

## *Analysis of Bilibili's Profit Model*

Yirui Chen<sup>1,a,\*</sup>

<sup>1</sup>*Ulink College Suzhou Industrial Park, Building 6, Pubic College, 377 Linquan Street, Industrial Park, Suzhou, Jiangsu province, 215000, China*

*a. 18262053777@163.com*

*\*corresponding author*

**Abstract:** The main popular videos are short videos these years, Bilibili is still popular among young people and earns a lot of revenue even though they are focused on long videos of their unique products. In this paper, an introduction about the general background of video websites and the background of Bilibili is given, and other's progress in this topic is also presented. Moreover, the situations of other video websites and Bilibili are analyzed in the second part. This part talks about the situations and reasons why consumers choose them in this era. Then the analysis of sources of profits online and offline is conducted. This paper found that in both online and offline sections, mobile games occupy the largest amount of revenue but the proportion of mobile games occupied in the general revenue is declining.

**Keywords:** Bilibili, Profit model, Online activities, Offline activities, ACG

### 1. Introduction

In this information era, the platform of videos has become a big part of entertainment in people's lives. According to the China Internet Network Information Center (CNNIC), China had 989 million internet users in 2022, 927 million of whom watched video. As watching videos in their free time becomes much more popular, the website called Bilibili also has been seen by more people.

Bilibili, one of the websites which is developing the fastest in these years and it was initially called Mikufans, was set up in 2009. Bilibili adopted different ways of videos like TikTok, and it has a similar way of showing videos with YouTube. However, Bilibili has an obvious difference on Youtube—the barrage, which first appears from the website called NicoNico. As Bilibili was first called Mikufans, so many of the users are Animation, comics, and games (ACG) lovers, it was ranked first in the two lists, about “the APP which Z generation prefer” and “the pan-entertainment APP Z generation prefers”, which is preferred by the young people in these years. After the competition for many years, iQIYI, Youku, and Tencent videos have occupied the most market. But Bilibili is the target of the ACGs, it forms an ACG community, not a single video website [1]. As the penetration rate of users is about to reach the bottom, the competition between video websites will become much more drastic than before [2].

Many scholars have already talked about the profit model of Bilibili. Zhang considered that in the earlier stage of the development of Bilibili, the revenue was divided into two different parts: online and offline. The online sources are Azur Lane and FGO and some advertising. In the offline part, the revenues mostly come from offline services, selling tickets, and peripheral products [3]. Moreover, Li

talked about the conditions and advantages of VIPs who need to pay money. In the analysis of conditions of the development of paying VIPs, he illustrated the situation of VIPs from the government policy, and profit from advertisements. and the user experiences [4]. Tang also did a search on that [5]. While Kon illustrated the risks of Bilibili. The paper written by Kon deyu tells and points out that the profit sources are not balanced, the main profit of Bilibili is from the collaborations with game companies and streaming because the average age of video games is decreasing so the loyalty of the brand from consumers is decreasing. The profit model is easy to be copied by other companies, which leads to the revenue of Bilibili facing a large risk [6]. Shen and Bai also considered this problem, they support that the range of profit targets is too narrow, so most of the profits are brought by those old players. When some other new games with high attention appear, the revenue of Bilibili might immediately decline [7]. However, it is difficult to find someone discussing the general profit model both online and offline. Thus, this paper discusses the whole profit model, which represents the different parts of revenue of Bilibili and how can they be preferred by so many young people by illustrating the way of earning revenues, this paper can make people more clear to the profit model and the target market.

## 2. Current situations of Bilibili

As the internet is developing extremely fast these years, video websites like YouTube, TikTok, and Kuaishou have become popular among young people for short videos. Because most people in this era are busy all the time, they only have some fragmented time for entertaining, short videos fit the need to provide new information in a short period of time and make people laugh. As more and more elderly people learn to use mobile phones, the elderly have become another audience for short video platforms. Because many of the old people are already retired and stay at home, they have plenty of time for entertainment, some of them choose to spend time on the Internet to spend the time, and also for fun and new things.

In addition to video, short video platforms also provide streaming platforms to sell goods, these goods are usually cheaper than the same goods elsewhere and are able to attract more people to purchase from them.

