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The Operational Mechanism of MCN Agencies and the Internet Celebrity Economy Industrial Chain

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Abstract. Driven by the dual promotion of the digital economy and consumption upgrading, the influencer economy began to change from an individual influencer phenomenon to a new economic form of high industrialization and industrialization. As the core hub connecting content creators, platforms, brand advertisers, and consumers, MCN institutions play a key role in traffic integration, industrial production, and commercial realization of content. This paper uses the industrial chain system analysis method and the comparative analysis of typical MCN institutions to construct an analysis framework for the industrial chain structure, intermediary power operations, and business model changes. Research shows that the upstream, middle, and downstream of the influencer economy industry chain show a high degree of interdependence, and MCN institutions play a dual role of risk acceptance and value transformation between platform algorithms and creator ecology. Moreover, the business model of MCN institutions is evolving from a single traffic intermediary to a brand-deep service provider and an ecological builder. Finally, in view of the problems faced by the current industry, such as high dependence on talent, commercial homogenization, and compliance risk, this paper puts forward the optimization strategy of ecological synergy and compliance development.

Keywords: MCN institutions, influencer economy, industrial chain

1. Introduction

Now, the popularity of the Internet and social media platforms has changed the dissemination and consumption patterns of information. The outbreak of emerging industries such as short video and live broadcasting has made influencer the core of connecting content production and commercial realization. With the large increase in the number of influencers and the vigorous development of the fan economy, the influencer economy has gradually evolved from the early personalized flow realization to a complete industrial chain including content creation, fan operation, and supply chain integration. Among them, multi-channel network institutions, as a key link in the influencer economy, play a pivotal role in connecting influencers, platforms, and advertisers. However, with the rapid development of MCN institutions, they are also facing the difficulties of homogenization of business models, high dependence on head talent, constraints of platform algorithm rules, and low efficiency of upstream and downstream collaboration in the industrial chain. Therefore, this study raises questions: What are the structural characteristics and value distribution mechanism of the

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industrial chain of the influencer economy? How can MCN institutions create competitive advantage through business model innovation? How to promote the industrial chain of the influencer economy to achieve efficient coordination and sustainable development?

The academic research on the Interinfluencer economy and MCN institutions mainly focuses on three aspects, namely, communication logic, business model, and intermediary power. In terms of communication and consumption logic, there are also potential risks in the communication path of the transformation of attention resources into commercial value in the influencer economy [1]. Based on the SOR model, it can find the stimulation mechanism of live broadcasting and the short video field on consumer psychology and purchase behavior [2]. Influencer content marketing in e-commerce platforms can have a positive impact on user participation [3]. The female influencer economy has a greater development trend and more obvious structural characteristics [4]. In terms of industrial empowerment and commercial evolution, the influencer economy relies on social and cultural currency to empower the unique mechanism of Rural Revitalization and the establishment of local industries [5]. From the perspective of the community, it can find the three-stage path of the evolution of the business model of Internet enterprises from market adaptation to ecotype [6]. In terms of strategy and intermediary role within MCN institutions, MCN institutions have constraints on internal management and online celebrity incubation mechanisms [7]. The theoretical framework of integrated content creation and brand strategy has transformed MCN from a traffic intermediary to a strategic content planner [8]. MCN in China plays a game intermediary role among platforms, creators, and advertisers [9]. Different strategies of self-construction, mergers and acquisitions, and alliances have different effects on the performance of MCN enterprises [10]. Although existing studies have analyzed individual links of the influencer economy, there is still room for expansion in the comprehensive study of the MCN business model from the perspectives of macro industrial chain structure and micro intermediary power game.

Although the existing literature has explored the links of the influencer economy and the functions of MCN, the research on the MCN business model from the perspective of macro industrial chain structure and micro intermediary power game is still insufficient. Taking typical MCN institutions as research samples, this paper comprehensively uses industrial chain system analysis method and multi case comparative analysis method to build an analysis framework of structure, behavior and model, and analyzes the upstream, midstream and downstream interest connection of netred economy industrial chain, the role of MCN in risk undertaking and value transformation between platform algorithm and creator ecology, as well as the evolution trend of its business model. Theoretically, this paper expands the integrated perspective of media intermediary and business model evolution. It enriches the theoretical system of industrial chain governance in the digital economy environment. The research conclusions provide operational decision-making reference for MCN enterprises to break through the growth bottleneck, optimize ecological synergy, and formulate industrial policies.

