

The Profit Model and Financial Analysis of the Live Streaming Business of Kuaishou Company

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Abstract:

With the vigorous development of the live streaming industry and the intensifying competition among platforms, Kuaishou, as a leading live streaming platform, has its live streaming business serving as the second core profit pillar in online marketing service revenue. The enhanced regulatory constraints and increasing operational costs have drawn much attention to its profit model and financial issues. This paper focuses on the analysis of the profit and financial performance of Kuaishou's live streaming business as the core research topic. It combines the methods of literature investigation, case analysis, and data analysis to explore the current development status of the online live streaming industry, the analysis of the live streaming profit model, and the financial analysis. This study focuses on the profit model and financial performance of Kuaishou's live streaming business. It concludes that Kuaishou has constructed a "bribe + e-commerce" dual-drive model in its profit model, but the live streaming revenue has declined and the growth rate of e-commerce has slowed down. In terms of financial performance, Kuaishou's operating cash flow, gross profit margin, etc. are relatively stable, but its debt-to-asset ratio is high and the short-term debt repayment pressure is large.

Keywords: Profit model, business, financial analysis, Kuaishou.

1. Introduction

In the current era of rapid development of the Internet, the live streaming industry has become an important part of the digital economy. Kuaishou, as a leading short-video and live-streaming platform, rely on its vast user base and diverse content, occupies a significant share in the live-streaming field.

Current research on the profit model of Kuaishou's live-streaming domain mostly focuses on simply introducing or briefly covering the analysis of Kuaishou's short-video aspects, or relatively single businesses such as live-streaming tips or e-commerce live-streaming. There is a lack of a comprehensive and systematic analysis of the overall profit system. In terms of financial analysis, it is mostly the in-

terpretation of financial indicators of its comprehensive business, with insufficient assessment of its profitability sustainability, cost control strategies, and future risks. And there are few studies that closely combine the profit model of Kuaishou's live-streaming business with its financial performance to explore the mutual influence mechanism.

The purpose of this thesis is to deeply analyze the profit model and financial situation of the live-streaming field, providing data summaries and theoretical support for the platform and the development of the live-streaming industry. The research questions of this thesis include what profit models exist in the Kuaishou live-streaming domain, the contribution of each model to revenue and its development trend. From the perspective of financial indicators, how is the profitability, debt-paying ability, and operational ability of Kuaishou's live-streaming business. What challenges does Kuaishou's live-streaming business face in terms of profitability and finance in the future and how to respon. This thesis aims to theoretically enrich the research on the profit and finance of the live-streaming industry and supplement the academic achievements in the field of Internet platform economy; practically, it provides suggestions for Kuaishou to optimize its profit model and improve its financial situation, and also offers a reference for other platforms.

2. The Current Situation of the Online Live Streaming Industry

2.1 Rise and Market Status of Kuaishou Live Streaming Industry

In 2016, Kuaishou platform transformed from a short-video platform to monetize through live-streaming features. By 2025, the live-streaming sector of Kuaishou had covered multiple fields, such as talent skills display, daily life records, knowledge dissemination, outdoor sports, helping farmers, recruitment live-streaming, real estate live-streaming, anime live-streaming, etc. However, at the same time, industry competition has intensified, and the growth rate of traffic has slowed down. Each platform is also adopting various high-tech applications and innovative gameplay to attract more users.

2.2 Types of Platforms

Kuaishou, as a leading short-video platform, has always provided considerable opportunities for many operators. Among them, live-streaming e-commerce is a major highlight of Kuaishou's business model. The live-streaming function on the Kuaishou platform enables creators to interact with fans in real time, showcase products, answer questions, and thereby facilitate transactions [1].

