

Business Model Evolution of Content Platform in Emerging Economy: A Case Study of Bilibili

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Abstract

Content platforms are becoming popular all over the world, especially in China. As a content platform, Bilibili's story shows the development process of content platforms in emerging economies. This research explores the content of Bilibili at different stages of development from the perspective of business model, and tries to show a new growth path for enterprises in emerging economies. This research finds that in the three development stages of Bilibili, the nine elements of business model presented different characteristics and were combined into three distinct models. This study provides a reference for the theory and practice of the growth of emerging economies and the evolution of business models.

Keywords

Bilibili, Business Model Evolution, Content Platform, Emerging Economy

1. Introduction

The content platforms in China are flourishing. In recent years, the number of content platforms has increased; there are content platforms such as iQIYI, Youku and Tencent for TV drama fans, Douyin (TikTok in China) and Kuaishou for people from "the lower class", Renren Video which almost monopolized all foreign TV series and Bilibili for young people. However, content platforms are facing such challenges as intensified competition in the industry, high user requirements for the platform's functions, diversified user needs, high cost in attracting more customers, and low user stickiness. At the same time, the platform's customers are beginning to accept paid services as an opportunity for content platforms to grow and expand.

The development of content platforms in China, an emerging economy country, is different from their western counterparts. Most content platforms in Chi-

na are involved in derivative businesses such as games and e-commerce, and all platforms have bullet screens as instant tools for customer interaction to increase customer stickiness. (Bullet Screen is an emerging new feature on online video sites in China and Japan, which allows real-time comments from viewers to fly across the screen like bullets.) YouTube, the world's largest video site, has little of that. Thus, content platform in emerging economy is more complicated. This article focuses on the development of content platforms in emerging economy.

The development of content platforms in emerging economy is related to elements in association with industry and enterprise interfaces, such as value proposition, resource integration and channel, etc. The interfaces of company and industry can be characterized by the concept of business model. Therefore, I'll try to analyze the business model of content platforms in emerging economy.

Bilibili, as a rising star among content platforms in China, has only experienced 12 years of development and become a must-see website for young people in China. Its story well presents the entire development process of a content platform in emerging economy. This paper will take Bilibili as a case, and discuss the business model evolution of content platform in emerging economy, so as to contribute to the research of business model evolution in emerging economies, and provide new insights for the study of content platforms.

2. Literature Review

Although there is a lack of consensus on the definition of business models (Bigelow et al., 2021), Magretta (2002)'s basic understanding of business models is widely accepted. She defined business model as the stories that explain how enterprises work. Osterwalder (2004) defined the business model as the translation of a company's strategy into a blueprint of how the company earns money and pointed out that the concept is more holistic that embraces all such elements as pricing mechanisms, customer relationships, partnering and revenue sharing.

There are several major perspectives on business model research. Firstly, the institute-based view (Wruk et al., 2019) believes that business model of the company needs to be consistent with legitimation strategies and social expectations. Secondly, organizational design (Zott & Amit, 2007; Anderson, 2016) researchers use organizational factors to explain the success of the business model. These researches try to analyze business models in element level, while mine tries to use the business model canvas proposed by Osterwalder (2004), which is a combination of elements.

There are relatively few studies on business model evolution. Based on the 1950-2021 search results on Web of Science (Search time: June 14, 2021), only 20 articles had "business model evolution" in the title, and 41 articles had it as a topic. The reason might be that business model evolution research needs to involve a large number of elements and evidence, and the mutual coordination between the elements. Balboni et al. (2019) introduced the whole process of business model transformation in three different stages, from start-up to change

in design themes of novelty design to combinative effect of efficiency and novelty. [Fritscher & Pigneur \(2014\)](#) introduced how the method of business model canvas should be applied to the study of business model evolution. I follow their ideas.

According to [Hoskisson et al. \(2000\)](#), an emerging economy can be defined as a country that satisfies two criteria: a rapid pace of economic development, and government policies favoring economic liberalization and the adoption of a free-market system ([Arnold & Quelch, 1998](#)). Obviously, China is an emerging economy.

Transition economy is a similar concept to emerging economy. It refers to the rapidly growing countries of Central and Eastern Europe that emerged after the collapse of the Soviet Union in 1989 ([Hoskisson et al., 2000](#)). These countries have shifted from socialist economy to market economy, and their governments are willing to strengthen their market mechanisms through liberalization, stabilization, and the encouragement of private enterprises ([Hoskisson et al., 2000](#)). China is also a transition economy. The emerging economy has some clear characteristics. Firstly, these countries lack the well-defined property rights that convey exclusivity, transferability, and quality of title ([Devlin, Grafton, & Rowlands, 1998](#)). Secondly, the emerging economy has a strong dynamic characteristic. Thirdly, the politic, economic and institutional environment in these countries is unstable, which may have a significant impact on the development of economies. Fourthly, these countries are lack of strong legal frameworks so that opportunism, rent shifting, bribery, and corruption are more popular ([Nelson, Tillery, & Walker, 1998](#)). Fifthly, the development of market institutions has been slower and more difficult. Sixthly, emerging economies are heterogeneous even in the same geographic region.

Content platform is a new thing. Extant researches focus on issues such as user contribution performance ([Son, 2016](#)) or consumers' use and self-investment trajectories ([Linden et al., 2020](#)). Other researches focus on analyzing the content provided by content platforms or the mode of content upgrading or the commercialization of content (e.g. [Chen et al., 2018](#); [Zeng, 2019](#)).

