

Bilibili's stock trajectory: insights and strategies for digital platforms

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Abstract. This study delves into the stock performance of Bilibili, a vibrant online platform launched on June 26, 2009, that has captivated the youth in China. By examining a multitude of factors such as market trends, competitive dynamics, industry outlook, macroeconomic influences, user demographics, content diversity, creator engagement, commercialization strategies, and international expansion efforts, the research forecasts Bilibili's trajectory in the stock market. It also scrutinizes the company's operational paradigm, bolstered by insights from a comprehensive questionnaire that underscores the psychological appeal and operational tactics that draw users to the platform. These tactics include strategic repositioning, effective communication of information, leveraging big data for targeted content delivery, understanding consumer and creator motivations, fostering a rich content creation environment, and employing precision marketing techniques. The paper concludes with strategic recommendations derived from the analysis, aimed at enhancing the platform's market presence and stock performance. The findings offer invaluable insights for other platforms seeking to emulate Bilibili's success.

1 Introduction

1.1 Background

Since its founding in Shanghai in 2009, Bilibili has quickly become one of the most popular video streaming platforms in China, especially in the anime, manga, and Games (ACG) subculture circles [1]. Its unique features, such as bullet-screen chat and virtual gifts, enable users to interact in real-time, enhancing the connection between creators and fans. In the first quarter of 2024, Bilibili's monthly active users rebounded to 341.5 million, demonstrating its continued appeal among the user base.

Bilibili is not only doing well in the video streaming sector but also has a significant position in the gaming market in China. According to a 2023 survey, Bilibili is the most used video game platform by Chinese brands. In addition, Bilibili's global in-app purchase revenue is estimated at \$178 million in 2023, showing its influence in the international market [2].

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1.2 Objective

The goal of this study is to conduct an in-depth analysis of Bilibili's stock performance and the driving factors behind it. The research motivation stems from Bilibili's significant growth in the Chinese and global markets, as well as its unique positioning within the ACG subculture circle. By studying Bilibili's financial data, user growth, and go-to-market strategy, we hope to reveal the key factors of its success and provide valuable insights to investors.

The main content framework of the research includes the following aspects: 1) Financial analysis: Analyze Bilibili's revenue sources, cost structure, and profitability. 2) User growth: Study the drivers and trends of user growth. 3) Market strategy: Discuss Bilibili's expansion strategy and competitive advantage in domestic and foreign markets. 4) Risk Assessment: Assess the main risks and challenges facing Bilibili.

2 Basic descriptions of Bilibili

Bilibili was founded on June 26, 2009. Bilibili was listed on March 28, 2018, and has gained significant popularity among young people. Analyzing the stock market performance of Bilibili from August 2019 to June 2024 reveals an upward trend from August 2019 to the end of June 2021. However, influenced by A-shares and other factors in June, the stock trend experienced a decline until the end of March 2022. Subsequently, from March 2022 to June 2024, the stock trend stabilized with low amplitude, as shown in Fig.1.

Bilibili holds great potential for development in the future as a social media platform. Not only does it provide entertainment for users but also serves as a learning tool for individuals who often utilize it for knowledge acquisition and part-time self-media work across different age groups. Furthermore, continuous maintenance and improvement have enhanced customer experience on the platform, making it increasingly competitive within the realm of social media platforms.



Fig.1 Bilibili's stock trend chart [1]

3 Predicting the future direction of Bilibili stock

When predicting the future direction of Bilibili stock, we need to consider several factors, including the company's financial position, market trends, industry outlook, and macroeconomic environment [3].

3.1 Financial position and growth prospects

Bilibili has experienced rapid growth over recent years, particularly in terms of user base, activity, and revenue. Bilibili continues to expand its monthly active user count and has diversified its revenue streams through various channels such as games, live streaming and value-added services, advertising, IP derivatives, and other businesses.

Bilibili's net loss in Q1 of 2024 has increased compared to the same period last year. However, the adjusted net loss has decreased by 56% compared with the same period last year indicating a trend towards reduced losses. Additionally, the overall gross margin continued to improve, reaching a record high of 28.3%, demonstrating the company's enhanced cost control measures leading to improved profitability."

3.2 Market trends and competitive environment

The video streaming market continues to expand, particularly in China, where there is a growing demand for high-quality video content due to the widespread adoption of 5G technology and the deepening development of mobile Internet. Bilibili, as a major player in this market, is expected to capitalize on this trend. However, competition is also increasing, including from other short video platforms such as Douyin. Nevertheless, Bilibili has cultivated a high level of user engagement and loyalty through its unique PUGV (Professional User Generated Video) content and community culture.

