iQiYi's Marketing Strategy in the Chinese Market

---Based on the Case of the Light On Theatre

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Abstract: Streaming platforms are popular in China, with many streamers competing with each other; one of the famous streaming services in China is iQiYi. 2020 saw the launch of iQiYi's own production of theatre: the Light On Theatre. As the first suspense drama theatre, analysing its marketing strategy can help better understand the main marketing objectives for future suspense dramas in China. This paper takes Light On Theatre as a case study and uses the 4c model to analyse the reasons why it has competitiveness in the Chinese streaming market. This paper analyses the Light On Theatre using each element of the 4c model (consumers, cost, convenience, and communication) and provides some recommendations on the results of these analyses. It concludes that the success of Light On Theatre stems from a focus on consumer experience and gives some suggestions to help maintain Light On Theatre's competitiveness. A positive online environment can help to enhance the consumer's viewing experience, thereby increasing consumer loyalty.

Keywords: iQiYi, 4C model, the light on theatre, streaming service

1. Introduction

1.1. Research Background

iQiYi, as one of the leading Chinese streaming platforms, has a dominant place and a vast consumer base. iQiYi was first launched online called the 'Qi Yi network' and then changed into iQiYi. By the end of 2022, iQiYi had already gained 120 million paid subscribers [1]. In addition, iQiYi has launched the official app on digital devices, and the iQiYi software is also available on TV. There are many kinds of products in the iQiYi app, such as movies, TV series, documentaries, and anime, making iQiYi a famous streaming platform among Chinese consumers. There are many options for consumers to choose from; they can watch free products or subscribe to watch all products. iQiYi is also constantly improving the picture and sound quality of its products to help maintain its competitive position in the Chinese streaming market.

Moreover, iQiYi has tried many innovations in its productions. For instance, in 2020, iQiYi produced and launched its theatre called "The Light On Theatre". Most of iQiYi's previous productions have been purchased for their broadcast licensing rights, with only a small number being produced by iQiYi itself, but the Light On Theatre's productions are unique. All The Light On Theatre

productions is developed and produced by the team of iQiYi, with each production meeting the criteria of high quality and short episodes. By 2023, the Light On Theatre had released 13 productions, most of which only had 12 episodes [2]. The Light On Theatre has had great success in the Chinese streaming market. For instance, in 2022, the productions on the Light On Theatre have already collected 68 million views from iQiYi members [3]. The popularity of the Light On Theatre has helped Chinese suspense dramas dominate a portion of the Chinese market and break the dominance of foreign suspense dramas. Moreover, the Light On Theatre has also helped to attract more consumers and helped to increase the loyalty of subscribers. Therefore, studying the Light On Theatre's marketing strategy can help improve iQiYi's overall marketing strategy and further goals.

1.2. Literature Review

Because of the great success of iQiYi in the Chinese streaming market, many scholars have analysed the marketing strategy of iQiYi. For instance, You argued that iQiYi products are most of high quality and on-trend, such as some rap shows, which attracted many adolescents to watch [4]. Moreover, He also argued that most of iQiYi's content is of high quality and that iQiYi user satisfaction is one of the main reasons iQiYi has become a giant in the Chinese streaming market [5]. In the analysis of the marketing strategy of iQiYi, Chen mentioned the collaboration between iQiYi and other brands, such as Marvel Studios [6]. Moreover, iQiYi has also gained enormous sponsorships from advertisers for some programs or TV series to increase revenue. In addition, Chen argued that iQiYi has also launched several creative products that are culturally relevant to help expand brand awareness and influence in the Chinese streaming market [6]. Moreover, Shi analysed the Light On Theatre and concluded from the experiments that the Light On Theatre has a high audience stickiness and can increase subscriber loyalty [7].

