

# ANALYSIS OF THE DEVELOPMENT OF SHORT VIDEO PLATFORMS IN CHINA

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Short video platforms have become a pivotal element in the modern digital economy, garnering substantial attention from investors and market analysts due to their innovative business model. Their concise format and rich content perfectly align with users' fragmented consumption habits, enabling rapid viral spread. These platforms excel at content dissemination and demonstrate strong network effects, rapidly accumulating massive user bases.

The growth of mobile internet infrastructure has transformed short videos into China's preferred social media format, with user penetration reaching an impressive 94.85%. Despite increased competition and market maturity, the sector continues to attract significant investment interest, particularly from platform companies, owing to its extensive user base and robust consumer demand. With the steady development of the short video industry, competition has become increasingly fierce, and the market competition model has become more stable. However, due to its large user base and strong consumer demand, it has attracted the attention of many investors, especially short video platform companies. With the continuous development of Internet technology, the short video industry has become more and more mature, and competition has become more and more fierce.

The "51st Statistical Report on the Development of China's Internet" [1] shows that the scale of short video users in China has exceeded 1.012 billion, accounting for 94.85% of the total number of netizens, an increase of 35.49 million from December 2021. The purpose of this article is to continuously explore and study the most suitable business model for enterprises, so that enterprises can maintain the ability to create excellent business value in a dynamic market environment, thereby achieving long-term development. We have analyzed the impact of the business model of short video companies on value creation and proposes appropriate countermeasures. It not only helps enterprises to further improve its business model and value creation methods, making great progress in its short video business, but also provides a certain reference for companies in the same industry, helping them to improve their business models to enhance value creation. With the rapid development of digital technologies such as 5G, mobile terminals have been widely used. Exploring the relationship between the business model of short video companies and their value creation will not only help discover Kuaishou's current problems to enhance its corporate value creation, but also have important guiding significance for the business model and corporate value creation of short video companies.

Resource allocation is the first point to focus on in the "what" of the business model. Simply put, it is to choose between the light asset management model and the heavy asset management model. In the light asset model, the proportion of inventory is relatively small, but the proportion of cash and other monetary assets is relatively large. The so-called heavy asset management model refers to the concentrated use of fixed assets, inventory assets and other financial resources to create competitive advantages and financial performance [2]. In traditional industries, heavy asset management is often used for financial allocation. The typical characteristics of this approach include inventory control and the division of business processes into five parts: research and development, supply, production, sales and after-sales service.

It is a difficult task to determine which model is more suitable for light assets and which model is more suitable for heavy assets. Reorganize the asset allocation plan to make it consistent with the company's financial situation and help the company make better financing decisions. In this way, the company's business model can be improved.

Compared with traditional manufacturing companies, Kuaishou Group has fewer fixed assets and inventories, which makes it more competitive in the Internet industry. From 2017 to 2021, Kuaishou's total liquidity continued to rise, reaching 5.642 billion, 10.783 billion, 17.311 billion, 31.528 billion and 53.011 billion. Fixed assets include various types of items, such as servers, computers, office facilities, houses, land, construction projects, operators, technical support platforms, information technology research institutions, financial institutions, and corporate headquarters. In the past five years, Kuaishou's total fixed assets have increased from 1.057 billion in 2017 to 11.051 billion in 2021, an increase of more than 10 billion. As Kuaishou's business continues to expand and its staff increases, the demand for servers, equipment, Internet data and office buildings to support its operations is also increasing which shows that it has a good financial situation and good operating capabilities. The decision between these models requires careful analysis and consideration. Organizations must ensure their asset allocation strategy aligns with their financial position to optimize financing decisions and enhance their overall business model effectiveness

As a typical social media platform, Kuaishou's users' attention, comments, and likes constitute a more colorful interpersonal interaction environment, making Kuaishou's push mechanism more flexible and more in line with users' daily recording needs. With the development of the Kuaishou community, content creators can easily connect with fans and communities, which helps them continuously improve their own literacy and create more exciting content.

This dynamic interaction model supports a sophisticated content recommendation system that effectively addresses users' daily content creation and consumption needs. The platform provides content creators with powerful tools to build and maintain strong connections with their audience and communities, fostering an environment of continuous improvement and compelling content creation.

The platform's success demonstrates how effectively it has balanced technological infrastructure investments with user experience optimization. Kuaishou's approach to resource allocation and business model development shows how digital platforms can successfully scale while maintaining operational efficiency and user engagement.

The company's evolution illustrates the importance of adapting resource allocation strategies as organizations grow and market conditions change. While maintaining the advantages of a light asset model common to internet companies, Kuaishou has strategically invested in essential infrastructure to support its expansion, demonstrating how modern digital platforms can effectively balance asset efficiency with operational requirements.

This hybrid approach to asset management, combined with strong community features and content creation tools, has enabled Kuaishou to create a sustainable competitive advantage in the highly dynamic short video market. The platform's success offers valuable lessons for other companies in the digital content space, highlighting the importance of strategic resource allocation and community building in creating long-term value.

Companies in the short video field generally tend to adopt a light-asset operation model. *Sales expenses consist of the host's remuneration and other related expenses*; network connection and server hosting costs will increase. Depreciation of property and facilities and amortization of intangible assets will affect the company's financial situation; Pay channel fees; Pay channel fees; In addition to employee benefits and taxes, there are many other sales expenses. *Sales and marketing expenses include*: promotion and advertising investment; employee benefits expenses. Other sales and marketing expenses. *Administrative expenses include*: employee benefits expenses; other administrative expenses. *R&D expenses include*: employee benefits expenses; depreciation of property and equipment and assets in use and amortization of intangible assets; other R&D expenses.

#### **List of sources used:**

1. China Internet Network Information Center (CNNIC). The 51st "China Internet Development Statistics Report"; Internet World; China Internet Network Information Center: Beijing, China, 2023; Volume 3, p. 3.
2. Zhang Zhian, Ran Zhen. Social Insight and Value Enhancement behind the Rise of Short Video Industry. Media, 2019(07):52-55.