



# Research on the Strategy of Realizing Revenue Under the Business Model of Short Video Platform -- Taking TikTok as an Example

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**Abstract.** Against the backdrop of the rapid development of short video websites, effectively monetizing traffic has become a significant challenge. This study selects the head-short video platform TikTok as an example, focusing on its monetization of and proposing improvement suggestions. The approaches of monetization are mainly divided into two types, transaction promotion-based monetization and emotional relationship-based monetization, each including information flow advertisements and e-commerce diversion advertisements, live-streaming sales, and live-streaming rewards. Through analysis, it was found that TikTok's income structure is single and vulnerable to market and policy influences. Therefore, to further expand the market size and increase monetization, TikTok can optimize the advertising and traffic allocation mechanism, support small and medium-sized businesses, optimize the e-commerce ecosystem, and promote content innovation and diversified monetization.

**Keywords:** Business Model, Short Video Platforms, Transaction Promotion-based Monetization, Emotional Relationship-based Monetization.

## 1 Introduction

In the past ten years, many short video platforms have emerged. In the era of the digital economy, they significantly meet people's demand for fragmented information [1]. According to China Research Network, the market scale of short videos in China has reached 376.52 billion yuan. By the end of 2024, the number of short video users in China had reached 1.012 billion, with a usage rate of 94.08%. It is predicted that by 2025, the short video industry market size in China will reach 1066.08 billion yuan.

Following the trend, ByteDance launched an APP called TikTok in September 2016. It is a creative music short video social software where users can browse and create videos with abundant shooting tools. TikTok features a combination of music and short videos, provide unique user experience, which makes it stand out among numerous short video platforms. In mid-2017, ByteDance sponsored a considerable number of variety shows, then tried to be commercial and collaborate with brands such as Harbin Beer for advertising. Gradually, it started developing live streaming and information

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flow advertising. At the same time, the international version was launched and occupied the global market rapidly [2]. Over the next few years, with the optimization of AI algorithms, personalized push mechanisms were introduced to attract more users. By 2023, TikTok had been downloaded over 2 billion times worldwide.

As the growth trend of users, especially celebrities who have huge charisma and influence on TikTok, the short video platform has enormous potential for internet traffic monetization [3]. By now, the monetization method of TikTok has presented a diversified development trend, which can be classified as e-commerce live streaming, advertising and content division, live streaming rewards, knowledge payment and education services, and others. Figures show that the present main monetization methods are e-commerce live streaming and advertisement. During the “Double 11” period in 2024, more than 275 brands on TikTok achieved a turnover of more than 100 million yuan through e-commerce live streaming.

This paper aims to study how enterprises realize traffic realization better with the business model of short video platforms. This study takes TikTok as an example and analyzes the main business, revenue situation, user scale, development of business model, monetization method, and realization with existing business model. These analyses provide references for short video platforms and explore their future development directions.

## **2 Tiktok's Main Business and Its Revenue, Business Model Development and Innovation History, User Scale**

Based on the business model canvas theory, the business model of TikTok can be roughly analyzed from nine aspects, which are value proposition, customer segmentation, channel, customer relationship, key business, core resources, important partner, cost structure, and revenue sources [4].

The main customers of TikTok can be divided into three types: content consumers, content creators, and advertisers. Content consumers are mainly young people between 18 and 35. Among the three types, advertisers are important partners for commercial monetization. TikTok tried an advertising business in 2017, mainly focusing on open-screen advertising and information flow advertising [5]. Information flow advertising refers to advertisements located in social media users' friend dynamics or the content streams of information and audiovisual media. It delivers advertisements accurately to potential customers. Advertisers include both large brands such as Alibaba and L'Oréal, as well as small and medium-sized businesses and individual business owners [6]. At present, there are more than 2 million advertisers who have placed advertisements on TikTok. Besides, TikTok is trying to expand diversified business models, such as micro-series advertisements and local service advertisements.

For channels, mobile app provides convenience for download. User experience is also valued in customer relationships, which is embodied in precise content delivery and more exposure to high-quality creators. The key business of TikTok is using products and content operations to realize traffic realization. Core resources include technology, data, content, and talent [7].

MCNs, record companies, and video platforms are all important partners. They can provide abundant elements of music short videos, music, and drama resources, creating explosive IPs. The cost of TikTok is mainly variable, including bandwidth costs, copyright procurement, creator sharing, traffic procurement, and brand marketing. In addition to achieving commercial monetization through advertising as mentioned earlier, e-commerce live streaming is also an important aspect of revenue sources. TikTok’s e-commerce business was first developed in 2020. The specific data was initially disclosed in 2022. GMV, the abbreviation of Gross Merchandise Volume, is a commonly used index that is usually used to measure the total transaction volume of the e-commerce industry over a period.

