

Operation Model and Netflix Incubation Strategy of MCN Agency: A Case Study of Joy Media

Wanying Hong^{1,a,*†}, Ruoxi Wang^{2,†}, and Xiangqing Wang^{3,†}

¹*Harbin Engineering University, Harbin 150001, China*

²*Wuhan Britain China School, Wuhan 430000, China*

³*Yunnan University of Finance and Economics, Kunming 650221, China*

a. hongwanying@hrbeu.edu.cn

**corresponding author*

†These authors contributed equally.

Abstract: This paper analyzes the operation mode of MCN agencies and the incubation strategy of net stars, taking Internet-based brokerage company Carefree Media as an example. Through literature analysis and positive feedback loop research method, the study finds that Carefree Media has a unique resource advantage and reputation by virtue of years of industry resources accumulation and deep cooperation with various platforms, and through a complete and mature industry chain, it connects creators, platforms and brands to form a positive feedback loop and achieve a win-win situation. By constantly innovating and keeping up with the hot spots, Carefree Media makes itself difficult to be eliminated from the market and keeps the enterprise dynamic and vibrant, which lays a solid foundation for Carefree Media to incubate the top net stars.

Keywords: operation model, Netflix incubation strategy, MCN, Carefree media

1. Introduction

The MCN Company is an intermediary that connects online celebrities, platforms, and companies with different needs to help content creators promote and monetize their content. MCN gains money by helping content producers package, market, promote and monetize on a commission basis.

Founded in 2016, Joy Media is a professional internet-based agency that adopts a dual headquarters model in Beijing and Hangzhou and has set up branches or offices in Shanghai, Chengdu, Guangzhou, Changsha, Wuhan, Hainan, Chongqing, Qingdao, Harbin, and Kunming. The company has over 80,000 anchors signed up, including 5,000 quality artists, with many gold anchors, super Vs., and phenomenal celebrities across the internet. A study of the “Internet + talent agency” operation model, the proven pyramid incubation system, and Joy Media’s competitive advantages provide insight into how MCN agencies empower net stars and Joy Media’s development strategy. This gives us an insight into the way MCN agencies (in the case of Joy Media) operate, their development model, the way they build their head celebrities, the way they continue to expand their market, and the competitiveness and importance of standing out from the rest, as well as the competitiveness and importance of the development of internet business in the current epidemic environment.

2. Literature Review

Scholars have studied the development and influence of MCN in many ways. Yin pointed out the characteristics of MCN localization, such as leadership, regional distribution differentiation, and e-commerce live streaming, and proposed the existing problems [1]. Han's research shows that MCN mode has a positive effect on the content supply of new media platforms in terms of content diversification, content quality, content in subdivided fields, and user stickiness but hurts content homogenization, pan-entertainment phenomenon, content realization difficulty, and dependence on platform welfare traffic [2]. Li's case analysis shows that the profit model under the MCN-based operation of a short video platform includes account trading, account content incubation and customization, platform subsidies, advertising revenue, and quick video traffic realization [3]. Taking Papitube as an example, Wu and Zhou studied the business model innovation of MCN institutions. They drew the main conclusions of essential mastering resources and seizing opportunities of The Times [4]. Zhang studied the development process, rising logic, and future trend of MCN institutions and concluded that MCN institutions are developing toward specialization [5]. Taking Douyin as an example, Ren studied the innovative development path of short video MCN institutions and reached the main conclusion of setting a reasonable entry threshold and establishing a diversified realization mode [6]. Taking Douyin as an example, Zhu studied the development bottleneck and optimization of short video MCNS, summarized the three back-ups of Douyin's restriction on MCNS, profit difficulties, and the increasing Matthew effect, and proposed corresponding optimization measures [7]. Guo studied the development motivation, current situation, trend, and realization key of MCN institutions and concluded the critical strategies for realizing the commercial value of MCN institutions [8]. Zhang took MCN institutions as an example to study the development mode of Internet celebrities' economic and industrial chains and concluded that content payment and Internet celebrity brokerage services would become the main profit channels of short video MCN institutions in the future [9]. The research of IIMedia Consulting Report Center shows that in the future, the MCN industry will become an Internet celebrity organization and an essential part of the industrial Internet [10].

