

# Research on SWOT Competition Strategy of Broadcast Business of Guangzhou Tengshi

**Chen Songying**

*School of Art and Design, College for Creative Studies, Detroit Midtown, Michigan, 48202, America  
schen4@collegeforcreativestudies.edu*

**Abstract:** *Guangzhou Tencent Network Broadcast is an exploration of the transformation and development of traditional Internet enterprises. Its main business includes three categories: music sector, live broadcast and value-added services and advertising sector. In this paper, in market competition at home and abroad for reference, on the basis of theoretical research and practical exploration achievements, the use of PEST and five models respectively analyzes the Guangzhou Tencent depending on the market competition of the macroscopic environment and microcosmic environment, SWOT analyses of its own advantages and disadvantages, opportunities and challenges faced by the proposed Guangzhou Tencent depending on market competition strategy, and implementation of the strategy. This paper analyzes the current situation, problems and causes of the live broadcast business of Guangzhou Tencent Company. On this basis, SWOT was used to obtain the advantages of Guangzhou Tencent's live broadcast business. However, it also had disadvantages such as single value-added services, high compliance standards, weak internal review. Then introduces the selection and implementation of competition strategy for the live broadcast business of Guangzhou Tencent Company. Finally, the paper summarizes the research results of the whole paper, points out the shortcomings in the research process, and puts forward the prospects for the future development strategy of the company's live broadcast business.*

**Keywords:** *Film and television, live broadcasting business, business environment, competitive strategy*

## 1. Research Background and Significance

### 1.1 Introduction

Guangzhou Tengshi was founded in 2003. At the beginning of its establishment, its main business was digital music. In 2012, it established an online video interactive performance platform. 2016 is the first year of the development of the domestic network live broadcasting industry, and Guangzhou Tengshi has also made outstanding achievements in 2016. After entering 2018, with the intensification of industry homogeneity and competition and the stricter supervision of relevant policies on webcast, Guangzhou Tengshi has encountered many problems in the development of its live broadcast business.

Since 2016, domestic Internet giants Tencent, Taobao and others have been competing in the field of live broadcasting. At the same time, new live broadcasting platforms such as Tiktok and Kwai have also seen rapid development since 2018. After the live broadcasting business of Guangzhou Tengshi reached its peak in 2016, the number of users of the live broadcasting business has continued to decline, and the turnover and profits brought by this business to the company have also declined a lot. Due to the lack of innovation in the platform, the live broadcast business of Guangzhou Tengshi is seriously homogenized with the live broadcast business of various platforms in the industry. How to deal with the impact of the major Internet giants in the live broadcast industry on the live broadcast business of Guangzhou Tengshi, as well as the impact of the rapid development of emerging platforms such as various small videos, and find a competitive strategy suitable for the live broadcast business of Guangzhou Tengshi, so that the live broadcast business of the company can be better developed, Guangzhou Tengshi should focus on the current research topic.

### 1.2 Research Method

#### (1) Literature analysis

This article mainly uses the literature research method, through the collection of domestic and foreign

related literature, to understand the current research and development status in the field of live broadcast. Through the academic methods of interpretation, summary and induction, it is taken as the argument of this paper, so as to take it as the theoretical support of the content of this paper.

### (2) Investigation and research method

This article has made a detailed investigation on the live broadcast business products of Guangzhou Tengshi Company, as far as possible to fully understand the actual situation of the live broadcast business of Guangzhou Tengshi Company, and interviewed the staff related to the live broadcast project. At the same time, it has also made a detailed investigation on the business operation and profit model of Guangzhou Tengshi Company's main competitors, and made a comprehensive analysis of the information obtained.

### (3) Case study method

This paper takes Guangzhou Tengshi Company as an actual research case to comprehensively analyze and explore the current business development problems and the growth of the profit model of the live broadcast industry, and formulates the corresponding strategic planning and implementation measures, and provides valuable reference for other live broadcast companies or companies interested in developing the live broadcast industry.

## ***1.3 Literature Review and Theoretical Basis***

From the perspective of relevant research on competitive strategy management, competitive strategies are mainly divided into three types: cost leadership strategy, differentiation strategy and concentration strategy. This paper focuses on enterprise competitive strategy as its leading strategy. Scholars at home and abroad have done a lot of research on it.

