

Short video website business model and value enhancement

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Abstract: With the development of Internet technology and the increasing popularity of mobile intelligent terminals, various e-commerce, online education, video and live broadcast platforms continue to emerge into the public's vision. After just ten years of development, the short video industry has entered a stage of stable development and sustained profit. On the one hand, business model is a strong guarantee for enterprises to obtain profits and develop continuously in a long time; On the other hand, the goal of Internet enterprises is not only limited to the growth of profits, but also pays more attention to the promotion of enterprise value. In addition, short video websites are emerging enterprises, and their valuation methods have not yet been determined. Therefore, in this case, it is very important to discuss the business model and enterprise value of short video website.

After the research and analysis of this paper, further expand the study of short video website business model, and its advantages and disadvantages are analyzed. Moreover, it analyzes the factors that influence the business model of such enterprises on the enterprise value, so as to enrich the research on the relationship between the business model and the enterprise value, and provide a reference for the future evaluation of the short video website; At the same time, it is also conducive to further improving the business model of such enterprises in the future, so as to better enhance their enterprise value.

Key words: Chinese short video website; Business model; Value enhancement

1. Research background and significance

1.1 Research Background

In recent years, with the popularity of the use of mobile intelligent terminals and the maturity of network technology, short video platforms have risen rapidly in just a few years from scratch, from there to more, from more to better, and its development is undoubtedly remarkable. In a short period of time, the short video platform has experienced the development process of gradually forming user habits and gradually increasing attention. First of all, compared with traditional video, short video has a higher utilization rate of fragmented time. Secondly, it can be shot quickly and edited simply by smart phone. The operation method is simple and easy to learn, which meets the needs of most ordinary users. Moreover, it uses big data and artificial intelligence algorithm to accurately match users' interests and hobbies, which can better meet users' viewing needs. However, as an emerging industry, there are also many problems in its development process. This paper will analyze and evaluate the elements of the business model of the short video website, sort out the factors that affect the enterprise value, provide new ideas for the study of the relationship between the business model and value creation of the short video website, and provide suggestions for how to improve the business model and enhance the enterprise value in the future.

1.2 Research significance

Theoretical significance

First, further enrich the short video website business model research. Combined with the theory of business model and its constituent elements, this paper analyzes the business model of short video website. Second, it further analyzes the relationship between business model and enterprise value. The influence factors of business model on enterprise value are sorted out, and its internal influence mechanism is revealed.

Practical Significance

First, it helps to understand the business model of short video website and its advantages and disadvantages, so that enterprises can build a more perfect business model. All kinds of enterprises in the continuous development, have their own unique business model and through continuous improvement of their own business model to obtain sustainable competitive advantages. Moreover, X Company is selected as a case in this paper, and its business model has certain reference value. Second, it is helpful to understand the factors that influence business model on enterprise value, so that enterprises can improve business model to improve enterprise value. By studying the factors that influence business model on enterprise value, some suggestions can be provided for similar enterprises to improve business model and enhance enterprise value.

2. Research content and research method

2.1 Research Content

Short video website business model analysis. First, introduce the business model of the enterprise, then analyze the business model of

the short video website, and finally evaluate its business model.

Analysis of the factors that influence the business model of short video website on enterprise value. Firstly, it sorts out the influencing factors of business model on enterprise value, and then analyzes the influencing path of business model on enterprise value creation.

Take X Company as an example to analyze the value enhancement of short video website. First, through the analysis of X company's operating environment, based on this analysis of its business model; Secondly, it analyzes the impact of its business model on the enterprise value, and provides suggestions for improving the business model and improving the enterprise value.

2.2 Research Methods

The research adopts the method of theoretical analysis combined with case study.

Theoretical analysis provides the theoretical basis for the case study. In the theory of business model elements, according to the characteristics of the short video website, combined with the business model of the short video website business model of each element is analyzed. On the basis of relevant theories, this paper studies the relationship between business model and enterprise value by analyzing the influencing factors and influencing paths of business model to enterprise value. In terms of cases, short video X Company is selected as the case enterprise. First, by analyzing X Company's operating environment, analyze its business model. Then, we study the impact of X Company's business model on the enterprise value, and then evaluate the enterprise value. Through the above analysis, suggestions and enlightenment are put forward for the future development of short video websites.

3. Profit model analysis

3.1 Cost structure

The cost of short video websites mainly comes from four aspects.

First, the support and acquisition of high-quality short video content. In order to increase the quantity and quality of high-quality short video so as to increase the utilization rate of short video APP, short video websites need to provide some funds to content producers, or cooperate with MCN to make the short video content covered by the platform more diversified and better quality. Second, maintenance and optimization of internal operations. Enterprises need to pay a certain amount of funds to maintain the operation of each functional section of the platform and optimize the supply of products and services, such as the development, maintenance and update cost of product APP, the construction and maintenance cost of network infrastructure and the technical support provided by third-party institutions. Third, the investment and innovation of marketing promotion. Enterprises need to carry out innovative online or offline activities to promote the short video platform, such as inviting celebrities to endorse and promoting on social platforms. Fourth, the maintenance and promotion of corporate partnerships. Short video websites need to spend some sunk costs such as manpower and material resources in the cooperation with other platform enterprises in the industrial chain.

