

A Business Model of Paid Audio Question-and-answer Platform in China

-- A Case Study of Fenda

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Abstract

Driven by knowledge sharing economic boom, the trend of “Knowledge Monetization” has opened a new age for knowledge sharing platforms, especially in China. Chinese style innovation in knowledge sharing economy has aroused global attention: paid mobile knowledge audio question-and-answer platform as a new model of “knowledge to monetize” experimenting, has shaken the existing knowledge production business pattern in the world. This research aims to identify the typical business model of the Chinese paid audio question-and-answer platform and explore innovative strategies for better development of Chinese knowledge sharing industry.

Keywords

Knowledge sharing; Fenda; Zaihangyidian; Business model.

1. History of Fenda

"Fenda" is a paid knowledge-sharing app developed by the team of Zaihang in Guokr.com. Or can say that "Fenda" is the sub-brand of "Zaihang". In December 2016, Zaihang & Fenda received A+ round investment from Tencent, and investments from Yuan Jing Capital and Sequoia Capital China Fund in June 2016, the accumulated amount of financing exceeded \$100 million in two months.

Guokr.com is an open, free, and pluralistic technology online community in China that has attracted millions of interesting, knowledgeable, and enthusiastic young persons. In 2010, Guokr.com announced its goal was "to be China's Discovery", wishing to make the spread of science and technology different in the new era of media. So far, Guokr.com has become the popular and credible scientific communication brand in China.

As for Zaihang, was an online platform launched by Guokr.com in 2015. Users can conduct one-to-one interviews with experts from various industries, forming an online to the offline knowledge-sharing business model. Fenda was the mobile app released in May 2016, created by the team of Zaihang, this app continued the function of paid knowledge and skills sharing from Zaihang, the main feature of this app was the knowledge sharing in the form of paid audio question-and-answer. Advocated "providing professional services for everyone", working to build a network platform to link common users and scholars, to achieve the goal of "Expert answer to common questions."

Later, in February of 2018, "Fenda" was upgraded and renamed "Zaihangyidian". Combined the basic feature of Fenda and Zaihang, to offer deeper content to customers, adding three categories of knowledge services: "Talk", "Course" and "Class". It is a multi-scene paid knowledge service platform. Compared to other similar platforms, Zaihangyidian is a more all-rounded online knowledge service platform. As Ji Shisan, the CEO of Guokr.com and the founder of Zaihang and Fenda, mentioned in the interview: It was a business strategy to upgrade the original product "Fenda" to "Zaihangyidian". In other words, it was a form of rebirth to rename

from “Fenda” to “Zaihangyidian”. Though the original apps “Fenda” and “Zaihang” belong to the same team, as two separate brands operated before. However, these two apps were both doing the same business – knowledge monetization, renamed “Fenda” was a way to unify platforms and services. The new “Zaihangyidian” adds “online knowledge premium” functions: providing “Talk”, “course” and “class” three categories of online knowledge services based on the remaining fundamental question-*and-answer function of “Fenda”*.

2. Business Model of Fenda

At first, to distinguish the differences among the knowledge sharing platforms “Zaihang”, “Fenda” and “Zaihangyidian”. About this point, Ji Shisan answered during the interview: “Zaihang” launched in 2015 as a paid offline expert communication platform, providing the mode of “one-to-one” service that enables users to make an appointment offline with a specific expert in different professional domains and consume the services. And in 2016, “Fenda” published as a “one-to-many” paid audio Q&A app: Users can pay to a specific person after asking the question, and get 60 seconds audio answer from experts; other users can play the role of eavesdroppers, paying audio answers to listen as well, but the money goes evenly to the questioner and the respondent. To resolve the problem of time limitation (one-minute limitation), the upgraded version of “Fenda” – “Zaihangyidian” has developed, based on paid audio Q&A function, the long-term “one-to-many” learning functions are added.

