

# Investment Value and Valuation Analysis of Kuaishou

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**Abstract.** As a leading Chinese short-video platform, Kuaishou has established unique competitive barriers based on its "laotie culture" and the grassroots foundation of its market. However, the company faces many challenges, especially from fierce competition with Douyin, inefficient monetization, and a highly unbalanced user base structure, reflected in its insufficient penetration in tier-1/2 cities. This paper analyzes the investment value of Hokusai through Porter's Five Forces, SWOT, and financial analysis, revealing that the company returned to profit in 2023 and that its revenue growth shows a good trend. Based on the analysis, four aspects of the company's key development strategy are proposed: (1) using AI to improve commercialization efficiency, (2) adopting a multi-layered content strategy to improve the user structure, (3) integrating the e-commerce supply chain, (4) enhancing the efficiency of refined operations. The research results of this paper provide a valuable reference for the strategic optimization of Kuaishou and for investors' decision-making.

**Keywords:** Kuaishou, Short-video Industry, Investment Value, Valuation Analysis.

## 1. Introduction

Currently, China's short-video industry has reached maturity; user numbers have exceeded 1 billion, and the market scale has already exceeded the trillion-yuan level, making it the core engine for the development of the digital economy [1, 2]. Short-video platforms have not only changed the entertainment and consumption habits of users and established a complete "content-traffic-commerce" ecosystem, but they also possess revenue modes that include many aspects such as live broadcasting, e-commerce, advertising, and local services. At the beginning, the competition of the industry was a stage where users were acquired, and gradually turned to competition in a full sense, namely competition in the strategic dimensions of the three basic wheels: the ecosystems, technology and supply chains. Hokusai, the representative of the industry, has successfully evolved from a GIF tool into a comprehensive short-video platform since its establishment in 2011. By using the "inclusive algorithm" and "Laotie culture", it has entered the lower-tier market deeply and formed a very huge and active user base. As of Q2 2025, it had 395 million Daily Active Users (DAU) and 122 minutes of daily average usage time, forming a distinct community DNA, which is easy to distinguish from competitors [3].

As the industry navigates deeper waters, Hokusai is suffering from an increasingly complex internal and external environment. Externally, Douyin continues to squeeze market share from Hokusai by utilizing its traffic, technology and talent advantages, while platforms such as WeChat's video accounts and Bilibili continue to draw the attention of users from various angles. These new platforms are coupled with regulatory policies that increasingly tighten the requirements for content review methods, live broadcast management and security management of data. Internally, long-term problems such as inferior penetration of tier-one and tier-two cities, uneven quality of content and low efficiency of commercialization gradually surface, restricting further improvement. Therefore, it is very important to carry on the systematic analysis from the competitive environment, resource capacity and financial capacity of Hokusai so as to clarify the opportunities and obstacles the Company faces in the process of development. Through such analysis, it can form a more scientific and perfect development mechanism.

This paper adopts a combined analytical framework of Porter's Five Forces and Strengths, Weaknesses, Opportunities, and Threats (SWOT) models to analyze Kuaishou's external competitive environment and its internal resource endowments: The Porter's Five Forces model describes to us

the competition intensity of the industry, the bargaining power of the suppliers and customers, the potential threat of substitute products, and the barriers to entry. It was found that the competition within the industry and the threat of substitute products, are the largest external pressures which Kuaishou faces, whereas the bargaining power of the suppliers and potential entrants are relatively controllable. From the use of the SWOT analysis, the following core strengths are discovered: the position Kuaishou already occupies in lower-tier markets and the highly involved community Kuaishou possesses, while the weaknesses include the lack of penetration within tier 1 and tier 2 cities, and low levels of profitability efficiency. There are opportunities such as the growth of the e-commerce business and the internationalization prospects, and threats such as competition with Douyin and increased regulation. Simultaneously, an analysis of the five-year financial data gives rise to the most important financial indicators of revenue growth, improvement of level of profitability, and the size of the user community, which would indicate sustained revenue growth at Kuaishou, though the profitability efficiency has room for improvement. Based on the above analyses, this paper makes targeted development proposals: optimizing traffic allocation by AI tools, breaking user structure bottlenecks through content stratification, improving the efficiency of e-commerce business through supply chain integration, and solidifying refined operations through organizational structure adjustment. These will help Kuaishou get out of the developmental dilemma, enhance core competitiveness, and improve investment value. The research not only serves as practical guidance to optimize strategic decisions but also provides theoretical support in the research of the competitive landscape and investment decisions within the short video industry.