However, most authors' analyses of the marketing strategy of iQiYi covered only a little of the analysis of the Light On Theatre. Most writers have been focusing on how iQiYi compete in the Chinese streaming market by improving the quality of its products and viewer satisfaction after purchasing the rights to broadcast them, but the Light On Theatre's products are a special case. Few scholars have examined in detail the product and marketing strategy of the Light On Theatre. The high broadcast of the Light On Theatre's products is a testament to the success of iQiYi's self-produced products and marketing strategies. Therefore, a study of the products of the Light On Theatre and its marketing strategy is necessary.

1.3. Research Framework

Compared to other products, the products in the Light On Theatre are created by themselves. As a self-produced theatre, the quality of the product, the timing, and many other factors are controlled by iQiYi. Therefore, the products in the Light On Theatre have a different impact on consumers than other products. This paper will argue that the successful marketing strategy of iQiYi Light On Theatre has helped iQiYi to enhance its position in the Chinese streaming market. This paper will first analyse the Light On Theatre as a case study, using the 4Cs framework model to analyse the products in the Light On Theatre. This will be followed by analyzing the Light On Theatre's strengths and current problems. This paper will then provide some detailed strategies for solving the problems the Light On Theatre faced.

2. Case Description

In this paper, the 4c model will be used as a basic framework for analyzing the Light On Theatre. The popularity of digital has led to many changes in perceptions, and nowadays, consumers and businesses are making mutual choices. The 4c model is consumer-centric and considers more about

the consumer. [8] The 4c model was developed in 1990 by RF Lauterborn, an American marketing professor. It focuses on the consumer's needs and consists of four dimensions: customer, cost, convenience, and communication [9]. The 4c model suggests that companies should be consumer-focused, ensuring the quality of the products they buy and providing excellent after-sales service. In addition, it is essential to minimize consumer costs, such as money and time, and establish an effective communication system with consumers.

Therefore, the 4c model is more appropriately used to analyse iQiYi's Light On Theatre. iQiYi's Light On Theatre is primarily a service for consumers to watch TV series or movies and therefore needs to take more into account what consumers may think and what will make consumers satisfied and willing to purchase a membership. A consumer-centric approach to product design would ensure that iQiYi is competitive enough in the streaming market. The utilisation of the 4c model, therefore, allows for a better analysis of the Light On Theatre. Next, this paper will use the 4c model to analyse the Light On Theatre in detail, concluding with advantages and disadvantages and providing some suggestions.

3. Analysis of the Problem

3.1. Consumers

3.1.1. Productions and Censorship

The Light On Theatre provides its customers with high-quality products made by iQiYi, and the products are all selected by iQiYi so that the quality can be guaranteed, and the Light On Theatre provides a higher visual and auditory quality to members, which can increase consumer experience. In addition, all the TV series in the Light On Theatre are 12 episodes long, and the plot of such short dramas will be more compact to prevent viewers from getting bored. However, from its creation in 2020 to 2023, the Light On Theatre still has only 11 productions. This number is still insufficient for a new theatre to achieve a competitive position in the Chinese streaming market, as iQiYi's competitors, such as Youku and Tencent Video, are both launching their self-produced theatres. Moreover, the TV series in the Light On Theatre is also affected by the control of the Chinese government [10]. Some dramas are delayed from being launched, and even some dramas are not censored and cannot be viewed by consumers.

3.1.2. Restrictions on Login Devices

iQiYi has a significant limitation on the devices that can be logged into one member's account. iQiYi's account only allows two logins simultaneously, and each login requires a verification code to be sent to the phone tied to the account. iQiYi's competitors, such as Youku, allow three devices to log in simultaneously. This means that iQiYi members, compared to Youku members, need to log into their accounts more frequently. Although iQiYi has a facial recognition login system opened up, it only applies to devices already logged into their iQiYi account. For new devices, a verification code still needs to be sent. This is inconvenient and can lead to a member's inability to log in to their account if their phone is not with them.