3. Case Analysis

3.1. Case Description

Joy Media is a sizeable Internet-based brokerage company focusing on live streaming, short video, e-commerce, and other fields. The company has signed more than 80,000 anchors and celebrities. After years of development, Joy Media has gradually transformed from a live-streaming brokerage company to a short video MCN organization and finally became an e-commerce platform. The company's way of realization has also gradually shifted from the initial live stream tipping to short video advertising income and then to the self-established supply chain and Taobao live stream delivery.

In 2016, Joy Media came into being with the rapid development of the short video industry. At the beginning of its establishment, the CEO of Joy Media, Lei Binyi, put forward the operation model of "Internet + artist agent" and planned the development path of "human IP - content IP - product IP." The initial form of the company is like that of a live-streaming brokerage company, which mainly focuses on live-streaming. Contracted artists broadcast live on Weibo Live streaming, Tencent NOW, and other platforms and earn profits through live-streaming rewards. In 2017, Joy Media began to enter the short video field, focusing on micro-blog video, Meipai, and other platforms and creating personal IP. In 2018, Joy Media entered the Douyin and Kuaishou platforms, focusing on developing content IP. As Douyin opened MCNS to sign up, Joy Media quickly joined and cooperated with

Douyin and customers in the commercial market to jointly develop market norms and models for short video marketing. In 2019, Joy Media began to try to cooperate with artists, successively signed several Internet celebrities with different numbers of fans, equipped other professional teams for various echelons of talent, and gradually established a mature incubation system, focusing on the development of commodity IP, which has long been the first place in the list of Douyin MCN institutions.

In recent years, Joy Media has been keeping up with the trend of The Times, becoming a leader in the Internet celebrity economy. In 2021, Joy Media launched a new strategy and put forward the concept of multi-dimensional integrated marketing, aiming to provide customers with one-stop integrated marketing services. At the same time, the company cooperates with star artists to develop a new media operation model. It is worth mentioning that the live broadcast of stars such as Liu Yonghong and Zhang Dada became popular, all of which are inseparable from the behind-the-scenes role of Joy Media. With the increasing demand of users for knowledge in different fields, the market size of short video and paid ability is also growing. Therefore, Joy Media actively develops the knowledge payment business and can take risks. In addition, the company also realized that rapid growth is not the only way to go and began to shift to a more delicate operation. In addition to expanding into new business segments, Joy Media is also actively building digital systems, giving more data and information to the system, and reducing the reliance on human input.

3.2. Case Studies

3.2.1. The “Internet + Talent Agency” Operation Model

The “Internet + talent agency” operation model consists of two aspects: the celebrification of net stars and the networking of stars. This mode of operation enables Joy Media to have a more diversified business structure, a more robust risk resistance, and a longer life cycle of character IP.

“Celebrification” refers to the process of pushing head talent into the realm of variety shows, movies, and TV shows, to allow the head celebrities to gain more art forms and fans and broaden the stars’ development path. The main reason for “celebrity networking” is that as the new media industry develops, more celebrities are getting involved in the internet. Joy Media has worked with more than 20 artists on new media, and through Joy Media, many stars are willing to experiment with live streaming and e-commerce.

According to the 2021 Statistical Report on the Development of the Internet in China, as shown in Fig.1, the user scale of online videos and short videos in China reached 975 million and 934 million, respectively, as of December 2021. With more and more companies starting to live-stream their goods on the internet, Joy Media has not only entered the head of the industry in live entertainment, short video commercialization, and live e-commerce with interests but is also moving forward.

