Analysis of Bilibili Corporate Competitiveness and Investment Potential

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Abstract. This study examines the corporate competitiveness and investment potential of Bilibili, a leading online video platform in China renowned for its strong community culture and dominance among Generation Z users. By integrating SWOT and PEST frameworks, the analysis explores BiliBili's evolving business model, competitive positioning, and challenges in balancing growth with profitability. The research highlights BiliBili's strategic shift from a niche anime platform to a diversified content ecosystem encompassing entertainment, education, and lifestyle, driven by its unique bullet-chat interaction and user-generated content. Despite its success in expanding advertising and subscription services, the platform faces persistent pressure from rivals like Douyin and Kuaishou, alongside regulatory risks and high operational costs. The study underscores BiliBili's potential to leverage its loyal user base and technological innovation, such as AI-driven content moderation, to achieve sustainable monetization. However, uncertainties in profit realization and market competition pose significant risks. This analysis provides insights for investors weighing BiliBili's long-term viability in China's dynamic digital content industry, emphasizing the interplay between community-driven engagement and financial scalability.

Keywords: Bilibili, short videos, Generation Z, SWOT analysis, PEST analysis.

1. Introduction

It is often said that the 21st century is the age of information, and relying on the Internet to develop is the trend of today's times. At the same time, with the continuous improvement of the development of video platforms, a wave of short video craze has swept the world. For China, from the earliest batch of second shots, small coffee shows to the current Douyin and BiliBili, which are popular all over the world, carry the unforgettable memories of young people one after another. These video platforms not only provide people with a way to relax in their leisure time, but also provide people with a variety of ways to start a business. This situation has been developed on a large scale during the epidemic period in 2020,On the one hand, most of the people who stay at home choose the Internet to spend time in home isolation, and on the other hand, many people who have lost their jobs due to the epidemic seize the opportunity to turn around and devote themselves to the Internet to make money, pushing the development of Internet video platforms to a peak of the times.

For video platforms, their profit model mainly includes but is not limited to the continuous purchase of film and television copyrights or the content they participate in to attract users and exchange traffic; Attract high-quality video makers from other platforms to join in to attract viewers and bring traffic; Earn revenue through advertising business or membership top-up services. In this context, as a leading youth cultural community in China, BiliBili has developed from a niche platform for anime and game lovers to a comprehensive video platform covering animation, games, knowledge, lifestyle, etc., with its unique danmaku culture and diverse content ecosystemIn recent years, BiliBili has attracted more and more investor attention by entering short video services and exploring commercialization paths such as advertising and live streaming. In the early days, BiliBili was different from other video platform companies, relying mainly on website users to upload self-made content for profit, and rarely relied on direct advertising business [1]. However, in recent years, advertising and game business have become the main source of income, value-added service business has grown steadily, and user stickiness has also continued to grow. From the comparison of data, it can be seen that as of the fourth quarter of 24, BiliBili has closely followed the two major video platforms iQiyi and Tencent Video in terms of user scale. And it can be seen that capital is also more optimistic about Bilibili's unique profit model, since its listing, BiliBili's share price has continued to rise, even exceeding iQiyi, which has more users and asset scale, and has maintained an upward trend for 25 years [1]. This paper selects Bilibili as the research object, on the one hand, based on BiliBili's unique community culture and profit model, and on the other hand, analyzes its stock market development, and puts forward more appropriate suggestions for investment.

This paper uses the PEST and SWOT analysis methods to first analyze the advantages of BiliBili and put forward the corresponding shortcomings and possible risks, and then analyzes the development prospects of BiliBili from a macro perspective in combination with relevant policies. Through data visualization, BiliBili's financial data in previous years is analyzed and forecasted for the future is combined to draw good investment recommendations. The study highlights BiliBili's advertising and live streaming revenue as key drivers and expects it to break even by 2026.These findings provide insights for investors and highlight the importance of balancing growth and profitability in the digital content industry. The purpose of this paper is to analyze the current situation and future potential of BiliBili from the perspective of corporate competitiveness and investment value. The results of the study show that BiliBili's diversified revenue model and user loyalty have established a solid moat, but it will take more time to achieve profitability. This study not only provides investors with in-depth insight into the value of BiliBili investment, but also provides a reference for competitive analysis in the online video industry.