2. Analytical framework

The research methods used in this paper include: First, the industrial chain system analysis method. Based on the theory of the industrial value chain, the whole process of the influencer economy industrial chain is analyzed. Clarify the positioning, core functions, and interest connection mode of upstream, midstream, and downstream participants. Focus on revealing the transformation path from content production, traffic aggregation, emotional resonance to commercial realization. Second, the comparative analysis method of typical MCN institutions. Typical MCN institutions such as e-commerce with goods, content marketing, knowledge payment, and IP incubation are selected as

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case samples. Systematically compare their business layout, realization path, operation strategy, and core risks, and refine the applicable scenarios and evolution characteristics of different business models.

First, the definition and classification of concepts. influencer economy is an economic model based on the attention resources and fans of influencers, relying on social media and e-commerce platforms for content creation, commodity recommendation, and commercial realization. As seen in Figure 1, MCN institutions are professional intermediaries connecting creators, platforms, and advertisers, responsible for content incubation, traffic distribution, commercial orders, and copyright operation. MCN institutions can be divided into content incubation type, e-commerce delivery type, marketing service type, IP authorization type, and guild service type according to their core business. Second, comprehensive analysis of framework logic. This study constructs an analytical framework for structure, behavior, and mode. At the structural level, this paper analyzes the interest game and value precipitation in the upstream and downstream of the industrial chain. In terms of behavior, it discusses how MCN institutions face the constraints of platform algorithms, undertake the risks of creators, and complete the reengineering of intermediary power. At the level of business model evolution, this paper combs through the core competitive barriers of MCN institutions, as well as the evolution to brand service providers and community ecological enterprises.

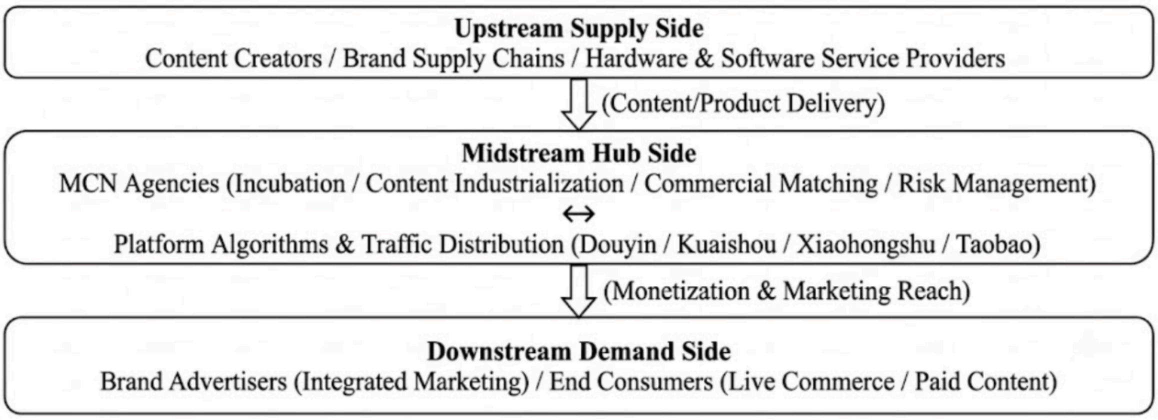

Figure 1. Analytical framework of influencer economy industry chain (picture credit: original)

3. Industrial chain structure of NetCom economy and MCN business logic

The influencer economy industry chain includes three links: the upstream supply side, the midstream circulation and incubation side, and the downstream demand realization side. Each subject has a high degree of resource dependence and cooperation. The upstream end is composed of content creators, brand supply chain manufacturers, and technical service providers, and its core function is to provide high-quality content materials and physical goods. The midstream end is composed of MCN institutions, short video and live broadcasting platforms. MCN standardizes the content, while the platform relies on algorithms to determine the efficiency of traffic allocation. The downstream end includes B-end brand advertisers and C-end consumers. Advertisers seek the marketing transformation of quality efficiency integration, while consumers complete consumer purchases in content immersion and emotional identity. In terms of the value distribution mechanism, flow value, content value, and supply chain value have been transformed into a profit cycle of the industrial chain. Generally speaking, digital platforms obtain high traffic pumping by monopolizing infrastructure and recommendation algorithms. The head MCN institutions get more

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commercial profits by virtue of their bargaining power and abundant pallets. Downstream creators are in a relatively weak position in the interest chain and are facing strong income instability.