The GMV in 2021 was 3.2 times that of 2020. The GMV of TikTok e-commerce increased by 80% in the year, of which the GMV of TikTok Mall increased by 277% in the year. In 2024, the GMV of TikTok reached approximately 3.43 trillion yuan, whose year-on-year growth is 35% compared to the 2.55 trillion yuan in 2023. Its market share had risen to third place in the industry, where the top two are Taobao and Tmall Group with 7.8 trillion yuan and Pinduoduo with 4.7 trillion yuan. The CEO of ByteDance announced that the purpose of TikTok in 2025 is to improve users, expand the scale of live streaming e-commerce, and improve GMV generated by the search.

DAU, the abbreviation of Daily Active User, is usually used to reflect the operation and user stickiness of websites or platforms. The annual average DAU is shown in figure 1. It can see from the chart that the annual average DAU of TikTok is continuously rising and had explosive growth during the period of 2020 to 2021.

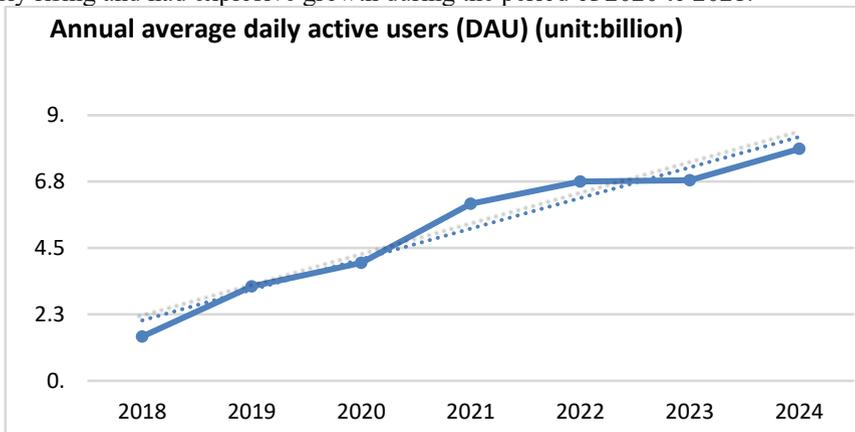


Fig. 1. Annual daily DAU

### 3 Tiktok App Cash Flow Path

Monetization is a means of capturing value in the dimension division of the business model. According to the different sources and methods, value capture can be divided into transaction promotion-based monetization and emotional relationship-based monetization [8].

### 3.1 Transaction Promotion-based Monetization

TikTok adopts a centralized operation model dominated by public domain traffic, which enables the platform to effectively control the allocation of traffic resources [9]. According to the ByteDance 2023 financial report, advertising revenue accounts for 79.8% of TikTok's revenue structure, including 65% of information flow advertising and 35% of e-commerce diversion advertising. Information flow advertising is embedded in user content streams in the form of native videos, usually combined with brand challenges such as "# PerfectDiaryContest"; And e-commerce traffic diversion advertisements import traffic into private domain platforms (such as WeChat) through shopping cart buttons or KOL homepage to complete transaction conversion. Taking the beauty brand "Perfect Diary" as an example, the brand promotes new products through information flow advertising, launches the "Beauty Expert Selection Competition" activity, showcases product features through short videos, and encourages users to participate in content creation. Data shows that during the promotion period from March 1st to 8th, 2024, its sales reached 15.9 million yuan, a year-on-year increase of 132.41%, fully demonstrating the effectiveness of this advertising model.

### 3.2 Emotional Relationship-based Monetization

The main methods of emotional relationship monetization are live-streaming sales and live-streaming rewards. For live-streaming sales, MCN institutions collaborate with internet celebrities to promote products, and the platform takes a 20% -30% commission (for example, if a beauty brand's GMV exceeds 5 million yuan in a single live broadcast, the platform profits about 1.25 million yuan). For live streaming rewards, fans can send "presents" through the platform, and the platform will extract 50% of the reward amount when a blogger withdraws funds (according to the 2024 Live Streaming Ecology Report, the average monthly reward income of top anchors reaches 2 million yuan, with the platform sharing 1 million yuan) [10]. In recent years, small and middle-sized influential product promoters become the nucleus of TikTok e-commerce. As shown in the "2024 TikTok E-commerce Talent Growth Report", the quantity of KOC was only about 3,000, but the small broadcasters and middle-sized product promoters were over 560 thousand and 170 thousand, respectively, in the first half of 2024. In 2024, the number of KOCs increased by 5.28 million, a year-on-year increase of 74%. The total number of live broadcasts on TikTok reached 71.43 million, and the audience per live broadcast is 4263 people in 2023. Traditional culture livestreaming has shown outstanding performance, with Yue opera reaching 890 million views and Yingge Dance reaching 190 million views.