2.1. Operating Structure

When open “Zaihangyidian”, there are four main functions on its home page: “Class”, “Course”, “Talk” and “Ask” (Figure 1):

Class: A combination of online classes and assignments. Within the designated teaching period, the content of the class is delivered in audio, image, and text, and assignments are given to users after each online class. The content of the online classes is daily upgraded. Besides, there is an open class schedule for users to read in advance. After the end of the class, users are able to review the class repeatedly.

Course: A long-term deep learning online course with experts based on one particular topic. After payment, users can follow the top experts in different industries and utilize their fragmented time to learn knowledge systematically through an online course with audio, image, and text over a long-term studying period, such as a few months, half a year, or a year.

Talk: A online paid talk is held by a certified distributor, commonly named “big V” (the person who has gained personal certification on the platform, has a certain reputation in his/her field, and has a number of followers) in China. Users should buy admission tickets before the talk, always is a 20 to 30 minutes’ audio talk on one specific topic. In this one-to-many professional knowledge-sharing talk, listeners can communicate with the presenter and other users in the common dialog.

Ask: The fundamental feature of Fenda and there are different categories for users to seek appropriate experts in different areas they want, for example, health, psychology, law and childcare, and so on. Users can ask a question and set the price for the person who answers this question, and then the questioner will get a 60 seconds audio answer from an expert or other users; other users can also pay to the audio to listen, but the money goes evenly to the questioner and the respondent. There are two types of format to ask and answer a question on this app:

(1) Ask appointed expert: Find the specific expert who is the questioner searching for, and pay the price of each question the expert set in advance. If the expert wants to answer the question, he/she will answer it within 48 hours, otherwise, the money will return back to the questioner’s account.

(2) Quick Answer: User asks the question, sets the price, and opens published, certificated “big V” will race to answer the question. And then, the questioner can select a satisfactory answer to reward. If there is no satisfactory answer selected within 48 hours, the reward shall be equally shared between all respondents.

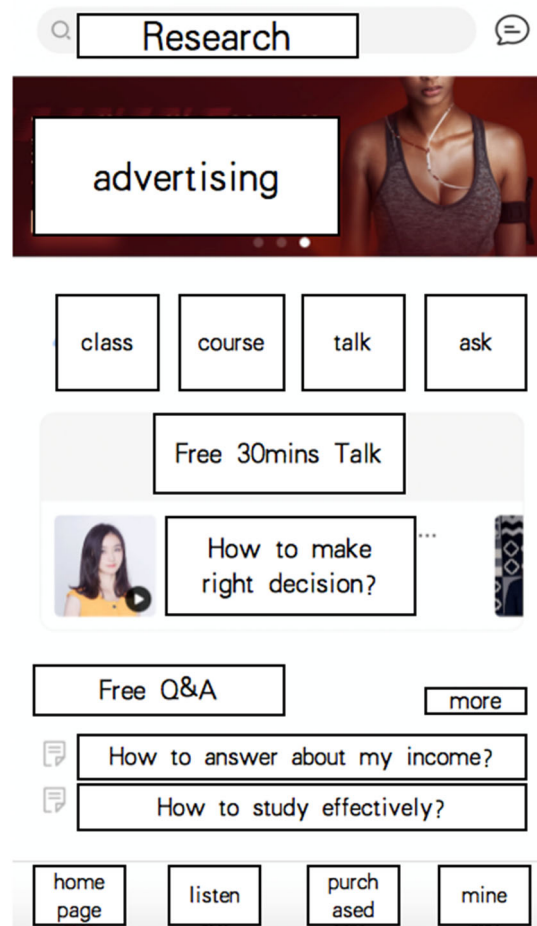


Figure 1. The homepage of Zaihangyidian

Source: author

Among the above four functions of Zaihangyidian, only “Talk” and “Ask” are the original features generated from Fenda, corresponding to the combination of “Finding Expert” and “Quick Answer”, and “Little Talk” respectively. Besides, an online open community also provided for users to discuss some interesting topics together in the previous Fenda. A product structure diagram of Fenda is described below.

