

Research on Business Operation and Marketing of Social Media Platforms--Taking RED as an Example

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Abstract: In the current era of information digitization, more and more people are using social platforms, in this context RED stands out among the many social software, it is a social and e-commerce platform, users can share their daily life, food attractions recommended, social interaction and e-commerce shopping on it. This software is especially dominated by the female group, with high quality content and high conversion rate. This paper will analyse the business operation mode and marketing strategy of RED by searching the literature. The business operation strategy of RED includes the creation of a content ecosystem and intelligent e-commerce operation; the marketing strategy includes social media promotion, content marketing and UGC, cooperation with KOL and KOC, and sponsorship of variety shows. This paper will first give an overview of the RED platform, which will also include its financing, then analyse its business operation model and marketing strategy, compare RED with its competitors, and finally put forward challenges and opportunities.

Keywords: Marketing, Investment and Financing, Business Management, RED.

1. Introduction

In the current digital information age, social media platforms have revolutionized the way people communicate, share access to information and shop. In China, the trends are created almost entirely due to retweets of media content such as jokes, images and videos, whereas on Twitter, the trends tend to have more to do with current global events and news stories [1]. These platforms have not only changed the way users behave socially but have also provided businesses with ways to reach and connect with their target customers. Among the many social media platforms, RED has become a unique blend of social networking and e-commerce, providing a very informative case study for learning to understand the business operations and marketing strategies of modern digital platforms. Originally launched as a platform for sharing shopping experiences and product recommendations, RED has quickly evolved into a powerful marketing tool. People actively exchange their user experience of products and services on community e-commerce platforms. Their requirements are satisfied during the communication, thus promoting the development of the community economy [2]. Especially in China, it stands out for the content its users publish, with millions of users commenting on ideas and influencing the purchasing decisions of others. The platform's ability to combine community content with e-commerce has also attracted local and international brands, putting RED well ahead of the pack in the social commerce space.

The purpose of this paper is to explore RED's business operations and marketing strategies, examining how the platform has leveraged its user base, content creation and partnerships to establish itself as a leading force in social media and e-commerce. By analyzing RED's business operation model, marketing strategy, financing analysis and comparison with competitors, this study aims to provide insight into the dynamics of social media platforms and their role in today's digital marketplace.

2. Overview of the RED Platform

2.1. Platform Introduction

RED is a lifestyle platform and consumer decision-making portal, which allows users to record life moments, share their lifestyles and form interactions based on their interests through short videos and graphics. The advantage of integrated social apps also lies in user engagement and frequency of interactions. They attract daily users to interact with friends, online celebrities and various content, and allow users to create and share their own experiences [3]. As of 2024, the number of monthly active users of RED has reached 260 million. RED is not only a content sharing platform but also has an e-commerce function. Through the UGC model, users can share their life experiences, beauty tips, dressing advice, etc., and directly purchase recommended products through the platform's 'welfare society', forming a complete closed loop of content community and e-commerce. The success of RED cannot be separated from its unique business model and strong community influence, which attracts a large number of young users, especially young female users, through the refined content recommendation algorithm and high-quality KOL content.

2.2. Milestones

In June 2013, RED was established in Shanghai, initially the two founders from cross-border travel to start, mainly to share how to buy quality items abroad, so the two founders went abroad to find local shoppers, the collection of experience into a booklet, in the form of a PDF posted online, named 'RED'. The release of this guide coincided with the National Day holiday, and at that time such a scarce market, so the number of downloads within a month more than 500,000. In December, RED App was officially launched, along with an overseas shopping and sharing community. In 2014, RED launched the Android version, and then launched the e-commerce platform "Welfare Society" in December, realizing the upgrade from community to e-commerce and completing the business closed loop. In 2015, the self-owned bonded warehouse was put into operation in Zhengzhou and Shenzhen, and sales grew rapidly, with the number of users reaching 15 million; RED reached a strategic cooperation with a number of international brands. In 2016, it won the 'Most Breakthrough Application' award from Tencent AppBao, further expanded the third-party platforms and brand merchants, and rapidly increased SKU. In 2017, the Redelivery international logistics system was launched, and the number of users exceeded 50 million. In 2018, the global reward was released, and the offline retail shop REDhome opened in Shanghai, with the number of users exceeding 150 million, further enhancing the offline experience. In 2019, the Android and iOS app shops experienced a brief downgrade due to content violations such as suspected sale of fake goods and publication of false assessment advertisements, and later re-launched through the rectification of a comprehensive investigation, with monthly active users exceeding 100 million and total users exceeding 300 million and launched the Creator 123 program. In 2020 the Creator Center was launched, which provided video uploading, data analysis, fan management and creation guidance to help creators better creativity and improve the quality of content and dissemination effects. At the same time, RED released a number of creator support programs to promote the diversification of community content.