2. SWOT Analysis

2.1. Strengths

2.1.1. Unique community culture

BiliBili has a strong two-dimensional cultural atmosphere, with high user stickiness and strong community interaction, forming a unique "barrage culture" and enhancing the sense of user participation. BiliBili's barrage interactions (real-time user comments overlaid with video footage) create a unique sense of engagement. For example, in BiliBili's 2024 New Year's Eve party "The Most Beautiful Night", users interacted in real time through barrage, with more than 346 million views, successfully attracting non-ACG users, breaking the "niche" label, and users were retained due to their "sense of belonging", and the stickiness was much higher than that of ordinary video platforms. Unlike other video platforms such as Douyin, BiliBili has a "positive answer", including "community norm issues, illegal speech issues", etc., which also better guarantees the overall quality of the barrage and creates a more positive cultural environment for the barrage.

2.1.2. Rich content ecology

BiliBili covers animation, drama, games, music, dance, technology, life and other fields, with rich and diverse content to meet the needs of different users. In 2021, the broadcast volume of the top 10 bloggers in the BiliBili Knowledge Zone increased to about 210 million, attracting a large number of UP masters (such as "Luo Xiang Says Criminal Law", "Classmate He", "Song Hao Advanced Mathematics", etc.) to settle in. In 2021, the number of popular science animations such as "Working Cells" exceeded 100 million, realizing the integration of "entertainment + learning".

2.1.3. Young user group

BiliBili's users are mainly Gen Z, with a high proportion of young users, great consumption potential, and high acceptance of new things, which is conducive to the platform's business exploration. According to the report released in 2024, nearly 82% of the users of BiliBili belong to the "Generation Z" (that is, born in 1990-2009), of which the post-90s and post-00s together account for 78.67%, 60.28% of users aged 18-24, and 16.71% of users aged 25-30. More than 80% of BiliBili's users are between the ages of 18 and 35, and the proportion of students and white-collar workers in first-tier cities is high, and the consumption potential is high. For example, in 2021, BiliBili launched a paid course, Luo Xiang Criminal Law Course, which earned more than 10 million yuan per course, proving that young users are willing to pay for knowledge.

2.2. Weaknesses

2.2.1. Single profit model

BiliBili implemented a "de-gamification" strategy after going public, relying mainly on advertising and membership systems for its main revenue, while facing competition from other platforms in the video space [2].

2.2.2. Content Governance Pressure

As a UGC platform, BiliBili is under greater pressure to regulate content, requiring significant resources to be invested in content moderation and management. As the number of users increases, it can become more difficult to review and manage content [3].

2.2.3. Slowing user growth

User growth on BiliBili is gradually slowing down, making it difficult to break through the sinking market, so it is necessary to find new user growth points to maintain the sustainable development of the platform. With 340 million monthly active users on BiliBili (Q1 2024), over 700 million on Douyin and over 500 million on Kuaishou, BiliBili's penetration in lower-tier markets (third- and fourth-tier cities) is insufficient.

2.3. Opportunities

2.3.1. Short video and live streaming business growth

Short video and live streaming are currently the most popular Internet tracks, and BiliBili can rely on its own advantages to vigorously develop short video and live streaming services to attract more users and traffic. In 2021, BiliBili launched the "Story Mode" vertical short video feature, which accounted for more than 30% of the average daily playback volume of users, driving the growth of advertising revenue.

2.3.2. E-commerce business development

BiliBili can rely on its own community culture and user groups to develop e-commerce business and convert traffic into business value. The GMV of the virtual anchor "Ling Kite Yousa" in a single live broadcast exceeded 5 million yuan, and BiliBili explored the closed loop of "content + consumption" through "member purchase" and live e-commerce.

2.3.3. Overseas market expansion

BiliBili attracts more overseas bloggers to promote China, I am Jerry Guo (American), Crooked Nut Research Association (multi-national), Jad JARD (Canadian), Tomohiro Yamashita (Japanese), etc. And short videos of positive attitudes account for 55% [4], which can actively expand overseas markets, export China's excellent ACG culture overseas, and enhance the international influence of the platform.

2.4. Threats

2.4.1. Intensified competition in the industry

Short video platforms such as Douyin and Kuaishou have formed greater competitive pressure on BiliBili. Data comparison: In 2023, Douyin users will spend an average of 120 minutes per day and BiliBili for 95 minutes. Douyin poached BiliBili's UP master through the "China Video Project" to divert users' attention. BiliBili needs to continuously improve its competitiveness to cope with the fierce market competition.

