



# The Impact of PUGC on Marketing: A Case Study of Bilibili

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**Abstract.** Over the past few years, PUGC has emerged as a rapidly growing new type of digital media platform in China and other countries, enabling users to create and share creative content. Bilibili, as one of the most popular PUGC platforms in China, provides a rich source of data for studying the marketing strategies of such platforms. This paper aims to examine the marketing strategies of PUGC (professionally generated user content) platforms by using the Bilibili platform as a case study. This paper made a detailed analysis of the PUGC platform of Bilibili is conducted, covering platform overview, user demographics, and user behavior. Then reviews the literature on the concept, business model, impact, and significance of PUGC platforms in marketing. Finally, the marketing aspects of the Bilibili PUGC platform are analyzed in terms of product, price, promotion, and place, using the marketing theory of 4Ps. The study offers insights into the marketing strategies of PUGC platforms and indicates future directions for their development and study of PUGC marketing. With the continuous expansion of PUGC platforms, their marketing strategies will continue to play a crucial role in shaping the business models and success of digital media platforms.

**Keywords:** PUGC platform · Bilibili · marketing strategy · 4Ps · digital media platform

## 1 Introduction

### 1.1 Method

This paper utilizes the marketing theory of 4Ps to analyze the marketing strategy of Bilibili. The 4Ps model is a marketing framework that comprises four fundamental elements: product, price, promotion, and place. The model was initially proposed by Eugene Jerome McCarthy in the 1960s and has subsequently gained widespread use as a marketing strategy tool. Within this model, product refers to the goods or services offered by a company to its customers, which should meet the needs and desires of its target audience. Price pertains to the pricing of the product or service, and pricing decisions can significantly impact a company's profitability and market share. Promotion refers to the diverse marketing activities employed to communicate the benefits and value of a product to potential customers. Place, also referred to as distribution, is the aspect where

a company must meticulously assess the most effective distribution channel to reach its target audience. The 4Ps model offers a comprehensive framework for companies to evaluate and optimize their marketing strategies. By carefully considering these four elements, companies can develop successful products, competitive pricing strategies, effective promotions, and efficient distribution channels.

## **1.2 Case Study: BILIBILI'S PUGC Platform**

With the development of social and cultural environment, PUGC digital media platform brings a new consumer experience and better adapts to the needs of contemporary consumers. Some successful cases of PUGC platform marketing have emerged in the market. Bilibili serves as a typical case in China. As of December 31, 2022, Bilibili boasts 314.5 million monthly active users and 86.5 million daily active users, who spend an average of over 94 min on the platform each day.

Studying such a PUGC platform with a large group of active users can provide valuable insights and guidelines for its development.

### **Overview and Development History of Bilibili**

Bilibili is a prominent online video sharing and social networking platform in China, committed to offering a vibrant and diverse content ecosystem for the younger generation. Established in 2009, Bilibili initially started as a website primarily centered around anime, manga, and gaming (ACG) content. Over time, it evolved into a prominent social media platform catering to a diverse array of content, encompassing lifestyle, technology, education, and more. In March 2018, Bilibili went public on the Nasdaq Stock Market. Subsequently, it diversified its revenue streams to encompass gaming, e-commerce, and other value-added services, expanding its business portfolio.

Bilibili has cultivated a distinctive and dynamic community that facilitates user interaction, content consumption, and expression of their interests and preferences. The platform boasts an actively engaged user base, with user-generated content (UGC) comprising a significant portion of its content repertoire. Besides UGC, the platform creates or acquires specialized original content (PGC), such as animations, documentaries, and variety shows, and publishes them to cater to the diverse interests of its user base.

The continued growth and development of the Internet proves the significance of user-generated content and community-driven platforms in shaping the future of social media and online content consumption.

### **User Profile and Behavior Analysis of Bilibili**

As the leading PUGC platform in China, Bilibili attracts diverse range of users with various characteristics and behaviors. According to the latest data, the majority of Bilibili's user base consists of young people from "Generation Z," aged between 18 and 35.

From the perspective of user behavior, Bilibili users are highly engaged and actively participate in creating and interacting with content. Users often spend a significant amount of time on the platform, both consuming and producing content, and engaging with other users through feedback, likes, and shares. The platform's strong sense of community and user-driven content creation model have given rise to various subcultures

and communities within, offering users a unique social space to express themselves and connect with others who share similar interests.

