

# Research on Business Model Innovation of Internet + Short Video Culture

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**Abstract:** With the impact of the global epidemic at home and abroad and the changes in the external environment, China has put forward the policy of economic double cycle to fully stimulate domestic demand. Under this background, the innovation of domestic business model has become a key problem to be solved in many industries. Due to the progress of scientific and Technological Development and the gradual popularization of 5G, “Internet +” has become an ideal direction for traditional industries to transform their business models for bold innovation, and the rise of short video platforms has provided an opportunity for transformation. The commercial retail and promotion mode of the short video platform represented by Tiktok and Kwai contains great commercial value. The innovation of the business mode determines its future development potential. Based on this, this paper studies the business model innovation of Internet + short video culture.

## 1. Introduction

The birth and development of short video is a typical case that technological innovation guides industrial change and deeply affects people’s living habits. From the earliest Viddy, which can connect with various social media platforms in the United States in real time, the interaction between people on the Internet has changed from simple text communication and picture sharing to the exchange and sharing of various content rich information including short videos. The initial mobile short video captured the advantages of users’ real-time shooting, rapid editing and rapid sharing, forming a new trend of sharing short video in less than 30 seconds on various social media for interaction. The earliest mobile Internet short video application in China was “second beats” released by Sina Weibo in 2013. Subsequently, various Internet companies saw the opportunity and joined in. Although compared with foreign countries, the development of short video in China started late, with good domestic network infrastructure construction and policy support, in an environment more conducive to the development of the Internet industry, China’s short video platform industry came from behind. According to CNNIC data, in June, 2020, the number of short video users in China reached 817.86 million, with a utilization rate of 87%. At the same time, the two giants of China’s short video platforms, Tiktok and Kwai, are overseas. In the first quarter of 2020 alone, Tiktok’s overseas version was downloaded 315million times, surpassing Facebook and Instagram, a large number of mobile applications in North America, and ranked first. Under the premise of the construction of 5G communication and the sustainable development of mobile Internet, it has become an inevitable trend for the development of the times to innovate the business model of short video culture with the idea of “Internet +”.

## 2. Characteristics of Short Video Culture Business Model in China

### 2.1. Value Proposition for the Online Generation

In order to reach the exciting point of market consumption demands and meet the concerns of market demands, the short video platform should also confirm and clarify the value significance of short video to consumers. According to CNNIC data, as of June 2021, the group aged 20-49 accounted for 56.4 percent of the total (see Figure 1). In other words, short video users are mainly in the post-80s and post-90s, which makes the emotional cognition and behavioral logic of the online generation restrict the development of short video platforms. Taking Kwai as an example, its value proposition better meets the characteristics of the “online generation” who are willing to

express, intimate in alienation and value identification in weak relations. It provides them with the opportunity to discover the real world around them, be true to themselves and feel the social identity. To some extent, it realizes the reintermediation of the media, making online life itself a real part. The refinement of these core value propositions is conducive to bringing “pleasure” to users, and then turning them into business value.

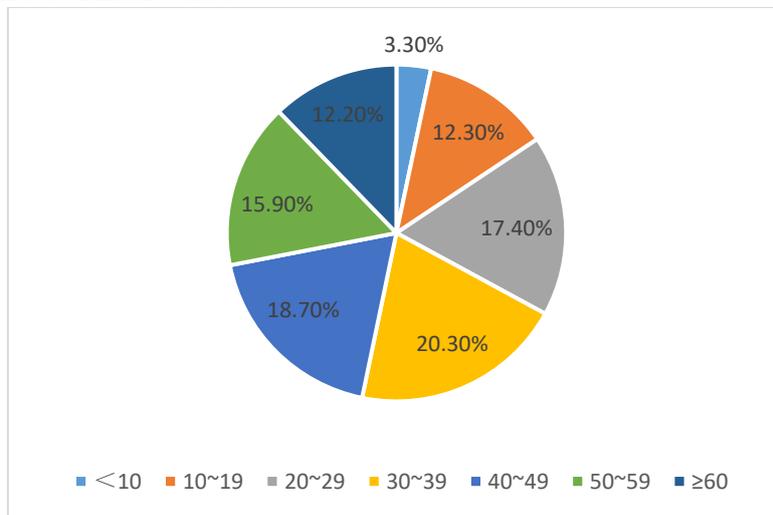


Figure 1 Age structure of Chinese Internet users in June 2021.

## 2.2. Fragmented User Behavior

From a macro perspective, fragmentation has become a major feature of short video users. Short video obviously greatly reduces the cost of users in terms of time. At the same time, it also meets the increasing demand of users for “text-picture-expression-motion picture-short video”. Short video, a new form of content entrepreneurship, provides brand-new products or services. It drives the innovation of business model in content bearing and creative form. The creators of short videos use their own creativity to conquer the audience in a limited time, harvesting their fragmented attention and time. Short video applications can stimulate the needs of users and continuously meet them.

## 2.3. Relatively Simple and Single Market Strategy

The market strategy of short video platform is relatively simple and single. For example, Tiktok adopts a relatively simple operation mode, that is, Tiktok’s official creation routine, and launches KOL (Key Opinion Leader) for imitation performance. Ordinary users use the short video platform to face the camera and attract many followers. However, there are some limitations in this way. Under the simple imitation of what users are promoted by the official, the creativity of the main body of short video production is lacking. There is a lack of interaction between the video publisher and the observer, and there is often only one-way viewing. Today’s market strategy is still a little thin, in the stage of continuous exploration.