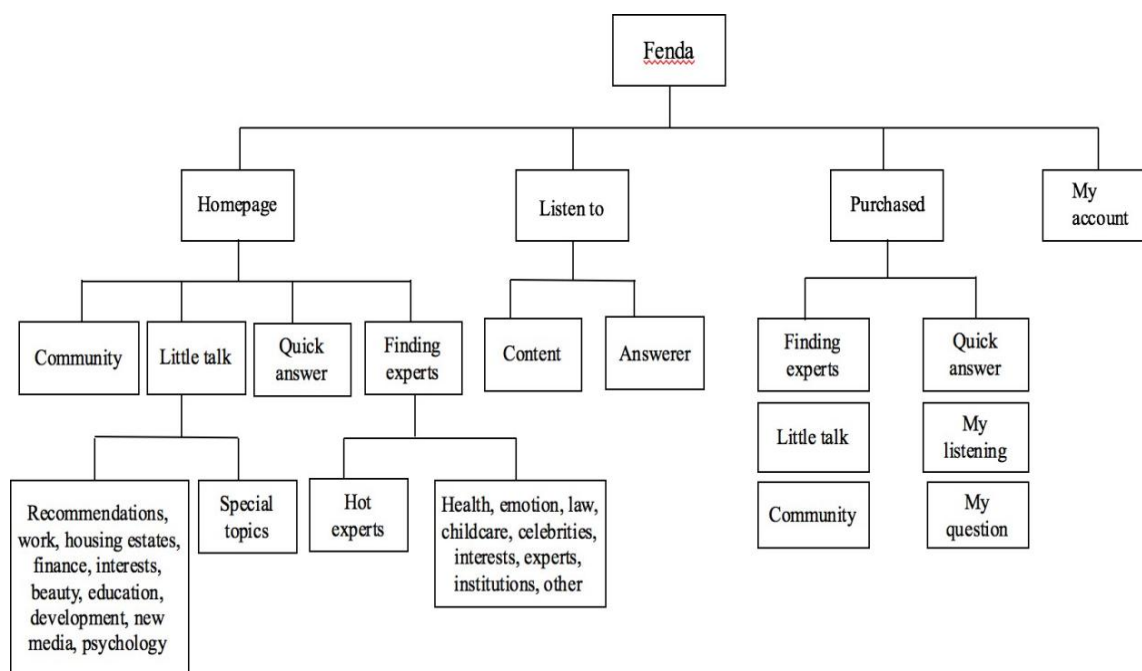


Figure 2. Structure of Fenda

Source: Author

2.2. Payment Procedure

Paid audio Q&A and audio talk are both belong to the model of pay-per-view, with the form of PGC (professionally generated content) to share knowledge. According to the functions provided by Fenda, the model of paying for knowledge is divided into two aspects. As can be seen from diagram 1, the open platform allows all users to participate in the process of paid knowledge sharing. Questioner, respondent, and eavesdropper constitute the key three elements of the whole knowledge trading in Fenda. According to the regulation of the platform, all users are able to register as an answerer. For example, the author of this paper has created an account on Zaihangyidian, after setting the titles and what kind of questions the author is good at, and then can set the price for answering a single question. After a few days' information auditing, the platform sends a message to the writer to inform that the writer is the answerer right now and is able to answer questions. Thus, other users can search the related information about the author, then pay for the price the writer set and ask questions.

Users can also play the role of questioners and eavesdroppers. The questioner may ask any questions to an expert he/she is interested in, but the question should be texted with a limitation of 80 words and the respondent should answer the question in the audio format of no more than 60 seconds. If other users also want to listen to the question and answer, they should pay 1 yuan (\$0.15) for each view. The cost of eavesdropping is divided equally between the questioner and the answerer (\$0.07 for each). Therefore, the more time a question and answer be viewed, the greater payoff will be. Each questioner will benefit from the functions of eavesdropping on this platform. To some extent, this strategy encourages more users to participate in paid knowledge sharing, which also helps the quality of answers improve.