3.2. Cost

3.2.1. Members Watch for Free

The Light On Theatre has helped reduce costs for consumers. iQiYi members can watch the Light On Theatre products for free, which prevents members from making secondary purchases.

Both members and non-members can watch the production of the Light On Theatre for free, and members have more advantages. The Light On Theatre's TV series is usually updated twice a day, and non-members can watch the first episode of the day's update for free and can watch the second episode of the day's update on the next day for free. Members can watch the two episodes on the same day for free, which means that members can watch the entire series much earlier.

3.2.2. Attractive and Effective Interface

The pages of the Light On Theatre reduce the cost of time consumed by the viewer's choice. Firstly, consumers can see the names and posters of the thirteen TV series of the Light On Theatre, which allows them to make an initial choice or efficiently find the exact product they want to watch. Secondly, when selecting a product and moving on to the next screen, the consumer can view a basic synopsis, including the directors and main actors, to help them decide whether to watch it.

3.2.3. Low Membership Fees

iQiYi's membership is less expensive than other streaming services and has more options, and non-members can also watch the Light On Theatre productions. Compared to other competitors such as Tencent Video and Youku, iQiYi's membership prices are lower on a per-season and per-year basis, which means that iQiYi membership is more cost-effective and helps iQiYi secure a competitive advantage (Table 1). iQiYi's membership is also more flexible, as consumers who want to watch the Light On Theatre's offerings on their TV and enjoy other premium services at the same time (such as discounts on watching some movies that require an extra purchase) can upgrade to a 398rmb a year diamond VIP. In addition, the Light On Theatre's TV series are also available to non-members, but non-members are generally required to watch up to 120 seconds of commercials to watch the series for free, as shown in Table 1.

Table 1: Membership fees of different streaming services.

	Per month (RMB)	Per season (RMB)	Per year (RMB)
Tencent video	15	69	218
Youku	30	68	198
iQiYi	19.8	49	198 (398 for diamond VIP)

3.3. Convenience

3.3.1. Vast Potential Consumer and Easy to Find on the App Store

The popularity of the digital age in China has led to the majority of people owning electronic devices. In 2022, more than 1 billion people will use mobile devices in China, and internet coverage has reached nearly 75% [11]. This means that iQiYi has a huge potential market of consumers. iQiYi can be searched in software shops on mobile phones or computers, and when consumers search for other video software, they will also see iQiYi as a recommendation for similar products. In addition, iQiYi allows people to log in to their accounts and enjoy the benefits on its website. This means that consumers can watch the iQiYi Light On Theatre productions by logging into the website without downloading the app, which provides a convenient method for consumers to watch.

3.3.2. Longer Advertising Time Compared to Other Streaming Platforms

The advertisements on iQiYi are longer than most of the competitors in China. Compared to other streaming platforms, the advertisements of iQiYi last up to 95 seconds. Table 2 illustrates the length

of advertisements (in seconds) that non-members of Chinese streaming platforms need to watch before watching a film or TV series. This means that if some non-members want to watch some products on iQiYi, they need to watch 95 seconds of advertisements before a movie or each episode of a TV series, as shown in Table 2.

Table 2: Duration of advertisement on different streaming services.

	Youku	Tencent video	PPTV	Mango TV	iQiYi
Advertisement (s)	75	75	60	60	95

3.4. Communication

3.4.1. Online Consumer Services

iQiYi offers online customer service to help consumers with any questions. iQiYi has intelligent AI customer service that can help consumers solve the vast majority of problems. Moreover, when AI customer service can't solve some personalised problems, it can help consumers jump to manual customer service, and this mode can help consumers solve problems more effectively while reducing the labour costs of iQiYi.

3.4.2. Online Patform for Consumers to Discuss

In addition, iQiYi also provides a platform for viewers to communicate in real-time while watching the product, where they can express their thoughts, and a rating system is provided at the end. Forums for online discussions can enhance the motivation of participants [12]. Therefore, it can help iQiYi to increase user activity. All these measures allow iQiYi to understand consumers' needs better and use the rating system to determine the main types of products offered. However, consumers may have different interpretations of the plot, leading to conflicts leading to quarrels in the Light On Theatre's online discussion platform. This phenomenon may create a bad experience for other consumers when watching TV series.