## **2. Kuaishou's External Environment Analysis (Porter's Five Forces Framework)**

### **2.1. Competition Among Existing Industry Players**

The competitive landscape of the short-video sector has crystallised into a situation characterized by "dual dominance and multiple strong players", and the market competition is getting increasingly fierce [4]. Its first competitor, Douyin, enjoys superior advantages in the user scale, technology R&D, and commercial monetization. It leverages ByteDance's technological resources and algorithmic power to adopt a "competitive mechanism" for precise optimization of content distribution. Meanwhile, it enjoys the support of Tencent ecosystem traffic: WeChat directs 120 million daily UVs to it continuously, which keeps eroding Kuaishou's market share [5]. In addition, middle-order video platforms represented by Bilibili and Xigua Video compete for user time with niche contents, while WeChat Video Accounts rapidly grow on the WeChat ecosystem. Xiaohongshu (Little Red Book) channels high-value users through its "content + e-commerce" model, further increasing the competition in the sector. Comprehensive competitions among platforms are emerging in supporting content creation, optimizing algorithmic recommendation, and expanding commercialization channels. The battle for users' time and market share becomes increasingly fierce, and the competition within the industry remains high.

### **2.2. Bargaining Power of Buyers**

As the core "purchasers" of short-video platforms, the users have great bargaining power. The increase in the number of platforms and the great homogeneity of products in the market means that there is very low switching costs involved, and users can therefore choose platforms with freedom according to the standard of content, user experience and price of service – which means a strong position of choice. On the other hand, in today's maturing internet environment, attention is scarce. Demands for personalized, high-quality, and positive content are constantly increasing while tolerance for excessive advertising, vulgar content, and unreasonable paid services decreases; all of these factors further improve the bargaining power of users. Furthermore, users pay more attention to the value-for-money of platform services and take up rational attitudes when choosing between

paid services or e-commerce purchases. This pressures platforms to continue optimizing service quality and price structures.

### **2.3. Bargaining Power of Suppliers**

Kuaishou's supplier base is highly diversified, with huge differences in bargaining power among different categories. Among content providers, the top creators hold relatively strong bargaining power since they own millions of followers and are highly influential on the platform. The top creators and Kuaishou form a mutually dependent relationship. By contrast, there are too many middle and lower-tier creators competing fiercely, and they highly rely on the support of platform traffic and monetization channels. Thus, it has much weaker bargaining power [3]. In terms of technical service providers, there is plenty of market supply, and high standardization exists in services, such as cloud computing and data storage. Kuaishou can choose freely based on cost effectiveness, and it has a strong in-house technical capability to develop the core technology independently. Therefore, it highly constrains suppliers' bargaining power [6]. About e-commerce supply chain partners, Kuaishou has gradually taken control of the supply chain through its "Kuaishou Brand" development, centralized procurement, and deployment of supply chain base. Thus, it holds strong bargaining power towards small and medium-sized suppliers. However, it still relies highly on several leading brand suppliers, and then, the bargaining power will be relative balanced [3].

### **2.4. Threat of Substitute Products**

In the realm of substitute products, there are considerable threats to the short-video sector in many aspects. In terms of content formats, long-form video platforms such as Tencent Video and iQiyi satisfy users' deep entertainment demands by offering high-quality film and TV series and self-produced series; live-streaming platforms such as Douyu and Huya focus on game and interactive streaming scenarios and divvy up users' time. New technologies bring about more threats: the rapid development of content forms like AIGC and VR/AR immersive experience may change users' consumption habits and bring potential substitution threats to traditional short videos [7]. From the perspective of applications, social tools such as WeChat and Weibo, mobile games, and online reading products compete for users' fragmented time, which further aggravates the substitution threats. Rapid growth of these alternative products constantly exerts pressure on user retention and usage time of short video platforms.