Jin Xuetao (2017) believes that the target of differentiation strategy is those customers who have strong brand loyalty and demand for personalized customization of products. They focus on the uniqueness or quality of products and are willing to pay relatively high costs.<sup>[1]</sup>

Chen Jiying (2017) believed that enterprises that adopt differentiation strategies can often be more competitive and have better performance than other enterprises.<sup>[2]</sup>

Parker (2014) modeled, analyzed and compared the competition between duopoly platforms. They believed that high-quality and low-quality platforms could exist at the same time due to the difference of users. High quality platforms can attract more users to obtain excess profits, but low quality platforms can take differentiated competition to obtain market profits. No matter what the situation is, platform enterprises have opportunities and strategies to attract users, which provides guidance for attracting users to platforms at a competitive disadvantage and for selecting strategic strategies.<sup>[3]</sup>

In the research on the competitive strategy of the live broadcast business, scholars also focus on the differentiated competitive strategy, but the focus of the differentiated competition is somewhat different. Scholars believe that on the one hand, we should pay attention to the cultivation of user loyalty and service experience, and grasp the psychological activities of users. Therefore, this paper proposes a study on the competitive strategy of Guangzhou Tengshi's live broadcast business, aiming to find a competitive strategy suitable for Guangzhou Tengshi's live broadcast business, so that the company's live broadcast business can develop better. .

In a word, more attention is paid to the platform business model and profitability in the research of live broadcast business competition. Scholars believe generally that the formulation of competitive strategy in the competition of video companies is particularly important, and differentiation strategy is the best choice. Generally speaking, when deciding whether to adopt differentiation strategy, an enterprise should consider the following points: whether customers in the industry have diversified characteristics and how satisfied the market is and how the product supply and demand are or whether differentiated products and services can better meet customer needs. This strategy requires the enterprise to deeply analyze the market environment, customer gender, age, occupation and other segmentation factors, so as to find and occupy the market segment.

## **2. SWOT Analysis of Live Broadcast Business Strategy of Guangzhou Tengshi**

This paper uses SWOT analysis method to make a systematic and comprehensive analysis of the advantages and disadvantages, opportunities and challenges faced by Guangzhou Tengshi Company in

the market competition environment, so as to lay a foundation for it to formulate and implement the market competition strategy in combination with its own reality.

**2.1 Advantage Analysis of Guangzhou Tengshi Company**

The advantages of Guangzhou Tengshi Company in the market competition are mainly reflected in:

(1) High viscosity of users

At the early stage of its development, Guangzhou Tengshi did not aim at expanding a larger customer group, but rather to form a cultural atmosphere with the characteristics of Guangzhou Tengshi. The user stickiness based on spiritual and cultural ties is bound to be higher than that of other video platforms. On the basis of spiritual sustenance, it does not need to cater to the needs of various groups. From the PUG data of Guangzhou Tengshi, we can see that the number of videos uploaded every month and the number of active videos uploaded every month are showing a growing trend. At the same time, according to the year-on-year growth rate of the number of videos uploaded, Guangzhou Tengshi is not positioned completely as an online "TV station", but a highly experiential platform with both social culture and video sharing at the same time. The monthly videos uploaded by Guangzhou Tengshi from 2011 to 2019 are shown in Figure1.