As the online entertainment market continues to grow and users' appetite for high-quality content rises, Bilibili - one of the leading online video platforms - is anticipated to sustain its growth momentum in the future. Simultaneously, the company is actively expanding into overseas markets and seeking new avenues for growth. Nonetheless, overseas market competition, cultural disparities, and other factors present certain challenges.

Changes in the macroeconomic environment can have an overall impact on the stock market. For instance, economic growth, international trade relations, and other factors may influence investor confidence and overall market trends.

Taking into account these factors mentioned above, this paper anticipates that Bilibili shares will continue to maintain their growth momentum in the future. However, the specific increase will be influenced by various factors. Investors should pay attention to information such as financial reports, market dynamics, and industry news to judge more accurately about stock movement. At the same time, it's necessary also pay attention to investment risks, and allocate assets reasonably."

4 Prospect analysis of Bilibili

4.1 User growth and activity

The user base of Bilibili has continued to grow, with daily active users (DAUs) reaching 102 million in the first quarter of 2024, marking a 9% year-over-year increase and an all-time high. This data demonstrates strong user engagement and retention on Bilibili. Monthly average active users (MAUs) have also exceeded 341 million, indicating solid growth. The average daily usage time of users has reached 105 minutes, setting a record high and showcasing the high level of engagement and interest in B station's content [4].

4.2 Richness of content ecology

As a favored online video platform for young people, Bilibili's content ecology is increasingly diverse. Featured content categories such as knowledge, games, film, and television entertainment have experienced over a 20% year-on-year increase to meet the diversified content needs of users. In particular, AI-related content has seen an average daily play volume increase by over 80% year-on-year. This indicates that Bilibili is forward-thinking in its content creation and dissemination within the field of emerging technologies.

4.3 Prosperity of creator ecology

Bilibili places great importance on cultivating and supporting creators. In the first quarter, over 1.5 million UP owners earned income on B station. The number of UP owners who earned income through commercial advertisements increased by 51% year-on-year while those earning income through goods increased by 105%. These figures demonstrate that Station B provides creators with ample opportunities for commercial realization. Additionally, Station B plans to support potential and talented UP owners in their growth within the platform through traffic strategy support, submission tool optimization, and intelligent operation tools.

4.4 Enhancement of commercialization capability

In the advertising business, B station has shown outstanding performance with a 31% increase in advertising revenue, far exceeding the industry average growth rate. The company is committed to further integrating and optimizing advertising products to provide advertisers with more convenient and intelligent tools. The value-added services business also experienced steady growth, with a 17% year-on-year revenue increase to 2.53 billion yuan in the first quarter. Station B will continue to enhance the supply of live content and improve the gross profit margin of its live-streaming business.

4.5 Overseas market expansion

B station has initiated efforts to expand into overseas markets to attract more international users and content creators. Despite challenges posed by competitive environments and cultural differences, as one of China's leading online video platforms, Bilibili possesses strong brand influence and content creation capabilities that are expected to lead to success in global markets.

In summary, with ongoing improvements in user growth and activity levels, an increasingly rich content ecosystem, a thriving creator community, and enhanced commercialization capabilities; B station is poised to maintain its leading position within the online video field while delivering high-quality and engaging content/services for users.

5 Analysis of Bilibili's operational situation

From the perspective of the planner, the planner uses the following aspects to promote the positive development of Bilibili, we provide the evidence through questionnaires to support our point, including a sample size of 167 people. To further understand the transformation effect and revenue results of Bilibili, we investigated its audience type, the dominant population type, the most popular columns, user satisfaction, and the purchase situation of membership [5].

5.1 Enterprise transformation

The consumers facing the platform have expanded from quadratic enthusiasts to age groups who do not understand various fields, and the play of the herd effect, that users ignore their own opinions and believe more than the information they have and depend on observed previous behavior, has made more consumers understand the Bilibili platform [2]. Bilibili started as a two-dimensional social media platform and fan community offering animation, manga, and video games in a fictional 2D world with Japanese elements, but as Bilibili's influence grew, the two-dimensional content and users could not support its operations. Bilibili's strategy has shifted from positioning itself as a free anime community to offering better services. Including opening a variety of zones, providing a variety of services and incentives to attract diverse fans and creators to join, and striving to become China's YouTube [3].