2.3 User Profiles and Demand Characteristics

Based on the user profile analysis of Kuaishou's participation in the 618 event in 2024, 53.7% of users are female, 46.7% are consumers from new cities, and 64.6% are people with middle to high consumption levels. The consumption growth rate of users over 50 years old (silver-haired group) and young users (18-23 years old) is prominent. The consumption preferences in the northern regions (such as Hebei, Shandong, and the three northeastern provinces) are significant. 77% of users are influenced by short-video reviews and recommendations, and the conversion rate of review-based influencers reaches 41.3%. Men prefer sports and outdoor activities, while women focus on beauty and skincare and clothing; young users are passionate about trendy toys and high-tech electronics, and people over 40 are concerned about gold jewelry and health supplements.

3. Analysis of Profit Model for Kuaishou Live Streaming

3.1 Virtual Gift Donations and Distribution Mechanism

Generally, the guilds or streamers and the platform will divide the value of the gifts. The money donated by users will be distributed. Usually, after deducting taxes, the platform takes a portion first, and then the guild and the streamer will distribute the rest. The average commission rate in the commission cooperation model ranges from 5% to 30%. The level of commission depends on the streamer's grade, the category of goods, and the platform's regulations. Recently, the commission for the 9.9-yuan free shipping good offer is around 5%, and the commissions for various clothing items range from 10% to 15%, while the commissions for electrical appliances range from 20% to 30% [2].

The total revenue for the entire year in 2024 is projected to increase from 113.5 billion yuan in 2023 to 126.9 billion yuan, representing an increase of 11.8%. Among this, online marketing services, live streaming business, and other businesses account for 50%, 17.1%, and 29.2% of the total revenue respectively. The remaining 13.7% of the revenue comes from other service items. It can be seen that the Kuaishou platform has extracted a significant portion of the funds.

3.2 E-commerce Promotion and Commission Profit Model

In the fourth quarter of 2024, the GMV of Kuaishou's e-commerce business increased by 14.4% year-on-year to 462.1 billion yuan. Thanks to the further enrichment of e-commerce supply and the improvement of the efficiency of cross-domain traffic coordination, the user demands of

Kuaishou have been better met.

Kuaishou adopts the strategy of optimizing and strengthening the cooperation with multiple live streaming fields through the policy of attracting and retaining merchants. The main focus is to enhance the willingness of new merchants to conduct live streaming on the Kuaishou platform, and then promote through various measures such as the „Douding Plan“ and the fields. These programs help early-stage merchants increase traffic, reduce operating costs and align incentives to their growth cycles and key transition points. It also helps merchants with planning, with the aim of enabling them to grow faster and expand their e-commerce territory.

In terms of the KOL business, the authors strengthened the platform's merchandise management capabilities through the Blockbusters Initiative, and expanded the range of products offered by KOLs during sales promotions. The platform also collaborates with influencers and continuously stimulates their enthusiasm for live selling and live streaming through competitions and other methods during major sales events. After the promotion tasks are completed, influencers can receive conversion benefits, typically calculated based on each additional customer conversion. At the end of the influencer's live selling period, the platform will deduct a portion of the merchants' sales

revenue as commission. During the 2024 Double 11 Sales Promotion, more than 39 million users joined Group Buy for KOL followers, with over 2,500 live-streaming rooms achieving a GMV exceeding RMB1 Million [3].

As of the end of 2024, the total e-commerce GMV (1) was RMB1,389.6 billion, representing a 17.3% increase from RMB1,184.4 billion in 2023. It can be seen that the scale of the e-commerce market is continuously expanding and developing rapidly. Meanwhile, the average monthly active users on the Kuaishou APP were 709.7 million, representing an increase of 4.6% from 678.2 million in 2023 [4].

4. Financial Analysis

4.1 Cost Composition of Enterprise Live Streaming

The costs required for Kuaishou live streaming include revenue sharing costs, server and broadband costs, content review costs, marketing promotion costs, and technical marketing costs.