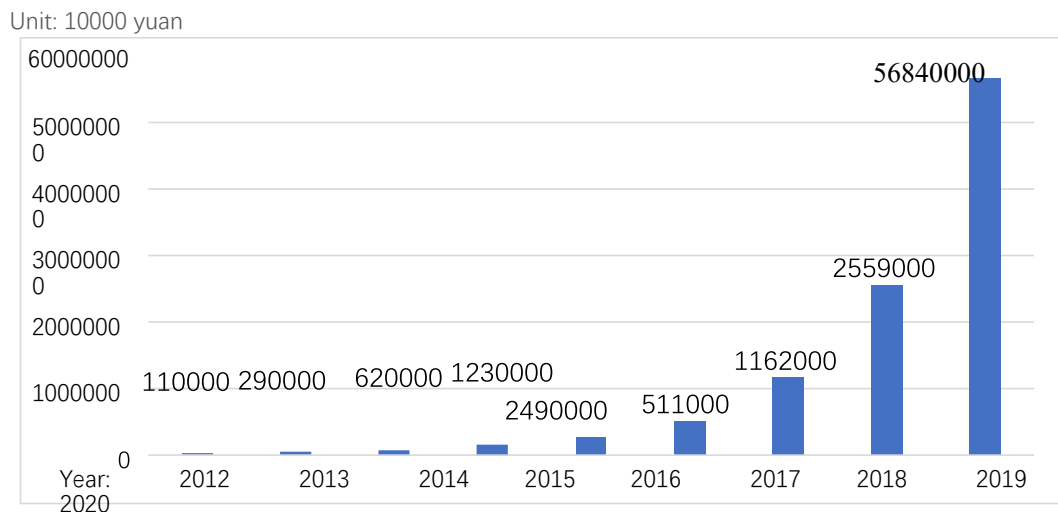


Figure 1: Monthly videos uploaded by Guangzhou Tengshi from 2012 to 2020

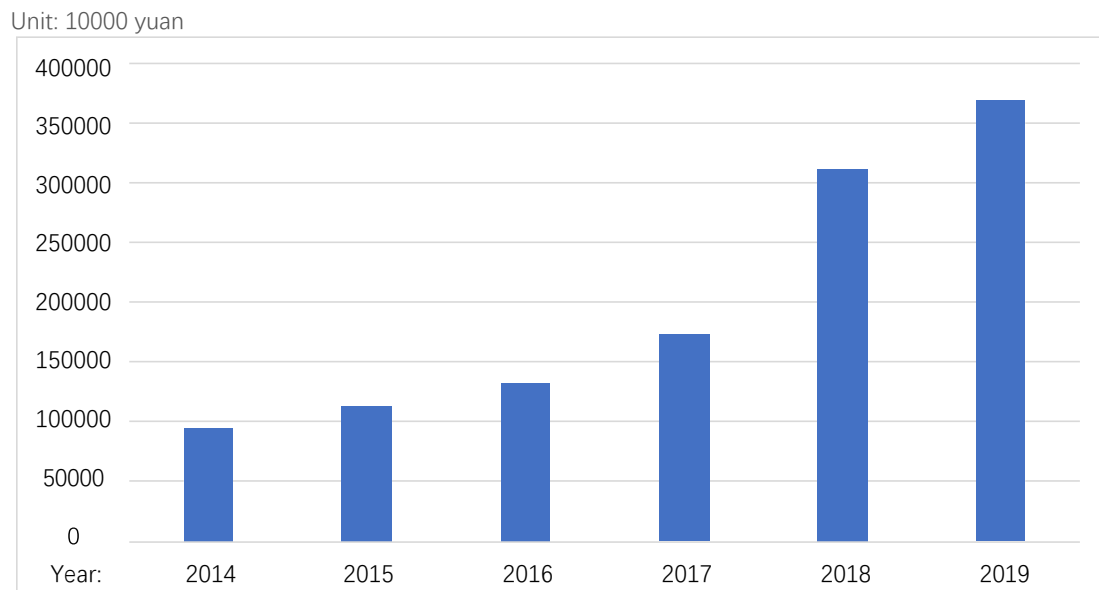


Figure 2: The Main number of monthly active ups of Guangzhou Tengshi from 2014 to 2019

Figure 1 shows that since 2011, the number of monthly videos uploaded by Guangzhou Tengshi has

been growing rapidly. In 2011, Guangzhou Tengshi uploaded about 110000 videos per month, while in 2017, Guangzhou Tengshi uploaded nearly 100 times more videos per month, to about 11.62 million. By 2019, Guangzhou Tengshi had uploaded 56.84 million videos every month, about 500 times more than that in 2011. From the number of videos uploaded every month, we can see that Guangzhou Tengshi has a strong user stickiness.

The main quantity of monthly active up of Guangzhou Tengshi from 2014 to 2019 is shown in Figure 2. Figure 2 shows that the main quantity of monthly active up of Guangzhou Tengshi is in line with the active trend of monthly upload quantity, both of which are increasing significantly. Since 2017, the number of monthly active ups has increased rapidly. In 2018 and 2019, the number of monthly active ups exceeded 300000. It can be seen that Guangzhou Tengshi has good user stickiness. At the same time, although Guangzhou Tengshi MAU cannot compete with iQIYI, Tencent and Youku, it has shown significant advantages in the active rate of users and the 30 day retention rate of active users.

