

Focus on the Differentiation Strategy of Mango TV from the Perspective of Variety

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Abstract: With the rise of short video, the internal competition of long video in the previous network audition industry has been changed, but the long video platform is still the main force in the network audio-visual industry. From the perspective of effective broadcast data, Mango TV obviously lags behind rivals such as iQiyi and Tencent Video in the whole network of movie and TV plays. In such a competitive environment, based on the consideration of its own internal advantages, Mango TV implements the differentiation strategic decision, which is embodied in the differentiation of products, services and image. Through the analysis of internal and external environment, according to the internal advantages of Mango TV: strong technical support, positive energy values, management system based on user's thinking and flexible management system, this paper analyzes the differentiated development strategy of its variety-based track, and points out that Mango TV's adherence to the differentiated development strategy has certain reference significance for the development of China's online audio-visual industry and other industries.

Keywords: Differentiation Strategy, Mango TV, Variety.

1. Introduction to Mango TV

Mango TV was launched in April 2014. It focuses on audio-visual interaction, integrates network features with TV features, realizes "multi-screen integration" of independent broadcasting, cross-screen, self-made new media audio-visual comprehensive communication service platform. In 2017, Mango TV turned a loss into a profit, taking the lead in realizing a profit of 489 million in China's video industry. In June 2018, the major asset restructuring of Happy Buy (300413.SZ) was officially approved. Mango TV, as one of the strategic subjects of Hunan Radio and Television's "dual-core drive", packaged with Mango Mutual Entertainment, Tianyu Media, Mango Film and Television, and Mango Entertainment, and injected into Happy Buy, officially becoming the first state-controlled video platform in domestic A shares.

2. External Environment Analysis (PEST Analysis)

PEST analysis is a basic tool for strategic external environment analysis. It grasps the macro environment as a whole through Politics, Economic, Society and Technology factors analysis, and evaluates the impact of these factors on corporate strategic objectives and strategy formulation.

2.1. Analysis of the Political Environment

The domestic Internet video control policy has become more stringent, and commercial video websites cannot be arranged in the current political and social aspects. This is a promising area for the state-owned media and also the advantage of Mango TV. In response to the call of the national policy, efforts are made to pursue the innovation of content and the transmission of positive energy, giving variety a positive and positive connotation. Mango TV's advantages and responsibilities are to realize a substantive leap from "flow first" to "value first". In this process, variety shows are inclined to cultural programs. By enhancing the cultural

connotation of variety shows and innovating in content, variety shows not only bring joy to users but also bring positive impact to the whole society.

2.2. Economic environment analysis

Mango TV is the only profitable new media video platform in the industry for three consecutive years. According to the data of the first half of 2021, Mango TV business was RMB6,753 million, up 45.96% year-on-year; Net profit was RMB1,386 million, up 32.84% year-on-year. The peak value of the platform DAU exceeded 110 million, the number of mobile app installation activation users reached 1,302 million, and the effective number of platform members exceeded 40 million. At the same time, thanks to the huge number of broadband and mobile users of China Mobile, the number of OTT terminal active users of Mango TV has reached 271 million, and the number of IPTV operator users is 300 million+.

2.3. Analysis of social environment

Today, the audience is no longer simply entertainment, funny as the purpose of watching, also began to appeal to the culture, cognition. Variety shows pursue market economic benefits, and also play a role in spreading culture, transmitting positive energy and exerting social influence. In the field of online variety show, Mango TV has established six self-made program bands: "Mango Series Variety Show" provides accurate program content for different user preferences.

The 2022 China Knowledge Payment Market Research Report shows that the scale of content payment users in our country is growing at a high speed, the scale of content payment users has exceeded 477 million, and users' willingness to pay for high-quality content has become a new consumption gesture.

2.4. Technical environment analysis

Video platform makes use of internet technology to enable a video software to have a mass of content. Users only need to search to find their favorite content. This way is affecting

users' viewing habits and gradually gaining favor. The original traditional TV users began to turn to video platform. Users changed from simple reception to active search, and a new communication relationship has emerged.

The scale of the online audio-visual industry has gradually expanded in recent years. Mango TV has responded to the call of the state, inclined to cultural variety shows, provided high-quality content according to the needs of customers and continuously improved its own technical level in content production, with good development space.

