

Paid knowledge providers: Expanding cooperation, from online to offline

内容付费提供商：拓展平台合作 线上走向线下

By Chen Ying

China's paid knowledge market is still continually expanding, and there are a few main reasons for this: first, the public's awareness of intellectual copyright protection is further strengthened, second, online payments are becoming ubiquitous and supporting paid knowledge platforms, third, many more people are creating content and sharing it, they tend to look for ways to capitalize on their content, and fourth, consumers' consumption upgrading are driving up the consumption of cultural content. However, the industry is also facing problems with shrinkage in audience rating and re-purchase rate, a lack of content filtering and systematic promotion method, among other things. The paid-knowledge industry is in urgent need of breakthrough to achieve further expansion.

Earlier this year, market research firm Insight & Info Consulting published a report *An Analysis of the Paid-Knowledge Market in 2019 in China*, in which it shows that up until the end of 2018, the Chinese paid knowledge users reached 290 million, with the permeation rate (the number of paid knowledge content users as a portion of total internet users) reaching 25%. Paid knowledge upstreams were firms mainly including Zhihu, Igetget, Himalaya FM and other content providers; midstreams were Zhihu, Igetget and other platforms, and downstreams were content consumers mainly on finance and financial management, medicine and health, travel, and a few other areas. And in 2019, the scale of the paid knowledge users is estimated to reach 387 million, and by 2020 the market will exceed 23.5 billion yuan.

Innovating content format, enhancing the user experience

Looking at content providers, the competition between various platforms is white-hot. Paid-knowledge platforms are continually innovating in the formats of audio content and improving the user experience.

In December 2018, Himalaya FM held its third "12.3 Knowledge Festival", during which period content consumption exceeded 435 million yuan. Comparing this with the second and first sessions which saw figures of 196 million and 50 million yuan respectively, it's clear that the paid knowledge market is blowing up.

On August 20 of this year, Himalaya FM launched its "Story Festival", many leading media brands like "Stories", "ONE" and "Real Story Plan" participated and brought more than 30 years of their most popular classical stories to Himalaya FM subscribed users.

As another comprehensive audio platform, Qingting FM is also picking up the pace. In January of this year, Qingting FM announced that its monthly active users(MAU) had broken 100 million, with total users numbering 450 million. In November 2018, Qingting FM announced that they were rolling out a nine cell content matrix, and that over a 3-year period they would spend one billion yuan to support streaming content, with bundling major IPs such as Gao Xiaosong, Xu Zhiyuan, Jiang Xun, and others, to guarantee continual offering of good content.

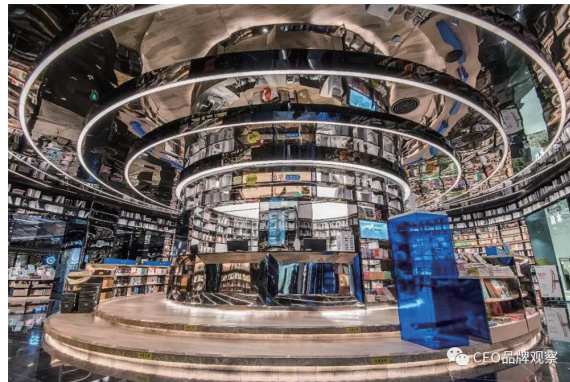
In April of this year, Igetget at its spring press conference suddenly announced a number of innovations targeted towards ebooks, including a function on the Igetget smartphone app that allows users to search by any keyword across all of Igetget's online resources, and the ability to preview ten percent of a title at any point. While the company is enhancing the user experience, it focuses more on satisfying users' needs to knowledge.

Building a cross-platform membership system, expanding offline

The entire paid knowledge market has upgraded to

jointly launch cross-platform membership, which is viewed as an effective way in achieving higher user activity and maintaining user base.

Up to this year, The membership model, originally derived from video websites, is becoming a favourite in the knowledge service market. Himalaya, Qingting, Zhihu and others have continually launched their membership systems, and progressed towards alliance memberships. With Qingting FM as an example, it has worked with



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Mango TV and Youku to form an alliance membership, later going on to establish an alliance system with iQiyi and JD Plus.