At the beginning of 2020, the active rate of top 10 live app users is shown in Figure 3.

Unit: Percentage

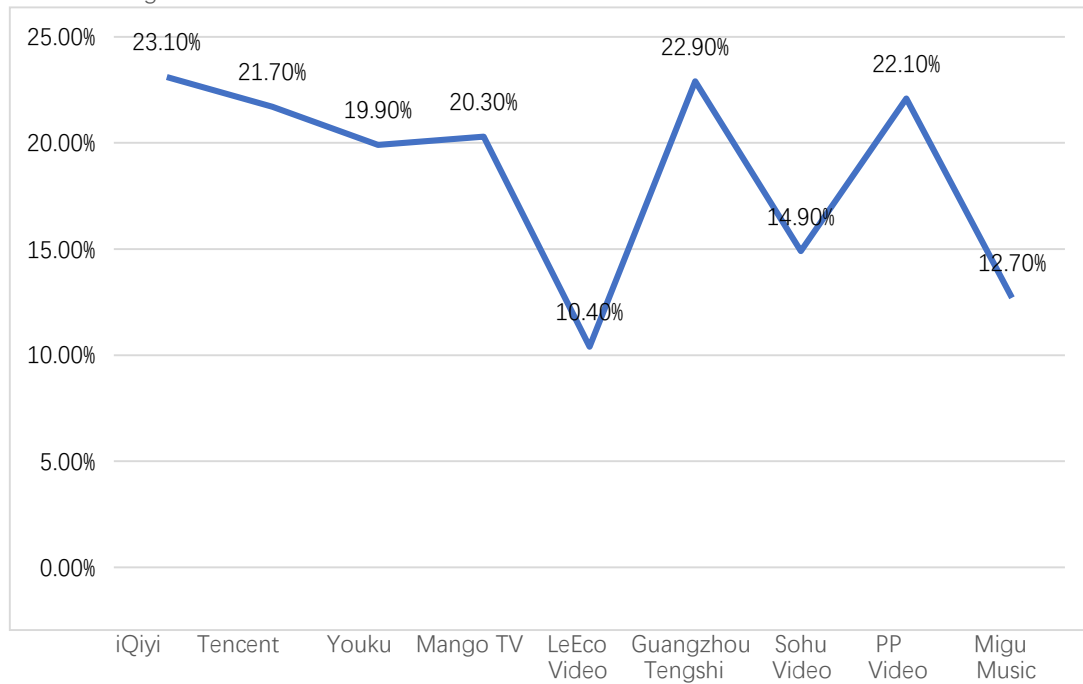


Figure 3: Top 10 music video APP user activity rate in 2020

Figure 3 shows that in 2020, the user activity rate of Guangzhou Tengshi APP will be 22.9%, second only to iQIYI APP, which is in the leading position. It can be seen that Guangzhou Tengshi is recognized by China's online video users, with high user activity and strong user stickiness.

(2) Low copyright fee

As an important cost of the live broadcast platform, the copyright fee will increase with the increase of users' demand. When the video platforms of Youku, iQiYi and Tencent are still burning money for content copyright, Guangzhou Tengshi is much easier to purchase PGC content copyright. Guangzhou Tengshi doesn't need to buy the overpriced variety show and TV drama copyright, just buy the drama that is more consistent with the community attributes. For example, the copyright budget of iQIYI in 2019 has reached 15 billion yuan, which is undoubtedly a heavy pressure on many live broadcast platforms. Driven by this pressure, they are easy to lose their characteristics because of catering to the trend. However, this is not the case for Guangzhou Tengshi, because Guangzhou Tengshi's expenditure on copyright fees is very small, and in 2019, it will even be about one third of the copyright budget of iQIYI. The comparison of copyright fees between Guangzhou Tengshi and iQiyi from 2014 to 2019 is shown in Figure 4.

