

The Operation Mode of Network Video Websites

-Based on a Case Study of Iqiyi

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Abstract—This paper studies the industrial background, the competition pattern, as well as the operation mode and the profit mode of network video website development. The specific operation of the mainstream video sharing websites and network video software is analyzed in detail, and the video website is analyzed with Iqiyi as an example. It is important to optimize the product from four aspects: product upgrading and expansion, implementation of user incentives, enhancement of cooperation with the media, and the risk control of website operation. This paper believes that the growth of network video websites is very rapid and still has great space. The operation mode of network video websites needs to be studied deeply. The operators of large network video websites, including Iqiyi, should improve their core competitiveness through differential operation mode.

Keywords—*Network video websites; Operation mode; Operation optimization; Case study*

I. INTRODUCTION

Video websites have developed rapidly in recent years. With the popularity of 4G, video website operators have also marched into the mobile Internet, and the competition between video sites has intensified. Since the advent of video websites, there have been two headaches and problems that have not been solved. One is copyright and the other is profit. In recent years, although the number of audiences of film and television works has risen in a straight line through the network, the market cultivation has been a considerable scale, but the increase of the flow has not brought about the rise of the corresponding benefit.

This paper studies the specific operation of mainstream video sharing websites and network video software, and takes Iqiyi as an example to analyze how to optimize operation.

II. LITERATURE REVIEW

A. *Research on the Operation Mode of Network Video Website*

The current research mainly focuses on the status of network video industry, profit model, network video advertising and network video copyright issues.

The mainstream video website focused on strengthening the construction of professional copyright content. On the one hand, it will increase the proportion of legitimate programs through cooperation with copyright providers. On the other hand, it will actively cooperate with copyright owners in monitoring and cracking down on piracy [1]. In the research of network video

profit model, domestic and foreign scholars affirmed that advertising as the main means of Internet video revenue. Internet advertising develops from word ads to picture ads to video ads. The patch advertisement is the main form of the current network video advertisement, and it is an extension of the TV advertisement. The logic behind it is still the two selling principle of the media.

B. *Research on the Operation Mode of Iqiyi*

"Network video" has no unified definition in a real sense. In a broad sense, network video is a way of communicating information on a network as a carrier for personal, public or commercial behavior through video [2]. In the narrow sense, this is the content format based on WMV, RM, RMVB, FLV, and MOV, which can be played and watched online by RealPlayer, Flash, QuickTime, and DIVX players. Online is divided into direct browser online play or through terminal software online play. The operating mode of video website can be divided into two categories in general: one is the UGC model represented by Youtube, that is, the user will display its original content through the Internet platform or provide it to other users. The other is a video on demand model based on Hulu, which is based on a homonymous website in the United States, based on the playback of positive film and television, and a large number of high quality ads as a source of revenue.

The predecessor of Iqiyi is Qi Yi network, founded by Baidu. It is the first large-scale professional website focused on providing HD network video services in China. It was formally launched in April 22, 2010, and the brand upgrade in November 26, 2011 was renamed Iqiyi. Within two years, the number of users increased from zero to 200 million, and the market share increased the fastest year-on-year. The integration of video industry in 2012 has made substantial progress. In March 12th, the combination of Youku and Tudou became the leader of the industry. The Sohu video was followed by Iqiyi's third place. Iqiyi uses the HD HD long video mode to provide free high-quality video viewing and profit by advertising. Therefore, Iqiyi can be regarded as the representative of Hulu mode in China.

III. RESEARCH METHODS

A. Case Study

This paper mainly adopts the case study method, and the case study method helps to understand the situation of all aspects of the research object, and then has a comprehensive and deep understanding of it; it helps to clarify the concept and determine the variables, thus helps to do further empirical research; it helps to carry out exploratory research, find important variables and provide The categories used to formulate hypotheses or establish theories. Because of the extensive and in-depth information, case study method is conducive to objective, in-depth and accurate grasp of the research object's problems, needs and its causes. It is conducive to putting forward effective and specific solutions or solutions. The research on the large and wide concept of network video website operation mode needs to start from the specific object, so select the very representative Iqiyi as a breakthrough point to study the operation mode of the whole network video website.