4. Suggestions

After analysing the Light On Theatre with the 4c model, some problems with the Light On Theatre emerged. Next, this paper will provide some suggestions for the Light On Theatre based on the 4c model.

4.1. Short Video Promotions

iQiYi should use more short videos to promote the product of the Light On Theatre. In the age of big data, people's lives are skewed toward fragmentation, so short videos are becoming popular [13]. In addition, promoting films or TV series on social media is also very effective [14]. Because many people use social media, it is easier to find potential consumers. Therefore, it would be easier for iQiYi to attract consumers if it compressed the Light On Theatre's product into a 15-30 second promotional video on social media. 15-30 second promotional videos are in line with the fragmented life of modern times, and consumers can brush up on them on the underground or while waiting for traffic lights, and 15-30 seconds will not make consumers feel bored. This kind of promotional video can also better express the type of TV series and the main actors, which can more effectively attract consumers who like to watch this kind of TV series.

4.2. Advertisements Strategies

The advertisement before the Light On Theatre TV series starts is 95 seconds, longer than most Chinese streaming platforms. In addition, iQiYi inserts 5-7 seconds of advertisements in the middle of a TV series. 95 seconds of advertisements may cause numerous non-iQiYi members to use other streaming platforms to watch TV series. In order to ensure the viewership of the Light On Theatre product, it is recommended that iQiYi reduce the advertisements before the start of the TV series. In addition, to ensure that iQiYi can earn enough money from the advertisements, the drama's 5-7 second advertisements can be extended. 7-second advertisements have the same impact as 15-second advertisements in terms of promotion, and neither will be very annoying to consumers [15]. Therefore, iQiYi can attract consumers by lowering the duration of advertisements before the start of the Light On Theatre drama and slightly extending the duration of advertisements during the drama. This change of strategy may ensure that iQiYi remains competitive enough in the Chinese streaming market and will also maximise the advertising revenue of the Light On Theatre.

4.3. Improve the Discussion Environment

The Light On Theatre has introduced an online discussion platform to allow consumers to discuss the plot in order to improve their viewing experience. However, differences in opinions on certain episodes may lead to quarrels among consumers. This phenomenon may reduce people's satisfaction with the Light On Theatre. Therefore, it would be better for iQiYi to introduce a better monitoring system, automatically blocking some personal, abusive words, banning quarrelsome people, and warning them. Maintaining the online discussion environment can enhance consumer experience and activity in the Light On Theatre.

5.   Conclusion

This paper analysed the marketing strategy of the iQiYi Light On Theatre based on the 4c model. The Light On Theatre, a suspense drama theatre independently developed by iQiYi, has achieved a certain position in the Chinese streaming market. The Light On Theatre's ability to compete in the Chinese streaming market is closely related to its efforts to serve consumers. Light On Theatre's products have helped promote Chinese suspense dramas to a certain extent and have successfully attracted many consumers to watch them. The Light On Theatre also offered consumers a more refined picture and improved sound quality and created an online discussion platform to increase consumers' viewing experience. In addition, The Light On Theatre allows consumers who are not members of iQiYi to watch TV dramas for free by watching advertisements, which attracts a lot of consumers despite the long duration of the advertisements. However, the Light On Theatre still has a few things to improve. The first point is to shorten the advertisement time, which is quite long in Light On Theatre compared to other competitors in China. Moreover, the Light On Theatre needs to improve product production efficiency as there have only been 13 productions since its creation in 2020. Besides, Light On Theatre should also maintain the environment of the online discussion platform. A positive online environment can help to enhance the consumer's viewing experience, thereby increasing consumer loyalty.

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