Findings show that the main attributes of RED can be summarized into three aspects: social media, sharing platform, and software service [4].

2.3. Financing Situation

Founded in 2013, RED received a multi-million RMB angel round of funding from Zhenhe Fund in October 2013, and in June 2014, RED received a multi-million USD Series A round of funding from Zhenhe Fund and GSR Ventures. The funding helped RED further expand its user base and enhance the platform's technical capabilities. RED completed a Series B round of funding totaling tens of millions of dollars in 2015, with investors Jiyuan Capital and GSR Ventures. This round of financing enabled RED to accelerate its development in the field of content e-commerce and further improve its supply chain and logistics system. In 2016, RED secured a Series C round of financing from Yuan Sheng Capital, Tiantu Investment and Tencent Investment in the amount of \$100 million at a valuation of \$1 billion. This marks the beginning of RED's entry into the vision of mainstream investment institutions and lays the foundation for its subsequent rapid growth. Tencent's investment not only brought financial support for RED, but also brought the opportunity for in-depth cooperation with Tencent's ecosystem. In 2018, RED completed the D round of financing, with a financing amount of \$300 million and a valuation of \$3 billion. The lead investor in this round of financing was Alibaba, and the followers included K11 Investment and Yuan Sheng Capital. After this round of financing, RED accelerated its international expansion and further consolidated its leading position in the social e-commerce sector. In 2021, RED closed its Series E round of financing, which amounted to \$500 million. The round was co-led by Temasek and Tencent Investment, and followed by a number of institutions, including Yuan Sheng Capital, Tiantu Investment and Alibaba. This round of financing is mainly used to strengthen the platform's technology development, expand emerging markets and improve the user experience. In 2024, RED completed the E+ round of financing, this time the investment institutions include DST Global, CITIC Capital and a number of other well-known investment institutions, and the current valuation has reached 17 billion U.S. dollars.

3. Business Operations Analysis (Combined with Artificial Intelligence)

3.1. Internal Business Operation Strategy

3.1.1. The Creation of a Content Ecosystem

Content is one of the core competencies of RED, which relies on user-generated content (UGC) to build a large community where users share shopping tips, lifestyle and beauty tutorials. In order to motivate creators to publish high-quality content, the platform has launched a 'Creator Centre', which provides resources such as brand cooperation opportunities, a recommendation platform for good products and an interactive live broadcasting platform. By using AI deep learning models to analyse user preferences and behaviors, RED can accurately push content to users that they may be interested in, thus increasing user stickiness and activity.

RED's Tag labeling system is a highlight and an important part of its content operation. The platform encourages users to add hashtags when posting their work, such as #live picture is more vital than photos and #The Meaning of Travelling. Interesting Tags can attract users' attention and thus increase the number of clicks, and also help classify the content and enhance the accuracy of big data content recommendation. Based on users' browsing habits and preferences, RED's algorithm will prioritize pushing tags with relevant content. For example, if a user often clicks on travel-related posts, the platform will push posts and videos with the hashtags #tourism and #travel vlog based on his interests. This precise content push not only increases the exposure of the content but also enhances the user experience and engagement.

3.1.2. Smart E-Commerce Operations

RED has realized a closed-loop business from content community to e-commerce through its 'Welfare Society' e-commerce platform. When users browse the content, they can jump directly to the purchase page, and this 'content as advertisement' model effectively improves the conversion rate. In the e-commerce recommendation system, AI is used to analyse the user's browsing history, shopping preferences and consumption level, and then recommend relevant products to the user.

3.2. Sales Channel Analysis of RED

RED's sales channels are divided into online and offline. Its main sales channel is its own online e-commerce platform, 'Welfare Society', where users can buy domestic and overseas products, and users can directly buy recommended products when browsing content. The platform integrates content and e-commerce, realizing content-driven sales and improving users' shopping experience and conversion rate. RED cooperates with a number of domestic and international brands for customized promotion and sales. By partnering with RED, brands can promote their brands on the platform, thereby increasing brand exposure and sales. In May 2015, RED entered into a strategic partnership with Australia's largest healthcare brand, Blackmores. RED has launched the Redelivery international logistics system, which supports the query of complete international logistics chain information. This makes cross-border e-commerce transactions more transparent and efficient, helping to increase users' trust in overseas purchases. At the same time, RED has also opened offline retail shops, such as REDhome in Shanghai, which sell merchandise while providing consumers with the opportunity to experience the products and enhance the brand's reach.