Iqiyi, formerly known as Qi Yi, was formally launched in April 22, 2010. It upgraded its brand in November 26, 2011, launched Iqiyi brand and launched a brand new logo. Dr. Gong Yu, the founder of Iqiyi, was CEO. Since its founding, Iqiyi adheres to the concept of "enjoying quality", with "user experience" as a life, through continuous technological input, product innovation, to provide users with a clear, fluent, friendly interface - friendly experience. In May 7, 2013, Baidu acquired PPS video business and merged with Iqiyi. In March 29, 2018, Iqiyi listed on Nasdaq, stock code: IQ.

IV. CURRENT SITUATION OF IQIYI OPERATION

A. Operation Mode of Iqiyi

Iqiyi uses the HD long video mode to provide free high-quality video viewing and profit by advertising. Therefore, Iqiyi can be regarded as the representative of Hulu mode in China. From the business mode analysis, Iqiyi copied the core advantages of Hulu's success:

1) *Independent operation*: Iqiyi was launched by Baidu, the world's most influential Chinese search engine, initially funded by the US Private Equity Investment Firm Providence. At the early stage of its establishment, Iqiyi was an independent video company, enjoying independent operation rights, and hiring managers in the market instead of shareholder appointments. There are advantages both in terms of capital and team motivation.

2) *Free view*: For Chinese netizens, free is the biggest attraction of the Internet, used to eat free lunch, used to receive video content in the case of receiving advertising information. Therefore, under the environment of free Internet sharing in China, Iqiyi's positioning is also a free user view.

3) *Advertising support*: In fact, the main source of income and income of video websites at home and abroad are advertising [3], and Iqiyi is no exception. In addition to the traditional banner ad, Iqiyi also owns the popular advertisement of the advertisers, such as full screen advertisement in front of the view, the pop-up advertisement in the view shadow, and the advertisement of view shadow when the view is suspended. Compared to the television program, the advertising acquisition will be restricted by the stage of the broadcast. The video website's advertisement is not restricted by the broadcast period. It can be collocated with multi - wheel advertising during the copyright period.

B. Advantages of Iqiyi Operation Mode in Industry

1) *Baidu's support*: Network video media has become the main channel for Internet users to get digital content such as movies, TV and video [4]. In recent years, domestic video websites have been developing well, but most of them are in a state of loss. Baidu's support to some extent avoids the worries of Iqiyi's capital operation. "Search is a very important link. About 80% users use search engines to find TV shows that they want to see." As a video site, access to advertising revenue is the basic flow, that is, the user coverage, and the search determines the user coverage. Iqiyi users earlier than 95% from Baidu users, and then gradually converted to direct search for Iqiyi.

2) *High quality user experience*: Baidu's priority ranking requires Iqiyi to ensure a good user experience. Therefore, Iqiyi takes the "user experience" as the life, adopts the humanized viewing mode, and adheres to the idea of "Always Fun (Always Fine)". In terms of product technology, Iqiyi continues to focus on input, while ensuring that online viewing is clear, smooth and friendly. In the structure and function of the website, the quality of watching is continuously improved by improving the playback window, providing "light off" adjustment function, shortening the advertising time and reducing the advertisement screen. In program selection, users can choose according to different categories and ranking. After the sharing, Iqiyi provides a sharing platform, which can share content to all kinds of social networking sites. In addition, Iqiyi has created an atmosphere for film reviews through activities and inviting film critics. Before the arrival of Iqiyi, Baidu has a general understanding of users. After use, through watching habits analysis, provide accurate video types and related reviews, and recommend the most suitable friends. This understanding makes Iqiyi more diverse and targeted to improve the user experience, and still maintains "simple, clean, high-definition, and fluent" user view at the same time.

3) *Professional and precise content stage:* In the construction of video content resources, Iqiyi is divided into two parts: first, genuine HD content resources. For video sites, the initial investment is huge, and copyright problems are not well solved. Therefore, Iqiyi invested heavily in supporting and setting up specialized copyright operation and procurement departments. Two is the focus of the company's strategic development: the professional level of "odd art produced" homemade content, mainly divided into homemade columns and homemade drama, micro film. On the one hand, the proportion of the video dealer in the self-made content can be effectively reduced to the copyright cost pressure and high dependence, reducing the potential risk. On the other hand, it is more conducive to breaking the negative impact of the brand ambiguity brought by the homogeneity of content, and strengthening the differentiation strategy. At present, the program types of Iqiyi reverse output are not only entertainment talk shows, but also long video content of micro film and network drama, and the output object covers more than 80% provinces in the country.