3.2 Revenue sources of short video websites

Due to the huge user resources of short video, short video websites have greater profit advantages. How to monetize the user resources effectively is the main problem for the short video website to gain revenue. At present, the "troika" that drives the revenue of short video is: advertising, live broadcasting and e-commerce. According to the data provided by Mob Research Institute, the total revenue of advertising and live rewards reaches 90%, while the revenue shared by e-commerce accounts for only 10%. The live stream reward income is obtained by the anchors providing users with entertainment live content and the users sending virtual gifts to the anchors according to their own preferences. The revenue sharing of e-commerce is to stimulate consumers' desire to buy through online live broadcasting, and share it with the commission of e-commerce platform to obtain revenue.

4. Evaluation of the business model of short video websites

4.1 Advantage analysis of short video website business model

The user base of short video websites is huge. Short video has met the various needs of users, and has gradually become the content dissemination method of users' habits and preferences. Short videos meet the needs of users by virtue of their features such as short time, rich content, simple shooting and editing techniques, and strong interactivity and entertainment, attracting most Internet users.

Short video websites have established good cooperative relations with other enterprises in the industrial chain, making up for their shortcomings in other supporting facilities and technologies, improving the management efficiency of enterprises, and further improving the industrial chain. The profit model of short video website is relatively mature. Advertising income, live broadcast reward income and e-commerce sharing income are three relatively mature profit models of short video websites.

4.2 Disadvantages of short video website business model

Short video websites have serious homogeneity in terms of positioning. The product functions of short video websites are seriously

homogenized, which will reduce the competitive advantage of enterprises in the industry. The functions of all short video platform apps are similar with little difference, and the differential functions are small. The standard functions are difficult to meet the increasing personalized needs of users, and it is easy to reduce users' dependence on apps. The product content of short video websites is seriously same, which will reduce the number and frequency of users.

The algorithmic mechanism of key resource capability has drawbacks. The review capacity of the algorithm distribution mechanism will be reduced due to too much content. The algorithm mechanism will assign a certain number of users to watch each short video. If the number of users' likes, comments and forwarding reaches a certain critical point after watching it, it will be considered as a highly popular work and its recommendation rate will be automatically increased.

5. Analysis of the factors that influence the business model of short video websites on enterprise value

5.1 Analysis of user factors

The richness of the value proposition satisfies multiple needs of users. The short video industry has entered a mature development period, and the functions of major short video platforms are not limited to entertainment. The diversified content ecology satisfies the various motives of most users to watch videos, and has won the favor of a large number of users.

The transformation of customer relationship leads to other needs of users. Different from general enterprises, short video websites pay attention to the potential value of consumers, guide them, and promote the transformation of customer relationship.

After achieving the goal of user acquisition, it needs to be activated in time, otherwise the customer pool will face the risk of a large number of losses. In a sense, this is the most important part. Deepen important partnerships to improve platform performance and enhance user experience. Develop key services, improve the platform industry chain, and enrich user choices. Broaden channels and channels to improve the impact of the platform and increase users' sense of belonging.

Increasing user engagement and retention requires long-term engagement with users. Short video user groups can be divided into active users and inactive users, the former has a strong dependence on the short video platform and the frequency of use is much higher than the latter. Therefore, enterprises should focus on converting inactive users into active users to achieve user retention if they want to obtain economic benefits by monetizing user traffic.

5.2 Analysis of revenue factors

Realize the realization of user traffic through profit model. Enterprises have formed huge user traffic through user acquisition, activation and retention. After the rapid accumulation of traffic, short video websites should be commercialized. Through optimizing the advertising profit model, building the content e-commerce ecosystem, actively strengthening the live streaming with goods and increasing efforts to cultivate the habit of user payment, the commercial realization of user traffic is realized.

Monetizing user traffic through advertising revenue. One of the most commonly used ways for short video websites to make money is advertising revenue. According to the data, more than 40% of users will actively pay attention to short video ads, 20.3% of short video users will search and click ads directly affect the purchase, and the short video ads in the field of pan-leisure and fast-moving consumer goods are more favored by users.

Realize the realization of user traffic through live broadcast reward income. On the one hand, platform enterprises will actively build shows and set up various types of live broadcast; On the other hand, anchors will enhance the entertainment of live broadcasts and encourage fans to brush gifts. Anchors will share the reward income with short video websites, and the proportion of platform sharing is basically 30% to 50%.

Through e-commerce revenue sharing to realize the realization of user traffic. From the active attempts of all kinds of star Internet celebrities, to the live streaming of goods for the purpose of public welfare by many mainstream media people, to the participation of enterprise executives, and the active assistance of government officials to farmers, live streaming of goods has become the normal of short video platforms. The proportion of users who have seen live streaming of goods on short video platforms has reached 52.0%, and nearly half of the viewing users will be influenced by the recommendation to place orders directly.