4. Marketing Strategy of RED

4.1. Brand Positioning and User Positioning

RED's marketing strategy is based on its clear brand positioning: a lifestyle and social e-commerce platform. Its main user group is young women between the ages of 18-35, and these users usually have high spending power and interest in areas such as fashion, beauty and travel. RED enhances brand awareness by gaining insights into the needs of this group and pinpointing its positioning.

4.2. Marketing Strategy

4.2.1. Social Media Promotion

In the early development stage of RED, the Company conducted extensive promotional activities through mainstream social media platforms such as Weibo and WeChat. These platforms have a large user base and a high degree of user stickiness, and RED makes full use of their social attributes to leverage these platforms to showcase its unique features and value proposition to users.

In terms of specific promotional strategies, RED not only adopted conventional advertising promotion, but also encouraged users to download the RED App through these platforms and share their shopping experience and usage tips. The spontaneous sharing behaviour of users became one of the most important promotional tools in the early days of RED, rapidly expanding brand awareness through word-of-mouth marketing. This model gives full play to the trust relationship in social networks, and users are more likely to be influenced by recommendations from friends, relatives or familiar influencers and bloggers, and take the initiative to download and use RED.

Through widely used social platforms such as Weibo and WeChat, RED has successfully penetrated the young user base, especially among female users between the ages of 18-30, forming a strong brand loyalty. These users are keen to share their shopping experiences, consumption tips and

lifestyles, and the content characteristics of RED are highly compatible with their needs. The effect of word-of-mouth communication has been further amplified, forming a strong user stickiness and community atmosphere, helping Little Red Book accumulate a large number of users in a short period of time, and laying the foundation for its position in the field of e-commerce and content platforms.

4.2.2. Content Marketing and UGC

In the early stages of the platform's development, RED attracted a large number of users who spontaneously shared shopping notes, product reviews, usage experiences and other high-quality content. These early users are usually people with a deeper interest in and understanding of overseas shopping, fashion, beauty and other areas, and they are willing to share their shopping tips, usage experience and product recommendations. This kind of content not only possesses authenticity, but also provides detailed purchasing guidance, making the platform content of high reference value.

This user-generated content (UGC) model has become the cornerstone of RED's content marketing. Because UGC content has natural authenticity and credibility, it is more likely to win users' trust than traditional advertising. At the same time, the richness and diversity of UGC content also enhances the depth of content on the platform, making RED a community that can meet the needs of different users. On RED, users are both consumers and creators of content, and this two-way interaction makes the platform's activity and user stickiness increase dramatically. This UGC model not only reduces the platform's content production costs and promotion costs, but also inadvertently enhances the user's trust in the platform, forming a strong word-of-mouth effect.

4.2.3. Working with KOL and KOC

RED works by partnering with a large number of KOL and KOC, who share their experiences with RED through their personal social media platforms. At the same time, RED actively invites KOL to move into the platform and encourages them to publish content within the platform. These KOL often have a large number of fans, so their presence can bring new users and traffic to RED. In April 2024, before the launch of the European Cup, the French football player Kylian Mbappé stationed in RED, came up to listen to the advice of the operation of the advice and favourites to become a hot topic; In July 11, Liu Xiang stationed in RED, due to the grounded reply in the comment area he is very popular with the users; Paris Olympics officially kicked off, RED is to invite these two highly popular legendary athletes to join forces. From the choice of time, RED has successfully leveraged major sporting events to create community hot events.

4.2.4. Sponsorship of Variety Shows

RED's user base is dominated by young women who have a keen interest in beauty, fashion and lifestyle. Some variety shows like 'Idol Producer', 'Youth With You Season 2' and 'Sisters Who Make Waves', which are geared towards young women and fashion trend enthusiasts, are highly overlapping with RED's target users. Therefore, by sponsoring these programs, RED is able to accurately reach its target user groups and increase the brand's exposure and influence.

RED is not just simple brand exposure but enhances user engagement through deep interaction between content and the platform. For example, in variety shows, celebrity guests will post content related to the show on RED, such as behind-the-scenes footage and sharing of daily life. Users can follow and discuss these contents on RED, creating a strong interactive atmosphere. This approach not only attracts the audience of the programme to the RED platform but also increases the activity and stickiness of users.