3. Methodology

3.1. Research Method and Data Collection

This paper adopts a single case study method. [Eisenhardt \(1989\)](#) pointed out that case study can be very useful when we know little about the problem being studied or try to start from a new perspective. This research chooses Bilibili as the single case because the case is typical which meets the application conditions of the theory in all aspects, and is suitable to the application of the exploration of new study fields. Bilibili is a content platform in China, an emerging economy market country, and it thrived after going through a business model evolution process. Actually, there is few foreign content platforms with such operational model that contains bullet screen and derivative business as Bilibili, which is also novel in China.

Bilibili is a video platform for the young generation in China. Founded on

June 26, 2009, it is affectionately known as “B Zhan” by fans. On March 28, 2018, Bilibili was listed on Nasdaq; on March 29, 2021, it had a second listing in Hong Kong, China. Bilibili was an ACG (animation, comic, game) content creation and video sharing site in its early days. After 12 years’ development, the company has built a content ecosystem for users and content creators, and has developed into a multicultural community covering more than 7000 interest circles. Bilibili had about 223 million monthly active users in the first quarter of 2021.

I have collected data about Bilibili’s history, subsidiaries, related companies, organizational structure, corporate operation status (including revenue, users and paying users, changes in main business structure, stock price information), industry information and institutional environment, main founders and managers, and major partnerships in recent years. Data sources are Bilibili’s annual reports and online public data such as Baidu, public interviews, and corporate resources from Qichacha, etc. The data are collected from Bilibili’s founding year of 2009 to May 7, 2021. The history of the enterprise is shown in **Table 1**. The information about finance and operation of Bilibili are shown in **Table 2**.

Table 1. The history of Bilibili.

Time	Event	Significance
June 26, 2009	Founded (with the name “Mikufans”, officially changed its name to Bilibili on January 24, 2010).	First well-developed ACG bullet-screen website in China.
November 2014	Rui Chen joined Bilibili as a partner, and served as the chairman of the board.	Signal to commercializing.
2014	Bought the first original Japanese animation Tiejin Pu’an Family . Bought the copyright of the famous animation series Fate/Stay Night Unlimited Blade Works .	Possession of the original version of the Japanese animation series has gradually become the symbol of Bilibili.
November 26, 2014	Set up its Japanese branch, Bilibili Co., Ltd.	Trying to enter the Japan market.
November 27, 2014	Bilibiliyoo was set up, officially launched customized travel services to Japan.	Trying to offer travel services.
November 23, 2015	Bilibili Pictures was founded.	Entering the film industry.
January 4, 2016	Bilibili Pictures’ first film, Sherlock Special: The Abominable Bride , was released.	The film produced by Bilibili entered the market for the first time.
September 23, 2016	Announced that they are the exclusive agency of mobile game Fate/Grand Order in China.	Signal for business model transformation.
2016	Bilibili was awarded Top Ten Documentary Presenters in China by the 4th China Documentary Presenters Conference.	Documentaries began to prosper.
March 3, 2017	Bilibili’s official blog posted an article which showed its courage to protect the rights and interests of the original content creators.	Began to emphasize intellectual property rights of uploaders, hoping to improve the stickiness of content creators.
March 28, 2018	Listed on Nasdaq under the stock code BILL.	Bilibili can raise more funds to provide financial support for its operation, and may attract more overseas fans to Bilibili, also may make some of its functions and interface settings similar to excellent foreign mainstream medias.

Continued

September 17, 2018	Bilibili announced the in-depth cooperation with the Discovery Channel and they will open up a "Discovery Channel Section" on Bilibili platform, including introducing 145 documentaries and planning to co-produce documentaries with the Discovery Channel.	Aiming at improving the quality of its documentaries.
December 6, 2019	Announced the acquirement of the exclusive live-broadcasting rights of League of Legends Global Finals S10 to S12 in China from 2020 to 2022.	Hoping to have a larger share in the live-broadcasting market.
March 29, 2021	Went to Hong Kong, China for a second listing, stock code SW09626.	More funds can be raised to support the development of the platform, and can stimulate China investors' enthusiasm for investing in Bilibili.

Note: "uploaders" here refers to the content creators on Bilibili's platform. The meaning of "uploaders" in following texts is the same.

Table 2. The finance and operation information of Bilibili (2015-2020, unit: RMB).