## 2.4. A Profit Model Based on Platform Subsidies and Brand Advertising

Platform subsidies and brand advertising are the most common profit or commercial realization methods of short video platforms in China. Other methods include advertising + e-commerce, knowledge payment, customized content, derivatives, fans’ rewards, content cooperation, contract payment, etc. For example, in the online live channel, short videos mainly relies on platform sharing, watching and buying, sharing and making money, sponsorship and reward income, etc. The current commercial realization mode is still relatively primary, scattered and single, and the content realization link is relatively weak, showing great limitations as a whole.

### **3. Suggestions on Innovation of Internet + Short Video Culture Business Model**

#### **3.1. Shaping Competitiveness with “Refinement and Differentiation”**

On the one hand, the differentiation strategy is implemented in the content to cultivate high-quality original content and influential KOL, further strengthen the creation of IP based products, improve the ability to integrate resources, and integrate the intangible assets of the media to shape the core competitiveness. On the other hand, it focuses on the depth of the vertical field. Content production in the vertical field will bring vertical differentiation of marketing demand, leading to more advertisers in related fields. At the same time, it will also push back the development of short video content production to the vertical field. According to *The 2017 Special Analysis Report on China Mobile’s Short Video Market*, science, tourism, automobile, finance and emotion are the vertical fields where users stay for a long time, which is worthy of further study in the future. In the future, the short video platform should give full play to the short video’s ability to create IP and guide traffic by building a brand with core competitiveness, creating an influential KOL, and deeply cultivating the content in the vertical field, so as to create more users' dependent fans with high viscosity and self streaming IP in a deeper level.

#### **3.2. Breaking through Innovation Bottleneck Based on Web3.0 Technology**

Web2.0 network is a platform, and popular culture has become created, spread and shared by the public. Furthermore, the Web3.0 network has become a provider of user needs. The network knows what users have, what they want and their behavior habits, and will conduct resource screening and intelligent matching for users. From electronic media to Internet media, the role of “network” has gradually changed from an inanimate information provider and platform to a “smart” and “personalized” life body. Short video enterprises can actively use advanced technology to lead their own business model innovation.

In the future, relying on the realization form of big data, cloud computing and intelligent algorithms is the focus and direction of development. Therefore, technically, big data, cloud computing and intelligent algorithms should be linked with short video data monitoring, user analysis and accurate content distribution to provide many new user values, so as to provide enterprises with opportunities for business model innovation.

#### **3.3. Focusing on User Value Mining**

As the growth of mobile Internet tends to be flat, it becomes increasingly difficult to obtain users and promote the growth of DAU (Daily Active User). As the Internet has stepped into the stock era from the incremental era, the competition logic of short video platforms should also adapt to this and realize the change from traffic mode to crowd mode.

The construction of short video community scenes and the deep integration of social attributes are particularly important. This requires in-depth mining of user value, understanding of user needs and preferences, and a deep understanding of user needs, so as to solidify user habits and build a benign interactive cycle of user groups. Attach importance to the establishment of community connections between users, cultivate each other through interaction, and strive to maintain high user stickiness. From the perspective of marketing, in the first stage of “daily stage”, users are encouraged to turn the use of short video platform into a part of their daily habits. In the second stage, the “dream stage” (that is, the use of some products is not what we need, but its emotional signals infiltrate our brain), people should try to connect the positive information such as pleasure and lightness of the short video platform, enhance the “desire” of use, and let users’ habits of using the short video platform be strengthened in the daily stage after the dream stage is formed. To some extent, this comes from the understanding of user habits and preferences. How to fundamentally create additional value for users is the first consideration of business model innovation. Short video enterprises should always maintain an outward and open perspective, and pay attention to the commercial development path of designing short video platforms in China from the perspective of users. The attributes of short video users and producers can help them accurately find matching

content or advertisers, which is an important development direction to connect the interest chain and promote business realization.

### **3.4. Specialization and Systematization of Platform Operation**

Building a core professional team and striving for the support of a strong MCN (multi-channel network platform) will be an important success factor in the development of short video platforms in the future. The in-depth cooperation with various professional MCN institutions in many aspects, such as traffic support, strategic support, brand co construction, profit realization and so on, is beneficial to unite PGC content, make greater use of resources, improve community stickiness and commercial realization competitiveness, and ensure the continuous output of content and the strengthening of production and communication capacity. *The 2017 Business Realization Report of Short Video Creators* released by the headline algorithm center today shows that 59.87 percent of the high-quality short video content creation teams do not have a clear division of marketing personnel, and 47.9 percent of the short video teams are difficult to make profits. In fact, the time when the team is established and whether there are marketing personnel affect the profitability of short video to a certain extent. It is indispensable to establish a professional PGC team. In addition, the short video platform can consider providing more comprehensive customized support and services in terms of resources and funds, fan diversion, advertisers' access, brand exposure, commercial customization, etc.

## **4. Conclusion**

In the Internet era, the current business model of short video platform in China presents new characteristics in value proposition, target user group, formulation of market strategy, profit mode, user relationship management, etc. At the same time, in the exploration of business model, there are still some puzzles, such as insufficient brand building, content quality to be improved, weak marketing communication ability, and unclear vertical market segmentation. No matter what method is adopted, the innovation of short video business model in the future requires relevant enterprises in the industry to maintain all-round attention and in-depth understanding and Analysis on their own business mode, user needs, technical environment, etc. Building a diversified, efficient and sustainable business realization path is the business model leading the future.

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