2.4.2. Policy and regulatory risks

The Internet industry has become more stringent in policy regulation, changes in policies and regulations, technological changes and emerging competitors. The video industry may be affected by policies and regulations such as content censorship and copyright protection, while the rapid development of technology may give rise to new competitors in 2021 [5], the state will limit the gaming time of minors, and the growth rate of BiliBili's gaming revenue will drop from 34% in 2020 to 6% in 2021. BiliBili needs to pay close attention to policy changes and adjust its own strategies in a timely manner to avoid policy risks.

2.4.3. Risk of user churn

As the scale of users grows, BiliBili needs to continuously improve the user experience to avoid user churn.

Low willingness of users to pay: BiliBili's large membership payment rate is only 6.5% (2023), much lower than iQiyi (20%). Users are accustomed to free content and have a low tolerance for ads (Bilibili has an ad load rate of only 5% and Douyin has more than 15%).

3. PEST Analysis

3.1. Politics

3.1.1. State support

The state encourages the development of cultural industries and supports the development of domestic animation and game industries, which provides a good policy environment for Bilibili. China's 14th Five-Year Plan supports the domestic animation and game industry, and Bilibili is invested by the Shanghai Cultural Fund.

3.1.2. Stricter content supervision

The state has strengthened the supervision of Internet content, and Bilibili needs to strengthen content review and management to ensure that the content on the platform is healthy and uplifting. In 2023, the "General Rules for Content Review of Online Audiovisual Programs" requires strengthened barrage review, and Bilibili needs to invest more costs.

3.1.3. International macro level

The impact of Sino-US relations, Bilibili is a domestic company listed in the United States, and the tension between China and the United States has had a great impact on Bilibili's strategy. In the context of the escalating trade friction between China and the United States, Bilibili should take a series of measures to deal with the trade war between China and the United States [6].

3.2. Economy

3.2.1. Economic development drives cultural consumption

With the rapid development of China's economy, residents' demand for cultural consumption continues to grow, providing a broad market space for Bilibili. With the increase in the number of ACG figures in China, the demand for some ACG-related figures and fanworks has also increased.

3.3. Socializing

3.3.1. The rise of Gen Z

Gen Z has become mainstream, but their interests are differentiatedIn 2023, the number of views of BiliBili's "Three Rural" content has increased by 300%, reflecting the migration of users from two-dimensional content to life-oriented content. Gen Z has gradually become the main consumer force, and their pursuit of personalized and diversified cultural consumption has provided Bilibili with a huge user base.

3.3.2. Popularization of ACG culture

ACG culture has gradually been accepted by mainstream society, providing a good social atmosphere for the development of Bilibili.

3.4. Technology

3.4.1. 5G technology development

The popularization of 5G technology will promote the development of the video industry, which can provide ultra-high-definition live broadcasting, smoother video, more convenient cloud gaming services, more personalized services, etc., providing Bilibili with a broader space for development.

3.4.2. Application of artificial intelligence technology

Bilibili has launched "AI subtitles" and "AI painting" tools to help UP owners lower the threshold for creation and improve the efficiency of content output. Bilibili Ming Studio customized an AI voice library for Luo Tianyi to improve his expression ability. Bilibili launched the "Must Delete" app to provide users with convenient video editing tools, lower the threshold for video creation, help attract more users to participate in content creation, and enrich the content ecology of the platform. At the same time, AI technology can be applied to content recommendation, user portraits, etc., to improve BiliBili’s operational efficiency and user experience. Bilibili is already rolling out AI-based interview assistants that can automatically generate interview questions and potential responses, greatly simplifying interview preparation [7].

4. Financial Analysis

4.1. Core Analysis

Table 1. Bilibili annual report and public financial report (unit: RMB 100 million).