Year	2015	2016	2017	2018	2019	2020
Net revenues	130,996,000	523,310,000	2,468,449,000	4,128,931,000	6,777,922,000	11,998,976,000
Gross profit	-172,572,000	-249,502,000	549,208,000	855,438,000	1,190,249,000	2,840,176,000
Mobile games		342,382,000	2,058,226,000	2,936,331,000	3,597,809,000	4,803,382,000
		65.4%	83.4%	71.1%	53.1%	40.0%
Value-added services		79,656,000	176,443,000	585,643,000	1,641,043,000	3,845,663,000
		15.2%	7.1%	14.2%	24.2%	32.0%
Advertising		60,727,000	159,160,000	463,490,000	817,016,000	1,842,772,000
		11.6%	6.5%	11.2%	12.1%	15.4%
E-commerce and others		40,545,000	74,620,000	143,467,000	722,054,000	1,507,159,000
		7.8%	3.0%	3.5%	10.6%	12.6%
				87	117.5	185.8
Monthly active user (in millions)			Q1 Q2	Q1 Q2	Q1 Q2	Q1 Q2
			57.29 65.47	77.45 85.04	101.3 110.4	172.4 171.6
			Q3 Q4	Q3 Q4	Q3 Q4	Q3 Q4
			73.93 71.75	92.74 92.76	127.9 130.3	197.2 202
Average monthly paying users (in millions)			Q1 Q2	Q1 Q2	Q1 Q2	Q1 Q2
			0.8536 1.0727	2.4725 2.9662	5.7 6.3	13.4 12.9
			Q3 Q4	Q3 Q4	Q3 Q4	Q3 Q4
			1.174 1.1089	3.5402 4.4158	7.9 8.8	15 17.9
Average monthly revenue per paying user			Q1 Q2	Q1 Q2	Q1 Q2	Q1 Q2
			151.2 165.6	105.7 102.2	67.6 66.4	48.3 53.8
			Q3 Q4	Q3 Q4	Q3 Q4	Q3 Q4
			182.7 201.7	86.0 69.0	58.1 54.5	50.1 44.2
Average monthly paying users for mobile games (in millions)			Q1 Q2	Q1 Q2	Q1 Q2	Q1 Q2
			0.463 0.5858	0.8299 0.8174	1.0232 0.9713	
			Q3 Q4	Q3 Q4	Q3 Q4	
			0.7436 0.6446	0.9139 0.8791	1.4606 1.256	

Continued

		Q1	Q2	Q1	Q2	Q1	Q2
Average monthly revenue per paying user for mobile games		251.3	279.7	276.5	322.6	284.6	315.7
		Q3	Q4	Q3	Q4	Q3	Q4
		269.0	319.3	271.4	270.3	213.0	231.3
Sales and marketing expenses	3,029,000	3,423,000		11,499,000		14,269,000	
total cost of revenues	772,812,000	1,919,241,000		3,273,493,000		5,587,673,000	
						40,808,000	
						9,158,800,000	

Source: Bilibili Annual Report 2018-2020. Note: The average monthly paying users in the table not only includes the fee of premium membership program, but also includes sales of in-channel virtual items for use in live broadcasting so that users can send them to hosts to show their support, which comprise of either consumable items, such as gifts and items that create special visual effects, or time-based items, such as privileges and titles. Those who spend money on Bilibili Comics and Mao'er FM are all Bilibili paying users. And the vacant parts in the table are missing data in Bilibili annual report.

All the data concerning Bilibili's profitability (net revenues and gross profit), key activities (key components of results of operations), monthly active users and revenue earned from these users (and the data about average monthly paying users for mobile games are also included), sales and marketing expenses and total cost of revenues are shown in **Table 2**.

3.2. Variable Measurement

This research uses the nine elements proposed by Osterwalder (2004)'s business model canvas as variables to analyze Bilibili's business model evolution from 2009 to present, and summarizes the elements of a company's business model into nine elements under the four pillars (see **Table 3**).

4. Case Analysis

According to the evolution of contents provided by Bilibili, this study divided Bilibili's business model evolution into three stages, the self-entertaining mode from 2009 to 2013, the trial-and-error mode from 2014 to 2016, and the consolidation and promotion mode from 2017 to now. This paper will use the Business Model Canvas to analyze the four pillars of business model in different phases.

4.1. Self-Entertaining Mode (2009-2013)

In terms of value proposition, Bilibili was originally founded to provide users with a high-quality bullet-screen video website. During this period, because of the lack of supervision, the content was mainly plagiarized from other websites and resources, and it only targeted on young and low-end ("low-end" here refers to the low consumption will and affordability) ACG lovers. Bilibili aimed to improve and optimize the existing basic functions. For example, on August 10, 2009, Yi Xu, founder of Bilibili, launched a video titled **Special Bullet-Screen Test**. Till April 22, 2010, Bilibili had almost completed the bullet screen management system development. Bilibili started as a website that plagiarized Japanese animations to cater for the interests of ACG lovers and the function optimizations of its platform was rather scarce (the **Special Bullet-Screen Test** video

Table 3. Pillars, elements, and measures of the business model canvas.

Pillar	Element	Variable Measurement
Product and Service	Value Proposition	Value propositions can be divided into high-end, mid-end and low-end. Value proposition can be analyzed from the perspectives of how value is created, value level, price level and customer buying cycle.
	Customer Relationship	The customer relationship begins with defining who the customer is, how to define the relationship with the customer, and how to maintain the relationship.
Customer Interface	Customer Segments	Distinguished by what segment of customers the company wants to offer value to.
	Channel	The channel can be analyzed from the perspective of the four marketing strategies of “product, price, channel and promotion”, or the reason why the channel creates value, or the channel satisfies which function of customer buying cycle.
	Key Activities	The key activity of an enterprise can be roughly divided into three categories: manufacturing products, problem solving and platform/network.
Infrastructure Management	Key Resources	Key resources are measured according to the categories of human resources, technical resources, market resources, etc.
	Key Partnership	The partnership is a voluntarily initiated cooperative agreement between two or more companies in order to create value for the customer. Partnerships can form beneficial networks.
Financial Aspects	Cost Structure	It’s measured by the representation in money of all the means employed in the business model.
	Revenue Stream	Revenue stream refers to the way a company makes money through a variety of revenue flows.

to test the bullet-screen function and the completion of bullet screen management system development). Thus, I define the business model of Bilibili at this stage as a Self-entertaining Mode because the company mainly focused on ACG culture and catering for the users’ love for ACG culture.