Through cooperation with a variety of shows, RED is able to strengthen its brand image in the minds of users. For example, through 'Back to Field', a variety show that focuses on lifestyle, RED

demonstrated its content resources in travel, food, home life, etc., further expanding the platform's content area and user perception. This natural integration of content not only enhances the brand's affinity, but also strengthens the characteristics of RED's diversified lifestyle.

4.3. Community Management

The communities of RED are divided according to users' interests, and users can join various topic communities according to their interests, such as beauty, fitness, traveling and so on. These communities provide users with a platform for communication and sharing, enhancing interaction between users. RED encourages users to actively post content and participate in discussions in these communities to increase the stickiness of the platform.

Private Domain Traffic is a key part of RED's community management. Private traffic refers to the channels that brands or individuals can independently control and directly reach users. Through the development of private domains, RED converts users in the community into private domain traffic for brands or creators. For example, users can follow their favourite brands or content creators, while brands can reach users directly through private domain traffic and carry out targeted content pushing and interaction, such as private messaging and giving exclusive offers to maintain these fan relationships. This kind of precise marketing promotion helps to increase the conversion rate and repurchase rate of users, while the direct communication channel helps brands to accumulate loyal users and increase the user retention rate. Therefore, the value of private domain traffic lies in its high conversion rate and commercialization potential. Through the operation of private traffic, RED enables brands to directly convert potential customers in the community into actual purchasing power. In addition, through continuous interaction and maintenance, the repurchase rate and customer unit price of private domain users have also increased significantly.

5. Comparison with Competitors

5.1. Competitive Analysis of RED and TikTok

Table 1: SWOT Analysis of RED and TikTok

Social media platforms SWOT analysis	Strengths	Weaknesses	Opportunities	Threats
RED	1. Strong community and content ecology 2. Accurate user positioning 3. Good word-of-mouth marketing	1. Limited content variety 2. Single profit model 3. High competitive pressure 4. Dependence on a single group of users	1. International Market Expansion 2. Technological innovation 3. Diversified business model	1. Increased competition 2. Policy changes 3. Fake goods problem 4. User privacy and security issues

Table 1: (continued).

TikTok	1. Strong user base 2.High entertainment 3.Innovative content form 4.Accurate algorithm recommendation	1. Insufficient depth and homogeneity of content 2.Challenges in content auditing 3. Slow commercialisation process	E-commerce integration 2.International Market Expansion 3.Technological innovation	1. Fierce competition 2. Data privacy issues 3.Content regulation pressure
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Through Table1, RED and TikTok each have unique advantages and face different challenges in the social platform market. RED has achieved success with strong community content, precise user targeting and good word-of-mouth marketing, but relies on a single user group and profit model, and also faces content audit and policy risks. In the future, through international market expansion, technological innovation and diversified business models, RED has the opportunity to enhance its long-term business value.

TikTok, on the other hand, maintains a leading market position with its broad user base, high entertainment, innovative content and accurate recommendation algorithms, but content homogenization and regulatory challenges are its main disadvantages. TikTok has the opportunity to further strengthen its market position through international expansion, e-commerce and live streaming development, and technological innovation. However, fierce competition, policy regulation and user privacy issues remain threats that need to be addressed.

5.2. Comparison of Market Share and User Loyalty

Table 2: Comparison of market share and user loyalty across platforms

Platforms	Market share	User loyalty
RED	-More than 200 million monthly active users, focusing on lifestyle, beauty and fashion. -Has a certain market share in the social e-commerce field, with a high e-commerce conversion rate. -Stronger influence in vertical segments.	-High user loyalty, active community interactions, and active sharing of real experiences. -Users trust the content on the platform, especially relying on product recommendations in their consumer decisions. -Higher e-commerce conversion rate.
WeChat	-China's largest social platform with over 1.2 billion monthly active users. -Extremely broad market coverage, covering multiple functions such as socialising, payment and shopping. -The largest market share, dominating almost the entire social media market.	-User loyalty is extremely high, it is a daily socializing and payment tool with strong user dependence. -While user stickiness is high, users do not fully rely on WeChat in the area of consumer decision-making, relying more on other e-commerce platforms.

Table 2: (continued).