3. Industry Environment Analysis

Industry environment is also called industry environment. Its analysis focuses on the assessment of the degree of competition within the industry, which stipulates five basic competitive forces that have an impact on the formulation and implementation of the enterprise's strategy. Due to the low bargaining power between potential entrants and suppliers in the variety show market, the market concentration of the four major long video platforms is high and the competition is fierce. There is a greater threat of alternative products and a stronger bargaining power of users. The following analysis will be mainly conducted from the comparison between platforms and the content requirements.

3.1. Overall Variety Market

In the present variety market, cultural variety obviously has a higher voice and a larger audience. It is also the main

development direction in the innovation track of the variety market at present. It innovates from various angles such as songs and legal popularization, attracts new user groups and develops new target customer groups.

3.2. Online variety market

In the post-epidemic era, judging from the broadcast index, favorable comments, media popularity and users' popularity, the TV variety show, which has always occupied the leading position, has gradually weakened in volume, while the fully blossoming online variety show has opened a new chapter of confrontation, achieving a comprehensive attack from quantity, popularity, broadcast and word of mouth.

Judging from the overall market, the online variety show market showed a "cool" trend in the third quarter of 2022, which was mainly due to the decline in the proportion of online variety shows compared with last year. In terms of platform, iQiyi and Tencent launched 22 and 21 videos respectively, leading in number, followed by Youku and Mango TV. In addition, mango TV covered nearly half of the TOP20 variety show, followed by Tencent video and iQiyi.

From January 2021 to September 2022, the number of monthly active users of Mango TV increased from 208.049 million to 268.722 million, representing a year-on-year increase of 20.1% in September 2022, the only positive increase among the four major platforms. Both iQiyi and Tencent Video are facing certain loss of users (see Figure 1, Table 1 and Table 2).

Source: QuestMobile

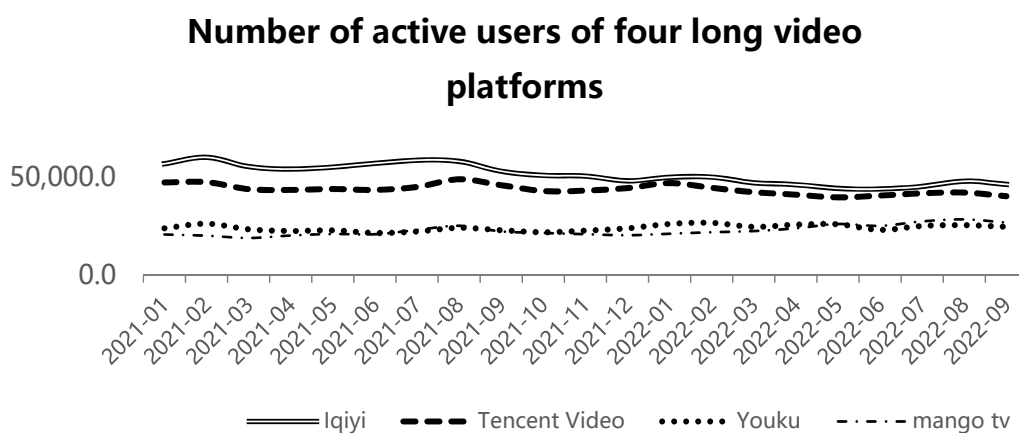


Figure 1. Changes in Monthly Active Users of Four Major Long Video Platforms

Table 1. Number of monthly active users of the four major long video platforms

	2022-01	2022-02	2022-03	2022-04	2022-05	2022-06	2022-07	2022-08	2022-09
Iqiyi	49,954	50,070	47,139	46,233	44,245	44,006	45,306	47,974	46,354
Tencent Video	46,993	44,578	42,356	41,100	39,723	40,647	41,789	42,160	40,318
Youku	26,174	26,728	24,683	25,824	25,997	23,154	25,167	25,565	24,734
mango tv	21,201	21,944	22,557	23,955	26,162	25,221	27,494	28,497	26,872

Source: QuestMobile

Table 2. Monthly Growth Rate of Active Users of Four Major Long Video Platforms

	2022-01	2022-02	2022-03	2022-04	2022-05	2022-06	2022-07	2022-08	2022-09
Iqiyi	-12.1%	-16.7%	-14.8%	-14.6%	-19.8%	-22.9%	-22.7%	-17.5%	-12.5%
Tencent Video	-0.7%	-6.1%	-3.5%	-5.5%	-9.7%	-6.6%	-7.2%	-13.9%	-12.2%
Youku video	9.2%	1.6%	5.3%	14.4%	13.5%	7.4%	12.7%	5.7%	7.6%
mango tv	1.9%	8.6%	18.5%	18.1%	24.2%	20.6%	18.9%	12.9%	20.1%