However, Bilibili took a different path from those short video platforms, namely, Bilibili users have a high preference for long videos. Because most of the Bilibili users are ACG lovers, short videos cannot show high quality on these topics. However, the high-quality second creations are always popular among the users, those videos always have more than 10k people giving a like. Not only the high-quality second creations are popular, but the unique moments in life are also welcome by users. Bilibili also prepared amounts forms for streaming for anchors, but the most popular kind of streaming in Bilibili isn't selling goods, but games and videos . Almost everyone in Bilibili loves ACG, so many offices of different kinds of games choose to stream their competitions in Bilibili, which brings them much more audiences than other platforms, and it is easier to let other ACG lovers see it and know about it. Other than ACGs, Bilibili is also welcomed by people who want to study. Because people are willing to send teaching videos and others are willing to watch the teaching videos. Becoming members in Bilibili needs strict tests, which brings a clean place for ACG lovers to get together, and creates high loyalty from the users [8]. People can use Bilibili to study things like language tests, for example, IELTS and TOEFL. There are many English teachers sending videos about these topics, also some of them have used to be the examiners in speaking, so the candidates can have a simulation of the exam in their streams and get professional feedback. Also things like cooking, and how buy train tickets in different countries, the life skills that, are all able to learn in Bilibili. Bilibili becomes a large-chunk platform.

### **3. Profit model of Bilibili**

This section analyzes the profit model of Bilibili from both online and offline aspects.

#### **3.1. Online services**

##### **3.1.1. Streams**

The profit from streams is usually in two parts: the super chat (SC) and the subscriptions. For the super chat, in the streaming rooms, the audiences are able to give SC to the anchors they like. Bilibili takes a portion of the money from SC and gives the remaining part back to the anchor. It has the cheapest way to pay the money, from a few yuan to thousands of yuan are all included. The subscriptions are like the specific VIP to an anchor. There are different levels of it, and also different weal of different levels. The subscriptions can not only let the anchor get more money but also let the anchor mention the VIPs when they enter the streaming rooms. The higher level will have cooler special effects.

##### **3.1.2. Membership**

Bilibili can make a lot of money by letting users buy a membership, and users join Bilibili membership for two reasons.

First of all, Bilibili bought many copyrights of animations, and also some movies, variety shows, and TV plays. So when audiences want to watch animations, comics, or other videos showing the actual world, Bilibili might be the only platform with a legal way for them to watch.

Second, join members for the goods only offered to members. In the special rights of VIPs, the part of purchasing goods is also one of the main reasons for people to join the VIP. Even though the price from Bilibili is generally higher than other shops, the consumers are still willing to buy from it because the other shops do not have plenty of goods in different topics, so the consumers need to look for different shops, they also need to make sure that this shop does not sale fake goods. Another kind of channel is to buy directly from SEGA of Japan, but it is tedious, because when the sum of money is a big number, the consumer needs to pay tax in yen, which needs bank cards that can be spent in foreign currency, like VISA, but many consumers are under the age of handling the VISA. It takes a long time to go through customs in Japan and China, and while transporting the delivery, it is easy to lose the package and difficult to find the package back. However, Bilibili avoids all these problems, so many consumers choose the VIP shops in Bilibili. In the Bilibili shops, garage kits are the main goods to sell, and some other goods like dolls and badges are the secondary goods in that shop.

Moreover, the advertisement (ads.) at the beginning and the end of the videos in these years become longer and longer, which leads to the decline of the watching experiences of the free-riders, as more and more services are included in the memberships, so more people are willing to join the membership [9].

##### **3.1.3. Advertisement online**

The first part of ads. in Bilibili is on the homepage, they are always seen. The homepage can be separated into two groups: games and studying. These games are mainly the games invested by Bilibili or give them money to advertise for them. In the studying part, it is easy to find the ads. about drawing and how to study efficiently. Understanding the reasons for having ads. about drawing is not difficult, as ACG is in a two-dimensional world, learning drawing can let people create their own world about ACG.

The second part is for the ads. in those videos. In some situations, Bilibili will take part of the profits in ads. appear in the videos of the anchors. Like the app, Pin Duoduo usually collaborated with Bilibili, and Bilibili sent missions to the anchors who applied for the Creative Motivation Activity. The anchors get paid for their videos with ads.