In terms of customer relationship, at this stage, Bilibili mainly targeted on low-end users who are keen on ACG culture. The relationship between Bilibili and its customers can be simplified as content creators (i.e., uploaders) → Bilibili platform → fans who watch the videos uploaded by content creators. Both uploaders and their fans are Bilibili’s customers, and Bilibili is an intermediary platform connecting these customers. Bilibili mainly improved and optimized the existing basic functions of the website to maintain customer relationships. For example, users were allowed to delete or protect the videos they submitted. Bilibili also made timely adjustments based on user feedbacks. Besides, Bilibili strictly restricted videos with bad influence, pirated or plagiarized videos and videos with poor picture quality. From the perspective of customer segments, Bilibili mainly concentrated on ACG lovers. In terms of channels, Bilibili developed some channels at this stage, but did not carry out in-depth development of these established channels. For example, on April 14, 2013, Bilibili’s Game Section was officially established. However, it only launched a handful of games in 2013, one of which was **Daybreak**, but it is no longer available for downloading in mobile app stores now.

In terms of key activities, at this stage Bilibili provided its users with animations and encouraged uploaders to make creative videos. In terms of key partnership, there was only low-level cooperation with some technical personnel. Rui Chen, chairman of Bilibili since 2014, recalled his meeting with Yi Xu

(founder of Bilibili) in 2011: “At that time, Xu and several other co-founders were all in their early 20s, crammed into an apartment with a monthly rent of ¥3000 RMB in Hangzhou without any investment.” From the view of key resources, it invested resources to optimize the website and the bullet screen function. For example, Bilibili has carried out a series of website optimizations: on June 14, 2010, it improved the function of real-time bullet screen chat; on June 23, 2010, it added tag function.

From the perspective of revenue, Bilibili had almost no revenue from 2009 to 2013, which can be inferred from the fact that all the data in Bilibili’s annual report started from 2015. In terms of cost structure, the cost was probably mainly spent on optimizing and upgrading the server and on buying a better server.

4.2. Trial and Error Mode (2014-2016)

4.2.1. Product and Service

In terms of value proposition, Bilibili wanted to enter the mid-end and high-end market promptly during this period in order to transform Bilibili into a full spectrum video community covering a wide range of content categories and diversified video consumption scenarios. From 2014 to 2016, Bilibili made some moves that had a positive impact on the company. For example, Bilibili bought the copyright of some animation series in 2014. However, Bilibili has also undergone lots of trial-and-error. In 2014, after Rui Chen joined, Bilibili made some aggressive operations and investment, as shown in **Table 4**. The reason for the trial and error at this stage is that the value proposition went far beyond Bilibili’s own resources and capabilities.

At the same time, Bilibili’s strategy was also greatly influenced by institutions. From late 2014 to early 2015, Bilibili was involved in a number of lawsuits concerning the infringement of the rights to spread information online filed by iQIYI, Douyu and Huashi Wangju etc. Yet Bilibili survived and even thrived through these intellectual property right violations.

Since March 2015, the Ministry of Culture in China has remedied some violent and terrorist cartoons on the Internet, focusing on the animation products that induce crime, violence, pornography and terrorist activities. A large number of animations were banned because of violating of these regulations. In June 2015, a list of companies that had violated the “Internet Audiovisual Program Service Management Regulations” or “Interim Provisions on Internet Culture Management” to provide animation products with illegal contents was released, and Kuan Yu Digital Technology was a company on that list. Within the organizational structure of Bilibili, Shanghai Kuan Yu Digital Technology is a subsidiary of Hode Shanghai Limited. In other words, in 2015, Bilibili’s online audio-visual services were given a heavy blow by these regulations. At that time, Bilibili deleted some of the animations, but also continued to provide banned animations by renaming them (such as renaming **Assassination Classroom**, which was banned, as **Class E, Year Three**).

Table 4. Trial and error of Bilibili during 2014-2016.

Time	Event	Reason
November 26, 2014	Set up a Japan branch shortly after Rui Chen joined.	<p>1) On November 26, 2010, someone posted Bilibili's link on a Japanese Forum called 2ch, Japanese users began to know about Bilibili.</p> <p>2) Bilibili ambitiously entered the market in Japan when Rui Chen had only become a member of Bilibili for less than a month, this means that Bilibili wants to cooperate better with the copyright holders and service providers in Japan.</p>
2014-2015	<p>A company called "Bilibiliyoo" was founded on November 27, 2014, and then Bilibili officially launched a customized tourism project to Japan for those who love ACG culture. Bilibili tried to provide exclusive tourism planning and promotion services for their customers, such as leading them to Akihabara to buy cartoon figures and going on a parade to where some animations got inspirations from, etc. The price of this trip is ¥5400 RMB, including visa, round-trip airplane tickets, accommodation and tickets to scenic spots. The service was later suspended and the Sina microblog of this project stopped updating since April 16, 2016.</p>	<p>1) China's ACG tourism industry was not mature.</p> <p>2) Bilibili was still in infancy stage, there may be some problems with the operation of this tourism project, this service was probably not very profitable.</p>
2015-2016	<p>On November 23, 2015, Bilibili Pictures was established.</p> <p>On January 4, 2016, Bilibili Pictures' first co-produced film Sherlock Special: The Abominable Bride was released, the cumulative box office of this movie in China was ¥161 million RMB.</p> <p>On August 19, 2016, the fantasy animation film the Elf Throne was released, Bilibili Pictures was the co-producer of this movie. This movie had a cumulative box office of ¥2.589 million RMB. (Bilibili Pictures owns the intellectual property of this film.)</p> <p>On December 16, 2016, the movie I Repair Cultural Relics in the Forbidden City was released. Bilibili Pictures was one of the co-producers. This movie's cumulative box office was ¥6.458 million RMB.</p> <p>Results: Bilibili Pictures suffered from deficits. According to Shanghai United Equity Exchange, Bilibili Pictures had no revenue until May 2017.</p>	<p>1) Sherlock Special: The Abominable Bride is made for a relatively small group of people who have watched the British TV series Sherlock, this film is too complicated for the general public to understand.</p> <p>2) The Elf Throne only had fine pictures, the plots of this movie were cliché and there was nothing creative to attract the audience.</p> <p>3) I Repair Cultural Relics in the Forbidden City was thought to be a cut from the same documentary, it was sloppily made and not a sincere work. Besides, there were problems about the cinema's film arrangement.</p>

