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## Commercialization Analysis of Web-native Short Videos: A Case Study of TikTok Postprint

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### Abstract

Short videos represent the application and innovation of Internet thinking and Internet technology in the media field, and have gradually become widely used spiritual and cultural products for the general public by virtue of their easy disseminability and social characteristics. Based on the popularity of short videos, major short video platforms have continuously enhanced their head resources to align with commercialization models. To better analyze the commercial industry chain constructed through the mutual integration of various entities within the short video ecosystem, this paper takes “Douyin,” a relatively representative platform in the short video industry, as a case study, focusing primarily on analyzing the operational segments of short videos, the general trajectory of the commercial industry chain that emerges following development and expansion, and the challenges confronting this industry.

### Full Text

#### Preamble

**Title:** Analysis of the Commercialization of Internet-Native Short Videos: A Case Study of “Douyin”

**Abstract:** Short videos represent the application and innovation of internet thinking and technology in the media field. With their high transmissibility and social features, they have gradually become widely consumed cultural products. Based on their popularity, major short video platforms continuously strengthen their alignment between head resources and commercialization models. To better analyze the commercial industry chain constructed through the integration of various stakeholders in short videos, this paper takes the representative platform “Douyin” as a case study, focusing on analyzing the operational aspects of short videos, the general path of the commercial industry chain that emerges after their growth, and the challenges facing the industry.

**Keywords:** short video; internet; commercialization

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## Introduction

The internet has transformed user consumption habits, enabling people to access increasingly personalized and fragmented text and video content across multiple platforms and social networks during fragmented time slots. Short videos, with their rich content and concise format, perfectly match the public's demand for fragmented viewing experiences. Social dissemination and personalized distribution technologies have become defining characteristics of the short video industry. With participation and support from major digital network platforms, short videos experienced explosive growth between 2016 and the first half of 2018. According to data from research institution App Annie in March 2018, Chinese products secured prominent positions in the global iOS and Google Play comprehensive download charts, with the “Douyin” App rising to seventh place—apart from several long-dominant products under Facebook. During the Spring Festival period, Douyin even surpassed WeChat and QQ to become the top-ranked free app [1].

## 1. Analysis of Short Video Operation Links

The short video industry has rapidly risen due to its low barriers to entry, universal participation, and social features. Douyin attracts public attention through its concise format and innovative content, while its endless stream of content stimulates users' desire for exploration, gradually transitioning their initial usage psychology to a dependent consumption mindset. This high degree of adhesion between users and the platform, commonly known as “user stickiness,” represents the primary objective for short video products. Commercial operation of short videos primarily relies on accumulating traffic in early stages to prepare for later monetization. The process of acquiring traffic typically involves four stages: need, usage, dependence, and habit formation. As a killer product for “killing time,” Douyin satisfies users' instinctive emotional needs for happiness through its cool presentation formats and personalized innovative content. After meeting users' psychological needs, Douyin reduces monetary costs (free usage), image costs (beauty filters to enhance user image value), action costs (special effects to simplify recording processes), and learning costs (user-friendly interface) to trigger usage motivation. By lowering universal user costs, the platform enhances user capability. Users gain psychological recognition through social in-

centives such as increasing follower counts and likes, fostering an inseparable relationship with the product that ultimately becomes a usage habit. As users' lifetime value reaches maximization, short video products gain the traffic foundation necessary for commercial expansion.

## 2. Commercialization Models

### 2.1 Information Flow Advertising Monetization

After aggregating substantial audience resources through content provision, short video platforms attract advertisers to place ads. The information flow advertising monetization model determines effective audience resources through IP verification based on click-through rates or download volumes, representing a crucial profit pathway for the industry. In September 2017, Douyin held its inaugural idou Night, marking its expansion into offline events. In the same month, Douyin collaborated with Airbnb, Harbin Beer, and Chevrolet to launch three branded video advertisements.

### 2.2 Influencer E-commerce Traffic Diversion

Short video platforms cultivate in-house users and develop platform influencers, leveraging the influencer effect for commercial traffic diversion. Platform influencers connect fans, short video platforms, and e-commerce platforms into a closed loop, maximizing fan value. By embedding external link modules, advertising-oriented short videos appear before users. Creative advertising content not only avoids compromising user experience but also enhances click-through rates through seamless integration of content and links, thereby strengthening promotional effectiveness. Douyin utilizes user location data and optimized push notifications to intersperse localized commercial ads during normal usage, maximizing promotional impact.