Furthermore, Bilibili users have diverse preferences and interests, ranging from anime, games, and comics to education, music, and technology. The platform's recommendation algorithms utilize machine learning and user behavior data to customize content streams for each user, playing a vital role in facilitating content discovery and curation.

The user base and behavior of Bilibili highlight the platform's appeal to a young, diverse, and stable audience, as well as its potential to drive collaborations between content creators and marketers for various activities like brand promotion and marketing in a dynamic community.

## 2 Literature Review

### 2.1 Definition and Business Model of PUGC

PUGC (Professionally Generated Content+User Generated Content) refers to a content production model that combines UGC and PGC in the mobile audio and video industry. These platforms exhibit the characteristics of a two-sided market [1]. Douban FM, which emerged in 2010, is considered the pioneering mobile audio platform in China and serves as the most exemplary instance of PUGC. Since then, a succession of platforms like Himalaya, Dragonfly, and Lychee emerged. Subsequently, mobile audio rapidly developed into one of the most promising industries in the mobile Internet space [2]. Himalaya FM, positioned as an audio ecology builder, early on in the industry, proposed a PUGC ecological strategy that encompasses PGC, UGC, and exclusive rights. According to McGuire's audience analysis, the audience is a product generated by media and social life [3]. The rapid development of digital technology and the Internet industry has lowered the threshold for video creation and communication, diminished the traditional media's monopoly on voice, and facilitated the decentralization of video content production. An increasing number of Internet users are engaging in content production. During this process, numerous video platforms utilizing UGC and PUGC as content production models have emerged [4]. With the increasing consumer demand for video quality, the social recognition of content payment, and the lowering of technical barriers by new tools, an escalating number of individuals are refraining from content sharing and instead focusing on gaining attention and traffic through their produced content, thereby establishing their own influence while reaping economic benefits [5].

With the ongoing development of the domestic economy, the economic status and cultural mind-set of the new generation of the middle class have reached new heights as it gradually expands. Simultaneously, having grown up in a new cultural and market environment, they possess a demand for lifestyles that surpass traditional notions, resulting in an upsurge in consumer demand and the emergence of user-popular content communities like PUGC, driven by the zeitgeist [6]. The "PUGC" business model has emerged as a novel trend in Internet development [7]. The so-called PUGC business model pertains to the professional production of content, primarily organized, managed, and operated by platforms or third parties, with content producers consisting predominantly of individuals or groups. From the perspective of users, they are compensated

for their contributions, while from the standpoint of platforms, these contributions are “shared” [8]. Currently, PUGC video platforms have developed a relatively mature incentive mechanism and algorithmic recommendation system that employs data analysis to filter high-quality video content, thereby ensuring effective delivery of creators’ videos to target consumers [9].

## **2.2 The Impact and Significance of PUGC on Marketing**

In the present era of rapid new media development, the content production mode, predominantly rooted in traditional media, is gradually shifting towards an Internet-based PUGC production mode, wherein users generate content [10]. Through the establishment of cooperative mechanisms that entice high-quality content creators to the platform and provide incentives such as traffic support and marketing resource matching, the platform encourages these creators to become self-publishers, transforming their “fans” into users of UGC (User Generated Content) platforms [11]. The PUGC model is an ideal option for brand marketing as it enhances the brand image and fosters stronger brand-user affinity. By engaging with content shared on PUGC platforms, brands gain a deeper understanding of users’ needs, allowing them to deliver better-tailored services and solidify their position in users’ minds [12]. Currently, the PUGC model primarily serves as a marketing approach for industries such as gaming, automotive, fashion, and mother and child sectors, among others. Each industry possesses its unique attributes, resulting in distinct characteristics of the generated content. Consequently, when executing marketing campaigns, tailored strategies can be formulated for users in diverse fields and with varying attributes [13]. The PUGC model offers robust interactivity and engagement. It enables users to actively participate in content creation and engage with the content through commenting, liking, and sharing. This fosters meaningful interaction between brands and users, thereby enhancing brand-user loyalty [14]. With the increasing growth and popularity of social media platforms, numerous companies have leveraged these platforms to engage with customers and stimulate the creation of user-generated content (UGC) related to their products and services. Nonetheless, an analysis of user-generated posts on various companies’ Facebook business pages and the impact of post validity and content attributes on user engagement unveiled that most companies merely utilize posting as a means of communication with their customers, failing to fully exploit its marketing potential [15]. In recent years, there has been limited research on the marketing strategies of PUGC in the context of video platforms. Thus, this study focuses on one of the most representative PUGC video platforms in China to uncover the value and significance of PUGC for video platforms from a marketing standpoint.