This reflects the transition of emerging economies, changing from lacking a strong legal framework to the gradual establishment of a well-developed policy and regulatory system.

It also suggests that perhaps Bilibili was seeking to change its strategies and seeking better development due to the change of supervision and regulation on content platforms. However, as an emerging economy enterprise, Bilibili lacked resources and capabilities. There was no doubt that Bilibili couldn't achieve the leap to mid-end and high-end market.

4.2.2. Customer Interface

In terms of customer relationship, Bilibili's customer relationship was still based on the good relationship with the content creators and their fans. Specifically, in October 2014, a system called B Coin went online to please the uploaders, users can send B coins to uploaders to show their support, which can be transformed into uploaders' actual monetary income. The actions to please the fans who watch videos on Bilibili's website were: in 2015, Bilibiliyoo launched a tourism

project to Japan; in December 2015, the official Taobao store of Bilibili was opened for business; on September 23, 2016, Bilibili announced that they are the exclusive agency of mobile game **Fate/Grand Order** in China; in 2016, Bilibili Pictures released three films.

From the perspective of customer segments, at this stage, Bilibili's target customers were relatively out of order. The launch of tourism projects was aimed at high-end users who have the ability to pay, while the operation of B coin system, the opening of official Taobao stores and participation in the production of movies were aimed at mid-end and low-end users who have relatively low affordability.

In terms of channels, Bilibili's sales channels were also in dreadful disorder. From the cooperation between Bilibili and other channels in 2015, on April 25, 2015, Bilibili cooperated with Zhihu and became the partner to live-broadcast the grand annual event "Zhihu Salt Club"; on June 28, Bilibili cooperated with Baidu. A voice search for "I want + Bilibili memes" would redirect users to watch relevant videos on Bilibili. Besides, Bilibili and Sina organized the "Chinese Animation Month" event together in December, 2015. Zhihu is aimed at higher-end intellectuals with more knowledge and cultural awareness, while Baidu and Sina microblog are applications for mid-end and low-end users to search and browse news and anecdotes, which shows the disorderliness of Bilibili's channel.

4.2.3. Infrastructure Management

The key activities of Bilibili in this stage are shown in **Table 5**.

Key partnership at this time is shown in **Table 6**.

Therefore, the key resources of Bilibili at this stage were in a mess. Not only did Bilibili need the resources to maintain the operation of various activities (such as tourism, film and documentary), but also acquired resources through cooperation with other content platforms and enterprises.

4.2.4. Financial Aspects

In terms of cost structure, the cost structure of Bilibili at this stage is shown in the following **Table 7**. (Data are from Bilibili's 2018 annual report, and the data before 2016 are missing, unit: RMB.)

It can be seen from **Table 7** that in the revenue costs of this stage: besides revenue-sharing costs and staff costs, server and bandwidth cost were much higher than content cost, indicating that the majority of revenue cost in this stage was the relatively low-end kind of technology expenses (bandwidth cost), and the proportion of content cost was not high. In operating expenses, the general and administrative expenses accounted for as much as 70%, while the sales and marketing expenses and the research and development expenses were basically the same and both are below 16%, indicating the operational capability of Bilibili was not good enough during this phase, and it did not have enough money to support the expansion of various lines of businesses.

Table 5. Key activities of Bilibili from 2014 to 2016.

	Original Animations	Live-broadcasting	Tourism Services	E-commerce	Film-producing	Mobile Games	Video Sharing Site	Documentary
2014	Began to buy the copyrights of original animations.	The operation trials of live-broadcasting system began in mid-August.	Bilibiliyoo was established on November 27, 2014.				In October, the B coin system went online.	
2015		On April 25, 2015, Bilibili cooperated with Zhihu and became the partner to live-broadcast the grand annual event “Zhihu Salt Club”.	Launched a tour to Japan at the beginning of 2015.	In December, the official Taobao store of Bilibili was opened for business.	On November 23, Bilibili Pictures was established.			
2016	On January 8, Bilibili obtained the animation broadcast authorization from Tokyo TV station.		This service was suspended and the Sina microblog of this project stopped updating since April 16, 2016.		Bilibili Pictures released three films.	On September 23, Bilibili announced that they are the exclusive agency of mobile game Fate/Grand Order in China.	In October the Premium Membership Program was launched.	Bilibili has recommended lots of excellent Documentaries to hundreds of millions of users, and has participated in producing the movie I Repair Cultural Relics in the Forbidden City .