Fenda offers a platform for individuals to have online knowledge trading. As the builder and operator of this paid Q&A app, Fenda is entitled to have a 10% commission from each knowledge transaction, as a result, to realize a win-win for the platform and users.

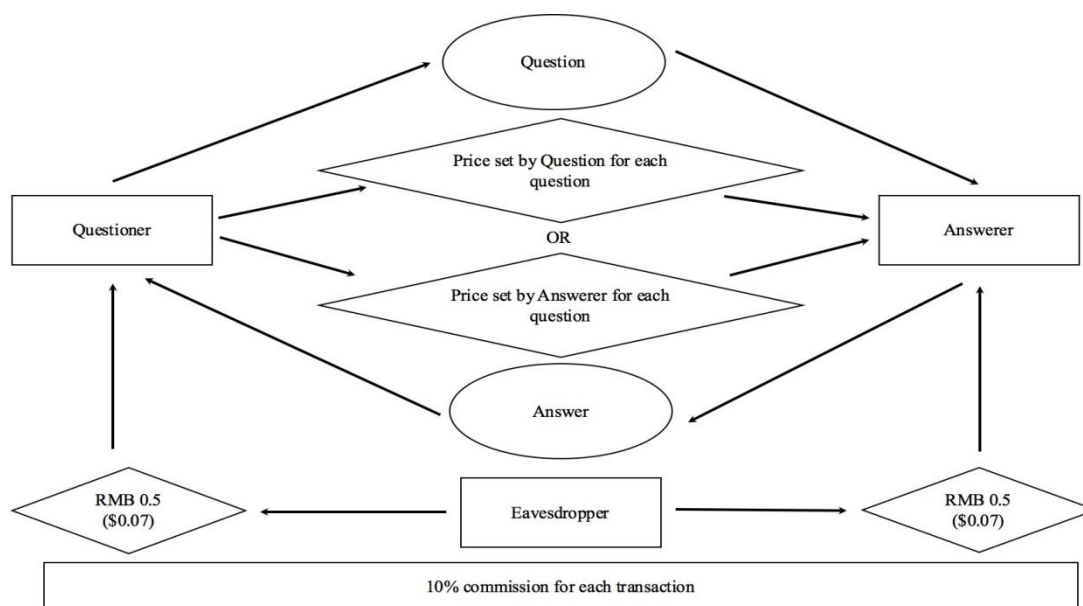


Figure 3. The business model of Q&A

Source: Author

In addition, paid knowledge sharing is also reflected in the paid knowledge talks. In 2017, Fenda has opened up its “Little Talk” (“Talk” in Zaihangyidian) function. Similar to online paid knowledge sharing talk, the presenters are experts or scholars in various fields. The audience who is interested in the topic of a talk, could buy the admission ticket and listen to the recorded audio of about 20 to 30 minutes, sometimes supplemented by text and images, to help the audience better understand the talk content.

