Analysis on Bilibili Marketing Strategy

Jiaqi Cong

Software college, Dalian University of Technology, Dalian, Liaoning, 116621, China
congjiaqi2002@126.com

ABSTRACT

The wave of the Internet has promoted the rapid development of video websites in China. Bilibili has created a unique community atmosphere and formed a loyal user group with its anime culture, bullet-screen interaction, and extensive participation in high-quality video creation. But its marketing strategy still has deficiencies and challenges. This paper mainly analyzes all aspects of Bilibili's marketing strategy through the SWOT analysis method and identifies its advantages and disadvantages. Through SWOT analysis, it can be seen that it should continue to give full play to its excellent community atmosphere and bullet chat cultural advantages, improving the content of the video supervision system and solving copyright and vulgar video problems. At the same time, Bilibili should actively develop the ACG (Anime & Manga & Game) cultural market and expand its content and form, following the development and changes of the trend closely, developing its advantages and making up the shortcomings, and finally, clarifying its direction and path.

Keywords: Bilibili, Video website, ACG culture, Marketing strategy, SWOT analysis

1. INTRODUCTION

With the development of Internet technology, video has become an indispensable means of entertainment in people's lives. The development of major video websites in China is increasing rapidly, and the competition is becoming more and more fierce. Bilibili is a cultural community and video platform highly favored by the younger generation in China. Its strong anime culture, unique bullet chat interactive form, and the original content of professional video creators (UP) make Bilibili stand out from other numeric video software and form a very loyal user group with its unique marketing strategy. But its marketing methods still have some shortcomings. There have been many studies on Bilibili's marketing strategy, but this paper will analyze all aspects of its marketing strategy systematically, finding out what makes it stand out and giving feasible suggestions for the deficiencies and challenges of its marketing strategy. This paper mainly uses SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis to analyze and explore the marketing strategy of the Bilibili Video website, which makes contributions to the study of Bilibili's marketing strategy to a certain extent and puts forward some instructive suggestions for its future development.

2. THE OVERVIEW OF THE BILIBILI PLATFORM

In this part, it will show the Bilibili's revenue source and cost sturcture, and the main content of the Bilibili platform.

2.1 Bilibili's Revenue Source and Cost Structure

2.1.1 Source of Revenue

Value-added services have become the main source of revenue for the platform. According to Bilibili's financial report, the revenue of Bilibili mobile games was the main revenue in 2019 and 2020. However, compared with the dominant revenue of mobile games in 2019, the proportion of value-added services in 2020 was close to that of mobile games, and its revenue tended to be diversified. In 2021, value-added services surpassed mobile games to become the main revenue source of the platform, accounting for 35%. Besides mobile games, other revenues include advertising and e-commerce. Different from the revenue structure based on advertising and membership of other mainstream video websites, the proportion of advertising revenue of Bilibili is relatively small, which is mainly related to the fact that Bilibili does not carry out a patch advertising business, and this limits

the scale of advertising revenue. The year-on-year decline in the share of game revenue shows that Bilibili is strengthening its revenue capacity in other businesses rather than relying on game revenue.

Table 1. Revenue [12]

	2019	As of December 31, year 2020 ¥1000	2021
Mobile game	3,597,809	4,803,382	5,090,926
Value-added services	1,641,043	3,845,663	6,934,886
Advertising	817,016	1,842,772	4,523,421
E-commence and others	722,054	1,507,159	2,834,451
Total net turnover	6,777,922	11,998,976	19,383,684

2.1.2 Cost Structure

Selling expenses, administrative expenses, and R&D expenses make up the majority of the cost. Among them, sales expenses account for the largest proportion, accounting for 55.3% of the total operating costs in 2021, mainly including the Bilibili application, brand-related channels, sales expenses, promotion expenses, etc. R & D expenses accounted for 27.1% of operating costs in 2021. In contrast, the operating costs of other mainstream video platforms mainly focus on content costs, such as the incubation costs of variety shows and TV series.

To put that in perspective, Bilibili posted a net loss of 2.6 billion yuan in 2020, up from 1.1 billion yuan in 2019. Besides, in the game, investment and revenue accounted for a relatively large proportion, which is related to the marketing strategy of Bilibili Company.

