

The Innovative Development Mode of Bilibili Screen Network

Wanru Song

Shanghai University, Jiading District, China

Dorothysong@outlook.com

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Abstract: In the Chinese Internet market, which is becoming more and more oligarchic, how does Bilibili find a unique way through the unique community culture and business operation model from many video websites, to attract the attention of young people, become a holy place in the mind of countless *post-95* and *post-00s*? This paper analyzes Bilibili's innovation mode from his development mode, commercial operation structure and financial situation, and puts forward some development countermeasures for its existing problems.

1. The Development History and Present Situation of Bilibili

Bili (Bilibili) screen Network (hereinafter referred to as Bilibili) is a domestic website based on two dimensional culture and video sharing. Xu Yi founded the Biili screen Network which is formerly known as the video sharing site Mikufans on June 26, 2009. In 2011, The Co-founder of Cheetah Mobile, Chen Rui, joined Bilibili as an angel investor and became a member of the board of directors in the future [1]. Although Bilibili has been at a loss, Alibaba and Tencent have still become the shareholding company, holding 12% and 8% of the shares, respectively.

There were many fansub group, which is *handling* foreign videos and upload on the internet, actively in Bilibili because it's limited for Chinese Mainland to import foreign film and television works. However, in order to protect the creative rights of the film side and comply with the regulations of the State Administration of Radio, Film and Television, Bilibili removed a large number of TV dramas, films, etc from the shelves in 2017, which also marked that Bilibili has progressed in standardizing the examination system and respect the copyright of the author as a creative platform.

On March 28, 2018, Bilibili successfully listed on NASDAQ in the United States, surpassing the same type of AcFun and Niconico in Japan, and becoming the first listing of niche video sites.

Today, Bilibili can no longer be simply called two dimensional video website. In addition to updating all kinds of animation works quarterly every year, Bilibili also divides animation, TV drama, national creation, music, dance, game, science and technology, life, ghost animal, entertainment, fashion and other content divisions, in addition to the main station linkage live broadcast, audio, member purchase and comic books and other related business.

In Bilibili, users upload their own videos to get a lot of fans' attention, collection, forwarding, and income from coin and charging. The way the video is delivered is similar to that of YouTube, while the way of sending bullet screens to interact with others is similar to that of the Japanese Niconico website. This group of users are called up owners (video creators and uploads). Bilibili has more than 1 million up owners and more than 1000 million original contributions. Among them, original music / dance, beauty makeup introduction, ghost animal video, game and film explanation, food and life sharing constitute the important components of Bilibili's original video, they are also the most widely disseminated video types in the station.

2. The Characteristics of Bilibili

Bilibili features a real-time comment function suspended above the video, which enthusiasts call it *bullet screen*. This unique video experience allows the Internet-based bomb screen to transcend the limitations of time and space, build a wonderful synchronic relationship, form a virtual tribal viewing atmosphere, and make Bilibili a cultural community with great interactive sharing and secondary creation. Bilibili is also one of the birthplaces of many popular online words.

2.1. UGC Occupies the Dominant Position of Content Production.

Bilibili is not like traditional video website with television docking film and television programs, Bilibili's content and copyright costs in 2017 are far less than the revenue share cost and loan server cost [2]. Nearly 70 percent of the content is uploaded by users themselves, also known as UGC¹. Through 19 video partitions and thousands of video tags, users can easily find the relevant content they are interested in, and quickly achieve the purpose of entertainment or access to information. In addition to animation and movies, the official videos of PGC² contents have attracted many new users, and these videos not only adding traffic, but also expanding the cultural boundaries of the community. Bilibili also cut into the documentary industry, which has not yet formed a market pattern (eg. *Masters in Forbidden City*), and has also tried the website's homemade programs (eg. *storytelling king*), all of which have had a warm response.

2.2. Huge up Owners Creation System.

In view of the high degree of freedom of Bilibili's creation, the sequence of serial creation has become very common. For example, *your name* is an animation, and it can also derive adapted video, theme song restoration, scene restoration and other creative ideas. The huge up owners' creation system almost covers all aspects of life, which is not only the cornerstone of supporting Bilibili traffic, but also the core content of website operation. Unlike ordinary videos, the videos which are delivered by famous up owners with a large number of fans usually well-made and have a strong personal style. For example, cat bite's dance video, papi's short videos and so on belong to PUGV³. This part of the content is directly related to user stickiness and activity, which is the foundation of Bilibili's community ecology. While providing a delivery platform, Bilibili also implements a creative incentive plan for up owners, giving creators additional rewards and attracting more up owners through counting the amount of video broadcast, collection and coin, etc. Since 2017, the Communist Youth League Central Committee, CCTV and other state media have also noticed Bilibili's huge user base. Corresponding channels have been set up one after another.