Table 6. Key partnership of Bilibili from 2014 to 2016.

Time	Cooperation	
2014	Bilibili has been cooperating with Aniplex since 2014, a subsidiary of Sony, in the field of purchasing animation's property rights. Bilibili was in cooperation with Taobao, the official Taobao store of Bilibili opened in December.	
2015	On April 25, 2015, Bilibili cooperated with Zhihu and became the partner to live-broadcast the grand annual event "Zhihu Salt Club". On June 28, Bilibili cooperated with Baidu. On July 9, Bilibili cooperated with a Chinese animation called Journey to the West: Monkey King is Back and held a special viewing with bullet screens. In December, Bilibili and Sina organized the "Chinese Animation Month" event together.	Bilibili was also in cooperation with uploaders, which can be inferred from the launch of B coin system to increase uploader's income.
2016	On January 8, Bilibili obtained the animation broadcast authorization from Tokyo TV Station. In the next two years, viewers will be able to watch animations produced and owned by Tokyo TV Station on Bilibili, which includes many popular animations including Naruto . On September 23, Bilibili announced that they are the exclusive agency of mobile game Fate/Grand Order in China.	

Table 7. Cost structure of Bilibili in 2016.

Cost of Revenues			Operating Expenses		
Revenue-sharing costs	151,252	19.6%	Sales and marketing expenses	102,659	15.9%
Content costs	146,088	18.9%	General and administrative expenses	451,334	70.0%
Staff costs	88,608	11.5%	Research and development expenses	91,222	14.1%
Server and bandwidth costs	322,649	41.7%			

In terms of revenue stream, it can be seen that the box office of the three films were not impressive, each of which did not exceed ¥200 million RMB. Thus, the three films released by Bilibili Pictures were not popular enough. And Bilibili's tourism program was suspended after less than a year and a half's operation, suggesting that its ability to generate revenue was not impressive either. The incomes of Bilibili's various lines of businesses were not remarkable compared with subsequent years.

4.3. Consolidation and Promotion Mode (2017-Now)

4.3.1. Product and Service

Starting from 2017, Bilibili's value proposition is to consolidate its relationship with existing low-end users and try to attract more mid-end and high-end users.

In 2018, Ni Li, the Vice Chairwoman of the Board of Directors and Chief Operating Officer of Bilibili, said, "Documentaries have become an important part of the content ecosystem of Bilibili". The word "content ecosystem" here indicates that Bilibili, as a content platform, wants to gradually attract more mid-end and high-end users. Bilibili's 2020 annual report defined content ecosystem as an

ever-growing content ecosystem that is centered on video-based content including PUGV, live broadcasting, OGV and more. Bilibili's full-spectrum content ecosystem enables them to become a one-stop platform for users to find a wide variety of content that matches their interests, and for content creators to fully showcase their talent.

On April 19, 2017, the Ministry of Culture in China released the "Cultural Industry Development Plan during the 13th Five-Year Plan Period", which proposed that 11 industries would be paid attention to during the period of the "13th Five-Year Plan", animation and games were included in these criteria, indicating that the ACG culture and Bilibili's lines of business have gradually been accepted and paid attention to by mainstream culture. This reflects the willingness of transition countries to strengthen their market mechanisms through market liberalization and stabilization.

Since 2018, Bilibili has been making efforts to protect the intellectual property rights of their content. On Jan 24, 2019, Bilibili filed a lawsuit against a company called Dilidili. Dilidili plagiarized Bilibili's animation **Sword Art Online (season three)**, which Bilibili had overcome a lot of difficulties to buy its copyrights. Viewers would have to pay a price or join in the Premium Membership Program (viewers will have to pay for this program's subscription) on Bilibili to watch this animation, but people can watch this animation for free on Dilidili, and Dilidili did not even get rid of the "Bilibili Original" watermark in those videos. This incident suggests that Bilibili, as a company thriving in emerging economy context, understood that China has no longer been in the situation of lacking of well-defined property rights, so they started to protect the copyrights of their own content.

4.3.2. Customer Interface

In terms of customer relationship, Bilibili is trying to better maintain and consolidate the good relationship with content creators and people who watch videos on Bilibili over the years, so that content creators can release more creative videos and help attract more fans. On January 26, 2019, Bilibili held the first Bilibili Power UP 2018 Annual Uploader's Award Ceremony in Shanghai, and awarded the 10th Anniversary Achievement Award to outstanding content creators (i.e., uploaders).

In terms of customer segments, Bilibili's 2019 annual report includes this statement: "We have a young and culturally aspirational user base" ... "We empower users to create, discover and share quality content", indicating that Bilibili is consolidating its relationship with low-end "young and culturally aspirational users", so as to have more quality content on the platform and attract more mid-end and high-end users. Then, in Bilibili's 2020 annual report, there is an analysis that "Our user base is quickly broadening to include users across different age groups and locations, who take interest in a full spectrum of content", indicating that Bilibili wants to attract more high-end users.

In terms of channels, Bilibili cooperated with a variety of mid-end and high-end content platforms during this period, as shown in **Table 8**.