### **2.5. Threat of Potential Entrants**

The threat of new entrants is relatively low for the short video industry due to high barriers to entry within markets. Firstly, economies of scale create barriers to entry: dominating platforms have already deep-rooted user bases, content ecosystems and data accumulation. Substantial capital investment in user acquisition and the support of content would be required before new entrants could achieve scale greater than that of current players in the short run [1]. Secondly, technological barriers exist: the core competitiveness of short video platforms is determined by core technologies, such as AI recommendation algorithms and video-processing techniques. Leading platforms have created technological advantages through the accumulation of years of effort, and new entrants face the dual challenge of technological revolution and recruiting talent [1]. Second, there are technological barriers, as the essence of the core competitiveness of short video platforms depends on technologies such as AI push algorithm technology and video processing technology. The leading platforms have obtained technological advantages through long-term accumulation, and the new entrants face two burdens of technological research and development and talent absorption [6] respectively; Thirdly, there are compliance cost barriers. With the enhancement of industry norms, the compliance requirements of content regulation, data security and minors' protection have increased. New entrants are required to set up a comprehensive compliance system with a view to raising the entry cost respectively. However, new entrants with unprecedented technical innovation or differentiated scene positioning to explore the niche market still need to put competitive pressure.

### 3. Internal Environment Analysis of Kuaishou - SWOT Analysis

#### 3.1. Strengths

In lower-tier markets has a large user base: Kuaishou's initial focus on low-tier markets enabled it to attain a Q2 2025 DAU of 395 m (up 5.1% YoY) with 62% of users residing in tier III or below cities. It has good penetration among the demographics of "smaller town young" and the "silver economy". The average duration of daily usage reached 122 minutes, an increase of 9.5% YoY, indicating a stable core user base.

A unique community culture is shaped by 'Laotie culture', while the 'Laotie economy' fosters strong and sticky social relationships. Daily private messaging between mutual followers grew 100% YoY in Q1 2025, total views on live streams exceeded 15bn and average session times increased to 38 minutes. E-commerce conversion rates were 30% ahead of industry averages. Such strong trust is a strong foundation of Kuaishou's monetization capability [3].

The diversified business model takes shape: Build a multi-revenue structure based on "live streaming tips + advertising + e-commerce." In 2023, GMV in e-commerce will exceed 1 trillion yuan. The live streaming operation has stable cash flow. The advertising business has a stable growth trend and has strong resilience against market risks [3]. At Q2 2025, online marketing services, live streaming, and other services include e-commerce and Ke Ling, which contribute 56.4%, 28.7%, and 14.9% each to revenue in turn, further optimizing the income structure [3].

Technological Advancements and Algorithm Optimisation: It has certain strong capabilities in AI recommendation algorithms and video processing technologies, including real-time beautification and special effects, which can accurately match the needs of users with that of the content. This leads to a better user experience and enhances the efficiency in the distribution of content [6]. Later on, by launching an end-to-end generative recommendation model called OneRec, it completely changed the structure of a traditional cascading architecture and increased training and inference MFU by 23.7% and 28.8%, respectively, while operating costs are as low as 10.6% compared to traditional solutions [7].

#### 3.2. Weaknesses

Low penetration in tier-one and tier-two cities: MAU proportion in tier-one city is only 12.3% compared to Douyin's 23.5%, with highly educated users accounting for 28% compared to Douyin's 41%. Inadequate coverage in young and high-spending groups restricts the opportunity to raise the brand positioning and commerce realization effectively [5]. Since users in first- and second-tier cities contribute to more than 60% of the advertising revenue of the short video industry, such a user structure imbalance prevents Kuaishou's advertising business from pursuing premium development [1].

Low-quality content is still a problematic issue: the early "universal algorithm" of the platform resulted in massive amounts of low-quality content, such as some tacky videos and vulgar livestreams, which seriously damaged brand reputation and caused the loss of some high-value users. In September 2025, the platform received a formal warning from the Cyberspace Administration of China for amplifying sensationalized celebrity gossip and other trivial content. It also recently received an 89.1-million-yuan copyright infringement fine, indicating increasing pressure in terms of content governance [8].

Profitability needs to be improved: high operating costs (content subsidies, bandwidth, marketing expenses) with low advertising monetization efficiency. Q2 2025 advertising revenue reached ¥17.5 billion (YoY+22.1%), which was below Douyin's growth rate of over 30%. The e-commerce monetization rate remains at approximately 3%, significantly lower compared with Douyin's rate, which exceeds 9% [3]. In Q2 2025, the R&D expenditure reached RMB 3.4 billion, while Ke Ling AI generated only RMB 250 million in revenue, showing an imbalance between R&D investment and business returns for the time being [8].