As shown in Table 1, MCN institutions in different tracks differ in operational logic, revenue sources, profit methods, and risk sources. For example, the e-commerce MCN heavy warehouse supply chain and live broadcast matrix take commissions and pit fees as the core income, but face the risk of anchor termination and return. Content marketing MCN relies on advertising cooperation and needs to continue to output high-quality ideas, but it is vulnerable to platform algorithm fluctuations. IP authorization and derivative MCN are longer than brand alliance and derivative realization, but the cycle is long, and the risk of staffing is high. Guild MCN relies on reward sharing, has strong scale recruitment ability, but is subject to stricter supervision and fluctuations in willingness to pay.

Table 1. Comparison of different MCN institutions

MCN type	Core operating logic	Major sources of revenue	Core barriers to competition	Risk characteristics
E-commerce with goods	Construct anchor matrix and integrate traffic between deep pallet and live broadcast room	Freight commission and on-site pit fee	Supply chain integration, bargaining power and selection system	Supply chain fracture, high return rate, anchor termination and job hopping
Content marketing	Refined fan portraits, customized native ads and creative videos	Advertising cooperation fee	Continuous creation ability of high-quality content and brand customer resources	Platform algorithm change, advertiser budget fluctuation
IP licensing and derivatives	Build cross-border well-known IP and extend offline derivatives and business authorization	Revenue from sales of Brand Co-branding fees and IP derivatives	Long-term IP life cycle management and high fan stickiness	Derivatives development cycle is long, and collapse risk is set
Guild/live interactive	Mass recruitment of anchors, relying on emotional interaction and entertainment to stimulate rewards	Virtual gift bonus	Large-scale recruitment ability, daily operation compliance and risk control	Stricter policy supervision and declining willingness to pay

General MCN institutions usually build core competitive barriers from four aspects: First, the ability of batch incubation and echelon management of talent, through the establishment of a multi-level talent matrix, reduces the dependence on a single head influencer, and ensures the stability and growth sustainability of content supply. Secondly, the standardized and industrialized efficient content production pipeline covers topic selection planning, shooting and production, data feedback and rapid iteration, so as to improve the efficiency of content output and the hit rate of explosive

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funds, so as to take the lead in the competition of platform algorithms. Thirdly, efficient supply chain integration capabilities are finely matched with pallets, including product selection, bargaining, quality control and logistics coordination, to ensure the quality and price advantages of goods in realization scenarios such as live broadcasting and goods delivery, and to enhance fans' trust and repurchase. Fourthly, accurate business resource docking and algorithmic game ability not only need to be familiar with the traffic distribution mechanism of each platform, obtain natural traffic through content labels, interactive data, and other strategies, but also need to establish long-term cooperative relations with brand parties to achieve accurate matching between advertisers' needs and human tonality. The above four aspects support and cooperate with each other, which constitutes the irreplaceable intermediary value of MCN institutions in the industrial chain, and is also the key focus for them to cope with market fluctuations and achieve sustainable growth. The connotations and weight of these barriers are also evolving dynamically, requiring MCN institutions to continue to adjust their resource allocation and operation strategies.

4. Discuss and optimize strategies

The transformation and upgrading path of MCN institutions mainly includes the following points. First, from a traffic intermediary to a whole-case brand service provider transformation. The mode of relying solely on aggregated traffic is difficult to resist the risk of frequent iteration of platform algorithms and high commission, and the traffic dividend is gradually peaking, which makes MCN have to reposition its value. To this end, MCN institutions should actively introduce the ICBs framework, that is, to integrate the four modules of content creation, community operation, brand asset management, and supply chain collaboration, and deeply integrate content production, fan interaction, and long-term brand value precipitation. To upgrade from a simple traffic distributor to a strategic planner of brand global marketing, deeply participate in customer brand positioning, product design and channel strategy, and realize the transition from short-term transformation to long-term brand asset accumulation. Second, flexible use of make, buy, or ally's expansion strategy. When MCN enterprises expand their business, they should dynamically combine three paths of self-built incubation, capital mergers and acquisitions and cross-border strategic alliances according to their own cash flow situation, talent reserve and resource endowment, It can not only reduce the risk of dependence on a single head influencer, but also quickly make up for the shortcomings with the help of external resources, and enhance the capital performance and anti-cyclical ability of enterprises. Third, the layout of the upstream of the industrial chain and self-built brands. Combined with the evolution theory of business model from the perspective of social groups, MCN institutions can rely on the data accumulation and user insight of fan communities, infiltrate the upstream supply chain, or directly build its own brand, and grasp the initiative of product pricing and profit distribution; realize the evolution and upgrading of the business model from market adaptation to community ecology, to occupy a more favorable position of value distribution in the industrial chain.