Figure 4 shows the expenditure of Guangzhou Tengshi iQiyi's copyright fees from 2014 to 2019. It can be seen that since 2014, the copyright fees of Guangzhou Tengshitong iQiyi have shown a growing

trend. However, iQIYI spent far more on copyright than Guangzhou Tengshi.

Unit: 10000 yuan

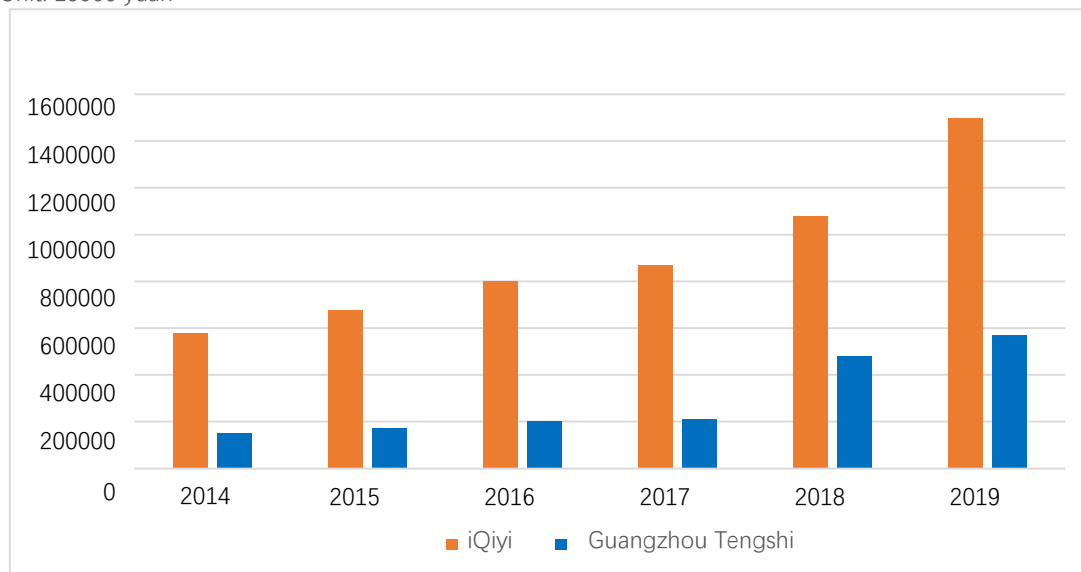


Figure 4: Comparison of Copyright Fees between Guangzhou Tengshi and iQiyi in 2014-2019

### 3. Opportunity Analysis of Guangzhou Tengshi Company

The opportunities faced by Guangzhou Tengshi in the market competition mainly include:

#### (1) The capital market is optimistic

Capital is the first driving force for the development of enterprises. It is a scarce resource for any enterprise. The growth and expansion of enterprises cannot be separated from the investment of large amounts of capital. For most enterprises, capital market financing is crucial to their survival and development.

IDG was the first investment institution to be optimistic about Guangzhou Tengshi. It gave support in the early stage of the company's development. Later, Tencent also took a liking to the growing Guangzhou Tengshi, and coordinated mergers and acquisitions in many ways. Tencent led the D-round financing of Guangzhou Tengshi, with the financing amount reaching hundreds of millions of yuan. In March 2018, Tencent increased its investment in Guangzhou Tengshi in October of the same year, with an investment amount of up to 318 million dollars. Both parties intend to create new value for users in copyright, investment, production, production, etc. For Guangzhou Tengshi, the simultaneous action of several capital giants not only means adequate financial support, but also brings more abundant resources, which is quite beneficial to the future development of Guangzhou Tengshi. In addition, Guangzhou Tengshi is not only favored by domestic capital, but also favored by capital markets abroad. [4]After the listing of Guangzhou Tengshi, although the financial report shows that Guangzhou Tengshi has lost money for consecutive years, Hillhouse Capital, an internationally renowned investment institution, still increased its holdings of Guangzhou Tengshi's shares by 140 million dollars in 2021. It can be recognized by many professional and prestigious investment institutions, indicating that Guangzhou Tengshi's future development is favored by all kinds of capital.