4) *Platform economy concept of cooperation and linkage:* In order to better realize resource interoperability [5], we should further strengthen cooperation in copyright broadcasting and expand the attraction of businesses for all links and chains. In 2012, Sohu video, Tencent video and Iqiyi jointly announced that the three sides will jointly form a video content Cooperation Organization (VCC). In short, Iqiyi provides video playback platform and divided into advertising revenue. First, Iqiyi contracts with a professional film maker or individual, uploads the homemade content to the playback platform, and decides whether the advertisement is divided according to the exclusive license. If so, the advertising revenue is "almost all" returned, if not, it is divided into a split mode. Through platform, we can promote the communication and exchange between supply and demand sides, so as to achieve real supply and demand interaction.

C. *Disadvantages of Iqiyi Operation Mode in Industry*

As the emerging power of China's video website, Iqiyi's operation mode can reflect the defects of the current Chinese video website operation mode. At the end of March 2012, Baidu disclosed the operation of Iqiyi to the US Securities and Exchange Commission (SEC) and Iqiyi's cumulative loss of \$119 million 850 thousand in 2011. Baidu's third quarter earnings report also showed that Baidu had a loss of \$45 million in equity investment. Looking at the operation of Iqiyi, we can see that there are many problems in the operation of video website in China: high operating cost, relatively single way of operation, and conflict between economic interests and social responsibility.

1) *High operating cost:* For many video sites, the cost of the server is undoubtedly high. Compared to the United States, China's equivalent purchasing power is only 1/10 in terms of server cost. In addition, the more frightening thing is that at present, China's video website still lacks a mature and feasible profit model, and everything is still in the exploratory stage. At present, the advertising price of domestic video websites is 1 / 80 to 1 / 100 of the United States, while the operating cost is 4 times that of the United States. Second, copyright fees are soaring. In order to seize more users, the competition between websites is fierce. The specific performance is the copyright fee of watching hot Drama: the purchase price has soared from 1000 yuan per set to 1 million yuan in 5 years. The high cost of copyright in film and television dramas has resulted in a sharp increase in the cost of websites such as Iqiyi, which only make genuine content.

2) *Relatively single mode of operation:* Almost all the successful operation of foreign video websites come from two aspects: advertising and users. At present, the profit mode of Chinese video websites is mainly advertising, and advertising revenue accounts for almost 80% of the total revenue, or even more than 90%. Iqiyi copied Hulu mode, almost all of its revenue comes from advertising, which is limited by website users, and the profit point is very thin. Even with the combination of Youku potatoes, the two brands of Iqiyi and PPS are likely to operate independently, but as a whole, there is an inevitable redistribution of internal resources.

3) *Conflict between economic interests and social responsibility:* Copyright prices are too high, so that web video sites have to find another way out. Self made content creation has become a new direction for many video websites. Similarly, the two sides of things also appear quietly. How can we attract the attention of the audience? How can we get higher hits to win the favor of advertisers? Erotic, violent, contrary to normal ethics and other vulgar elements are more or less integrated. There is no taboo in content, words are astonishing and wanton.

V. OPERATION OPTIMIZATION OF IQIYI

A. *Product Promotion and Expansion*

The 2011-2012 year is the high-speed development of Iqiyi. In this stage, Iqiyi has made its own brand by improving video content and broadcasting technology. From the content of content, Iqiyi in the "traditional" function - all kinds of video online play, vigorously purchase the copyright, through the single broadcast of resources, to obtain user loyalty. Moreover, it is not limited to "Introduction", but also to "output".

As early as June 23, 2011, Iqiyi released the strategy of "odd art production" and set up a network self-made industry standard. Technically speaking, based on putting user interests first, Iqiyi has frequently upgraded platforms, opened up new columns and replaced recommendation engines. At the end of 2013, after the research on the subject, the age of the target population, the needs of the users, the features of the user, and so on, Iqiyi launched the first show in China, "life needs to be exposed". The 20 episode, which has been broadcast nearly 200 million times, has created a new trend of Baidu mobile trend data, which has caused a "nationwide exposure" boom.

