

Current Business Paths and Main Challenges in the Short Video Industry

Chuqing Liao^{1,*}

¹ School of Culture and Media, Hezhou University, Guangxi Zhuang Autonomous Region, 542899, China

*Corresponding author. Email: 1910127082@hzxy.edu.cn

ABSTRACT

In recent years, China's short video industry has emerged as one of the most swiftly expanding and highly moving industries. The market for short videos already has a strong user and business resource because to inventive starts, excellent timing, and diverse content. More people are joining the short video sector as a result of powerful business tools. Many individuals are also interested in learning more about the short video industry's business approach. Simultaneously, the issues that the short-form video industry faces as a result of this influence are beginning to surface. And these difficulties must be overcome. This article primarily employs the relevant literature review as a source of information for the paper, which examines the short video industry's business model journey from the current state of the industry to audience preference analysis. Through a systematic review, this article will help more people understand the business model of the short video industry. Furthermore, this article offers vital insights into the issues that the short-form video industry faces.

Keywords: short video, business model, audience.

1. INTRODUCTION

Because of the convenience that short video brings to life and work, the short video industry has boomed, and there is an increasing number of short video platforms on the market. To keep up with the wind and avoid falling behind the market, all big corporations are beginning to focus on the development of the short video sector, progressively building their short video platform. For example, the short video platforms such as Tiktok under ByteDance and Weishi under Tencent have attracted many netizens.

Youtube was founded in 2005 to bring the short-form video platform into the mainstream media industry. One year later, Google purchased the company's website and began developing Youtube as a subsidiary, a business model that is still popular today. In 2017, Youtube began to expand its globalization approach, attracting greater corporate attention. In China, short videos became popular in 2012 and became a mainstream media platform in 2016, and the short video sector has become the center of numerous promotional routes and commercial strategies. Since then, many new positions in the short video industry have appeared, and people from all walks of life have begun to use the short video industry as a side business [1]. The short video industry has

gradually become a popular industry in the market, and within the industry, a saturation trend has emerged. Along with the industry's main features of higher revenue and lower threshold, an increasing number of short video creators aim to pursue video data, disregard originality, and copy scripts and camera language from popular videos; additionally, the major short video platforms lack distinguishing features, and standardization is a severe problem, which further adds to the flow of low-quality videos on the market. Such a status quo is still not fully addressed in today's rapidly developing short video sector, which has an impact on the media market.

What's more significant to observe is that the commercialization of the short video sector is progressing at a breakneck pace, with three major trends emerging. The first is the industry's high average income; corporations will dock advertising collaboration with accounts with a few thousand followers, and the more followers, the larger the amount of advertising fee; the second is that the industry can make money in a short period time. Short video creators frequently opt to appeal to the aesthetics of the public to increase revenues, ignoring the initial aim of creation; eventually, the financial model of the short video industry has remained steady in recent years, with no substantial changes.

The rapid growth of the short video industry demonstrates that new media is the present cultural industry's primary trend, and the growing number of short video users nationally, along with strong media market demand, has made the short video industry one of the most popular. The purpose of this paper is to examine the business model path of domestic short video platforms as well as some of the challenges they face, in the hopes of adding some value to the short video industry's business development, so that more people can fully comprehend how the short video industry has matured and developed thus far, and so that the short video industry can benefit from the challenges and continue to develop in the long run. To elaborate and analyze, the following article will examine the short video audience, the primary business models, and some of the current difficulties facing the short video sector.

2. SHORT VIDEO AUDIENCE GROUP PREFERENCE ANALYSIS

2.1. Preference for a short video by the audience

The audience group becomes one of the most critical aspects affecting the business model in the context of the short video. Account registration and other issues have been simplified and operated on all major short video platforms, which is not only convenient for audiences but also conducive to the expansion of short video platforms for new audiences. Audiences will view different sorts of short movies from various perspectives, which has aided in the commercial development of the short video business. One of the most obvious benefits of short videos is that the tonality of different platforms may be quite exact to attract audiences that match them, enhancing the business model and making the commercial effect more obvious. According to the November 2018 Ariadata mobile APP index ranking, Meitu's short video Meipai, as one of the company's products, has successfully maintained the benefits of the company's unique, occupying the top of the free total list in the App Store for nearly a month after its launch; while Tiktok and Kuaishou have also been able to maintain excellent data of more than 50 million daily active audiences and nearly 200 million monthly active people [2]. To further examine and explain, we use the short video platforms of Meipai, Tiktok, and Kuaishou as examples in this paper.