2.3. Good Community Cultural Atmosphere.

Most of Bilibili's core users are *Generation Z*, referring to people born from the mid-1990s to 2000, commonly known in China as the post-95 generation. There are many only children in this part of the population, who basically grow up with Internet technology. They have a wide acceptance of film and television culture at home and abroad, and have a strong demand for free expression and friendship. The emergence of Bilibili fills this emotional gap, which meets the interactive needs of users in the virtual world, the needs of social identity, psychological belonging, and the self-protection mentality that will not divulge privacy [3]. Bilibili also flexibly used big data analysis technology, in addition to the recommended home page video, Bilibili also targeted push the corresponding video and services according to the user's browsing habits, greatly increasing the possibility of users clicking browsing.

Bilibili's audit mechanism is a threshold for entering this large community. If you want to participate in the interaction at a deeper level after watching the video, you must become a full member of Bilibili. There are only two ways to obtain full members: first, through the old users to use 50 stations of money to buy invitation codes; second, pass the examination about the screen etiquette,

¹ UGC(User Generated Content)It refers to the original content of the user, that is, the users displays his original content through the Internet platform or provides it to other users.

² PGC(Professional-generated content)That is, the content provided by the expert.

³ PUGV is the user-made, after professional planning and production of the content.

two dimensional knowledge and subject common sense. These two ways not only screened out the users who love two dimensional cultures, but also guaranteed the quality of users to a certain extent. After becoming a regular user, the membership rights become more and more with the rank, which stimulates the individual to have more contact with the social structure of the website. When a group of people interact through bullet screen and discuss characters together, the embryonic of the community is formed. The cultural genes of Bilibili community bring users cultural identity and emotional resonance, which makes them have a strong sense of identity to the website in the depths of their hearts.

Over time, the stability, inheritance and cohesion of Bilibili's community are far higher than those of other similar communities, and it has a very strong fan stickiness[4].

3. The Profit Pattern of Bilibili

Bilibili recently released the fourth quarter of 2018 results show that Q4 average monthly active users (MAU) reached 92.8 million, up 29 percent from the same period last year, a record high. The growth of mobile users is even more obvious, with the average number of active users per month reaching 79.5 million, up 37% from the same period last year. The average number of monthly paid active users was 4.4 million, up 29.8 percent from the same period last year, with the average number of monthly paid users for mobile games reaching 900000, up 36 percent from the same period last year.

For the whole of 2018, total net income rose to 4.1 billion yuan (\$600.5 million), up 67 percent from 2017. The net loss was 565.0 million yuan (\$82.2 million), up more than 183.8 million yuan in 2017. This is mainly general and administrative expenses, R & D costs, operating losses and increased sales and marketing costs.

3.1. Game Draw.

Bilibili's mobile game revenue rose to 2.9 billion yuan (\$427.1 million) in 2018, up 43 percent from 2017. In addition to the share of outbound games recommended by the relevant up owners, Bilibili's main game revenue is also several games shipped with other companies^[5]. Among them, Fate / Grand Order is a role-playing mobile game based on Fate series, which is an animation group, starting with the visual novel Fate / stay night, and later collecting a large number of derivative works and adaptations with the same *Fate* name. In September 2016, Bilibili and Aniplex strategic cooperation, and exclusive positioning and launch of FGO China in China. The game has attracted millions of players since its release and has since become more and more popular.

3.2. Live Broadcast and Value-Added Services.

As one of the earlier platforms to enter the live

broadcast industry, Bilibili had inherent advantages in its initial operation. Bilibili's profit on live broadcast and value-added services reached 585.6 million yuan (\$85.2 million) in 2018, up 232 percent from 2017. Bilibili's live broadcast business accounts for an absolute proportion of games and entertainment. UP owners have accumulated a lot of popularity and fame through early video creation, through live games or entertainment behavior, to obtain traffic and reward revenue. Compared with other live broadcast platforms, the overall revenue of Bilibili's live broadcast business is not particularly ideal, and the revenue model is not different from other live broadcast platforms. All of them are to commission the revenue of Bilibili's anchors, that is, to rely on users to share the host's reward to obtain the revenue.