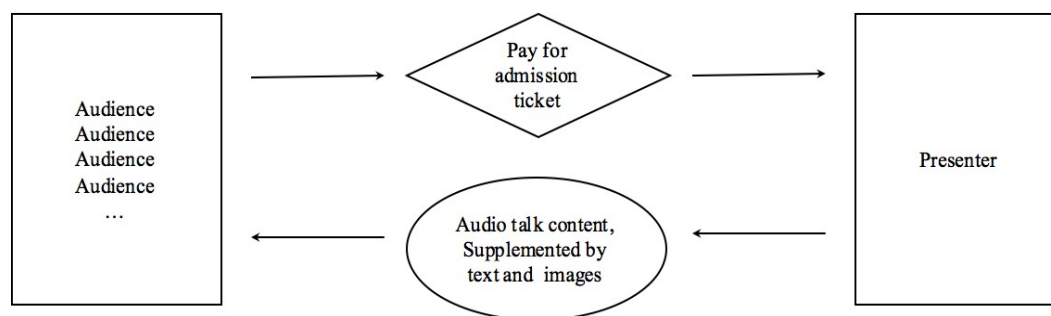


Figure 4. Payment procedure of knowledge sharing talk

Source: Author

2.3. Business Strategies

Business strategy is a firm’s work for achieving its vision and goal. For Guokr.com, the most important strategy it made was to establish a Q&A platform in the form of audio, thus, Fenda became the leading app in the field of paid audio Q&A. To adjust the market position of Fenda, it came up with a specialization plan to achieve its vision – providing professional services for everyone.

2.3.1. Mobile Audio App

According to the latest <the 47th statistic report on Internet Development in China>, released by China Internet Network Information Center (CNNIC) in 2021. By the end of December 2020, the number of mobile Internet users in China was 986 million, 88.85 million more than in March 2020, and 99.7% of Internet users used mobile phones to access the Internet (Figure 5).

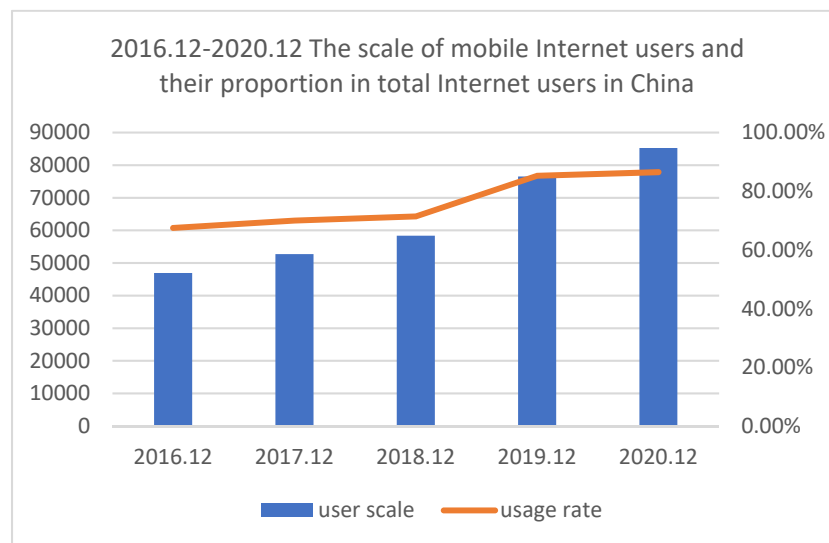


Figure 5. 2016.12-2020.12 The scale of mobile Internet users and their proportion in total Internet users in China
Source: CNNIC

At the same time, the number of online payment users continued to expand. By The end of December 2020, the number of China's online payment users reached 854 million, up 86.36 million compared with March 2020, accounting for 86.4% of the total Internet users (Figure 6). Thus, the fast development of IT, mobile devices, and mobile payment services, providing a bright future for the mobile application market in China.

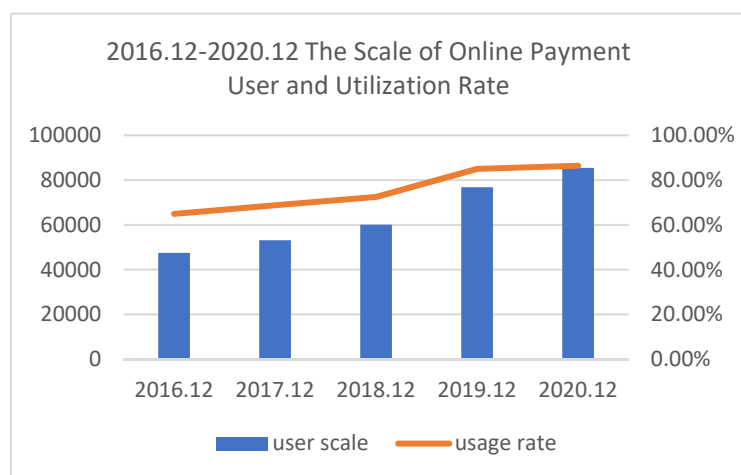


Figure 6. 2016.12-2020.12 The Scale of Online Payment User and Utilization Rate
Source: CNNIC