2.1.1. Meipai

The platform also carries out some synchronization of the account registration operation, so that audiences can synchronize their logins through common social software such as WeChat and Weibo, which also eliminates many tedious steps and provides a solid foundation for the platform's commercialization; and the platform also carries out some synchronization of the account

registration operation, so that audiences can synchronize their logins through common social software such as WeChat and Weibo, which also provides a solid foundation for the It also avoids several time-consuming tasks and earns the trust of audiences [3]. Furthermore, Meipai's slogan, "You can shoot a blockbuster in 10 seconds," defies the stereotype of professional photographers and encourages more individuals to begin shooting.

2.1.2. Tiktok

Unlike Meipai, Tiktok's short video platform focuses primarily on the notion of "recording the good life," encouraging netizens to capture happy moments in their lives. In 2018, Tiktok grew quickly, with 4.86 billion monthly active audiences by June 2019 [4]. Tiktok is a Today's Headline app, and the developers have merged Tiktok and Today's Headline in their accounts, and the number of followers of the accounts can all be combined and updated with the current data synchronously, which is a measure that attracts a lot of attention. Furthermore, Tiktok has collaborated with several well-known Chinese celebrities, and the presence of celebrities on Tiktok has increased short video traffic, drawing a huge number of young people as well as possible commercial opportunities.

2.1.3. Kuaishou

The app GIF Kuaishou was officially introduced in 2011. Kuaishou began to evolve into a short video platform the following year, formally changing its name to Kuaishou in November 2014. Kuaishou closed its second round of financing in 2015, and the company's worth hit \$2 billion in 2016. In 2017, Kuaishou announced the completion of a fresh \$350 million round of funding, and in December of that year, it reached a daily active user milestone of 110 million [5]. It is evident from the above data that Kuaishou, a short video platform, has been a success. Kuaishou's slogan is "record life, record you" which is similar to Tiktok's; however, unlike Tiktok, Kuaishou caters to a broader age group of audiences, and the video material on the site is also more focused on rural life, the creation threshold is lower, and the audience base is greater.

2.2. Targeting of consumer groups

The targeting of consumer groups on a short video platform has obvious advantages. Many video artists who specialize in a single sector of creation would benefit from short video platforms, which will allow the platform better target, specific consumer groups. The use of big data precision placement, for more audiences interested in this sector to pay attention to these films and maybe consume them, is a very effective, but also extremely popular business strategy [6]. For example, among

Chinese netizens, beauty weblebrities like Li Jiaqi focus their creations on the field of beauty, and as a result of his title "Lipstick No. 1," he has developed his persona and gained a large following of fans who like to buy cosmetics; in the field of food, Li Ziqi's influence is well known. Her short movies are mostly on traditional Chinese food, which helps the platform sell her videos more precisely to those potential customers.

The outbreak resurfaced in Shanghai in April 2022, forcing many citizens to remain at home in quarantine. Liu Geng Hong, a Chinese star who also lives in Shanghai, began livestreaming exercises at home every day on his short video platform Tiktok, and within ten days, he had nearly 30 million fans. Such astounding data may appear to be a coincidence, but it is a product of the short video period, and the public has dubbed Liu Geng Hong's popularity the "Liu Geng Hong phenomenon." Aside from his solid fitness knowledge, the contemporary social milieu, celebrities serving as free teachers, and webcasts of no-cost fitness workouts, among other reasons, have all contributed to the emergence of the "Liu Geng Hong phenomenon". However, the number of fans also influences his business value to a great extent. Not only China.com started to cooperate with Liu Hong, many Olympic champions also started to make fitness exercise videos and interact with Liu Geng Hong.

3. BUSINESS MODEL AND ITS IMPACT

3.1. Internet celebrity cooperation

The popularity of short video platforms has encouraged consumers to watch short videos, and as a result of this habit, many business models have gradually altered to follow the mainstream market's lead. One of the most prevalent business models in short video platforms is commercial cooperation between brands and weblebrities, and this type of commercial cooperation has been perfected over time as the short video industry has grown, resulting in a range of profitable methods. What netizens frequently observe in their accounts is that they incorporate advertising products into their video material to market their products. Another source of profit is the profit-sharing of the items by the weblebrities themselves. The weblebrities are free to start their webcasts. Weblebrities can sell their items through their webcasts or "product windows" on their account pages, which are similar to personal internet storefronts.

3.1.1. Advertisement Collaboration

In general, advertising collaboration is incorporating advertising content into video content to allow viewers to learn about products while watching the video, resulting in increased sales or potential consumer groups. The promotion focus of many firms has changed to the short-form video industry as short-form video platforms have

steadily become mainstream media platforms. According to CASS Data's "2019 Beauty Short Video KOL Marketing Report," over 80% of the top 100 beauty weblebrities with the most followers are on the three platforms of Tiktok, Kuaishou, and Bilibili. According to a review of the advertising performance of the top 100 beauty weblebrities based on the number of followers on these three platforms, more than 80% of beauty weblebrities have worked with commercial orders, indicating that many top-level weblebrities and companies enjoy this method of profit [7]. Many weblebrities have seen a considerable boost in earnings as a result of the advertising push, and more merchandise has been featured in the mainstream media market. In contrast to typical TV advertisements, the majority of short-form video advertising is done by weblebrities themselves, which adds to the product's authenticity and practicality. However, there has been a drop in the quality of short-form video content as a result of the impact. To generate more money in a shorter amount of time, more and more weblebrities are publishing videos more regularly, ignoring the quality and aesthetics of the video content.

