

MARKETING

Will a red-hot Bilibili become irresistible to luxury brands in 2022?

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Bilibili has evolved far beyond its early focus on the ACG (Anime, Comics and Games) subculture, to draw hundreds of millions of mainstream users. Image courtesy of Bilibili

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Although it was founded back in 2009, Shanghai-based, NASDAQ-listed video sharing platform Bilibili has only gone mainstream in China over the past few years, attracting tens of millions of new users and the attention of brands across the consumer spectrum, from Shiseido to Mercedes-Benz.

Bilibili's continued rise has seen the platform surpass Youku to become the third-most popular video platform in China, trailing only iQiyi and Tencent Video.

According to the company's most recent earnings [report](#), Bilibili's total net revenue in the second quarter of 2021 reached RMB 4.49 billion (\$696 million), a 72 percent increase from the same period in 2020. The platform also saw impressive user growth, with average monthly active users (MAUs) rising 38 percent year-on-year to 237 million.

Bilibili's [famed stickiness](#) has also been holding strong, with average daily active users (DAUs) reaching 62.7 million, a 24 percent increase over the same period in 2020. Perhaps most importantly for investors, Bilibili reported a 62 percent rise in paying subscribers or average monthly paying users to 20.9 million.

As *Jing Daily* noted in our recent report, [Chinese Cultural Consumers: The Future of Luxury](#), one of Bilibili's key value propositions is its ability to leverage the trends that matter to younger consumers in China.

The platform has roots in China's ACG (Anime, Comics and Games) subculture, which has gone mainstream among young Chinese consumers, while it has also expanded into more general lifestyle categories such as food, travel and fitness. With that ballooning user base has come a flood of investment by brands, especially in the tech, food and beverage, and sports sectors.

Bilibili has also become one of China's leading [beauty marketing](#) platforms thanks to its creators' makeup tutorials, cosmetics reviews and unboxing videos.

From June 2020 to June 2021, the number of beauty brands with an official Bilibili presence saw a 20-fold increase, topping the list of official account categories.

While luxury brands have been slower to invest in Bilibili, premium beauty brands have been more enthusiastic about its potential.

Content-commerce powerhouse Shiseido produced a livestreamed product launch/variety show in May 2020 that racked up 1.34 million engagements and has continued hosting livestreams featuring Gen Z influencers and celebrities since then.

Meanwhile, Chanel Beauty has invested in ads shown on the Bilibili opening screen and Lancme has produced branded content in collaboration with Bilibili influencers. To facilitate brand involvement, Bilibili has launched a marketplace to connect its top creators with brands as well.

Bilibili's advertising revenue is one area to watch in the remainder of 2021 and into 2022. In the second quarter of this year, the company's ad business reached RMB 1 billion (\$162.5 million), an increase of 201 percent year-over-year, accounting for nearly a quarter of the company's total net revenues. And like other popular Chinese social platforms, Bilibili continues to make an ecommerce push that premium and luxury brands should not ignore.

In the second quarter of the year, Bilibili reported RMB 578 million (\$89.5 million) in ecommerce revenue, primarily via sales of products through the company's owned ecommerce platform, an increase of 195 percent from the same period in 2020.

The big question for the year ahead is whether Bilibili could become a stronger marketing and sales conduit for luxury brands outside of the beauty sector.

Bilibili remains relatively untested for luxury, having only attracted a handful of early movers such as Dior, Fendi and Gucci to date.

Although major brands and conglomerates will likely be watching Bilibili's continued rise with interest, the platform with its trademark free-for-all "bullet chats" flying across the screen as videos play does not necessarily lend itself to luxury marketing, and much still needs to be done on the platform's side to address user concerns about sexism.

The spending power of Bilibili's young user base is also cause for skepticism, since new users have an average age of 20, or nearly a decade younger than the average Chinese luxury consumer age of 28.

In the year ahead, if Bilibili can prove its savvy at marketing higher-end brands and take meaningful action on sexism while also staying on Beijing's good side amid the current tech crackdown we could very well see the platform become a new favorite for luxury brands angling to reach and influence the emerging Gen Z consumer.

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