5.3 Analysis of cost input factors

Short video websites tend to be asset-light operation in terms of cost input. As mentioned above, the cost of enterprises is mainly invested in the support and acquisition of high-quality short video content, the maintenance and optimization of internal operations, the investment and innovation of marketing promotion, the investment and innovation of marketing promotion, and the maintenance and promotion of enterprise cooperation. On the one hand, enterprises continuously improve the cost structure by reducing the cost of

communication with partners and user acquisition costs; on the other hand, they improve the efficiency of operation and management through MCN mode and channel channels to reduce the cost of high-quality content acquisition and support.

5.4 Influence path of business model on enterprise value

Through the analysis of the business model of the short video website in the previous chapter, four elements of the business model are extracted. Among them, positioning, business system and key resource ability mainly have a certain impact on the number of users: positioning as the foundation of short video platform enterprises, locking basic users; Business system and key resource capabilities are the core of short video websites, which activate and retain a large number of users. Then, the cost structure in the profit model affects the cost input factors, and the short video platform enterprises transform the user resources into income through the profit model. Finally, the factors of user, income and cost input affect the enterprise value of short video website.

6. Take X Company as an example to analyze the value improvement of short video website

X Company is one of the short video companies with great development momentum in China. By analyzing its profit model and combining the impact of business model on enterprise value, this paper puts forward some suggestions for the value improvement of X Company.

6.1 Profit model of X Company

Cost structure

The cost of X company mainly comes from the support and acquisition of high-quality short video content, the maintenance of X Company's internal operation, the investment and innovation of excellent marketing promotion, the maintenance and promotion of enterprise cooperation, and the income sharing of anchors.

Revenue source

In Company X's financial report, it breaks down its revenue by business into live streaming revenue, online marketing revenue (advertising revenue) and other services (e-commerce revenue).

6.2 Analysis of the impact of X Company's business model on enterprise value

Achieve user acquisition through positioning

Company X adheres to the principle of fairness and inclusive benefits and attracts users who want to express themselves equally and freely. Its value proposition satisfies users' needs for recording and expression, content and leisure entertainment, and social interaction. In particular, the satisfaction of social needs can be obtained by means of acquaintance fission with an exponential increase in the number of users. X Company improves its relationship with users by building an equal and free community environment to increase its irreplaceability to users, deepen the relationship between content creators and users, and improve the quality of the platform.

Through the business system to achieve user activation

X Company gives users a good first impression through important cooperation and key business. Strengthen cooperation with content producers, advertisers, e-commerce and third-party service organizations, build content platforms, enrich and tap the value of other members of the industry chain, build the key business of X Company, form and improve the entire industry chain, so that users can watch videos, buy goods and accurately match with the help of third-party service organizations. So that the platform can catch users in the first few tens of seconds of use, so as to achieve the purpose of activating users.

Enable user retention through key resource capabilities

Strong technical capabilities can reduce the churn rate of users and are favorable conditions for increasing user retention. X Company's establishment of big data computing system, decentralization and equal distribution of traffic will increase the sense of identity and satisfaction of ordinary users after publishing their works, thus reducing the user turnover rate.

Monetize user traffic through live stream revenue

Live streaming is the main source of revenue for X Company, which is highly social, interactive and immersive. With the increasing number of users and the gradual strengthening of network effects, the revenue contribution brought by it is huge.

Monetize user traffic through advertising revenue

A large and highly active user base makes Company X increasingly attractive to advertisers. Moreover, the establishment of online marketing platforms, the diversification of advertising forms and the improvement of advertising precision have all led to an increasing amount of traffic realized by advertising. At the same time, it realizes the realization of user traffic through e-commerce revenue. Due to the highly engaged user group and strong social trust atmosphere, X Company also realizes a part of user traffic realization through e-commerce services.

6.3 Suggestions for X Company to improve its business model and enhance its corporate value

Expand the number of users to improve enterprise value. Precise positioning, carry out activities with high fit user positioning. Improve the business system, and realize the development of social and e-commerce. Develop and transform key resource capabilities to achieve the “two-wheel drive” of content and social communication.

Increase revenue to increase business value. Develop new business on the basis of improving the existing business to increase profitability. Seek the possibility of integrating online and offline, and extend the industrial chain horizontally.

Reduce costs to improve enterprise value. Optimize the cost structure and strengthen cost control. Establish a sound supervision system to make cost input more effective.

Conclusion

This paper summarizes the existing research results and methods at home and abroad, combs the theory of business model elements, and expounds the elements of business model combined with the characteristics of short video industry. And combined with the characteristics of short video website, the impact of business model on enterprise value is analyzed. To perfect and improve the business model of short video website is helpful to enhance the value of short video enterprises, and has certain practicability.

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