TikTok	-Dominant player in the short video market with over 700 million monthly active users. -Wide coverage of users, rich entertainment content, and significant function of short video with e-commerce. -Short video and live bandwagon have great influence on the e-commerce market.	-Higher user loyalty, high entertainment, and longer daily user hours. -Reliance on short video content on the platform for consumption decisions, especially in terms of bandwagon and impulse spending.
KUAISHOU	-Monthly active users of over 500 million, mainly for the user group of the sinking market. -Heavy competition with TikTok in short videos and e-commerce, especially in the bandwagon model. -Large market share in the lower market and second and third tier city users.	-Users are more loyal, especially in the sinking market. -Users pay more attention to the emotional connection with creators, forming a certain sense of community belonging, and loyalty is reflected in emotional interaction and content consumption.
Weibo	-Monthly active users of about 500 million, mainly information dissemination platforms. -Market share is gradually declining, user base is stabilizing and growth is weak.	-Medium user loyalty, more dependent on popular events and information dissemination. -Low user interaction and weak user dependence on the platform compared to other platforms.

Through Table 2, RED has a high market share in the segment (lifestyle, e-commerce area), high user loyalty, and especially the dependence of users in consumer decision making makes it outstanding in e-commerce conversion rate. In pre-purchase period, users are suspicious of WOW, though it can trigger high expectations with appealing display. During transaction period, people generally have a positive expectation confirmation of using RED to purchase F&B services and it was further discovered that moment-of-truth can contribute to overall satisfaction. Nonetheless, at post-purchase period, the intention of re-visiting restaurants is low while the continuity with RED is affirmative. The strong perceived usefulness leads to users' loyalty to the app even with a negative catering experience [5].

WeChat has the largest market share and extremely high user loyalty, and as an indispensable tool in daily life, users are extremely dependent on it, but its role in the field of consumer decision-making is weak. TikTok and KUAISHOU have a large market share in the short-video market, with high user loyalty, especially in the form of short-video bandwagons that make users dependent on their content. Weibo has a large number of users, but its market share and user loyalty tend to decline over time, and user interaction is weak.

6. Challenges and Opportunities

6.1. Challenges Faced

6.1.1. Fierce Market Competition

Platforms such as TikTok and KUAISHOU have a huge presence in the short video and bandwagon e-commerce space. These platforms not only have a huge user base but are also expanding their e-commerce functions. Compared with them, RED's market share and influence is relatively small, and users may prefer to choose platforms with richer content and more entertainment for consumption. At the same time, RED will also receive pressure from traditional e-commerce platforms. E-commerce giants such as Taobao, JD and Pinduoduo continue to dominate China's e-commerce market, and it is difficult for RED to compete with them, especially in terms of product variety, price competitiveness and logistics and distribution.

6.1.2. Content Authenticity and Regulation

Although RED is characterized by genuine user reviews, the problems of false advertising, fake reviews and swiping have always existed. These problems affect users' trust in the platform, weakening the influence of its product recommendation function, which in turn affects the platform's reputation. As the amount of content on the platform continues to increase, it becomes more difficult to review the content. RED must ensure that its content is legitimate, authentic and in line with social values, or it may face scrutiny and penalties from regulators.

6.1.3. User Growth is Slowing

As China's Internet demographic dividend diminishes and user growth on social media platforms is nearing saturation, RED is facing a slowdown in user growth. In a market segment that focuses on young women, it has become more difficult to attract new users. How to attract users from more age groups and genders and expand the user base has also become a major challenge for RED.

6.2. Industry Trends and Development Opportunities

Short videos and live bandwagons are now gradually becoming the main core content of social media platforms, attracting a large number of users to participate and consume. Content creators within the platform have become a key driver for social platforms, which attract users and promote commercialization through UGC and PGC content. Users' shopping decisions will be closely related to recommended content, while AR and VR technologies can bring a more immersive shopping experience. Therefore, the development opportunities for RED include strengthening the short video and live broadcasting functions, and further optimizing the product recommendation function to increase the conversion rate of users' purchases through personalized and accurate advertisement pushing. At the same time, it can improve more revenue models, such as advertising share, brand cooperation and other forms to attract high-quality creators, optimize the platform's content ecosystem, and enhance user stickiness. RED can use AR technology to launch virtual make-up tries, virtual tries on and other functions, so as to enhance the user's shopping experience. RED has already achieved remarkable success in the domestic market and may enter the international market in the future, especially in Southeast Asia, Europe and the United States. Such expansion will require significant capital investment for marketing, product localization and operational support. At the same time, RED may diversify its business, such as expanding its e-commerce platform, adding social features, and developing new technologies (e.g., artificial intelligence, data analysis). These business expansions will require new financing support for technology development and market placement. In

order to maintain its leading position in the highly competitive social e-commerce space, RED will need to continuously invest in technological innovation and product upgrades. This includes improving algorithms, enhancing user experience and improving platform security. RED may consider an IPO (Initial Public Offering) in the future, which will provide the company with a large amount of capital and also increase its exposure in the market.