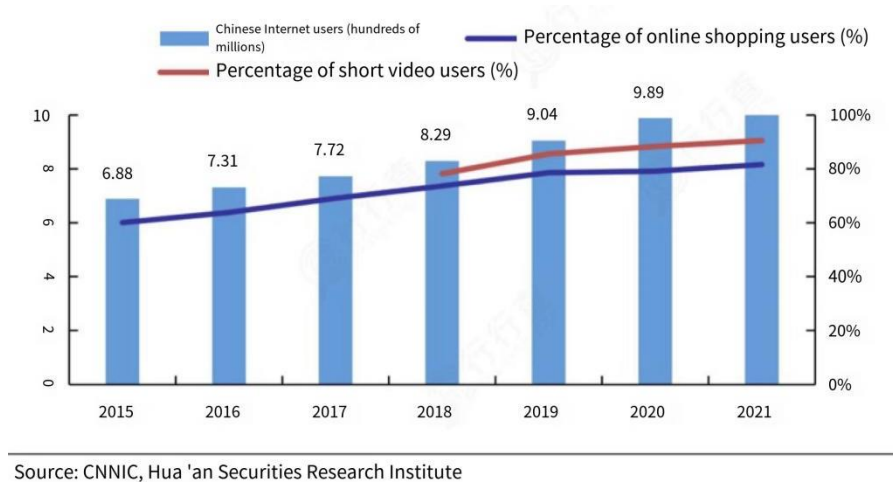


Figure 1: Percentage of online shopping users and short video users in China.

3.2.2. Mature Pyramid Incubation System. Joy Media Will Conduct Talent Screening, Classification, and Positioning for Contracted Online Anchors or Content Creators

Mature Pyramid Incubation System. Joy Media will conduct talent screening, classification, and positioning for contracted online anchors or content creators. Using its long-term practical accumulation and constantly improving team management system, Joy's operations team has accumulated a relatively rich experience. It can assign a professional operations team to the talent according to their characteristics and styles while providing creative output sources to guide their personalization. In addition, Joy Media has an experienced team to review both creative and realization aspects of the company and can skillfully create head celebrities (e.g., Big Wolf Dog Zheng Jianpeng & Yan Zhen Couple, Redundant and Mao Mao Sister, Liu Siyao Nice, Wen Genie, etc.) and provide strategic level matching support for the company's key development directions. After pushing the anchors into the public eye, the incubated anchors will be rated according to their fan coverage. The top head weblebrities will be considered crucial cultivation targets to achieve the optimal allocation of the company's resources.

3.2.3. Joy Media's Competitive Advantage

Joy Media's competitive advantage mainly lies in its high market share and good corporate reputation image. As an established MCN agency, Joy Media has established in-depth cooperation with various platforms through years of accumulation of industry resources. At the same time, Joy Media has a content-related network effect, with Jitterbug as the leading product coverage platform. After the anchors are empowered to operate, their product, the Jitterbug account, becomes the main bridge between the audience and the anchors. The value of a Jitterbug account is judged precisely by the number of followers, and the higher the fan coverage, the higher the value of the Jitterbug account. Therefore, Joy Media's headliner accounts are high-value products with a strong network effect.

To increase the value of the celebrity accounts, Joy Media empowers celebrity talent with different levels of follower coverage, develops growth guidelines for the celebrity's field, and repackages and pushes them into the public eye to expand their influence and increase their follower coverage. To ensure the quality of the products the celebrities sell, Joy Media chooses to work directly with the brand owners in the early stage, has a professional selection team to check the quality, and will generally discard products with unclear channels. This approach avoids adverse reactions from fans who use the products, thus reducing the risk of complaints and grievances. It also builds a good

reputation and public image for Joy Media, giving people who invest or work for the company confidence that they will receive a fair return.