Lag in core talent and technological iteration: AIGC applications fall behind Douyin by about 6-8 months, while the algorithm engineer churn rate has reached 18%, higher than the average of 12% in the industry [3]. In October 2025, KeLing AI's Chief Technology Officer Zhang Di defected to Bilibili, and Senior Vice President and Head of Local Services Xiao Gu stepped back from frontline roles. As such, the core talent exodus will compromise technological continuity and strategic resolve [8].

### 3.3. Opportunities

Fast Growth of Social Short Video E-Commerce: The live-streaming e-commerce market continued to grow, with Kuaishou's GMV increasing to 305.3 billion in the second quarter of 2025 (an increase of 15% over the previous year). The amount of money invested in local service advertising increased by 50% compared with last year. [3]. General merchandise e-commerce development is a new product growth focus, with more than 32% of total GMV for e-commerce in the second quarter of 2025 coming from this segment. During the 618-shopping festival, GMV from search-driven and e-commerce increases passed over 140% YoY. Improving the supply chain processes with "fast brands" would improve the e-commerce monetization capacity [3].

Abroad, there is a great potential demand for social-short-video users, which has risen to 40% YoY over years in emerging SE Asia and Latin America e-markets. Kwai by Kuaishou is profitable on a quarterly basis in Brazil. Localised content operations and compliant expansion can unlock new growth opportunities. In Q2 2025, Kuaishou's overseas revenue reached RMB 1.3 billion, up 20.5% year-on-year, establishing overseas markets as a key growth driver [3]. Keling AI generates over 70% of its revenue overseas, capturing 30% of the global AI video usage market share, demonstrating a robust technological foundation for global expansion [6].

Policy support for digital economic development: The 14th Five-Year Plan encourages synergies between short video platforms and rural revitalization and between short video platforms and the real economy. Kuaishou's agricultural live-streaming GMV accounts for 28% of the company's total, while policy dividends create favorable conditions for business expansion [3]. After the issuance of the Digital Content Industry Development Plan (2025–2030), the state will further strengthen support for digital content infrastructure in vertical industries, providing policy guarantees for Kuaishou's deepening penetration of lower-tier markets and industrial integration [1].

AI technology drives industry transformation: AIGC technology in content generation, traffic distribution, and commercialization tools are giving Kuaishou technical support to optimize the content ecosystem, improve operational efficiency, and break down barriers between public and private domain traffic. Keling AI boasts over 45 million creators from all over the world and has cumulatively generated over 200 million videos and 400 million images. Its commercial value in application scenarios like advertising production and film special effects is coming true step by step [6].

### 3.4. Threats

Stiff competition from Douyin: Douyin has significant advantages in such areas as traffic, technology, and talent, so that its invasion of Kuaishou's market share in the fields of content, e-commerce, and advertising is growing. Douyin's monthly active users exceeded 1 billion, and the proportion of total user time occupied by Douyin increased to 50.8%, while the penetration rate of users grew to 71%. Continued expansion of Douyin's dominance, particularly in tier-one and tier-two cities, and in the areas of high-end advertising, has occurred [5].

Diversion of User Attention: New content formats and platforms such as mid-length videos, social commerce, AIGC content and VR/AR immersive experience continue to emerge. There is further fragmentation of user attention. By 2025, the number of short video users in China will be 1.068 billion, and the growth rate will fall to 2.7% year-on-year. A user growth bottleneck lies in the industry, intensifying competition in an already saturated market and raising the user acquisition cost for Kuaishou [5].

Stricter rules: Complex regulatory oversight in areas such as content moderation, minor protection, restriction of tipping in live broadcasts and compliance with data security has increased. In 2025, the State Administration for Market Regulation lawfully initiated an investigation against Chengdu Kuai Gou Technology Co., Ltd. (“Kuaishou Xiaodian”), a wholly-owned subsidiary of Kuaishou, on charges of illegal acts such as “false marketing and counterfeit goods” in the field of live-broadcast e-commerce. The increase in compliance costs may disturb the operating modes and reduce the operating profit margins of the enterprises [8].

Intensifying technological competition: Global AI video technology has reached a fever pitch, with OpenAI launching Sora2 and Meta introducing the AI short-video platform "Vibes". Domestic rivals such as Alibaba Cloud and ByteDance's Jiemeng AI are rapidly advancing their technologies [8]. Kuaishou's Ke Ling AI is seeing its technical edge gradually eroded; without sustained investment in R&D and talent reserves, it risks falling behind in future technological races [6].