Fig. 2 shows that, in addition to the second yuan drama, 85.03% of the audience is interested in reality shows and TV series, and more than half of the vote, 73.05% of the sample use the platform to learn professional knowledge.

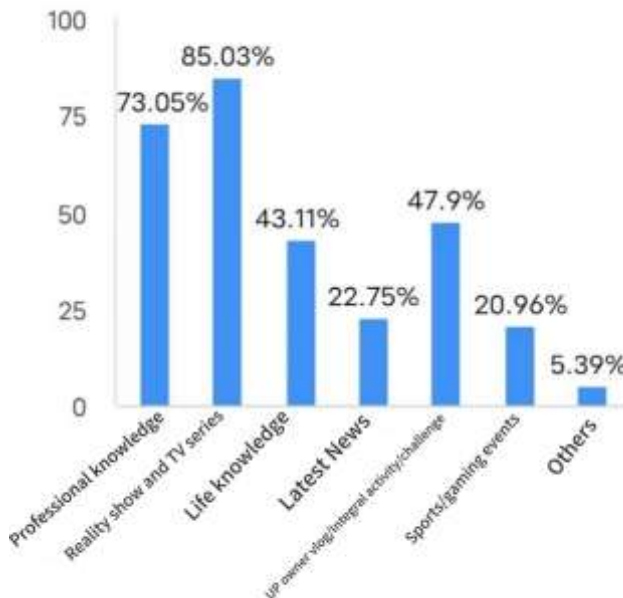


Fig.2 Statistics of the types of videos people are interested in (Photo credit: Original)

The increase in the number of columns and the transformation of the industry have contributed to the increase in the number of Bilibili consumers. As shown in Fig.3, 35.33% of the sample size used Bilibili for three to five years, and 34.73% of the sample size used Bilibili for five to eight years (2016-2020) (see Fig.3). Bilibili transitioned from 2014 to 2019, including years with a high number of consumers.

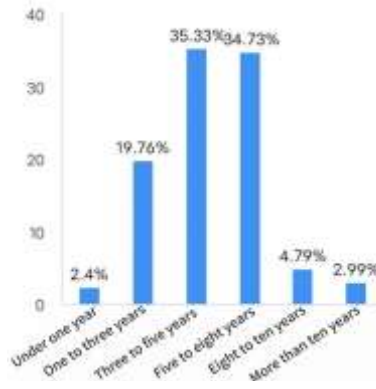


Fig. 3 Distribution of each user (Photo credit: Original)

5.2 Clarity of information and big data diversion

The Bilibili platform categorizes its content into multiple sections for clear and direct understanding by consumers. This streamlined approach makes navigation convenient while also providing key metrics such as page views that allow consumers to intuitively access information and make decisions quickly—reducing the cognitive load between consumer behavior and decision-making processes. Furthermore, big data algorithms are utilized to push personalized content based on consumers' browsing history on electronic devices as well as their interactions with content on the platform—effectively capturing customer engagement data for targeted marketing efforts [6, 7].

5.3 Consumer psychology and creator dividend

Bilibili mainly promotes revenue through platform membership and advertising, platform members are divided into VIP and SVIP, which VIP has a total of 11 kinds of rights and interests, while SVIP has 18 kinds of rights and interests other than VIP to packages the product portfolio, SVIP and VIP have a price difference of 40 RMB, and SVIP have a discount price of 3.8 percent, and VIP have a discount price of 4.6 percent. Use the anchoring effect and decoy effect to promote consumer consumption [8].

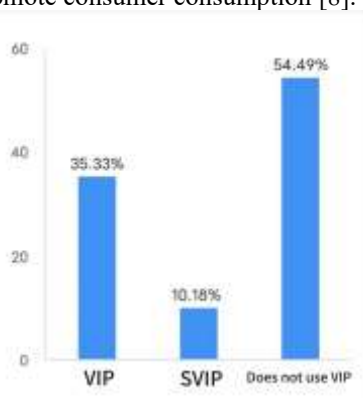


Fig.4 Statistics for user members (Photo credit: Original)

In addition to the sample size of 54.49% who do not use members, the sample size of 10.18% who use SVIP (see Fig. 4). The sample size using SVIP was 10.18% (see Fig. 4) VIP includes true color HDR parallel download reservation cache dynamic card dress-up game gift package exclusive widget space automatic avatar read coupon comments expression identity upgrade 11 privileges cover the basic needs of most consumers, VIP can unlock many drama, movies, and TV plays, Bilibili has the largest sample size to watch this column, and producers pull wool to take full advantage of this. Through market peer comparison, the price of Bilibili's large members is lower than that of its peers, and the rights and interests are more [9].