3.3. Suggestions

Standardize the selection mechanism of Internet celebrities and strictly control the selection levels. Since most Internet celebrities of JOY MEDIA come from ordinary backgrounds, evaluating their "personality" and "emotional intelligence" in the selection process is complex. To avoid personal problems affecting the reputation and interests of JOY MEDIA, the company should strictly manage and standardize the selection mechanism of artists.

Create a personalized live room for new anchors. There are many entertainers of JOY MEDIA and different types, so it is difficult for new anchors to stand out among them. Even if the anchor has a personality, it isn't easy to highlight its characteristics in the live broadcast. Therefore, JOY MEDIA should consider creating a "personalized" live broadcast environment for new anchors to improve the audience's recognition of them.

Expand network business and connect with offline resources. JOY MEDIA is relatively stable in live broadcasting, short video, and e-commerce. Next, the company can combine offline and online resources to carry out mass businesses such as Internet celebrity interaction and celebrity order taking. From online live broadcasting to offline interaction, the interaction with fans in the process of live broadcasting, such as public welfare activities with fans, can enhance the company's positive image and improve the recognition degree of Internet celebrities by different groups.

4. Conclusion

In recent years, Internet celebrity has become a career pursued by many people, and how to train and guide artists to become top Internet celebrities has become a complex problem for many MCN institutions. This paper takes the head MCN agency JOY MEDIA as an example, analyzes JOY MEDIA's attributes, competitiveness, industrial chain, business model, and innovation strategy, and explores how JOY MEDIA uses external and own resources to incubate and operate top Internet celebrities. This paper mainly uses literature analysis and positive feedback loop research. This study believes that JOY MEDIA, with years of industry resource accumulation and in-depth cooperation with various platforms, has unique resource advantages and reputation. JOY MEDIA has a complete and mature industry chain that connects creators, platforms, and brand parties to form a positive feedback loop and achieve win-win results. JOY MEDIA keeps innovating and keeping up with the hot spots, making it difficult to eliminate by the market. It maintains the enterprise's vitality and vitality, laying a solid foundation for JOY MEDIA to incubate top Internet celebrities. JOY MEDIA's incubation system and operation mode provide a rich experience for future research on the management direction of MCN institutions and how to solve operational problems and give successful cases.

References

- [1] Yin, H.: *Research on the Development status and problems of MCN Localization*. *Cradle of Journalists* 620(08), 6-8 (2022).
- [2] Han, R.: *On the Influence of MCN Model on the Content Supply of New Media Platforms*. *Media* 384 (19), 52-54 (2022).
- [3] Li, J.: *Profit Model under MCN-based operation of short video Platform: Based on the case of Douyin Platform*. *Industrial economic review* 50 (03), 188-200 (2022).
- [4] Wu, Y., Zhou, J.: *Research on Business Model Innovation of MCN: A Case study of Papitube*. *Shanghai Management Science* 44(02), 49-53 (2022).
- [5] Zhang, P.: *Internet Celebrity "Factory": The Development history, rising logic and future trend of MCN Institutions*. *Spread in the future* 28 (01), 48-54(2021).

- [6] Ren, X.: *Innovative Development Path of Short video MCN Mechanism - Based on the analysis of Douyin. Published a wide Angle* 381(3), 82-84 (2021).
- [7] Zhu, X.: *On the development bottleneck and optimization of short video MCN Mechanism: A Case study of Douyin. Audio-visual* 156 (04),15-17 (2020).
- [8] Guo, Q.: *Research on Development Motivation, Current Situation, Trend and Realization Key of MCN Institutions. Journalism and Writing* 429(03), 75-81 (2020).
- [9] Zhang, X.: *Analysis on the Industrial chain development of Internet celebrities -- A Case study of MCN Institutions. Audio-visual* 150 (10), 232-233 (2019).
- [10] *Research on Live broadcast Economy: Insight into the new development trend of live broadcast e-commerce, anchor and MCN industry. Modern Commercial Banks* 16, 56-59(2021).