6.3. Future Directions

6.3.1. Expanding Overseas Business

RED can gradually expand its international business by analyzing the needs of overseas lifestyle and beauty markets. Through localized operations, it adjusts the platform's content and functions to attract users from different countries and cooperates with local influencers to enhance its influence. Meanwhile, it cooperates with international beauty and fashion brands to promote global high-quality goods and enhance brand effects. Cross-border e-commerce services, on the other hand, attract more overseas users by optimizing the payment and logistics experience. Globalization will be a key direction for RED to expand its user base and market share.

6.3.2. Diversified Business Models

In addition to advertising and e-commerce, RED can explore more diversified profit models, such as membership services, virtual goods and online courses. Membership services can provide users with exclusive content and shopping discounts to enhance user stickiness; virtual goods such as stickers and personalized avatars can increase platform interactivity and revenue; and online courses can attract users with learning needs by cooperating with experts to provide professional guidance in areas such as beauty and fashion. Through these diversified sources of income, RED is able to reduce its reliance on a single model and improve the stability of its earnings.

6.3.3. Personalized Service

In the future, RED should make full use of AI and big data technology in order to enhance personalized recommendations and precise marketing capabilities. Through in-depth analysis of users' behavioral data and interest preferences, RED is able to provide more accurate content recommendations and shopping suggestions to ensure that each user gets the most relevant information and products. This will not only significantly enhance the user experience, but also increase user stickiness to the platform. In addition, precision marketing will help the platform to more effectively target audiences, optimize ad placement and increase the conversion rate of ads. Through these intelligent measures, RED can further drive business growth and achieve long-term stability.

6.3.4. Building and Operating Private Domain Traffic

RED can help brands and creators better operate private domain traffic, and enhance user stickiness and interaction through community management tools and customized content. By establishing a private domain user community, brands and creators can communicate directly with users to enhance community activity and user loyalty. This not only enhances the brand's market presence, but also increases the long-term business value of the platform, thus realizing sustainable development for brands and creators and driving the overall growth of the platform.

These business expansions mentioned above will require new financing support to facilitate technology development and market layout. In order to maintain its leading position in the highly competitive social e-commerce space, RED will need to continuously invest in technological

innovation and product upgrades. This includes improving algorithms, enhancing user experience, and improving platform security. RED may consider an IPO (Initial Public Offering) in the future, which will provide the company with a large amount of capital and also increase its exposure in the market.

7. Conclusion

Overall, in today's digital society, RED stands out from the rest of the social media pack, combining social networking and e-commerce, where users can browse and post pictures and short videos, as well as shop. RED's internal business operation strategy includes the creation of a content ecosystem, optimizing the platform's content by relying on UGC and Tag systems, and operating smart e-commerce through the "Welfare Society" e-commerce platform. RED also cooperates with a number of foreign brands and has launched an international logistics system to support cross-border transactions. RED's brand positioning is a lifestyle and social e-commerce platform, and its users are young women between the ages of 18 and 35 who are interested in fashion and beauty and have high spending power. Its marketing strategy includes social media promotion, content marketing with UGC, cooperation with KOL and KOC and sponsorship of variety shows. RED also manages communities, of which private domains are a key part, which have high conversion rates. RED has successfully completed several rounds of financing since its inception in 2013, and its current valuation has reached \$17 billion, with investors including well-known investment institutions at home and abroad. In the future RED may expand into overseas markets, diversify its business or undergo an IPO, all of which activities require substantial capital support. Comparing RED with other competing platforms, it has a high market share in its niche and high user loyalty. However, it is also facing a number of issues such as fierce competition in the market, content authenticity and regulation and slowing user growth. The current industry trend is that short videos and live bandwagons have become the core content of social media, and creators within the platform have become the key driving force, so RED can actively expand its overseas business in the future, diversify its business model, and use AI technology to provide personalized services and better operate private domain traffic. However, the results of the analysis in this paper are not comprehensive enough due to the lack of financial data of RED, and more research on its data information is needed in the future.

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