In September 19, 2014, the complete set of Iqiyi's homemade drama "the stars from the stars" was carried online, each of which reached hundreds of millions of hits, and the platform for making Iqiyi's homemade play has matured. The "Tomb robbery note" launched in June 2015 opened the concept of "super network drama". Although the plot was modified more, the netizen shouted "thunder", but its 2 billion 754 million play was still in the top of the year. In 2016, the competition in the network homemade drama market became more intense. But Iqiyi gained 3 billion of the volume with the small cost and high quality of "Yu sin". From the course of its development, it is clear that the creation of self love is a great expectation for the "self-made" content. In every step of development, the network plays are the key points. The issue of the network plays is excellent, whether it is the subject, the actor or the amount of play, the audience approval. Its achievements have also been improved along with the continuous expansion of the market scale, and have always been in the leading position in the whole industry.

B. User Incentive

The way Iqiyi encourages users: first of all, give full play to its advantages and make good use of its huge user base. The data show that there are a considerable proportion of non member users in Iqiyi users. In order to attract these potential members, it is advisable to reduce the membership fees in addition to the hard demand for the content of the charges, and to reduce the monthly fee to obtain a larger group of users. Second, we should use the financial support of the Baidu consortium behind us to explore "super IP" to a certain extent, and enhance the technical level of special effects such as network drama. It is also necessary to introduce the "original" story of its own, which can be used in the "grass root" feature of the micro film to tell the wonderful story of the ordinary people that the audience likes to see. At the same time, it is necessary to ensure the high level of the content of the play, the principle of rather not the abuse, and avoid the phenomenon of "thunder" and "destruction of classics". . Finally, we need to grasp the opportunity of the development of the current "big data", through the analysis of the users' browsing and watching records, the "personalized push" of the network plays for different target groups. At the same time, according to the content of the network drama, implying advertising is not affected by the premise of the plot, which not only ensures the user's viewing experience, but also makes the profit way more diversified.

It is believed that within 5 years, the network drama will become the mainstream of the development and operation of the video website. It will form a chain of its own, and the relay will only serve as a sideline. The bargaining power of the video website will be significantly improved, and the copyright fee of the TV drama will also decline. In the future, the mainstream of people watching TV plays will be network dramas. Even today's "net drama" will eventually become the main form of "TV drama". The video website, which sits on hundreds of millions of user resources, will also usher in its golden age.

C. Media Cooperation

Network video sites only have high quality IP and self-made programs are not enough, the wine is also afraid of the alley, to attract the attention of Internet video website users, and media cooperation to achieve a good publicity effect is also very necessary. On the occasion of Iqiyi's high - quality homemade "China hip-hop" broadcast, micro-blog hot search topic "you have freestyle" has successfully attracted a large number of audiences to Iqiyi search and watch. It can be seen that cooperation with micro-blog and other media is also crucial to successful drainage of network video sites.

D. Risk Management

Compared to the main competitors, "Youku", "music", and so on, Iqiyi is not widely used in the "Introduction" of traditional TV dramas, which can not attract users. The network homemade drama is too hot, all video websites are making efforts to make network drama, making the competition very intense. The attitude of the broadcasting and TV Bureau to the hot market of the network drama is still not clear, and no specific provisions have been made yet. The future of the network drama is not clear yet also a great risk. Nowadays, pirated resources are still prevailing, and the awareness of copyright charges of Internet users is not yet fully formed, which affects the profitability of online video websites. From the above analysis, it is obvious that the risk control of online video websites is also an urgent problem to be solved in the development of Internet video websites.

VI. DEVELOPMENT TREND OF NETWORK VIDEO WEBSITE

As a typical service industry, the future development of network video website will continue to focus on how to increase consumer value, based on the two development poles of video content and network social networking, and continue to innovate in product and business models. In the external development mechanism, the network video industry will accelerate the pace of integration with the related industries, such as content, channel, terminal and other related industries, and gradually strengthen the depth and breadth of industrial integration. In the field of internal customer service, the video industry will further improve the service content, optimize the user experience, and promote the realization of personalized service based on customer needs.