Source: QuestMobile

From the perspective of innovative track, in 2022 Q3 featured 57% of first-round new variety shows, down 11 percentage points from last year, but the overall broadcast volume index slightly increased compared with the same period of last year. Meanwhile, in the TOP20 broadcast volume index, the first-round new variety shows accounted for 55%, up 15 percentage points from the same period of last year. The volume reduced the quality and gradually concentrated on the head.

From the perspective of theme, in the online variety show in the third quarter of 2022, more than half of the three major themes were culture, outdoor and competitive performance selection, accounting for 21%, 18% and 13% respectively; In terms of broadcast volume index, comedy and competitive selection programs are ahead of other topics; In terms of favorable comments, comedy, entrepreneurship and competitive performance ranked the TOP3 on average.

3.3. Variety advertising market

With the new media rushing into the traditional advertisements, the overall market space of TV advertisements is further compressed. From 2014 to 2019, the national television advertising revenue recorded negative growth for six consecutive years. In 2019, the national television advertising revenue was RMB87,761 million, down RMB24,165 million from the 2013 high, with a decline rate of 21.59%.

Compared with the overall decline in TV advertising revenue, TV variety leads the advertising market. Television variety advertisements increased to RMB36.7 billion from RMB26.9 billion in 2014, representing a compound growth rate of 6.0%. At the same time, with the advertiser's new intention to launch variety shows based on their popularity, the average revenue per set of China TV variety shows (ARPP) increased from RMB81.4 million in 2014 to RMB215.4

million in 2022.

Revenue generated from online variety shows increased from RMB2 billion in 2014 to RMB13.9 billion in 2018, representing a compound annual growth rate of 62.7%, and increased to RMB36.4 billion in 2022, representing a compound annual growth rate of 22.4%.

4. Internal Environment Analysis

The internal environment analysis is an important factor related to the strategy within the enterprise, the basis of the enterprise operation, the starting point, basis and conditions for formulating the strategy, and the basis for winning the competition. The following will analyze the strategic choice of Mango TV from the advantages and disadvantages within Mango TV.

4.1. Advantage Analysis

4.1.1. User Groups

According to the Mango tv user profile in September 2022, the overall age is still relatively young. However, the main users have gradually expanded to 40 years old. The age range of the audience group of variety shows is much larger than that of other types of programs, which also represents more potential user groups (see Table 3). Online spending power is distributed at 5.3%, 23.3%, 43.2%, 19.3% and 9.0% of the five levels above RMB1-299, RMB300-999, RMB1000-1999, RMB2000-2999 and RMB3,000 respectively. The distribution ratio of high-school and low-school consumption intention is 21.2%, 52.4% and 26.4%, which are basically the same as those of other platforms. However, these data also reflect that users are more and more accepting to pay for high-quality content and are more and more accustomed to paying for content, which is also a great advantage brought by variety (see Table 4).

Table 3. Age Distribution of Users of Four Major Video Platforms in September 2022

	Under 18 years of age	19-24 years old	25-30 years old	31-35 years old	36-40 years old	41-45 years old	46-50 years old	Over 51 years old
Iqiyi	13.4%	11.6%	15.3%	14.7%	13.6%	6.9%	10.8%	13.9%
Tencent Video	15.2%	12.5%	16.6%	14.7%	12.7%	6.5%	10.4%	11.3%
Youku video	12.8%	13.0%	16.3%	15.9%	14.0%	6.7%	10.8%	10.6%
mango tv	14.2%	15.2%	24.3%	21.9%	14.5%	2.6%	5.3%	2.0%

Source: QuestMobile

Table 4. Online Consumption Capacity of Four Major Video Platforms in September 2022

	1-299 yuan	300-999yuan	1000-1999 yuan	2000-2999 yuan	More than 3000 yuan
Iqiyi	5.4%	24.4%	41.5%	19.2%	9.6%
Tencent Video	5.6%	23.7%	41.9%	19.6%	9.2%
Youku video	5.7%	23.8%	41.7%	19.6%	9.2%
mango tv	5.3%	23.3%	43.2%	19.3%	9.0%

Source: QuestMobile

4.1.2. Revenue model

Unlike the traditional TV platform, which relies solely on advertising for profit, the online video platform uses a double-ended revenue model of member revenue plus advertising. The particularity of this model lies in that one of the basic privileges of paid members is to play videos without

advertisements, which makes the growth of members and the amount of advertisements played a pair of contradictions. From the data point of view, the advertising revenue growth rate of mainstream online video platforms such as iQiyi is not as fast as that of members.