4.2 Profitability Indicators

Table 1. Kuaishou's profitability indicators

Indicator	Full Year 2024	Q1 2025
Total Revenue (in billion yuan)	1269	326.08
Live-streaming Business Revenue (in billion yuan)	370.61	98
Proportion of Live-streaming Business Revenue	29.2%	30.1%
Gross Profit (in billion yuan)	692.92	177.92
Gross Profit Margin	54.6%	54.6%
Profit for the Period (in billion yuan)	153.44	39.79
Adjusted Net Profit (in billion yuan)	177.16	45.8
Adjust Net Profit Margin	14%	14.05%

From Table 1, it can be seen that the position of Kuaishou's live streaming business has steadily improved. For instance, the revenue share of live streaming in the first quarter of 2025 (30.1%) slightly increased compared to the full year of 2024 (29.2%), indicating that live streaming remains an important source of income for Kuaishou and its weight in the overall revenue structure has slightly increased. This may be attributed to factors such as the optimization of live content ecosystem, the addition of AI models, and the increase in user activity [5]. Meanwhile, its profitability has remained stable. The gross profit margin for both the full year of 2024 and the first quarter of 2025 was 54.6%, and the adjusted profit margin

was also relatively stable (14% vs 14.05%). This reflects the company's good stability in cost control and business profit model, with no significant fluctuations in core operating efficiency [6].

Regarding the matching of profit scale with revenue rhythm: The intra-quarter profit and adjusted net profit for the first quarter of 2025, and the proportion of total revenue in the full-year revenue (approximately 25.7%) were basically consistent, indicating that the company's profit release rhythm was relatively stable, and there was no situation where the profit in a single quarter significantly deviated from the revenue ratio [7].

4.3 Cash Flow Management

Table 2. Kuaishou Company Cash Flow Net Amount Data Table

Item	2023 Data	2024 Data
Net Cash Flow from Operating Activities	20.8 billion yuan	29.787 billion yuan
Net Cash Flow from Investing Activities	-19.9 billion yuan	-36.677 billion yuan
Net Cash Flow from Financing Activities	-1.4 billion yuan	6.714 billion yuan

In terms of debt repayment risk, regarding the debt-to-asset ratio, the debt-to-asset ratio of Kuaishou Company in 2024 was 56%, reflecting the proportion of the company's liabilities to its total assets. This indicator was higher than the industry average of 30%-40% in the Internet sector, indicating a relatively large long-term debt repayment pressure [1]. In terms of the current ratio, it decreased from 1.24 in 2023 to 1.05 in 2024, and the quick ratio also dropped from 1.24 in 2023 to 1.05 in 2024 [8]. The data is sourced from the balance sheet, indicating a slight weakening of the company's short-term debt repayment ability. According to table 2, the net cash flow from operating activities of Kuaishou Company in 2024 was 49.79%, indicating an improvement in the coverage of operating activities' generated cash flow to current liabilities, but attention still needs to be paid to the liquidity risk [9]. The company's current liabilities in 2024 were 39.24%, indicating that the company's monetary funds were insufficient to cover current liabilities, and there was a certain short-term debt repayment pressure [8].

In terms of profit risk, Kuaishou Company's total revenue for the whole year in 2024 was 126.9 billion yuan, with a year-on-year growth of 11.4%. The growth rate was significantly lower than 20.8% in 2023, indicating a weakening of the company's revenue growth momentum [9,10]. The growth rate of net profit decreased from 120.3% in 2023 to 24.4% in 2024, reflecting challenges in the sustainability of the company's profit growth. Kuaishou Company's sales and marketing expenses increased by 15.9% in 2024, significantly higher than the revenue growth rate, indicating that the company relies on high-cost investment to acquire users, which may have an impact on profits. According to table 2, the net cash flow from operating activities of Kuaishou Company in 2024 reached 29.8 billion yuan, with a year-on-year growth of 30%. Although the growth was significant, combined with the current liabilities situation, there were still certain risks in overall liquidity.

5. Industry - Challenges and Suggestions for Development

5.1 Compliance Challenges Arising from Tight-

ened Industry Regulatory Policies

Kuaishou needs to strictly verify the marketing information of merchants and streamers, as regulatory policies are becoming increasingly strict in terms of marketing behavior norms. Fraudulent activities such as false marketing, exaggerated promotion, and false celebrity endorsements are all prohibited. At the same time, Kuaishou needs to establish an accurate and efficient tax information reporting system and assign professionals to handle the data collection and reporting work. Because the State Taxation Administration is further standardizing these behaviors. If the tax information reporting is inaccurate, the platform may face severe penalties.