3.1.2. Weblebrities involved in sales

Weblebrities who broadcast live and launch personal online stores, unlike conventional advertising promotions, receive a percentage of the revenues based on the total number of things sold. In recent years, live sales have become a highly popular way to generate money, and the limited time and low pricing have caused individuals to move their attention away from actual stores and toward watching live shopping. During specific shopping events, several great sales have also occurred. Opening a personal online shop account is a way to put up a purchase link for collaborative products to be posted in the store for people to purchase on their own. This also enables visitors to quickly view a large number of things while viewing brief films, increasing their urge to purchase. This method of profit allows weblebrities to receive not only a fixed advertising price but also a share of the sales commission, which encourages more people to become weblebrities and so expands the total number of weblebrities. However, because short videos are convenient, many weblebrities overlook the quality of their products and lack a strong after-sales system.

3.2. Weblebrities Intellectual Property

The concept of weblebrities intellectual property is steadily increasing, thanks to the popularity of short videos. Li Jiaqi, a well-known Chinese weblebriety, is known for his puppies, thus he created a "Never family" led by a dog named Never. Li Jiaqi led the puppy Never to make a co-branded eyeshadow palette with the famous Chinese beauty company Perfect Diary, and then took the "Never Family" to create a web show called "The School

Diary of the Never Family" to teach the pups new skills to help people in need in society. According to the Douban website, the first season of this TV show received an 8.4 out of 10 scores [8], and the second season received a 7.2 score [9]. This shows that it is very popular with the audience. This intellectual property effect has had a positive impact on society in addition to increasing awareness and broadening the business model.

3.3. Knowledge payment model

Knowledge payment first appeared in 2016, and the user scale of typical knowledge payment platforms such as Himalaya FM, Get, Zhihulive, and Sultan can range from 500,000 to 20 million, according to data compared in the White Paper on the Development of China's Knowledge Payment Industry released in December 2016 [10]. On each of these sites, there are roughly 1,000 paid knowledge-based weblebrities. Through these massive data, it is clear that the knowledge payment model is also a very significant business model, and that in the current context of increasing information value, the knowledge payment model will continue to improve.

4. THE CHALLENGES CURRENTLY FACING THE SHORT VIDEO INDUSTRY

4.1. The low threshold and lack of innovation in the short video industry

Because of the convenience of the short video, more non-professionals are attempting to shoot and edit, which is also known as "decentralization," thanks to the rapid expansion of the Internet. UGC (User Generated Content) is also growing in popularity. It is one of the most common methods of producing short video material in the contemporary Internet era, and it is the primary source of content for non-professional regular content producers or users [11]. Although "decentralization" has brought more people into contact with short videos, their lack of professional photography knowledge and script writing skills has resulted in a lot of low-quality video content on short video platforms; additionally, because short videos are used by many netizens as entertainment platforms, many video contents also lack profound meaning, and the dramatic treatment is exaggerated in order to attract more netizens. The short video industry is still trying to figure out how making video content more innovative and relevant. If it stays at the entertainment level, the industry's growth will be constrained as well.

4.2. Infringement proliferation

Infringement happens in every industry, but it's more noticeable in the short video market. According to the 12426 Copyright Monitoring Center's "2020 China Internet Short Video Copyright Monitoring Report," the total number of suspected infringing short videos found

from 2019 to October 2020 was 30,095,200, with approximately 3 trillion plays [12]. Infringement of videos, such as popular movies and TV shows, is particularly significant among them. In an era where the short video is becoming widespread, the media and television industries are already suffering a transformation dilemma, and the infringement of TV series and movies has made traditional media transition even more difficult. According to these findings, such infringement not only violates the industry's own creative ideas, but also impedes the film and television industry's development. Only through regulating the short video industry's creation principles, so that the original becomes widespread, can the short video business improve.

5. CONCLUSION

Since its inception in 2012, the short video industry has always had tremendous potential, and it is a sign of progress in today's society as well as an unavoidable trend that follows the evolution of the times. The short video industry can not only see a lot of business value opportunities, but it can also use the benefits of the short video industry to create new employment opportunities for more people. Each industry's business plan has a distinct focus. Because the short video sector has a big number of users and a strong publicity effect, its business model is likewise built on the user's perspective to maximize the benefits as much as possible.