In April of this year, Zhihu, in cooperation with independent bookstore Yanjiyou, established the first offline bookstore "Yan Yan Q&A Space" in Xiamen. On May 21, Zhihu and Yanjiyou jointly announced a joint membership system "Yan Yan Member"; the two parties jointly created a compound reading experience area "Yan Yan Question and Answer Space" which opened in Beijing. After this, Zhihu announced its "Yan yan Member service", with memberships sold for 198 yuan, allowing those subscribers to access content on JD Plus and iQiyi for a year for free.

Read at Ten, Kai Shu Story, Youshu, Xin Shixiang reading club and other platforms have continually expanded their business scope. Read at Ten, for example, has business covering literature, film, fashion, education, video, publishing, bookstores and more, "Read at Ten Classroom", a derivative brand of Read at Ten, has launched 132 courses, which has been listened or viewed more than 200 million times; payers on the platform reach to about 2 million, 4% of total 50 million users. the re-purchase rate is about 60%. "Read at Ten Classroom" has developed many top-tier products. And online courses are seeing more outlets along with Read at Ten opens offline bookstores. At the end of last year, the Read at Ten bookstore in Xiamen had started more than 100 courses, with an average of six courses a week.

Paid knowledge platforms are taking big steps to go offline, with Himilaya and Yit (a new comprehensive e-commerce platform) opening their own brick-and-mortar stores. Even more evident is the Fan Deng Bookstore, which was founded in 2016 by Fan Deng Reading Club, till now, has built over 200 physical stores across China through different models of outlet shops plus partner shops.

A Turn to the realm of education

At the same time, several paid content tools with QLChat and Xiao'e tong as representatives, have noticed the trend that paid content market is shifting towards online education, and even developing offline educational contents. After going online through Zhongchuang Space, Tencent's open platform for startups, QLChat

spent nearly three years to transform from a tool to an independent content platform. Currently, QLChat's courses include live casts, recorded broadcasts, and Q&A.

Xiao'e tong has invested 100 million yuan in supporting 100 different educational institutions via its "New Education Solutions Plan". This plan covers recruiting students, instructor administration, student administration, online courses, offline courses, student assistance and interaction, operational analysis, reputation promotion and other core education scenarios, and has become a complete closed circle for education. According to sources, Xiao'e tong already has 500,000 registered members, 300 million end users, and 5.5 million knowledge products, with total cash flow of 3.5 billion yuan. Study activities by users have reached 8.5 billion times.

In January 2018, Baidu Education put online its first audio paid product "Baidu mini-Class"; this project is an upgrade of "Baidu Chuanke" which it acquired earlier. Baidu replied that Chuanke will all be one of distribution channels for educational contents among its other channels like Baidu Library, Baidu Reading, and Baidu Audio.

iQiyi jumps into paid knowledge market

Bonuses for mobile internet users reaching peaks is already a reality; although some knowledge-paid players are rapidly retreating, there are still more top-tier internet platforms entering the paid knowledge competition in a big way.

On March 31 of this year, Qtone Education Group announced a preliminary plan for reorganisation, proposing an acquisition of 96% of Wu Xiaobo's Hangzhou Bajiuling Cultural and Creative Company; in May, the free program "Li Xiang's Internal Reference of Knowledge" announced that it would cease updating, and Li started a new paid program "The Path to Huge Riches".

Toutiao, early on in December 2017, planned to launch a paid knowledge audio platform titled "Xinzhi", but the plan didn't come to fruition at all. In May 2018, Toutiao quietly launched gogokid, which targets at children under 12 years of age. In July of the same year, Toutiao pushed out its "Study Well" app, entering the paid knowledge arena, but the product later disappeared.

In April of this year, iQiyi, with 1,000 partners and 12,000 courses, slipped into the paid content market, generating great interest. Its new product, iQiyi Knowledge app, with the support of the company's userbase and high-quality content, managed to work well with audio courses, production alliances and exclusive content creation to achieve something big. The first six knowledge-related stores that were on the app include Read at Ten, Qingting FM, and Fan Deng Reading Club.

At the same time, AI, big data and other technologies have further pushed along the development of smart voice boxes and Internet of Things, expanding the distribution channels for paid knowledge content. Voice interaction technology has opened a new gateway for consumers of knowledge products.

Market research firm iiMedia Research believes that, as paid knowledge users become better at differentiating and selecting the products they buy, it's crucial to drive their re-purchase behaviour through deepening or expanding experience requirements, encourage lateral re-purchase behaviour (buying content in different categories on the same platform) and vertical re-purchase behaviour (buying content in the same category on the same platform).

(translated by Moy Hau)