Table 8. Cooperation of Bilibili in various channels from 2018 to 2020

Time	Cooperation in Various Channels
2018	On September 17, Bilibili announced that they have achieved an in-depth cooperation with the Discovery Channel and they will open up a “Discovery Channel Section” on Bilibili platform, including introducing 145 documentaries and planning to co-produce documentaries with the Discovery Channel.
	In November, Bilibili bought an ACG audio company, Mao'er FM.
	On December 12, Bilibili announced that it had signed an acquisition agreement with Netease to acquire the main assets of Netease Comics, including APP, website and copyrights of some comics, etc.
2019	Bilibili confirmed on December 6 that they had struck a three-year exclusive live-broadcasting deal with the world's most popular game League of Legends in China. Bilibili will have the exclusive broadcast rights of League of Legends Global Finals S10 to S12 in China from 2020 to 2022.
2020	On January 2, Bilibili and QQ Music jointly announced that they have reached an in-depth strategic cooperation, and the two companies will jointly support high-quality musicians and music pieces.
	In April, Bilibili reached a strategic partnership with Sony Music, allowing users to watch Sony's music videos on Bilibili's platform.

4.3.3. Infrastructure Management

In terms of key activities, the key activities of Bilibili were gradually being sorted out, which can be interpreted from Bilibili's basic lines of businesses—mobile games + live broadcasting + video contents + e-commerce + advertisement, and peripheral services such as Premium Membership Program, live-broadcasting's “Big Voyage” membership and the services that require users to spend money on Bilibili Comics and Mao'er FM, etc. Besides, Bilibili's key resources have gradually been sorted out during this phase. And the key partnerships of Bilibili are mainly established with leading enterprises (see [Table 9](#)).

4.3.4. Financial Aspects

The cost structure of Bilibili during 2017-2020 is listed in [Table 10](#) and [Table 11](#) (data source: 2018-2020 Bilibili Annual Report, unit: RMB).

According to [Table 10](#), in Bilibili's cost of revenues, besides the revenue-sharing costs, the proportion of server and bandwidth costs decreased from 41.7% in 2016 to 24.4% in 2017, and the proportion continued to fall to 12.5% in 2020, which means that the relatively low-end technology expense (bandwidth costs) no longer makes up the most in the cost of revenues. The technology required to run Bilibili platform have gradually become mature. In addition, content costs, e-commerce and other expenses have gradually risen to about 20%, indicating that Bilibili has paid more attention to the quality of content and services provided by its platform during this stage.

As seen in [Table 11](#), it can be found that in operating expenses, the proportion of general and administrative expenses decreased from 70% in 2016 to 33.7% in 2017, and then decreased to 16.3% in 2020, indicating that the administrative expenses are no longer the main expenses of Bilibili's operation. The proportion of sales and marketing expenses and research and development expenses in recent years increased from 15.9% and 14.1% in 2016 to 30.1% and 36.2% in 2017, indicating that Bilibili has paid more attention to research and development expenses and marketing expenses, and hopes to attract more mid-end

Table 9. Key partnerships of Bilibili in 2018-2020.

Year	Cooperation	
2018	On September 17, Bilibili announced that they have achieved an in-depth cooperation with the Discovery Channel and they will open up a "Discovery Channel Section" on Bilibili platform, including introducing 145 documentaries and planning to co-produce documentaries with the Discovery Channel.	
	In October 2018, Tencent, Bilibili's principal shareholder, further invested in Bilibili.	
2020	In December 2018, Bilibili and Alibaba Group commenced their business collaboration in the content creation and commercialization front.	The collaboration with content creators (uploaders) was still in progress.
	In April 2020, Bilibili received a strategic investment from Sony and entered into a business collaboration agreement to pursue collaboration opportunities within the area of entertainment business in Chinese market, including anime and mobile game.	
	In October 2020, Bilibili deepened their partnership with Sony by entering into a strategic agreement with its subsidiary Aniplex to introduce more high-quality anime content and mobile games on Bilibili's platform.	
	On October 19, Bilibili and BBC Studios announced that they have achieved a long-term strategic partnership, they will carry out in-depth cooperation in documentary co-production and so on.	

Table 10. Bilibili's cost of revenues from 2017 to 2020.

Cost of Revenues	2017	Cost of Revenues	2018	2019	2020
Revenue-sharing costs	926,315 48.3%	Revenue-sharing costs	1,630,881 49.8%	2,494,416 44.6%	4,366,490 47.7%
Content costs	261,534 13.6%	Content costs	543,009 16.6%	1,001,600 17.9%	1,875,546 20.5%
Server and bandwidth costs	468,903 24.4%	Server and bandwidth costs	618,737 18.9%	919,753 16.5%	1,141,257 12.5%
Staff costs	128,268 6.7%	E-commerce and others	480,866 14.7%	1,171,904 21.0%	1,775,507 19.3%

Table 11. Operating expenses of Bilibili from 2017 to 2020.

Operating Expenses	2017	2018	2019	2020
Sales and marketing expenses	232,489 30.1%	585,758 37.0%	1,198,516 44.6%	3,492,091 58.4%
General and administrative expenses	260,898 33.7%	461,165 29.1%	592,497 22.1%	976,082 16.3%
Research and development expenses	280,093 36.2%	537,488 33.9%	894,411 33.3%	1,512,966 25.3%

and high-end customers through promotion of technology, advertising and other marketing methods. Up until 2020, sales and marketing expenses accounts for 58.4% of operating expenses, while research and development expenses accounts for 25.3% (less than 30%), indicating that Bilibili's technology development is gradually becoming mature and Bilibili pays more attention to attracting more mid-end and high-end users (in sales and marketing expenditure from 2018 to 2020, marketing and promotional expenses has made up more than 70%).