Year	Total revenue	Growth rate	Net loss	Gross margin	Percentage of game revenue	Percentage of advertising revenue	Proportion of value-added services (large members/live broadcasts).
2019	68	64%	-13	18%	53%	15%	24%
2020	120	77%	-31	24%	40%	20%	32%
2021	194	62%	-68	21%	26%	23%	36%
2022	219	13%	-75	18%	22%	25%	40%
2023	253	16%	-67	22%	20%	28%	45%

Bilibili has shown significant revenue growth since 2019, with total revenue increasing from 6.8 billion yuan to 25.3 billion yuan in 2023, with an average annual compound growth rate of 39%, see in Table 1. This growth is mainly due to the optimization of its diversified revenue structure and the continuous expansion of its user scale. In 2019, Bilibili's revenue was highly dependent on the game business (accounting for 53%), but by actively expanding advertising and value-added services (big members, live broadcasts, etc.), the proportion of game revenue in 2023 has dropped to 20%, and the proportion of advertising and value-added services has increased to 28% and 45% respectively, making the revenue structure more balanced. This transformation not only reduces the risk of a single business, but also lays the foundation for its future profitability. However, despite the continuous growth of revenue, the net loss of station B is still prominent, with a net loss of 6.8 billion yuan in 2021 and a narrowing to 6.7 billion yuan in 2023, but it has not yet achieved profitability. The main reason for the loss is the high cost of content (such as copyright procurement, UP master share) and user acquisition fees (sales expenses), which will account for 35% of the total revenue in 2023, and the sales expenses will reach 6.5 billion yuan. In addition, Bilibili's gross profit margin fluctuated greatly, from 24% in 2020 to 18% in 2022, and rebounded to 22% in 2023, reflecting its gradual improvement in cost control and commercialization efficiency.

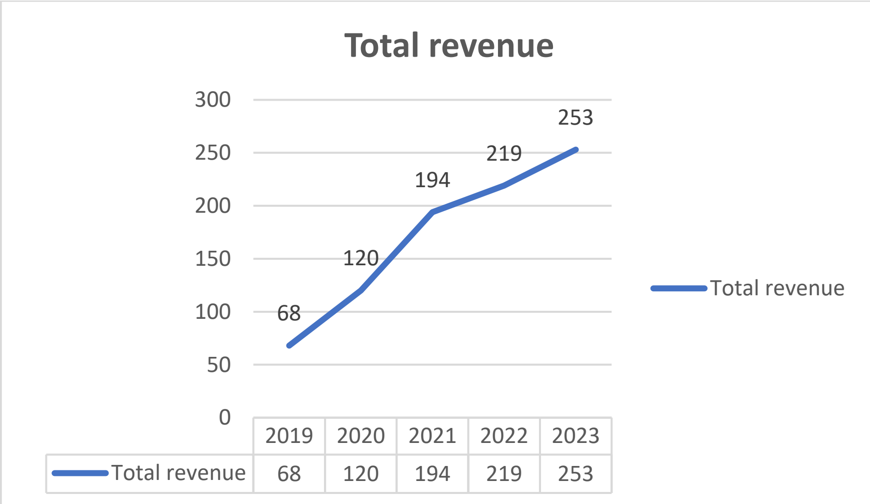

Figure 1. Total revenue of Bilibili.

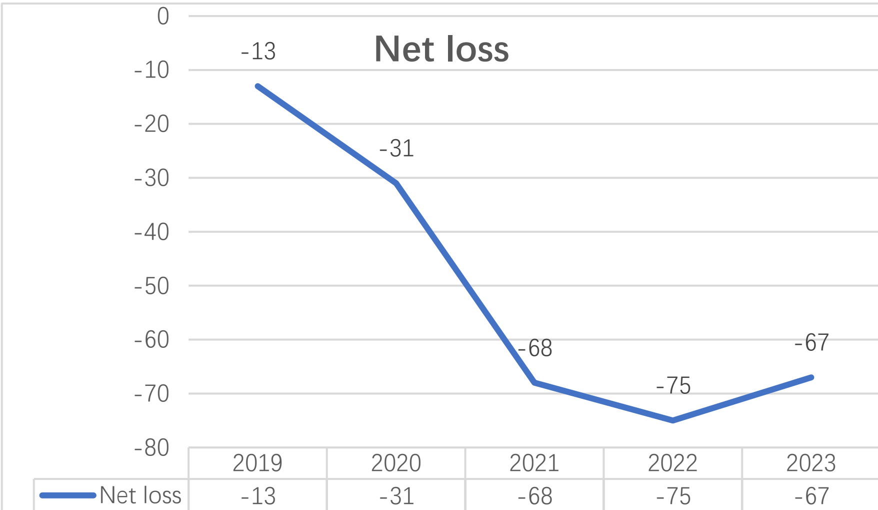

Figure 2. Net loss of Bilibili.