## 4 Realization of Tiktok's Current Business Model

### 4.1 Advertisements

**Table 1.** Charge types of advertisements

Charge Types	Price	Applicable scenarios
CPM	4~8 yuan per thousand times	Brand exposure advertising, advertisers with sufficient budget
CPC	0.2~0.6 yuan per click	Advertisers who hope to accurately capture customers, such as those in the e-commerce and education industries.
OCPM	20~80 yuan per form submission or download	Advertisers who pursue high conversion rates
CPA	No fixed industry. Depends on the industry, scope of deployment and timing.	Advertisers who focus on actual conversion
CPT	Fixed price every 24 years	Short term promotion or strong brand exposure demand

According to table 1, TikTok's e-commerce business is growing rapidly. This table compares the characteristics and applicable scenarios of five mainstream advertising billing models. CPM (4-8 yuan/thousand exposures) is suitable for brand promotion, with a wide coverage but weak conversion effect; CPC (0.2-0.6 yuan/click) has a low cost and is the first choice for precise customer acquisition in industries such as e-commerce and education; OCPM (20-80 yuan/conversion) directly assesses downloads or form submissions, with high conversion rates but high costs; CPA fully pays based on actual performance, with high price fluctuations but the lowest risk; CPT offers 24-hour exposure at a fixed price, suitable for short-term promotions. Overall, the evolution of billing models from CPM to CPA reflects the shift in marketing thinking from advertisers pursuing exposure to focusing on actual results. Enterprises should choose the most suitable billing method based on budget size, industry characteristics, and marketing objectives.

## 4.2 Live Streaming Sales and Rewards

**Table 2.** Live streaming income of TikTok from 2021 to 2024

year	Information advertising revenue (trillion yuan)	e-commerce GMV (trillion yuan)	e-commerce advertisement revenue (trillion yuan)	E-commerce advertisement proportion (trillion yuan)
2021	1500-1800	8000	450-540	30%
2022	2000-2500	15000	800-1000	40%
2023	2800-3500	20000	1260-1575	45%
2024	3500-4000	35000	1750-2000	50%

For a long time, Dabo, which means using influencers to collaborate with brand partners for live-streaming sales and using the fans and traffic they attract to promote products, has been considered the mainstream way of live-streaming sales. However, in recent years, the brand's live-streaming sales have also gained momentum, whose proportion in live-streaming sales has increased from 20% to 69% between 2021 and 2024, as shown in table 2.

The proportion of commission of TikTok is 50% for individual live streamers and 40%-70% for guild live streamers. In 2021, the revenue of top live streamers was 100 to 500 thousand yuan in a live streaming and 2 to 10 thousand yuan per month of ordinary live streamers. In 2023, the revenue of top live streamers was 0.5 to 3 million yuan per month and 3 to 15 thousand yuan per month of ordinary live streamers. Top live streamers still dominate, while competition among ordinary live streamers intensifies. The proportion of commission is relatively stable, and TikTok tends to take more commission on guild live streamers.

## 5 Conclusion

TikTok's profit model mainly relies on two major sectors: transactional promotion (advertising and e-commerce) and emotional relationships (live streaming and tipping), but the existing model has obvious structural defects. The platform's excessive reliance on transaction promotion leads to a single source of income, which is not only susceptible to market fluctuations and policy regulation, but also triggers vicious price competition among merchants, seriously compressing profit margins. Data shows that the growth rate of platform advertising revenue will significantly slow down in 2024, reflecting a decreasing acceptance of existing advertising forms by users. This phenomenon highlights the sustainability crisis of existing commercialization paths.

To break through the current development bottleneck, TikTok urgently needs to build a more diversified profit ecosystem. At the operational level, the traffic allocation

mechanism should be optimized to reduce merchant customer acquisition costs and enhance the value of natural traffic; In the construction of e-commerce ecosystem, it is necessary to strengthen the cultivation and support of small and medium-sized merchants, and improve the after-sales service system; In terms of content innovation, should actively explore new forms of advertising and monetization channels. It is particularly crucial for platforms to reshape the balance between social attributes and commercial value, activate private domain traffic through decentralized strategies, and lower the threshold for content creation, providing more development opportunities for mid to long tail creators. In addition, grasping the trend of cultural dissemination and supporting traditional cultural live streaming content will also inject new growth momentum into the platform. The implementation of these measures will help TikTok build a more resilient business model and achieve sustainable development.

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