A. Unstoppable Industrial Integration

In the aspect of technology introduction, we should speed up the absorption of the latest technology and further promote the optimization and improvement of the terminal. Although the effective introduction of AR and VR is still facing many obstacles such as consumer hardware, equipment and technology, and the cost of content transmission bandwidth, it is the trend of the times. The future will take the lead in the field of games, live and other fields, and then slowly extend to other types of video fields. In the communication channel, based on the aim of increasing customer contact, developing application scene and optimizing marketing function, it further deepens the mutually beneficial communion with search websites, social platforms, shopping websites and other industries, and occupies the different nodes of people's life in a stronger position, especially in the social field, network video

is now already formed. It will be the goal of the video website to develop the mainstream narrative mode and social new favorite, widen the network video social scope, get through the different comment platform, and develop more multimedia elements and characteristic interactive products.

In the aspect of content optimization, quality scarce video resources will still be a great magic weapon to attract consumers, and also an important reason why users are willing to pay. The payment behavior of the household is not yet long. It can be seen that the integration of film and television industry and network video industry will be further deepened. Video websites still need longer time to prove their ability to provide long term and high quality content, thus forming an industry word of mouth and attracting users to pay.

B. Intensive cultivation of user services

First of all, video content subdivision service will be improved. According to the previous article, video of different subjects can bring functional value or enjoyment value for customers. However, from the current situation of video subject construction, enterprises are more concerned about the production and promotion of entertainment themes such as TV plays and variety shows, and less input on other subjects. The content of good word of mouth has not yet been formed. That is to say, at present, video websites only focus on the entertainment needs of most customers, but lack effective segmentation of customers. Many users' demand for learning and information acquisition has not been effectively met, and many niche markets of network video services still need to be further developed.

Secondly, it further simplifies user convenience and expands related service functions. Increasing the comprehensiveness of network video platform is not only to increase the application depth of video, but also to increase the application frequency of video in people's life, such as personalized video recommendation based on large data analysis, video intelligent retrieval (semantic retrieval, picture retrieval), seamless docking of network video and electronic business city. The development and promotion of the frequency of social products and so on.

Finally, effective guidance is given to the behavior of video uploads. User generated content is an important resource of network video service platform, but it has not been effectively developed and utilized. At present, the number of videos uploaded by users is high, but lack of content management leads to high video repetition rate, and some valuable original videos are also drowned. In addition, there are less effective incentives and management for the originators, resulting in insufficient user motivation. It is foreseeable that future video companies will pay more attention to the value of user generated content, actively promote the value creation behavior between enterprises and users, classify and integrate the content of video uploaded by users, evaluate the characteristic video analysis, and establish effective mechanisms to cultivate, organize and motivate the original creator.

C. Financing Listing

In March 29, 2018, Iqiyi listed on NASDAQ. Financing listing will also become a major trend of online video websites in the future. Iqiyi IPO intends to raise funds of 1 billion 500 million US dollars. The prospectus shows that as of now, Baidu has a 69.6% stake and is the largest shareholder of Iqiyi. In addition, millet is the second largest shareholder of Iqiyi, with a shareholding ratio of 8.4%. Gong Yu, founder of Iqiyi, has a 1.8% stake in CEO. It can be seen that strong financial support will also be the main support for the listing of online video websites. If Internet video websites want to be listed, their operating income needs to keep increasing relatively fast. In addition to online advertising revenue, video websites need more innovation, self-made network dramas and homemade variety shows to charge users. For web video sites, homemade content can not only reduce copyright fees, but also increase profits and enhance users' interest in online video websites.

VII. CONCLUSION

In this age of Internet, how to better achieve sustained and stable profit of online video websites has become a major problem. In this paper, the network video website is deeply studied. First, the industrial background, competition pattern, operation mode and profit mode of the network video website are discussed. The specific operation of the mainstream video sharing website and network video software is analyzed in detail, and the Iqiyi is taken as an example to analyze the video network. It is important to optimize the four aspects of product upgrading and expansion, implementing user incentives, strengthening cooperation with the media, and controlling the risks of website operation. The research shows that the growth of network video website is very rapid and still has great space for development. The operators of network video websites should improve their core competitiveness through differential operation mode. Self made content and membership payment system are still the key points to enhance the core competitiveness of online video websites. In addition to the optimization of the content of its own platform, the network video website needs to seek external support and cooperation from both the technology and the content. This support is first derived from the fund raising, followed by the propaganda of the cooperative media. This paper advocates the optimization of the operation mode of the online video website from both internal and external aspects.

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