3.3. Other Relative Services.

Other services include general contracting, large-member and up-main charging. The model of the new contract is very close to the *Crowd funding project*, which is the users expresses the love and support of the animation through financial contribution, and then the users can see their names at the end of each episode, so that the consumption of the user is greatly satisfying^[6]. The emergence of the

large-member system is a kind of commercial behavior that does not touch the great majority of users' rights and interests. With the return of the more and more official copyright, the number of top-up members is growing. More importantly, with the growth of age and income, the growing consumption ability of post-90s will gradually support Bilibili's commercial ability. After all, the post-90s generation as Internet aborigines, are more willing to pay for their spiritual food.

3.4. Advertising Revenue.

Unlike traditional video platforms such as Iqiyi and Youku, Bilibili adheres to the principle of *optimizing the user experience* [7], and there are no ads on all the video titles on his website. The main advertising locations are focused on mobile open-screen advertising, some areas of the home page of the site and related animation peripheral advertising links below the video. In 2018, advertising revenue increased to RMB463.5 million (\$67.4 million), an increase of 191 per cent over 2017. This growth is mainly due to the additional revenue generated by the brand advertisement and the performance-based advertising of the company introduced in the fourth quarter of 2017.

3.5. Offline Activities and Surrounding Products.

After the growth of users, Bilibili enhanced the stickiness of users through a variety of activities and expanded the influence of the platform, the most famous of which are online activities "New year's greetings" and offline *BML (Bilibili Macro Link)*. Since 2010, Bilibili has held the *New year's Evening*, which is an indispensable program in the secondary world on New year's Eve, and has been affectionately nicknamed by the majority of users as the *Spring Festival Gala* of the young people themselves [8].

Table 1 2013-2019 Number of participants in activities ⁴

number of people	2013	2014	2015	2016	2018	2019
Annuity offering[ten thousand]		329	911.9	1134.4	1316.1	3914.4
BML	800	3600	4200	8000		

Although the *BML* activities in recent years have been in a state of loss or basically flat, the grand offline activities are of great help to the promotion of the platform and the enhancement of user cohesion. Bilibili's official logo "small TV" is also sold on the online shopping platform, and some of the well-known up owners are basically available.. *Bilibili official flagship store* is an official business store based on the Taobao platform. It is now a comprehensive online store for the popular products such as popular hand-held, plush toys, clothing equipment, C-periphery, stationery, furniture house and BML.

4. An Analysis of the Development of Bilibili

4.1. Imbalanced Profit Structure.

Bilibili accounts for 80 percent of his revenue from games, while the second profit point live broadcast and value-added services account for only 10% of the total revenue, which is too different from the game category. As the main profit, games also have hidden dangers: games basically come from intermodal transport, independent development or independent agent, almost half of the profits of the game category should be divided with other platforms. Although Bilibili announced on August 20, 2018, that he had signed an agreement with Aniplex to extend its game fate in the mainland, if the current profits of live broadcast and advertising, as the other two major profit points, are not clear, if several hands rely on them to maintain profits, Travel heat dropped, and the new game opened the market is not smooth, the main revenue will suffer a great decline

⁴The data come from www.bilibili.com.

4.2. Fuzzy Positioning of Core Groups.

The target users of Bilibili website are domestic ACG enthusiasts, including many up owners. As the most important provider of video works, there is no doubt that Bilibili should protect their rights and interests. However, with the capital injection such as Tencent and Ali, Bilibili will inevitably encounter the conflict between the rights and interests of up owners and ordinary users in the process of commercialization. How to locate the core group has become Bilibili's main task. On the other hand, the concept of *small circle* community structure is being broken by the lower and lower threshold of entry. Bilibili's existing audit system has been unable to stop the invasion of *primary school students* and *Taobao merchants*. In Bilibili's comment area, there have also been small advertisements talking about unrelated video content.

4.3. Imperfect Policy Formulation and Lack of Content Supervision.

Bilibili's contribution number is very large every day. Bilibili, who was warned because of audit errors, adopted a *one-size-fits-all* approach and forcibly deleted the relevant bad content. But this is overdone, and the rest of the same type of video with normal content should be broadcast back.

Different from the passive state of the audience under other website running modes, Bilibili has a strong initiative in full membership, which can not only be viewed online, but also interact with each other in real time, and can also form a solid core user group by meeting the interactive sharing of different enthusiasts on the same platform and seeking resonance consumer demand. One of the consequences of commercialization is that there is no way to check the content of each video and bullet screen strictly. The quality of bullet screen is intermingled, and these underage men and women exposed to open information and relatively free cultural environment are vulnerable to the influence of bad culture.