### 3.1.4. Games

Bilibili starts from the revenue from the games [10], according to Figure 1, it can be seen that from 2018 to 2022, the games were the biggest part of the revenue every year in the 5 years. From Figure 2, it is easy to see that the proportion of Mobile Games has decreased since 2018, and it started to rise again in 2022. Bilibili usually collaborated with other game companies, like MiHoYo, and provided servers to them and took part of the revenue from that server.

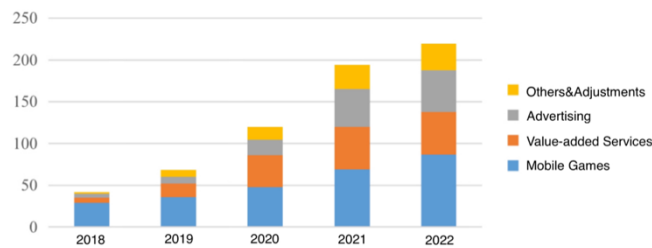


Figure 1: The revenue of Bilibili from 2018 to 2022

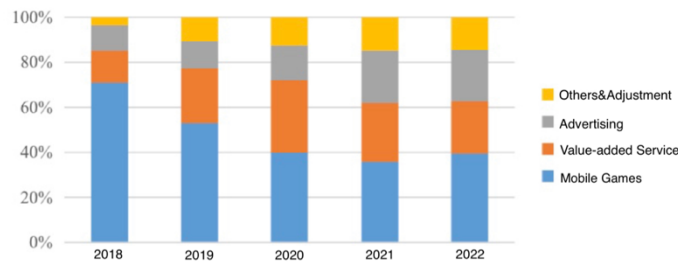


Figure 2: The proportion of revenue in different part of Bilibili from 2018 to 2022

## 3.2. Offline activities

In the offline activities, there are 3 parts for the earning profits of Bilibili.

### 3.2.1. Animation exhibitions

Bilibili also sets up animation exhibitions like other two-dimensional companies do, but as Bilibili has a large number of users and ups (the people who send videos on Bilibili), the number of people who enter is extremely large. The largest animation exhibition set by Bilibili is the Bilibili World (BW) in Shanghai. Bilibili invited most of their famous ups to have interactions and conversations with their followers. The office of Bilibili gets the most earning from the tickets. Because every ticket is above hundreds of RMB, as BW has a current of over 6 figures, Bilibili can earn a lot in this area.

### 3.2.2. Pop-up store

The pop-up stores exist for a short time approximately 20 days to one and a half months. The pop-up stores usually have some special topics, like the canteen of SPY x Family and Detective Conan. However, the pop-up store of Bilibili is mainly about the goods in the VIP store. As most of the goods

need to pay a deposit and wait for a long time to pay the balance, and if the goods are under approximately 120 yuan in total, the consumers need to pay 12 yuan extra for the delivery and wait for the box for about 2 days. While the pop-up store does not have those problems. People can pay all the money and take the goods immediately without paying extra fees and waiting for extra time. The pop-up store also does not have a limit for only VIPs can purchase. The pop-up stores are usually set up in the summer holidays because the main audiences for Bilibili are the young people, and many of them need to go to school or work on normal days. The popular season of vacation can bring more customers to them.

### 3.2.3. Musical activities

Bilibili also holds music events like BML. The BML has a large difference from normal music activities like concerts or music festivals, the performing form is similar to a concept that is held by a singer, but the concepts have a large difference with those concerts. BML focuses more on the popular topics in Bilibili, and the producers invite ups in those areas to perform. Sometimes the style of the performers and the songs they perform have a big gap, the performance will also get high recommendations from the audiences. So these kinds of activities will attract a lot of audiences, which brings Bilibili a lot of revenue.

## 4. Conclusion

This paper illustrates the profit model of Bilibili, and finds that Bilibili receives its revenue mainly from online services. The online services include streaming, memberships, advertisements, and games. The revenue from games has the highest proportion among all the services of Bilibili, even though it has decreased for 5 years. While in offline, Bilibili makes money from the animation exhibitions, the pop-up store, and the musical festival. The forecast of income trends in Bilibili is missing in this paper. In the future, as much data as possible can be collected to predict the development trend of Bilibili and analyze the market situation to give appropriate suggestions.

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