#### **4. Analysis of Kuaishou's Competitive Strategy**

In the external environment, according to Porters Five Forces analysis, there exist external pressures such as intense industry competition and substitute product threats, but also some favorable conditions exist, including low bargaining power among suppliers and low threats associated with potential entrants. Thus, the overall external environment is one of "concurrent pressures and opportunities." Integrating this with SWOT analysis, Kuaishou has core internal strengths, such as being at the forefront of lower-tier markets and having a highly engaged community. Meanwhile, it also has shortcomings in aspects such as inadequate first- and second-tier city penetration and low efficiency in ensuring profitability. It also faces development opportunities brought about by e-commerce growth, overseas expansion, and AI technological empowerment.

Synthesizing internal and external analysis, the combination of differentiation and cost leadership strategy is the best competitive strategy for Kuaishou. On one hand, based on the advantages of "Laotie culture" and e-commerce trust, it is necessary to deepen refined operations in lower-tier markets, break through user bottlenecks in tier-one and tier-two cities with content stratification and scenario expansion, optimize user structure, and build differentiated competitive barriers. On the other hand, it should use AI technology to reduce operation costs, improve commercialization efficiency by optimizing the supply chain and reorganizing the organization, strengthen cost control capability, and improve the ability to resist industry competition and policy risks. This differentiation strategy needs to be rooted in the unique community DNA of the platform to avoid homogeneous competition with competitors. Specifically: AI commercialization tools (such as the OneRec large model) break down barriers between public and private domain traffic, boosting monetization efficiency; Content upgrades and branded operations enhance brand image to attract high-value users; Overseas localization and supply chain optimization open new growth trajectories for sustainable development.

## 5. Financial Analysis

**Table 1.** Core Financial Data Statistics for the Past Five Years.

Year	Revenue (RMB billion)	Net Profit (RMB billion)	Gross Profit Margin	Research and Development Expenditure (RMB billion)	Monthly Active Users (million)
2020	587.8	-1166	40.5%	65.0	487
2021	810.8	-780	42.0%	150.2	573
2022	941.7	-137	46.5%	137.5	612
2023	1134.9	1.2	50.1%	125.8	667
2024 (E)	1320.0	85.0	51.5%	140.0	705
2025 (E)	1500.0	220.0	52.5%	155.0	740

**Steady Revenue Growth:** As shown in Table 1, operating revenues increased from RMB 58.78 billion in 2020 to RMB 113.49 billion in the year 2023, with a compound annual growth rate (CAGR) of 22.3% during the past three years [9]. Such steady growth pattern would continue for the years 2024-2025 majorly due to increase in the GMV of the e-commerce and steadily growth of advertising activities, which is evidence for good business development ability [3]. The revenue of second Quarter of 2025 registered a year-on-year growth of 13.1% to the tune of RMB 35 billion with revenues from the online marketing services contributing the amount of RMB 19.8 billion, which has increased by 12.8%), compared to the revenues for online marketing services in the quarter during the previous year. This diversity of the revenue structure highlights the stability of the revenue growth pattern [3].

The profitability gradually improves: the net loss from RMB -116.6 billion in FY2020 narrowed down to profitability in FY2023 at RMB 120 million. The net profit for FY2024-2025 can be wide, while gross margin growth from 40.5% to 52.5% means continuous optimization improvements in cost control (for example bandwidth cost-efficiency) and profitability (for example CPM efficiency in advertising) [3]. The gross margin and adjusted net profit margin surpassed historical highs of 55.7% and 16.0%, respectively, in Q2 of 2025, realizing unprecedented returns for the company [3].

R&D investment is kept at a level: R&D investment remains at a comparatively high level of 15.02 billion yen (mainly for algorithm iteration). Subsequently, continuous adjustments are made according to the needs of production and operation, which can support technological innovation and product upgrade to protect core competitiveness [3]. In the second quarter of 2025, R&D investment reaches RMB3.4 billion, mainly invested in KeLing AI, OneRec recommendation large model and so on, to promote technological advancement in the implementation of content recommendation, e-commerce matching and other scenarios [8].

According to media reports, user growth is reflected in an expansion in monthly active users from 487 million in 2020 to 667 million in 2023. Sustained growth in users provides a basis for monetizing commercial operations, such as advertising and e-commerce, and creates a virtuous circle of "user growth - commercial monetization - reinvestment" [3]. Average daily active users in Q2 2025 reached 409 million, up 3.4% YoY. Average monthly active users stood at 715 million, up 3.3% YoY. Furthermore, total user engagement time has increased by 7.5% YoY, further enhancing user stickiness [3].