5. Bilibili's Optimization Suggestion

5.1. Optimizing the Management Structure and Expanding the Income Channel.

As the most important profit source of Bilibili at present, Bilibili develops independently and independent agent games are less. It is suggested that the investment in game research and development should be increased, and the game should be developed independently on the basis of full investigation of market demand, and the proportion of independent agent game operation should be increased to achieve full profit. In the interview, Bilibili also mentioned the cooperation with Japanese game companies and Tencent, with the help of experienced game developers to develop games, and with the help of Tencent publicity and operation will become Bilibili's future development trend.

In addition to games, the proportion of other income should be moderately increased. in 2014, Bilibili's official online store officially stationed in Taobao; In early 2015, Taobao launched a plan to encourage bloggers, writers and online experts to post content on Taobao to expand the value of creative content. Bilibili's signed UP owner can set up a certified Taobao talent account to sell Taobao goods or homemade goods that appear in homemade videos, which not only standardizes the management of comment areas, but also makes it easier for viewers to buy. It can be said to be mutually beneficial and win-win cross-border cooperation.

Bilibili's live broadcast platform in the profit statement performance is not very good. Nowadays, live broadcast is popular, Bilibili must focus on differentiation road and boutique road, live broadcast channel classification settings can be biased in two dimensional related painting, hand-held, house dance, cosplay and other fields to meet the needs of user groups. In addition, Bilibili should combine his rich UGC resources and UP users advantages to promote the growth of live broadcast platform traffic, and at the same time find another way to improve the ability of transnational resource integration. Finally, Bilibili should cooperate with Japanese animation enterprises, artists, sound excellence and so on to enhance the accuracy of the target population.

5.2. Maintain the Target Population and Jointly Build the Membership System.

The core of Bilibili is the spontaneous delivery of video content by many up owners, so it cannot reduce the protection of new and old fans and the protection of the rights and interests of up in the process of commercialization. The large membership system is an attempt to upgrade the membership function, and combine the large member with the paid projects such as the opera contract. By giving away, Bilibili makes the users who have paid for it into the large member system and experience the new services. Bilibili should also try his best to avoid going to the way that the garbage screen of members cannot be blocked, and the high-quality content is snatched by members at will. According to the existing incentive mechanism, UP main upload a video or other original content, and get revenue from fans. However, in addition to popular UP owners, other small UP owners' income is meagre. Low-income up will increase income by receiving advertisements, and receiving advertising is obviously not conducive to the quality of content creation. Bilibili can use incentive mechanism to try to divide the income according to the amount of broadcast, or to subsidize the production of content, optimize the environment of content , and enhance the output of high quality content in ACG. When the rights and interests of up owners are violated (video embezzlement, etc.), Bilibili should actively take measures to find solutions to provide creators with a more secure creative environment.

5.3. Diversified Allocation of Website Resources.

With the gradual saturation of the development of Japanese animation resources, Bilibili can comply with the trend of the rise of the Chinese animation in recent years to increase the exploration of domestic animation resources and investment in domestic animation IP, and through government subsidies to ease the operational pressure. Bilibili can also try to open up the international market, cooperate with Niconico, export anime to the outside world and carry out a series of offline activities in Japan to expand the source of profits according to local conditions.

As a video website with comprehensive diversification as the development goal, Bilibili's business should not only be limited to the business of the main station, but should integrate resources to participate in the whole two dimensional industrial chain. Only in this way can we maximize the advantages of Bilibili itself, and expand the business width and start the popularity of the company. In 2019, Bilibili announced a proposal with *Jinjiang Literature City* to jointly develop animations / cartoons which is adapted from well-known novels. Through this form, many minority works can get more attention, and the flow of big IP will also be transformed into Bilibili's own users. This is a win-win choice. The offline activity of Bilibili may not bring much benefit, but it provides great help to build brand awareness, maintain goodwill and enhance the viscosity of fans. In the organization of comic show and other activities, bilibili should strengthen publicity, flexible layout, take the opportunity to promote the sale of surrounding products, and form a synergistic effect.

6. Conclusion

Bilibili, as a quadratic holy place in the eyes of Generation Z, its development is not only the rise of an Internet company, but also represents the collision between quadratic culture and mainstream culture. Its commercialization is not only the transformation of community management, but also the temptation of minority culture to the market. Bilibili's founder once said, "Bilibili may close down in the future, but it will never deteriorate." How to keep young users and continue to develop, this is the process of trial and error that Bilibili needs to constantly explorer, but also the test of their initial intention to start a business.

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