The main strategies of industrial chain synergy and ecological optimization are as follows: first, build a creator growth and benefit-sharing system. At present, there are often contradictions between MCN and creators, such as opaque benefit distribution and unclear rights and responsibilities. To break this opposition and distrust, a transparent partner dividend and equity incentive mechanism should be established, and the boundaries of rights and responsibilities of both sides in copyright, income, and brand ownership should be clarified, allowing creators to share institutions' growth dividends, stimulate their long-term creative enthusiasm, and realise long-term coordinated growth between MCN institutions and talents. Second, the enabling model integrating the influencer economy and the real industry should be promoted. Lessons can be drawn from successful practices

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in which the influencer economy empowers rural revitalization and local characteristic industries via social and cultural currency. With online attention converted into social and cultural capital, the real industrial chains covering local agriculture, handicrafts, culture and tourism can be deeply activated to boost agricultural product sales, facilitate the dissemination of intangible cultural heritage and support regional brand construction. In this way, influencer traffic can be effectively converted into industrial increments, and the organic integration of social and economic benefits can be achieved. Third, improve the industry norms and compliance governance mechanism. With the expansion of the economic scale of online celebrity, problems such as false propaganda, data fraud and tax evasion occur frequently, Platforms, industry associations and regulatory authorities should work together to promote the institutionalization of industry access, the traceability of goods quality and the transparency of tax collection, establish a blacklist system and a cross platform credit system, effectively curb violations of laws and regulations, Protect the rights and interests of consumers, create a fair and orderly market environment for compliant MCN institutions and creators, and guide the influencer economy from barbaric growth to healthy and sustainable development.

5. Conclusion

This paper constructs a unified analytical framework covering industrial chain structure, institutional behavior, and business model evolution through industrial chain system analysis and multi-case comparison of MCN and influencer economy operational logic. Three core conclusions are obtained. First, the influencer economy forms an interdependent three-tier industrial chain network: upstream creators and supply chains supply content and commodities, midstream MCNs and platform algorithms jointly control traffic allocation and industrialized content production, while downstream advertisers and consumers complete value monetization. Within this closed loop, MCNs act as core intermediaries undertaking incubation, matching and risk mitigation, balancing platform rules and creator interests via algorithm adaptation and resource integration. Second, MCN competitive advantages shift from simple traffic operation to comprehensive brand service, supply chain integration and ecological development capacities, as fading traffic dividends make pure traffic operation unsustainable. Third, targeting talent reliance, homogeneous operation, and compliance hazards, this study proposes multi-dimensional upgrading and ecological governance strategies for MCNs to resolve industry development bottlenecks.

This paper extends research perspectives on media intermediary power and business model evolution under the digital economy. Theoretically, it integrates industrial chain structure, institutional conduct, and model transformation into one analytical framework, remedying the defect of separating MCN business models from macro industrial chain analysis in prior literature. It supplements the theoretical system of influencer economy governance and intermediary value reconstruction, offering integrated analytical tools for subsequent scholars. Practically, the proposed upgrading and ecological optimization strategies guide MCN firms to relieve growth constraints, allocate resources rationally, and mitigate operational risks, while delivering policy references for regulators to design fair competition and compliance rules. This research relies on qualitative reasoning and multi-case comparison without cross-country large-scale panel quantitative tests, and its samples are limited to Chinese platforms, restricting the generalizability of findings. Future work may collect cross-border MCN operational data and adopt qualitative comparative analysis or panel econometric models to examine heterogeneous impacts of algorithm and policy shocks on MCN performance for more robust industrial chain governance evidence.

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