Table 12. Bilibili's revenue structure formed after 2017.

Line of Business	Specific Items	Revenue Source
Video-sharing	Premium Membership Program	fee of Premium Membership Program
E-commerce	Premium members can buy figures and peripheral products on Bilibili platform.	Bilibili's e-commerce initiatives are focused around the IP value of ACG-related contents. They offer ACG-related merchandise and generate revenue from sales of these products. They also generate revenue from offline activities, including selling events tickets and peripheral products.
	Taobao Store of Bilibili	
Live-broadcasting	virtual items for sale on live-broadcasting	Users can purchase in-app virtual items and send them as virtual gifts to their favorite hosts to show appreciation and provide them with monetary rewards. The commission sharing ratio between Bilibili's live-broadcasting platform and the host is 1:1 (before tax).
Mobile Games		Online sale of in-game items ("virtual currency")
Value-added Services	Premium Membership Program	Bilibili derived 42%, 44% and 43% of their value-added service revenues from premium membership in 2018, 2019 and 2020, respectively. And derived 55%, 36% and 34% of their value-added services revenues from live broadcasting in 2018, 2019 and 2020, respectively. Rest of the value-added service revenues are from comics and other paid contents.
	Live-broadcasting: in-app virtual items, "Big Voyage" membership, etc.	
	Bilibili Comics	
	Mao'er FM	
Advertising	brand advertising, performance-based advertising and native advertising	Bilibili can generate revenue through advertising for those seeking innovative platforms with abundant user traffic to enhance their visibility.

During this period, Bilibili has established a stable revenue structure as shown in **Table 12**.

5. Conclusion

In the end, I summarized Bilibili's business model elements in different stages in **Table 13**.

Table 13 shows that Bilibili's business model has three phases. It started from a low-end mode (self-entertaining mode), and suddenly it wanted to step into the high-end market and caused element allocation problems (trial and error mode), and finally returned to consolidating the relationship with low-end customers, and try to attract more mid-end and high-end customers (consolidation and promotion mode).

Business model concept helps my research to be more integrated and unbiased, compared with the studies that merely focused on analyzing the content provided by content platforms or the mode of content upgrading or the commercialization of content. I combine the overall environment of the emerging economy with Bilibili's business model evolution, and draw the conclusion that the emerging market economy has a profound influence on Bilibili's business model evolution. In an environment that lacks strong legal frameworks, Bilibili gradually thrived from illegally plagiarizing Japanese animations. As China transformed, Bilibili modified its business model immediately to serve the high-end user market. Due to the lack of resources and capabilities, this modification did not work very well. Then, Bilibili began to actively participate in

Table 13. Bilibili's business model evolution from startup to the present

Time	Value Proposition	Customer Relationship	Customer Segments	Channel	Key Activities	Key Partnership	Key Resources	Cost Structure	Revenue Stream	Summary
Phase One: 2009-2013	Focused on low-end customers.	Maintained customer relationships by making updates and improvements to the website.	Focused on the "low-end" ACG lovers.	Established some channels but didn't go in-depth.	ACG bullet-screen website (for fun).	Low-end cooperation or no cooperation at all.	Nearly no resources at all.	Mainly the cost to optimize and upgrade the server or to buy a better server.	Almost no income.	Self-entertaining mode
Phase Two: 2014-2016	Wanted to provide service for low-end, mid-end and high-end users.	Tried to please content creators and their fans.	Wanted to provide service for low-end, mid-end and high-end users.	Channels were in dreadful disorder.	Key activities were out of order.	Cooperated with low-end, mid-end and high-end companies.	In possession of all kinds of low-end, mid-end and high-end resources.	Mostly the relatively low-end kind of technology expenses and general and administrative expenses.	Gained revenue from various sources but these sources were in a mess.	Trial and Error Mode
Phase Three: 2017-now	Returns to low-end customers, and wants to consolidate the good relationship with mid-end customers and attract more high-end customers.	Tries to please content creators and their fans.	Returns to low-end customers, and wants to consolidate the good relationship with mid-end customers and attract more high-end customers.	Cooperates with a variety of mid-end and high-end content platforms.	Key activities of Bilibili at this stage was gradually sorted out.	Mainly focuses on the cooperation with leading enterprises.	Bilibili's key resources have gradually been straightened out.	Mainly sales and marketing expenses and research and development expenses.	Establishes a stable revenue structure.	Consolidation and Promotion Mode

defending their content creators' and their own intellectual property rights, and finally found the business model that is suitable for their company.

The contributions of this paper are as follows. Firstly, this paper provides a holistic perspective for the firm growth and evolution. Secondly, it provides new ideas for business model evolution of emerging economy enterprises. In addition, this article also provides a way to look at content platforms by analyzing the content provided by content platforms or the mode of content upgrading or the commercialization of content. Practically, this case study shows that strategies of content platforms in emerging economy should not be too aggressive at the early stages when they do not understand the market very well. They should wait until they have enough capital, resources and managerial experience to gradually start to enter mid-end and high-end market.

In addition, this study also has some minor limitations. Firstly, this study didn't include quantitative methods to analyze the business model evolution process of Bilibili, the elements of business model canvas can be studied with the help of some econometric models. Second, a single company's case alone might not be able to reveal the overall picture of emerging economy, further theoretical development could focus on comparative case study of this field.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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