#### (2) Wide cooperation market

As the pace of life accelerates and time becomes more fragmented, Guangzhou Tengshi, which focuses on original, diversified and multi-level videos, is able to win users' favor. Even Guangzhou Tengshi has become a website where people can learn various skills. On October 3, 2018, Tencent Holdings took the initiative to seek strategic cooperation with Guangzhou Tengshi, and Alibaba also made strategic investment in Guangzhou Tengshi after Tencent. Guangzhou Tengshi also signed a strategic cooperation agreement with the National Party Media Platform of the People's Daily, a cooperation agreement on e-commerce with Alibaba Taobao, a strategic cooperation agreement with Elema, a cooperation in the public welfare field with "Beautiful China", and a commercial market cooperation with QQ Music, all

of which indicate that Guangzhou Tengshi has emerged from the niche market and started to move towards a broader diversified market blue ocean. In addition, the cooperative market of Guangzhou Tengshi is not limited to China. In addition to actively seeking relevant cooperation with overseas countries, Guangzhou Tengshi has begun to be seen more by developed countries such as the United States, Britain and Germany, and more and more foreign bloggers have also actively settled in Guangzhou Tengshi, thus promoting the internationalization of Guangzhou Tengshi.

### (3) Improvement of scientific and technological level

The widespread popularity of intelligent devices and the fragmentation of time have made people's lives inseparable from video products. At the same time, video creators can also achieve more convenient shooting and creation with various intelligent devices. The development of science and technology in various fields, such as the popularity of 5G, can bring a more stable and smooth video viewing experience to the majority of Internet video users. The research and development of artificial intelligence may create a video analysis AI with self-learning ability, improve the audit efficiency. The innovation of VR/AR technology may create a new viewing mode in the Internet video industry.

## 4. Threat analysis of Guangzhou Tengshi

The threats faced by Guangzhou Tengshi Company in the market competition mainly include:

### (1) The demand of Increased user demand

With the popularity of Guangzhou Tengshi, many old users feel the difference in use. They often decide whether to continue using a certain software for various unexpected reasons. At present, a small number of Guangzhou Tengshi's old users choose to leave because the original "music" community environment is weakened and the atmosphere of "commercialization" is strong, or because they cannot accept the drop in the quality of the bullet screen caused by the influx of a large number of new people, and the live viewing experience becomes worse. Although the rapid development of Guangzhou Tengshi Company shows that they can still understand the psychological characteristics of contemporary young people until now. This psychological characteristic is not static but dynamic, and will change with their growth and change. If they cannot fully understand the psychological changes and actual needs of these old users, they will inevitably lead to the loss of old users in the long run.

Guangzhou Tengshi was initially positioned as a music and cultural community, and most of the video resource categories in the community were fixed. With the promotion of the popularity of Guangzhou Tengshi, Guangzhou Tengshi has grown into the "largest music community for young people in China". For the purpose of continuous development, Guangzhou Tengshi is bound to absorb more and more new users, and all kinds of new user needs are also different. How to improve Guangzhou Tengshi's video content resources to meet the personalized needs of various users is a major test for Guangzhou Tengshi.

### (2) Fierce Competition among peers

As an Internet video platform, although Guangzhou Tengshi has a strong momentum of development, there are many video platforms with large size, many users and full content in the industry. The first few are Tencent Video, iQiyi and Youku Video.

The average number of active Internet video platform apps in the second half of 2020 is shown in Figure 5.

Figure 5 shows that in the second half of 2020, the average monthly active number of Guangzhou Tengshi's apps is about 70 million, which is significantly lower than the top three. Although the Internet video industry is in a period of vigorous development, due to different target users, huge capital investment differences, and obvious content differences, the current leading positions of iQIYI, Tencent Video and Youku can hardly be shaken. However, the competition for users in the Internet video industry is extremely fierce. Whoever has more users will have an absolute advantage. If more users cannot be attracted or too many users are lost, they will fall into an endless cycle of insufficient revenue, lack of content and declining competitiveness. LeTV video is a classic case of the Internet video industry from prosperity to decline, which fully proves the cruelty of competition in the industry at present. In addition, Tiktok and Kwai, which have occupied the leading position in the short video industry for several years, are also competing with Guangzhou Tengshi, and have grabbed many user groups by virtue of their strong interest. Compared with the traditional Internet video platform, Tiktok and Kwai are more active in short videos from the perspective of special effects, which well capture people's desire for beauty. Many video photographers can use these special effects to make up for appearance defects, but Guangzhou Tengshi

is still very limited in this regard. Whether Guangzhou Tengshi can seize the opportunity in the market or give priority to other video platforms to further release more innovative original content has become an important direction of their competition.<sup>[5]</sup>