## **3 Analysis of Bilibili PUGC Platform Based on 4Ps Marketing Model**

### **3.1 Product Analysis: Characteristics of UGC and PUGC Products**

For corporate users (i.e. brands or advertisers), Bilibili offers an advertising product called “Takeoff”. Advertisers can utilize this promotional tool to deliver brand messages to their target audiences through embedded ads that leverage user data and content

features on the Bilibili platform. The product can be promoted through various forms, including videos, news, events, topics, and live streaming, with display options such as information flow, relevant recommendations on the playback page, large windows, video streams, and more. While the product is primarily aimed at young users, it can also be tailored to the needs of advertisers in order to meet the marketing requirements of various industries and target groups. Additionally, “Takeoff” supports a wide range of creative formats and advertising types, such as original music, animation, short videos, and more, enabling corporate clients to achieve a more personalized and captivating brand promotion.

For general users, has established 19 content divisions, including games, music, dance, learning, and more. One of the main products on the Bilibili platform is UGC (user-generated content). A notable characteristic of UGC products is the unique and diverse content created by users, which draws a substantial number of fans and promotes user engagement. Users can upload a variety of original content, derivative works based on films and dramas, and other types of content. They can also share tools and learning resources through videos, images, and text on the platform. In addition, the platform offers users tools to create “interactive videos” in order to facilitate the production of captivating and compelling content. UGC products have become integral to Bilibili’s content ecosystem and have made significant contributions to the platform’s growth and development. Furthermore, in recent years, Bilibili has actively promoted PUGC (professionally generated content), which showcases high-quality content produced by teams or professionals. PUGC, in comparison to UGC, exhibits higher production values and tends to be more refined, offering users a more immersive and visually superior experience. It encompasses educational courses across a range of fields, including painting, programming, and philosophy, along with high-quality content such as animation, comics, films and TV dramas, variety shows, documentaries, games, and more. The PUGC product line has also become a pivotal component of Bilibili’s content strategy, drawing in a sizable and devoted fan base.

Additionally, Bilibili is actively exploring the integration of UGC and PUGC products in order to cultivate a more diverse content ecosystem. By capitalizing on the strengths of both types of content, Bilibili strives to offer users more comprehensive and tailored content recommendations, consequently boosting user engagement and satisfaction.

### **3.2 Pricing Analysis: Advertising Pricing Strategy and Monetization Model**

Bilibili’s advertising pricing strategy can be categorized into two types. The first category is the CPM (Cost Per Mille) model, which charges advertisers based on the number of impressions in thousands. These pricing strategies are better suited for brand promotion or exposure campaigns, but they generally result in higher advertising costs. The second category is the CPC (Cost Per Click) model, where advertisers pay based on the number of clicks their ads receive. This pricing strategy aligns more with conversion-oriented promotion and usually results in lower advertising costs. Bilibili has expanded its advertising monetization model to the realm of content by collaborating with original content creators, platforms, and advertisers. Additionally, through Key Opinion Leader (KOL) promotion, they can create diverse advertising content with various styles. This model

places more emphasis on user value and content creativity, making it more appealing to advertisers.

Bilibili's membership pricing strategy is based on different membership levels and charges fees accordingly. Currently, it offers monthly, quarterly, and annual memberships, with prices varying based on the membership level. Membership benefits include free access to paid content, an enhanced viewing experience (improved picture quality, sound quality, etc.), special identification marks, coupons, and other advantages. By continually expanding its membership benefits, Bilibili increases the value proposition for its members.

The member store aims to promote ACG culture merchandise (Anime, Comic, and Game) and Bilibili's brand image to a broader user base. It also strives to achieve brand equity and monetize ACG culture IP. Besides traditional physical merchandise, the member store has expanded its offerings to include diverse products like game cards and digital merchandise, thereby broadening its monetization channels.

### **3.3 Promotion Analysis: Community and UGC Promotion Strategies**

Bilibili regularly launches a variety of promotional and welfare activities. These include promotional events for major festivals and memorial days, as well as sign-in activities and lotteries, aimed at providing users with more benefits. Bilibili has also developed a community communication platform that allows users to communicate freely, fostering community cohesion. Bilibili also supports the creation and promotion of UPs (Uploaders), aiding their growth and development by providing authoring tools and promotion channels. Additionally, Bilibili organizes a variety of online and offline events to offer users enhanced entertainment and cultural experiences, thereby fostering community cohesion and vitality.