The Figure 1 shows that from 2019 to 2023, Bilibili's revenue will continue to grow but at a slow rate (77% in 2020 - 16% in 2023); The Figure 2 shows that the net loss narrowed after the expansion (loss of 6.8 billion yuan in 2021 - loss of 6.7 billion yuan in 2023), reflecting the initial effect of cost control.

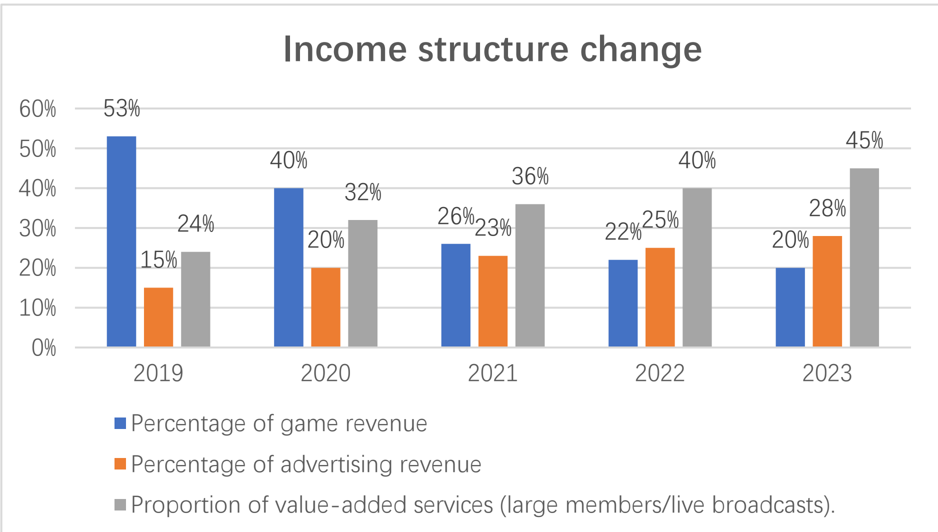

Figure 3. Income structure change of Bilibili.

As shown in Figure 3, the proportion of game revenue has decreased from 53% to 20% (reduced dependence), and the proportion of advertising and value-added services has continued to increase (73% in 2023), and the revenue structure is more balanced.

4.2. Analysis of competition and investment potential from a financial perspective

4.2.1. Revenue growth drivers

Advertising revenue of 7.1 billion yuan in 2023, benefiting from short video Story-Mode and algorithm optimization (e.g., Bilibili and Taobao will cooperate in "planting grass video" to bring goods on Double 11 in 2023). The number of large members exceeded 20 million (in 2023), and live broadcast tips and virtual anchors contributed revenue.

4.2.2. Reasons for net profit loss

Costs directly linked to content, which consists of copyright purchases alongside revenue sharing with Up-masters and bandwidth fees, covered up to 35% of the gross receipts in 2023. The company further channeled sales expenses of 6.5 billion yuan in the same year, majorly towards new user acquisition initiatives and strategic campaigns that would build the brand.

5. Conclusion

Bilibili is like a "non-profit Internet celebrity company", with high user loyalty and diverse content, it is the "base camp" of young people. However, the speed of making money is slow (loss of 6.7 billion), there are many opponents (Douyin, Kuaishou), and the policy risk is large.

So is it worth voting?

If you believe that Bilibili can be the "Chinese version of YouTube" and you're willing to wait 3-5 years, you can take advantage of this cheap. If you are afraid of losses, it is recommended to wait until the profit inflection point (after 2025) to wait and see.

Bilibili is a typical "high-growth, high-volatility" target, suitable for investors with a strong risk tolerance and long-term bullishness on the miracle Gen Z market. In the short term, we should pay attention to cost control and commercialization progress, and in the long term, we should bet on user stickiness and content ecological moat. Data doesn't lie, but patience can make or break it.

Bilibili's story is a typical microcosm of the Internet industry's "growth to profitability", and its unique community culture and young user base have built a solid moat for it, but it still needs time to verify the realization of profitability. For investors, Bilibili is not only an opportunity full of potential, but also a long-term game that requires patience and risk tolerance.

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