Table 2. Cost and Net Loss [12]

	2019 ¥	As of December 31, year 2020 ¥	2021 ¥
Net sales	6,777,922	11,998,976	19,383,684
Gross profits	1,190,249	2,840,176	4,043,147
Operational costs:			
Sales and marketing expenses	(1,198,516)	(3,492,091)	(5,794,853)
General and administrative expenses	(592,497)	(976,082)	(1,837,506)
Research and development spending	(894,411)	(1,512,966)	(2,839,862)
Total operating expenses	(2,685,424)	(5,981,139)	(2,839,862)
Net loss	(1,303,570)	(3,054,017)	(6,808,739)

2.2 The Main Content of the Bilibili Platform

Bilibili is the paradise of ACG culture, which is dominated by anime content [1]. But as Bilibili's popularity increased and more non-anime users poured in, Bilibili also began to expand the scope of video content. Bilibili divides different types of video content through the form of partitions, including the knowledge area, science, and technology area, food area, living area, dance area, and so on.

3. BILIBILI MARKET COMPETITION ANALYSIS

3.1 The Analysis of China's video website market

Bilibili is a video website where users can watch and create videos to communicate and share information. The top video websites in China mainly include Tencent, Youku, IQiyi, Bilibili, and other platforms. In recent years, video websites have developed rapidly, gradually surpassing the traditional TV media industry, and the depth and breadth of video website content have also developed greatly, gradually forming a relatively comprehensive ecological system.

3.2 Based on SWOT Theory to Analyze the Marketing Competitiveness of Bilibili

The goal of SWOT is to organically combine the internal resources and external environment of the research object by analyzing its internal strengths, weaknesses, and external opportunities and threats, and drawing a series of conclusions [2]. Bilibili is a video platform focusing on the ACG industry, mainly covering animation, games, and other ACG-derived cultures. It is now a comprehensive bullet-screen video website with the most active communication among user communities in mainland China. The following will analyze its marketing strategy from four aspects of SWOT.

3.2.1 Strengths

Bilibili has a more community atmosphere. At first, Bilibili was just a community of people who loved anime culture, and ACG culture is the foundation of Bilibili [5]. At the moment, ACG culture is still a minority culture in China, and there are not many websites devoted to ACG and anime culture, but Bilibili owns a variety of animations, making it a gathering place for the anime community. Therefore, the user stickiness of Bilibili is much higher than other websites of the same type. In addition, to become a member of Station B, besides the necessary registration, they also need to answer questions about the bullet-screen etiquette and other necessary questions through the answer mechanism and pass the test to become a full member [7]. Since the process is not easy, the quality of users is relatively high, and the frequency and time of using the website are relatively high.

Bullet chat culture is also a major feature of Bilibili, which is also a major feature that distinguishes Bilibili from other video websites. Bullet chat culture comes from a video-sharing website, NICONICO Animation of Japan [4]. The bullet chat is the commentary subtitle published in real-time during the video playing process, which helps users deeply participate in the interaction. When users watch videos, their thoughts and emotions will change. Most people have the desire to express themselves, and bullet chat helps users express their emotions and gain recognition [11]. At the same time, the bullet chat itself also adds color to the video, which can help the audience understand the video and make the video more interesting [11]. The bullet chat creates a virtual tribal atmosphere and reflects the social and cultural attributes of the bullet chat. The bullet chat feature of Bilibili has become the reason for many users to choose it over other video websites.

People who upload videos on Bilibili are collectively referred to as UPs. UPs can produce original content, as well as secondary creation content. The Bilibili has many divisions and a wide range of content, so the UP group is massive and the video sources are numerous. The

platform encourages more people to participate in video creation. On February 1, 2018, the platform creation incentive plan was launched, which attracted a lot of UPs to join the creation, expanded the number of videos, and stimulated the creative vitality of the platform [6]. In addition, Bilibili also has irregular additional reward activities, which have cultivated a large number of new UP owners and attracted fresh blood for the platform. At the same time, there are also corresponding head UPs in each division. Videos of this type of UPs have high content and strong professionalism, and they tend to focus on one division and have accumulated long creation experience. Especially in some high-tech divisions like the knowledge division and science and technology division, many video creators with strong educational backgrounds and resumes have mass appeal as well as professional expertise. This configuration is benign for users, enhancing users' participation in video creation and at the same time, helping to regulate video content. Also, more professional videos can attract different types of users, forming a pool of interest, clarifying all boundaries, and improving user stickiness and dependence [3].