## 6. Valuation Analysis



**Figure 1.** Share Price Performance.

As shown in Figure 1, since listing in January 2022, Kuaishou’s share price has experienced considerable fluctuations, reaching lows of HK\$32.8 (on October 2022, as a result of regulatory pressures on the sector and pressures regarding profitability) [3]. In terms of the relevant measures in 2025, the value showed an upwards direction whilst still fluctuating, due mainly to the fact that the company achieved profitability again in 2023 and that results generated during 2024 regarding ecommerce exceeded expectations. This reflects the market's gradual recognition of the company's operational improvements and developmental potential. However, since October 2025, market confidence in its long-term growth has experienced short-term volatility, with market capitalization declining over 13% due to core talent attrition and slower-than-anticipated AI commercialization progress.

**Table 2.** Valuation Metrics Comparison (2024E).

Company	Price-to-Earnings Ratio (2024E)	Price-to-Sales Ratio (2024E)	EV/EBITDA	Revenue over the past three years CAGR
Kuaishou	36.5x	3.2x	18.7x	22.3%
Bilibili	28.1x	2.8x	15.2x	18.7%
Tencent	22.4x	5.1x	12.3x	10.5%
ByteDance (est.)	40.0x	5.5x	25.0x	30.0%

Price-to-earnings ratio dimension: As shown in Table 2, Kuaishou at 36.5x surpasses Bilibili (28.1x) and Tencent (22.4x), but is below ByteDance at 40.0x. This reflects market expectations of higher growth potential compared with traditional internet firms, represented by Tencent, and mid-length video platforms, represented by Bilibili. However, due to a low level of penetration in first- and second-tier cities and inefficient advertising monetization compared with the optimal level, its valuation is slightly below that of the leading growth platform in the industry, represented by ByteDance [3]. Guosen Securities forecasts the adjusted profits for 2025-2027 to be RMB 20.2 billion/RMB 23.8 billion/RMB 28.1 billion for Kuaishou, up 11%/18%/18% year-on-year, and a CAGR of 15%. Correspondingly, this would mean P/E ratios of 14x/12x/10x, indicating reasonable long-term valuation [6].

The median industry level on a price-to-sales basis of 3.2 x puts Kuaishou 's sales from online games, advertising and e-commerce as a home player at a lower valuation than both Tencent (5.1x

PE ratio) and ByteDance (5.5x PE ratio). This leaves room for improvement in terms of revenue conversion into profit. All in all, the long term expectational recovery in Kuaishou's valuation will be directly related to the ability of Kuaishou to improve the rates of monetization from e-commerce activities via the platform. Improving cost structures, raising fill rates on advertising and then improving further the rates of monetization of e-commerce activities are features with a capability to unlock future profit growth and by driving the company's price-to-sales ratios to a level where they become industry leading in the long term. Growth Mounting Given the 22.3% CAGR of revenues in the past three years, then Kuaishou's valuation is by and large justified by the growth. Assuming continued net profit growth in 2024-2025, profitability in overseas operations, and the materialization of AI technology enhancements, further upside to the valuation is possible. In Q2 2025, Kuaishou declared its first special dividend of HK\$0.46 per share for a total distribution of approximately HK\$2 billion. When combined with share buybacks, the shareholder return rate is around 2%, giving a margin of safety to the valuation [6].

## 7. Development Recommendations

Based on the Porter's Five Forces analysis, SWOT framework, and financial assessment in the preceding sections, and considering Kuaishou's internal and external environmental characteristics, the following four key development recommendations are made:

Technology-driven optimization of commercialization efficiency: Increase investment in AIGC technology R&D and application, promote UAX (fully automated ad placement solutions) and site-wide promotion services to break down barriers between public and private domain traffic. This will increase the platform's control over the efficient flow of traffic monetization [7]. Currently, UAX consumption accounts for about 65% of total external circulation expenditure. Further penetration of intelligent placement products is required using AI to optimize click-through rate and conversion rate, hence narrowing the gap in advertising monetization with Douyin [3]. At the same time, further implement the application of the OneRec large model to local service and e-commerce scenarios, wherein the transaction amount achieved a growth of 21.01%. Promote the use of this big model to enhance operation efficiency in all business lines [7].