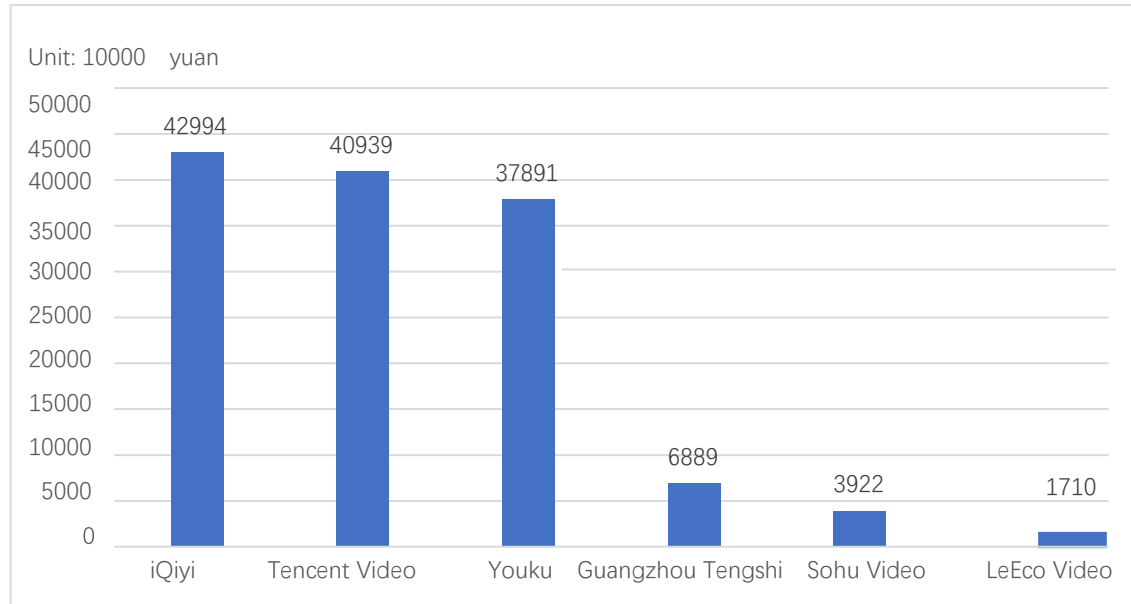


Figure 5: Average number of active Internet music and video platforms in the second half of 2020

5. SWOT Matrix Analysis of Guangzhou Tengshi's Market Competitiveness

<p><b>Internal Factors</b></p> <p><b>Strategy Type</b></p> <p><b>External Factors</b></p>	<p><b>Advantages - S</b></p> <ol style="list-style-type: none"> <li>1. High viscosity of users</li> <li>2. High quality content</li> <li>3. Low copyright fee</li> <li>4. Less advertising</li> <li>5. Realization channel</li> </ol>	<p><b>Disadvantages - W</b></p> <ol style="list-style-type: none"> <li>1. Single value-added service</li> <li>2. Strict compliance standards</li> <li>3. Weak internal review</li> <li>4. Difficulties in community management</li> </ol>
<p><b>Opportunity - O</b></p> <ol style="list-style-type: none"> <li>1. Related industries are warming up</li> <li>2. The capital market is optimistic</li> <li>3. Wide cooperation market</li> <li>4. Improvement of scientific and technological level</li> </ol>	<p><b>SO Strategy</b> (Give full play to advantages and seize opportunities)</p> <ul style="list-style-type: none"> <li>•Diversified development of the platform. We will further increase investment in music production, especially in domestic music and film resources. Further expand the scope of cooperation, enrich the content of the platform and further meet user needs to improve user stickiness. According to the characteristics of users, the advertising should be precisely customized. Develop and find more novel and interesting website features through technology update iteration.</li> </ul>	<p><b>WO Strategy</b> (Take advantage of opportunities and overcome disadvantages)</p> <ul style="list-style-type: none"> <li>•While continuing to create blockbuster games, expand other revenue channels such as live broadcast, further stabilize the video audit standard, develop and update the audit mechanism and the Up main contribution incentive mechanism, ensure the quality of submitted videos, promote the diversification of contributions, and create a situation where a hundred flowers bloom.</li> </ul>
<p><b>Threat-T</b></p> <ol style="list-style-type: none"> <li>1. Increased user demand</li> <li>2. Competition among peers is fierce</li> <li>3. Increased supervision</li> </ol>	<p><b>ST Strategy</b> (Give play to advantages and avoid threats)</p> <ul style="list-style-type: none"> <li>•Carry out independent creation, Explore and create new music brands, and make the website become a promoter of creative content. Develop user creativity, guide users to produce unique original content, and increase differences with peers.</li> <li>•Strengthen the video audit process and mechanism.</li> </ul>	<p><b>WT Strategy</b> (Overcoming disadvantages and avoiding threats)</p> <ul style="list-style-type: none"> <li>•Build community platform construction to further enhance user stickiness. Further highlight the rights and interests of core users, timely identify, discover and check the user's risky contributions and non compliant videos, and make them as soon as possible</li> <li>•Response and punishment.</li> </ul>