Under the influence of traffic, capital, and audience, the short video is likewise improving and maturing. In recent years, the short video industry has experimented with a variety of new business models, such as advertising promotion, webcasting, and knowledge payment models, all of which have achieved significant milestones, allowing more non-professionals to enter the short video industry and more capital to recognize the business value of short video. Webcasting and weblebrities producing their promotional films have brought audiences and merchandise closer together than traditional advertising and offline retail marketing. Not only will this development provide more people with an alternative source of income, but it will also strengthen the short video industry's standing in the market.

In conclusion, this article examines consumer preferences, the primary commercial profit models used by the short video sector, and some of the issues it is now facing. In order to develop in the long run, it is critical to continuously explore new opportunities and follow the footprints of the times in the current market trend. Through a systematic review of the short video industry in China, this article provides significant insights into current business models and their challenges. At the same time, this article hopes to provide some new thinking points for the long-term development of the short video industry in the future.

REFERENCES

- [1] X.Zong, 2019. Research on Marketing Value and Commercial Realization of Mobile Short Video. <https://afgy415d30141eea45d4hubovkxpwop6qufffh.res.gxlib.org.cn/kcms/detail/detail.aspx?recid=&FileName=1019673422.nh&DbName=CMFDLAST2019&DbCode=CMFD&uid=THY3eENFdEVYaEk2dkU2bzBjTmhzNWtDVjhuL3dCSktKQ0hjOEZ1SWxLN1BDYXA5>
- [2] Avery Data, 2019. Mobile APP Index. <http://index.iresearch.com.cn/app>
- [3] Y. Chen, 2015. A Brief Discussion on the Deep Reasons for the Popularity of China's Short Video Social Software "Meipai". <https://afgy415d30141eea45d4hubovkxpwop6qufffh.res.gxlib.org.cn/kcms/detail/detail.aspx?recid=&FileName=CBBQ201504055&DbName=CJFDLAST2015&DbCode=CJFQ&uid=VkFveXk0VUFkbEZQK0JTd2JsYzZocy8wd21vWmw1a0JvelZ3ME1qL3kyZnZPWVdu>
- [4] J. Zhou, X. Song, 2019. Research on Tik Tok's Business Model Innovation and Its Path. <https://afgy415d30141eea45d4hubovkxpwop6qufffh.res.gxlib.org.cn/kcms/detail/detail.aspx?recid=&FileName=SGLK201906005&DbName=CJFDLAST2020&DbCode=CJFQ&uid=VkFveXk0VUFkbEZQK0JTd2JsYzZocy8wd21vWmw1a0JvelZ3ME1qL3kyZnZPWVdu>
- [5] L. Wang, L. Su, Y. Li, 2020. Research on Business Mode of Short Video Platforms: Taking Kuaishou as an Example. <https://afgy415d30141eea45d4hubovkxpwop6qufffh.res.gxlib.org.cn/kcms/detail/detail.aspx?recid=&FileName=SHSS202004006&DbName=CJFDLAST2020&DbCode=CJFQ&uid=VkFveXk0VUFkbEZQK0JTd2JsYzZocy8wd21vWmw1a0JvelZ3ME1qL3kyZnZPWVdu>
- [6] Q. Xu, T. Huang, Y. Xiong, Y. Zhuo, X. Ma, 2020. Research on the Impact of Short Video Content Marketing on Consumers' Purchase Intention based on TRA and ELM Comprehensive Model. <https://afgy415d30141eea45d4hubovkxpwop6qufffh.res.gxlib.org.cn/kcms/detail/detail.aspx?recid=&FileName=ZCSD202008001035&DbName=IPFDLAST2020&DbCode=IPFD&uid=VkFveXk0VUFkbEZQK0JTd2JsYzZocy8wd21vWmw1a0JvelZ3ME1qL3kyZnZPWVdu>
- [7] CASS Data, 2019. Beauty Short Video KOL Marketing Report. <https://www.cbndata.com>
- [8] Douban Movie, 2020. Never family's school diary. <https://movie.douban.com/subject/35057044/>
- [9] Douban Movie, 2021. Never Family's School Diary 2. <https://movie.douban.com/subject/35429605/>
- [10] Yiguan, 2017. White Paper on the Development of China's Paid Knowledge Industry. <https://wenku.baidu.com/view/85852f441b2e453610661ed9ad51f01dc3815759.html>
- [11] J. Liu, M. Chen, Problems, Impacts and Countermeasures of Mobile Short Video Content Production in China, Journal of Three Gorges University (Humanities and Social Sciences Edition), 2022, 44(1): 83-87.
- [12] S. Feng, B. Lin, W. Zhu, 2021. The "secondary transport" is too crazy --- short video platform chaos investigation. http://www.xinhuanet.com/politics/2021-04/26/c_1127379092.htm