There are no advertisements on Bilibili itself, which improves the user experience. In the user experience of Bilibili, the ad-free model is the most satisfactory one for the audience [7]. Bilibili insists on not adding advertisements at the beginning and end of videos, which can also be reflected in the previous analysis of its revenue composition. Compared with other video websites, its advertising revenue is much less. The core ecological structure of Bilibili is "UP-content-user", and in Bilibili, UPs are the main forces in creating high-quality videos [10]. Therefore, Bilibili chose to cooperate with UPs, who can add advertisements in their relevant videos, which is the source of the bullet "caught off guard". When users watch their favorite UP's videos, they are naturally more receptive to advertisements, and this advertising method also gives users the right to choose whether to continue watching, which, as a result, improves the advertising conversion rate of users. No fixed advertising makes the user experience better, and the users' loyalty is relatively higher than on other video websites.

3.2.2 Weaknesses

Copyright has always been a major issue faced by Bilibili. Since most of the videos in Bilibili are uploaded by UPs, the source of videos is very extensive, and porters often transport videos from the external websites or other internal websites for release, while Bilibili is relatively lax in copyright management [8]. Low production costs, wide dissemination range, simple operation, and lack of supervision provide opportunities for video transport and editing and also increase the difficulty of copyright identification. Bilibili needs to

clarify copyright regulations, pay more attention to copyright issues, and strictly check.

Uneven content quality is also a problem. As there is no threshold for uploading videos and the supervision system of Bilibili is not sound, the quality of videos independently created by UPs is uneven. On June 8, 2018, the official Weibo of the "Fight Against Pornography and Illegal Publications" stated that the office interviewed several video platforms, including Bilibili, and required the platforms to vigorously remove suspected vulgar video content and strengthen the check and control of relevant issues [9]. This directly reflects the lax review of the original video content of Bilibili. Some vulgar videos, such as children's "cult" and edge-ball videos, appear frequently, which will damage the brand and image of Bilibili and hurt the promotion of Bilibili. In contrast, the original self-made content of Bilibili is not attractive enough. Compared with the top brand content of other major video websites (such as " I can I bibi" of IQiyi), the self-made content of Bilibili is relatively lacking, and its self-made shows are relatively less attractive to users, which leads to the lack of a window to attract new users. Fortunately, Bilibili has realized this problem and has gradually increased the promotion of its original columns. The establishment of the Best Original Column Award is also to encourage the production of more high-quality original columns.

3.2.3 Opportunities

The ACG market has broad development space. Compared with Japan, the Chinese ACG market is still immature and has great development space. In recent years, ACG culture has been developing rapidly in China, and there are continuous ACG exhibitions. With the rapid rise of the domestic animation industry, various online games and animation projects are emerging frequently. The popularity of ACG culture also boosted the development of offline marketing activities. "Bilibili World" has become an annual event for Bilibili, along with concerts, comic-con, and various offline events. Close contact with the image of Bilibili, such as small TV, allows users to experience the culture of Bilibili in an immersive way, which gathers users in the community, builds the brand, and promotes the promotion of Bilibili and user loyalty.

Bilibili is also actively transforming and promoting content diversification. The difficulty of the entrance examination questions for Bilibili is gradually reduced, the video division is gradually improved, and the video content is gradually more comprehensive and richer. In recent years, the monthly active users have increased significantly. Based on the significant increase in the user base, the community activity has also been significantly improved. Users' average daily usage time and monthly contribution amount have both increased significantly. Bilibili is no longer a video website that only focuses on

a few people's hobbies, but has gradually become a public video website [11].

3.2.4 Threats

Although the content of the Bilibili has been greatly enriched, it has not fully entered the public view due to its niche characteristics. In addition, the influx of a large number of new users has also brought great conflicts to the native community. The challenges faced by Bilibili in the process of diversifying from the general anime culture are how to take care of the initial user groups while diversifying, and how to do a good job in community management. In addition, the characteristic bullet chat mechanism of Bilibili has also been strongly challenged. Many video websites have also joined the bullet chat mechanism. Bilibili needs to grasp its audience group based on its features, enriching the video content at the same time. The living habits of youngsters regarding video types and content are constantly changing, so the marketing model cannot stick to the same rules.

In addition, due to the fragmented fast-paced life, people are more likely to be attracted by fast-paced new things. Bilibili has also been challenged as a long-form video platform compared to Kuaishou and Douyin. Bilibili needs to continue to change, pay attention to the changes in the external environment, and also pay attention to the transformation of internal users. Besides, it is necessary for Bilibili to find the content that young people love, and strive to resonate with them. These are all important problems in marketing at present.