5.2 Intensified Market Competition and User Retention Challenges

In 2024, the revenue of Kuaishou's live-streaming business decreased by 5.1% year-on-year to 37.1 billion yuan. This indicates that in the highly competitive market environment, Kuaishou's live-streaming faces strong challenges from rivals such as Douyin and Video, with users' attention and donation consumption being diverted. In 2024, Kuaishou's online marketing service revenue increased by 20.1% year-on-year to 72.4 billion yuan, but the growth rate decreased from 23% in 2023, indicating that the competition has intensified and the advertising market share is fiercely contested [11]. Kuaishou's other service revenue in 2024 (mainly due to e-commerce business) increased by 23.4%, compared to 44.7% in 2023, indicating that the e-commerce business in the market competition has reached a bottleneck, with fierce competition among major e-commerce platforms, and users have more diverse choices between different platforms [11]. At the same time, the average daily active users of Kuaishou APP in 2024 was 401 million, an increase of 4.84% year-on-year, and the monthly active users were 736 million, an increase of 5.03%. The slowdown in growth rate indicates that the short-video industry has entered a stage of competitive saturation, with increased market saturation. Kuaishou's overseas business recorded an operating loss of 934 million yuan in 2024, indicating that in the overseas market, Kuaishou faces intense competition from TikTok and numerous local platforms, and it is difficult to gain brand recognition and market share.

5.3 Development Suggestions Based on Financial Health and Sustainable Profitability

Kuaishou Company mainly faces the problem of slow growth in e-commerce business in the live-streaming sector [12]. To break through the predicament, Kuaishou should focus on content innovation, user experience optimization, and upgrading of the e-commerce supply chain. In terms of content innovation and user experience optimization, Kuaishou needs to use novel experiences and more intelligent push notifications to retain users, enabling the platform to precisely match user interests, improving viewing experience and interaction rate, and transforming from competition for traffic to value retention. For example, the platform can collaborate with more MCNs or sign up some fixed live-streaming-only hosts on Kuaishou to attract users to stay on the Kuaishou platform for a long time.

In terms of the e-commerce supply chain, the decline in the growth rate of Kuaishou's e-commerce business is due to intensified platform competition and severe homogeneity of goods. Kuaishou's platform can offer more discounts, establish its own bases, improve its product reputation, and encourage users to actively promote. At the same time, optimize merchant policies and attract high-quality merchants to join, enriching the platform's product pool [13].

6. Conclusion

This study focuses on the profit model and financial performance of the Kuaishou live-streaming business. It concludes that in terms of the profit model, Kuaishou has established a dual-driven model of „bidding + e-commerce“, but the live-streaming revenue has declined and the growth rate of e-commerce has slowed down. In terms of financial performance, Kuaishou's operating cash flow and gross profit margin are relatively stable, but the debt ratio is high and the short-term debt repayment pressure is large. In terms of industry challenges, the supervision of the live-streaming direction is becoming stricter, the competition is intense as seen in platforms like Douyin, and there are overseas losses, which have led to the current intertwined internal and external pressures for Kuaishou. From a theoretical perspective, this paper fills the gap in the analysis of the correlation between profit in the live-streaming business and finance, providing a framework for the study of platform economy. From a practical perspective, the strategies proposed in this paper, such as „content innovation and supply chain upgrading“, can help Kuaishou optimize its profit structure and provide effective paths for improving its financial situation. At the same time, it also provides a reference for platforms like Douyin and Wechat Video, helping the industry achieve sustainable development. This study did not delve into the profit effect related to the

synergy between live-streaming and short videos. Future research can expand on this direction. At the same time, the utilization effect of AI technology in the live-streaming field also requires continuous tracking.

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