Variety's "soft wide" model is more suitable for online

video. Different from the "hard-wide" model of movies and TV plays, variety shows often present advertisements with various forms of "soft-wide" such as brand placement and program naming. Due to the interactive and entertaining nature of variety shows themselves, the audience has a high acceptance of "soft wide" and can achieve a win-win situation of member payment and advertising.

4.1.3. Technological Innovation

Users are more and more willing to pay for high-quality content, while the demand for content is higher and higher. Mango TV has opened up a dual-screen broadcasting/operation mechanism, and jointly launched a new network structure with Hunan Satellite TV. At the same time, the production system was opened up, the "super partner" mechanism was upgraded, and a complete talent growth path was established. A total of 19 program production teams, 25 film and television production teams and 28 "New Mountain Plan" strategic studios worked together to improve the content industrial production system.

4.2. Disadvantage Analysis

4.2.1. Insufficient capital strength of the platform

Video broadcasting platforms all need to purchase the broadcasting rights of TV plays, and even some TV plays are shot at the platform's expense. On the contrary, in the capital market, behind the video of iQiyi, Youku and Tencent are Baidu, Alibaba and Tencent, which have huge funds. The strong backing gives them sufficient development space. Facing such a strong capital market, Mango TV needs to usher in a new turning point in the capital level if it wants to make a breakthrough.

4.2.2. Excessive dependence on variety

Although Mango TV has achieved success by relying on the differentiation strategy of variety show, the variety show itself is uncertain. At the same time, with the expansion of users' age and the improvement of average knowledge and cultural level, the users' aesthetic transition has taken place, their values are more mature, they are no longer satisfied with the inferior reproduced entertainment content, they have better aesthetics and feelings, and they tend to think about family and country feelings, social justice, life value, survival significance and other aspects, which have even more challenged the content.

4.2.3. Lack of incentive mechanism under the background of state-owned enterprises leads to brain drain

Although Mango TV continuously innovates in its management system, its broadcasting gene under the background of state-owned enterprises is still hard to get rid of. Compared with other online video platforms, the incentive mechanism of Mango TV is still inadequate. Up to 2021, Mango TV has not had an appropriate equity incentive system, which is not attractive enough to attract high-end talents and teams. At the same time, Mango TV is unable to offer sky-high remuneration like other Internet companies, and has even controlled the remuneration of its artists and staff, which has led to the loss of some excellent talents and even excellent creative teams.

5. Conclusions and Recommendations

5.1. Conclusion

This study believes that Mango TV has successfully

upgraded its brand scale and image in the face of the highly competitive online audio-visual industry, mainly due to its accurate and differentiated strategy. Taking the variety track as the main track to achieve differentiation, taking advantage of Hunan Radio and Television and its own technological advantages to seize the variety market and overtake several other major video platforms, this differentiation strategy is the fundamental reason for its users' continuous growth and profitability. However, at the same time, Mango TV has concentrated its own products on variety shows. Its operating results are closely related to variety shows. The uncertainty of variety shows and the continuous demand for innovation are the obstacles Mango TV needs to overcome in the future.

5.2. Recommendations

5.2.1. Product diversification

Due to the uncertainty of variety shows, Mango TV should focus on the development of variety shows and develop other TV and film segments. Using the profits brought by variety shows and the mass base, Mango TV can purchase or make its own high-quality TV and film series. On the basis of ensuring the coordinated development of the vertical layout, Mango TV can maximize its platform advantages, diversify the program types and contents, bring itself greater advantages and realize horizontal perfection.

5.2.2. Combination of material incentives and spiritual incentives

Only by combining material incentives with spiritual incentives, establishing a scientific, effective and practical spiritual incentive mechanism for employees and adopting different spiritual incentive methods can the enthusiasm of the majority of employees be truly mobilized, including providing employees with a good working environment, challenging jobs, appropriate social status, and flexible working hours.

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