To promote user-generated content (UGC), Bilibili offers a platform that encompasses various areas such as video, livestreaming, comic books, and music. This platform attracts a larger user base, encouraging them to create and share original content. Additionally, Bilibili promotes user participation and interaction through interactive features like bulleted comments, regular comments, and submissions. These features enhance user engagement and activity. Furthermore, Bilibili has implemented diverse reward systems to incentivize creators. These include UP certification, the "Bilibili Annual Top 100 Ups" selection, rewards for various activities, and revenue sharing. These initiatives encourage creators to consistently upload original content and enhance the platform's appeal. Moreover, Bilibili provides social features such as following, private messaging, recommendations, and more. These features enable users to interact with UPs, share recommended UPs with friends and fans, and expand their exposure and influence. Lastly, Bilibili offers various advertising promotion methods for UPs, including cooperative promotion, livestreaming sales, theme promotion, and more. These methods enhance Ups' exposure and influence while generating revenue for the platform.

### **3.4 Place Analysis: UGC and PUGC Distribution Channels Research**

To optimize UGC distribution channels, Bilibili offers a range of content generation tools to assist users in creating captivating and high-quality videos. Bilibili utilizes

recommendation algorithms and community sharing to promote high-quality UGC to a wider audience of users. Platforms frequently recommend videos with similar “tags” or related content to users on their homepages, based on the videos they have recently viewed.

To expand PUGC distribution channels, Bilibili has introduced dedicated channels like “Bilibili Animation” and “Bilibili Comic.” These channels offer users more options and enhance their experience. Additionally, Bilibili collaborates with media outlets to expand the reach of PUGC content, increase the platform’s visibility, and enhance its influence. For instance, Bilibili has formed a partnership with NetEase Cloud Music to launch the “BGM Plan.” This plan enables creators to upload their self-created background music for NetEase Cloud Music users, thereby expanding the visibility and influence of PUGC content to a wider audience.

These efforts have resulted in an expanded user base and improved user experience on the platform. Furthermore, it provides advertisers and brands with additional channels for targeted promotion and ad placement, leading to enhanced advertising effectiveness, higher conversion rates, and facilitating sustainable platform development and monetization.

## **4 Conclusion**

### **4.1 Summary of Findings and Conclusions**

This research paper aims to examine the impact of the PUGC phenomenon on marketing by utilizing Bilibili’s PUGC platform as a case study. The case study of Bilibili’s PUGC platform offers valuable insights into its development history, user profile, and behavioral analysis. The literature review provides an understanding of the definition and business model of PUGC, as well as its significance in marketing.

The research includes product analysis, pricing analysis, promotion analysis, and place analysis. Product analysis explores the characteristics of UGC and PUGC content, as well as related advertising products. Pricing analysis focuses on ad pricing strategies and monetization models. Promotion analysis investigates community and UGC promotion strategies. Place analysis examines UGC and PUGC distribution channels.

Based on the study results, PUGC seems to be a powerful marketing tool that offers a platform for user-generated content, interactive features, and community building. Analysis of the 4Ps marketing model suggests that Bilibili’s PUGC platform has a unique product, an efficient pricing strategy, comprehensive promotion tactics, and multiple distribution channels. These factors enhance the user experience and contribute to the platform’s sustainability.

In conclusion, this study offers insights into the potential and challenges of PUGC platforms in the marketing field and uncovers the specific strategies employed by Bilibili’s PUGC platform. The study results can serve as a reference for companies to develop effective PUGC marketing strategies and improve their competitiveness in the market.

### **4.2 Impact of PUGC Marketing and Future Research Directions**

PUGC marketing has multiple implications and directions for future research. First, marketers need to acknowledge the potential of PUGC as a powerful marketing tool and

utilize it for more authentic and interactive customer engagement. Furthermore, given the constant changes in digital marketing, it is crucial to stay updated with the latest trends and technologies in the PUGC field. Regarding future research, it is necessary to conduct a more comprehensive study on the marketing effectiveness of PUGC, particularly across different industries and environments. Additionally, researching user behavior and engagement patterns on PUGC platforms can offer valuable insights for the development of more targeted marketing strategies. Moreover, considering the potential for copyright infringement and fraud in PUGC, further research is necessary to develop effective anti-fraud and anti-copyright measures. In summary, the ongoing growth and evolution of PUGC marketing offer exciting possibilities and challenges. Further research and innovation in this field are crucial for maximizing its potential.

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