilibili platform. Bilibili has made innovations in cash strategies, such as a charging program, incentive program and creation academy. In addition, Bilibili has made innovations in partitioning, increasing the number of first-level partitions, and the popularity of pan-knowledge videos, which have given rise to many cultural labels and core cultural circles. The PUGC ecosystem has a lot of opportunities and challenges in the future. 34% of Generation Z's high-frequency use scenarios of digital products are video creation, and the PUGC ecosystem is in line with the preferences of Generation Z. This article suggests that Bilibili should increase the number of members in the PUGC ecosystem. This paper suggests that Bilibili add value-added services to its membership to encourage PUGC creation, such as free paid software for video editing, free paid courses for video editing, and discount coupons for purchasing photographic equipment with the purchase of a membership.

This paper analyses the composition structure of the Bilibili PUGC ecosystem. Bilibili PUGC ecosystem involves four parties: platforms, fans, PUGCs and uploaders, and can be divided into two parts: offline and online ecosystems. This paper analyses the innovation strategy of the Bilibili PUGC ecosystem and proposes the future outlook of the Bilibili PUGC ecosystem as well as suggestions for its development. In the future, the authors will further analyze the relationship between the Bilibili PUGC ecosystem and break-even.

References

- [1] Zhu Mengya. Path Selection for Industrialization of Domestic Animation Dubbing Industry in the Context of Anime Culture. *Humanity World*, 2019, (3): 5.
- [2] Othman, Siti Suriani. User-Generated Content in Malaysian Newsrooms: Prospect and Challenges. *Journal Komunikasi-Malaysian Journal of Communication*, 2023, 39(1):259-278.
- [3] Zhang Lin. Reconstruction of Content Production Model from the Perspective of PGC - Taking CCTV's "Financial Cloud Live" as an Example. *China Radio and Television Journal*, 2021, (6): 107-109.
- [4] Wang Wenjing. Exploration of PUGC Mode for Content Production of "Pear Video". *Media and Art Research*, 2023, (1): 10-19.
- [5] Dolot Anna. The characteristics of Generation Z. *E-mentor*, 2018, 74(2): 44-50.

- [6] Jiang Yijia, Haoyao Zhang. Analysis of Competitive Strategy of Bilibili. Highlights in Business, Economics and Management, 2023, 11: 108-111.
- [7] Zhou Pretty, Bao YiXi. User Experience and Interaction Design Characteristics of BilibiliAPP under PUGC Mode. Design, 2023, 36(7):68-71.
- [8] Tang Wenyi. The Innovation and Thinking of Science and Technology Video under PUGC Mode-Taking B Station UP Master "Good Teacher My Name is He" as an Example. Northern Media Research, 2022, (4): 61-65.
- [9] Tian Yuan. Negotiation of intellect: Content production of knowledge-based authors in PUGC video communities. Journalism, 2021, 10(2): 75-84.
- [10] Li Banghao. Participation and regulation: an analysis of the PUGC model of Bilibili pop-up video network. Northern Media Research, 2019, 10(4): 81-84.
- [11] Liu Yanqiong, Yan Junzhou. The Evolution of Business Models of Content-based Platforms in the Context of Social Economy-Taking Bilibili as an Example. Journal of Zhengzhou Institute of Aviation Industry Management, 2023, 41(3): 47-53.
- [12] Zhao Yifei, Yicheng Zhao. Optimization of the Financial Strategy of Bilibili Barrage Website from the Perspective of Social Responsibility. Journal of Finance Research, 2020, 4(2): 45-50.
- [13] Wu Xue. In the list of top 100 UP masters on B station, I read the spiritual world of contemporary young people. Xinmin Weekly Shanghai Newspaper Group, 2021, (6): 66-69.
- [14] Zhang Fan. Research on the profit model of Bilibili under the environment of social economy. Financial Management Research, 2023, (5): 47-53.
- [15] Ying Chen. Why Millions of Young People Follow Them. Party Members' Digest, 2022, (13): 16-17.