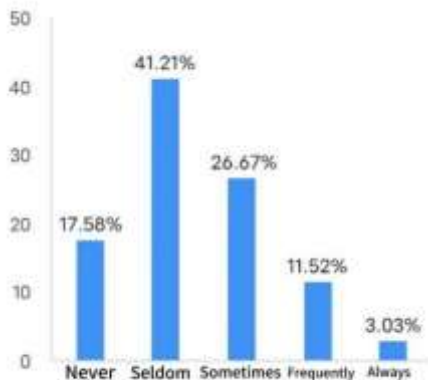


Fig.5 The proportion of anchors in users (Photo credit: Original)

5.4 Video content creation

The platform also sets an incentive plan for creators to judge the quality of the video according to data such as the amount of video played, the likes of the coin, and the favorites, so the video UP master can obtain revenue, and it takes thousands of powders to open revenue [5]. However, creator revenue is also closely related to the number of plays and the length of plays [10].

As shown in Fig.5, a total of 11.38% of the samples are called up masters on the Bilibili platform, and 100% of the samples reap no more than 100 RMB per month. 41.21% of the audience in the sample size do not often like the video coin collection.

From the perspective of the creator, the creator will carry out the traffic service provided by the platform to attract consumers to their likes and favorites. In the creation of re-videos, rich visual and auditory feelings are used to output a large amount of information to consumers in a short time and give positive feedback. Consumers' bodies secrete dopamine to obtain pleasure and attract consumers to click "like" and pay attention to browse more content, increase traffic, add attractive title root tags, increase consumers' browsing time on the platform, and increase their favorable impression of the platform. Consume it.

6 Suggestions

By focusing on these strategies, Bilibili can continue to grow and maintain its competitive edge in the online video and social media industry.

6.1 Enhance financial health

Cost Control: Continue to improve cost control measures to enhance profitability. Focus on reducing operational costs without compromising on quality [11].

Revenue Diversification: Further diversify revenue streams by exploring new business models and monetization strategies, such as subscription services, premium content, and partnerships.

Advertising Solutions: Develop more sophisticated and targeted advertising solutions to attract advertisers. Use data-driven insights to deliver personalized ads to users.

Value-Added Services: Continue to grow value-added services such as live streaming, virtual gifts, and exclusive memberships to increase revenue.

6.2 Strengthen market position

Content Quality: Invest in high-quality, original content to attract and retain users. Collaborate with popular creators and influencers to produce exclusive content.

User Engagement: Enhance user engagement through interactive features, gamification, and personalized content recommendations.

Marketing Campaigns: Launch targeted marketing campaigns to raise brand awareness and attract new users in international markets.

6.3 Leverage technology

AI and Data Analytics: Utilize AI and data analytics to gain insights into user behavior, optimize content recommendations, and improve user experience.

5G and Emerging Technologies: Stay ahead of technological advancements by adopting 5G and other emerging technologies to enhance streaming quality and introduce innovative features.

6.4 Foster creator ecosystem

Support for Creators: Provide creators with better tools, resources, and incentives to produce high-quality content. Offer training programs and workshops to help creators improve their skills.

Monetization Opportunities: Expand monetization opportunities for creators through advertising, merchandise sales, and fan support features.

7 Conclusion

In conclusion, analyzing the stock development trend of Bilibili and its operational model, there's no doubt that it holds great promise for future growth. With operational efforts in improving user growth and activity levels, establishing a rich content ecosystem, and thriving creator community, with enhanced commercialization and precision marketing, Bilibili is now enjoying a high degree of user stickiness and will continue to grow. In today's world where new startups keep emerging, this study sheds light on how to be innovative in creating an ecology attracting the attaining the users.

However, a more in-depth study on the feedback of the audience shall be done to cover more of the operational efforts of Bilibili, particularly on video content creation and precision market as the questionnaire survey size in this research is not big enough. And more specific linkage between the operational measures and its performance on the stock market can be

further dwelled on to probe into more effective acts from the company for optimal returns to its shareholders.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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