Figure 6: SWOT matrix analysis of Guangzhou Tengshi's market competitiveness

To sum up, Guangzhou Tengshi is in a critical period where opportunities and threats coexist and advantages are used to make up for weaknesses currently. To achieve further development, it is necessary to develop its own distinctive development path and formulate corresponding market competition strategies. The SWOT matrix of Guangzhou Tengshi's market competitiveness is shown in Figure 6.

Finally, combined with the selection of SO development strategy, strive to give full play to the advantages and seize the opportunities for diversified development of the platform. Further increase the investment in music production, especially domestic music and film resources, and achieve accurate customization of advertising, so as to expand the scope of cooperation, enrich the content of the platform while further meeting user needs, improve user stickiness, and develop and find more innovative and interesting website features.<sup>[6]</sup>

## 6. Conclusion

The current strategic positioning of Guangzhou Tengshi should be adjusted and adapted with differentiated competition as the main body. In the short term, the product positioning should be adjusted to focus on high-quality live broadcast (special live broadcast, customized live broadcast, the first live broadcast of major emergencies), celebrity live broadcast (personalized live broadcast of stars and network celebrities, in-depth interaction with fans), media On the professional live broadcast of institutions and other enterprises (providing a mobile live broadcast platform for online education, offline activities, etc.), create differentiated content different from the live broadcast products and small video products of mass Internet companies. Guangzhou Tengshi must choose differentiation strategy based on its core competitiveness. This is mainly because the development of media emphasizes individuality increasingly, differentiation and differentiation. The differentiated products can provide more development opportunities for the long-term development of the company by making better use of their own resources. In a word, the comprehensive analysis of the market SWOT competition strategy of Guangzhou Tengshi Company can better and accurately position its own development problems.

## References

- [1] Jin Xuetao, Pan Miao, Li Xiaoran, *Research on Competition Situation and Strategic Behavior of China's Online Video Media* [J]. *Modern Audio Visual*, 2017, (9): 31-37.
- [2] Chen Jiyin, Yang Lian, *Development Status, Trend and Thinking of China's Online Video Industry* [J]. *Media Observation*, 2017, (11): 8-12
- [3] PARKER, ALSTYNEMV. *Platform Strategy & Open BusinessModels* [R]. Cambridge MIT centre for digital business, 2014.
- [4] Chen Mingyue, *Competitive Status and Strategic Analysis of China's Live Broadcasting Platform* [J]. *News Research Guide*, 2015, (3): 70-71.
- [5] Zhang Xiao, Mao Huan, Wu Hanghang, etc., *Competition and Strategic Analysis of China's Online Video Media Industry* [J]. *China New Communications*, 2018, (8): 68.
- [6] Wu Na, Ning Changhui, Gong Xiaoxiao. *Study on the Mechanism of Communication Style Similarity on Purchase Intention in Live Broadcasting Marketing* [J]. *Foreign Economy and Management*, 2020, 42 (08): 81-95.