### 2.3 Content Payment

Content payment represents a form of e-commerce whose fundamental logic involves aggregating a specific demographic group through short video content, then providing premium paid content products to achieve profitability. Short video platforms gradually expand their business scope by launching membership systems with exclusive resources. According to the "2017 China Technology & Internet Innovation Trends White Paper" released by Penguin Intelligence, the content payment market will not explode but will steadily rise in the long term, indicating that content payment represents an inevitable trend in short video platform development [2].

### 2.4 Vertical Domain Value-Added Services

Vertical domains such as celebrities, pets, food, and beauty attract users with specific tags through content, then produce paid content through community

building and live streaming. In the short video field, Meipai was the first to establish a vertical framework, creating 16 vertical content channels with over 300 sub-interest areas under these channels. While a single vertical interest area might have tens of millions of users, the aggregated user base across numerous vertical interests becomes virtually unlimited. For these vertical segments, advertising represents the most direct monetization method. Aggregating large user bases through shared interests maximizes advertising effectiveness. This demonstrates that combining vertical domains with short videos can fully leverage content traffic value, as short video content serves as a crucial bridge connecting all commercial forms with customers.

### 3. Challenges in Commercialization

#### 3.1 Supplementing Head Resources

After maximizing in-platform promotion, short video platforms face the challenge of continuing to expand influence and brand effect. Supplementing head resources in short video content segments becomes an inevitable choice. In the second half of 2017, short video platforms appeared frequently in major variety shows, creating an unavoidable presence that provided attention for brand building and head resource supplementation. Based on internet platforms, the short video industry must maintain high sensitivity to hot topic tracking. During the 2018 Spring Festival, online quiz games with prizes became a trend, and Douyin participated as well, achieving high exposure after reaching a certain scale.

#### 3.2 Balancing Algorithm and Social

Most social software timelines were initially based on “following” relationships, operating on the logic that “the interests of people I follow are my interests.” The short video industry has not escaped this pattern. Algorithmic distribution, however, operates on the logic that “the algorithm understands your interests,” providing personalized content for thousands of users. However, relying solely on algorithms creates an “information cocoon” effect, where the algorithm recommends increasingly precise content based on past behavior but also narrows the scope of information users receive. Therefore, balancing the relationship between algorithmic and social following mechanisms represents a key challenge for the short video industry. The key to combining algorithm and social lies in balancing both at the distribution level. Toutiao removed its Toutiao Index, stating it would guide content creators to focus on fans as the core metric. Whether having fans guarantees distribution for algorithmic content platforms remains a question that the short video industry must answer with data.

#### 3.3 Leveraging MCN Functions

MCN (Multi-Channel Network) is a form derived from YouTube’s development. MCN primarily addresses the problem that most PGC teams excel at content

production but struggle with platform operation and commercialization. China's MCN is still in an immature stage, and the short video industry can only continuously absorb head PGC teams and capture vertical industry KOLs, utilizing short video production to attract advertising placements. From content distribution to commercial monetization, these teams play the role of MCN. Simultaneously, numerous PGC teams and video production companies spontaneously join or are invited to join Douyin, and KOLs are signed for exclusive cooperation, effectively functioning as MCN.

### 3.4 Regulatory Policy Risks

On April 10, 2018, the National Radio and Television Administration ordered "Toutiao" to permanently shut down its "Neihan Duanzi" client software and public account, demanding comprehensive cleanup of similar audio-visual programs. At noon on April 11, Douyin, as a short video platform under Toutiao, announced a comprehensive server upgrade and suspended its comment function during this period. Short video platforms like Douyin, which encompass various short videos and creative comment formats, have attracted heightened regulatory attention due to improper orientation and vulgar style. Platform changes alter user experience, causing structural changes in user numbers and subsequently affecting commercial operations. During the Qingming Festival holiday, Kuaishou launched recruitment for 3,000 content reviewers, using action to imbue algorithms with more values after establishing that algorithms should have values. The entire short video industry should reach consensus: not only content review but also content distribution and commercial operation should adopt an "algorithm + editor" model. Algorithms lack values, yet short video platforms possess media attributes, making positions like chief editors necessary to assume corresponding social responsibilities. Future content output review on short video platforms will not be less than that of traditional editors. Unlike traditional editors responsible for content creation, short video platforms are responsible for imbuing algorithms with values and overseeing content operation, distribution, and review. As Douyin is still in its early stages, its business model remains unformed. Facing tightening national regulatory policies on audio-visual programs, Douyin's commercial operation model remains in exploration.

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