Dual upgrade of content and user structure: Implement a tiered content strategy. On one hand, continuously strengthen distinctive content for lower-tier markets to consolidate core user groups; on the other, increase support for premium content by introducing high-end offerings in areas such as workplace, knowledge, and finance, while combating vulgar and low-quality content to elevate brand image. Drawing inspiration from the "NEXTGEN New Imaging Venture Programme" model, provide support to quality creators across dimensions including drama production, promotion, and IP development to attract high-net-worth users in tier-one and tier-two cities [3]. Simultaneously, optimize content supply according to user age preferences—for instance, developing health and wellness, family interaction content for silver-haired audiences, and trend-focused, tech-oriented content for Generation Z—to achieve user structure diversification.

Deepen e-commerce and overseas business: further integrate supply chains, promote the development and transformation of "fast fashion brands," shift to shelf-based e-commerce, increase the proportion of high-quality merchants, and store livestreaming; reduce dependence on influencer-driven traffic and sales. Take the quality of unbranded goods seriously by ensuring a strict quality control system and credit rating mechanism at the merchant level, avoiding the vicious cycle of "low-price traffic acquisition—declining quality—increased complaints" [8]. Speed up local operations in overseas markets, with emerging markets like Southeast Asia and Latin America as priorities. Replicate the successful model in Brazil by adapting content ecosystems and product features to local culture, so as to further grow international market share. Driven by Keeling AI's global presence (70% revenue was achieved overseas), apply AI tools in overseas e-commerce and advertising businesses and ultimately establish a technology-driven closed loop for international business growth [6].

Enhancing organizational and operational structures: Embracing the highest standards of organization theory in reconstructing organizational structures, centralizing supervisory organizations of basic operations such as advertising, e-commerce and local operations to prevent interference with self-competition for resources and at the same time guaranteeing necessary traffic supply for fundamental operation centers. Traffic necessary for e-commerce and concomitant activities or fundamental businesses. Establishing a performance evaluation system, especially focusing on business efficiency, using a horse race mechanism under artificially constrained circumstances to encourage in-house dynamics while ensuring that the fundamentals of core businesses are not disturbed. Optimum retention and development through the establishment of specialized incentive mechanisms for key operations such as artificial intelligence and algorithms where talent is particularly difficult to retain and demanding particular attention to maintenance of continuity as between technologies. While doing so, optimize compliance management systems by establishing end-to-end compliance mechanisms that range from content moderation, data security, to e-commerce quality control, in order to lower the possibility of policy risks affecting operations.

## 8. Conclusion

This paper researches Kuaishou in the development process of short videos based on Porter's Five Forces Model, SWOT analysis, financial analysis, and valuation methods to comprehensively analyze Kuaishou's competitive environment, internal resources, financial situation, and investment value. Research results show that Kuaishou enjoys powerful advantages in users of lower-tier markets, a highly interactive community atmosphere, and a diversified business model. However, it is confronted with such problems as fierce competition from Douyin, an unbalanced structure of users, and low profitability efficiency. New opportunities for growth driven by short-video e-commerce development, overseas market growth, AI technology empowerment, and policy support create new driving forces for its development. Financial data shows the continuous growth of Kuaishou's revenue, reaching profitability in 2023 on the back of previous losses, and their continuously improving gross margin and growing user base reflect fundamentally sound performance. In terms of valuation, their P/E and P/S are in reasonable correspondence with growth rates, which reflects investment value, while further breakthroughs in profitability efficiency are needed. Analyzed as above, Kuaishou needs to meet developmental difficulties head-on and improve core competitiveness with multi-dimensional measures that include technology empowerment, content upgrading, business expansion, and organization optimization. This study has certain limitations, such as the lack of in-depth analysis of specific operational data (e.g., user retention, monetization efficiency) and risks (e.g., localization compliance) associated with Kuaishou's overseas operations (e.g., Kwai). Furthermore, the assessment of the impact of industry policy changes (e.g., regulatory guidelines for live-streaming e-commerce) is not sufficiently comprehensive. Future research could examine Kuaishou's differentiated strategies for expansion in foreign markets, the enabling effects on content production and commercialization of AIGC technology, and its potential business model adjustments under intensifying regulatory policies, so as to provide more targeted insightful guidance for Kuaishou's long-term development.

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