4. BILIBILI TARGET USER ANALYSIS

4.1 Bilibili target user scale analysis

According to the 2021 financial report, in the fourth quarter, the average monthly active users of Bilibili reached 272 million, and the average monthly active users of mobile terminals reached 252 million, both achieving year-on-year growth of 35%. The number of paying users of Bilibili increased to 24.5 million, an increase of 37%. The payment rate increased to 9.0%. The community maintains the characteristics of high activity and high stickiness of users. Video creation by professional users is the cornerstone of the content ecology of Bilibili and the core driving force of community development. With the rapid expansion of the community scale, the number of active creators on Bilibili has also grown significantly. The average monthly active UPs of Bilibili in the fourth quarter reached 10.88 million, an increase of 83. The number of creators with more than 10,000 followers increased by 41%.

4.2 Analysis of target user characteristics

Bilibili is a combination of video and social networking, and it combines the characteristics of long video and short video platforms, coupled with the unique interactive method of bullet chats, which has become the feature that distinguishes Bilibili from other video sites.

In terms of user distribution, the average age of users is 22.8 years old, which is the content community with the highest concentration of college students and the main population of China's future consumption. Users aged 18-35 account for 78% of Bilibili, and the proportion of undergraduates and above is 10 percentage points higher than that of the entire network. Bilibili's core users are mostly young people with high education, with a spirit of life and entertainment, familiarity with Internet terms and hot events, and a high acceptance of new things. Most of them have also developed the habit of watching videos and chasing anime, so users' loyalty is high, and there is a strong community atmosphere. In addition, because young people have a relatively single source of life, their consumption power is relatively low, but most of them are willing to pay for high-quality videos, like giving likes and coins for high-quality videos, and are more acceptable to advertisements attached in high-quality videos.

5. CONCLUSION

Bilibili's marketing strategy is very distinctive, and the effect is quite successful. Through SWOT analysis, it can be seen that it should continue to give full play to its excellent community atmosphere and bullet chat cultural advantages, improving the content of the video supervision system and solving copyright and vulgar video problems. At the same time, Bilibili should actively develop the ACG cultural market and expand its content and form, following the development and changes of the trend closely, developing its advantages and making up the shortcomings, and finally, clarifying its direction and path. Of course, the research in this paper is still not perfect, and there is no detailed comparison between other video websites in China. In the future, more websites will be selected to compare their marketing strategies with that of Bilibili, allowing more comprehensive conclusions to be drawn.

REFERENCES

[1] Han Jiatong, ZHAO Shumei. Analysis of Marketing Strategy of Bilibili bullet chat [J]. Trade Show Economics, 2020, (03), pp. 53-59.

[2] Wang ling. Analysis of the influence of new media on integrated marketing communication and countermeasures [J]. Media Forum, 2020, 3(13), pp. 49.

[3] He DI, Chen Wenjing. Bilibili: How to realize the carnival from the public to the public spectator [J]. Communication and Copyright, 2019, (05), pp. 110-111.

[4] Han Y N, Research on marketing strategy of video website based on SWOT and STP -- Taking Bilibili bullet chat video website as an example [J]. Western Radio and TELEVISION, 201, 42(17), pp. 38-40.

[5] Du Jiayi. Analysis of video website marketing Strategy based on SWOT Theory -- Taking Bilibili as an example [J]. Modern Business, 2019, (13), pp. 28-29.

[6] Wu Yixin. Research on the platform to create content ecological power marketing strategy -- taking Bilibili Danmu website as an example [J]. News research guide, 2020, 11(05), pp. 212-213.

[7] Wang Pei. Analysis of psychological Factors behind B station users' high loyalty Behavior [J]. Audiovisual, 2016, (04), pp. 169-170.

[8] Lu Yi, Wu Yuxin. Analysis of commercial Profit Model of subculture video website -- A Case study of Bilibili Bullet-screen video website [J]. Finance and Finance, 2021, (03), pp. 66-72.

[9] Zhao Jing. Analysis on Product Management of Service Marketing -- Taking Bilibili as an Example [J]. Old Brand Marketing, 2020, (07), pp. 17-18.

[10] Gao Yanghui, Jiao Zhaoxia. Research on marketing Strategy of video website -- Taking Bilibili website as an example [J]. Marketing Industry, 2020, (38), pp. 11-13.

[11] Fu Yixin. The user psychology of Internet video bullet chat from the perspective of communication science [J]. Southeast Communication, 2019, (01), pp. 98-101.

[12] Bilibili staff. Revenue, Cost and net loss. The 2021 Annual Report of Bilibili, 2021. http://www.cninfo.com.cn/new/disclosure/detail?orgId=9900049195&announcementId=1213115214&announcementTime=2022-04-25%2022:43