Guokr.com is a technology online community in China, the website extends its idea of “knowledge sharing” to the mobile application. Thus, “Zaihang” and “Fenda” were developed for knowledge monetization. The most important feature of the pay-per-view Q&A platform is to enhance the function of audio. At present, there is a growing demand for more timely and accurate knowledge in society. And under the present technological conditions, the mode of audio Q&A is undoubtedly offering a new model for high-quality interactive questions and answers: Firstly, the audio input promotes the efficiency of interactive question and answer, while the efficiency of text input is too slow to have a timely connection between supplier and

receiver. Using audio response can solve the above problem and can truly express the mood of the respondent, and create a question-and-answer atmosphere; Secondly, the audio response mode has the advantages of low technical requirements and is suitable for a wide range of scenarios. Hence, the knowledge surplus person only needs to hold a common mobile terminal (mobile phone) to produce content in any place.

Audio question and answer mode can be regarded as a "light" model: (1) light answer, only need 60 seconds response; (2) light question, just require to pay a small amount of money through internal micro-payment function, to obtain a professional solution; (3) light social, knowledge can be easily shared to social platforms in large quantities. Besides, the fee-based mechanism effectively avoids overloaded information and filter useful information.

Therefore, transferring knowledge from an online knowledge-sharing website to a mobile audio context is a creative and beneficial strategy for Guokr.com.

2.3.2. Professionalization Plan

Since the launch of Fenda in May 2016, this paid audio Q&A app had quickly become a knowledge-sharing industry. Its novel mechanisms of the division of content, good interactive user experience, and the presence of a large number of celebrities and experts on this platform, attracted surprising attention. On June 27, 2016, Fenda launched its first press conference and announced: after 42 days' operations, Fenda has gained 10 million authorized users, paid subscribers exceeding 1 million, generated 500,000 audio questions and answers, total knowledge transactions exceeding 18 million and its estimated market value was more than \$100 million. Nevertheless, all the content was disappeared on Fenda and this app was no longer working properly. Then, after a 47 days' sudden suspension, Fenda turned back, but content classification had been greatly reduced, just left only three columns: health, science, and workplace.

When Fenda was first released, gathered a lot of celebrities, such as Zhang Ziyi (Chinese famous actress), Tong Dawu (Chinese famous actor), Wang Sicong (son of the richest billionaire in China) to join this platform and to become respondents to answer questions. Relies on the star halo effect, attracted a vast number of users at the initial stage, but this model to consume celebrities' reputation was not favored by the scholars and workers in the knowledge sharing industry as they thought this mode was far away from the sharing of knowledge. For instance, Zhang Ziyi, the female star of the movie "Crouching Tiger, Hidden Dragon", set the price of RMB 2,929 (\$428) for each 60 seconds answer. One of the questions was "what's your weight after you had your daughter?" And Zhang answered weight was the secret of a woman. The question and answer were meaningless but still, 3225 eavesdropping users listened to the answer. However, commonly, the price for the answers from experts or scholars is RMB 100 (\$14.51). Additionally, because of the regulation of this Fenda, the answerer and questioner share the money from eavesdroppers, which made some questioners more likely to post gossip questions to attract other users to eavesdrop.

After being relaunched, Fenda deliberately played down many celebrities that had gathered before, replaced by experts and scholars in industries, such as sociologists, astronomers, and psychologists, and so on. Fenda declared that it will focus more on professional knowledge, offering expert questions and answers, to complete a "professionalization" transformation. During the interview with the founder of Fenda, Ji Shisan gave detailed information about its "professionalization plan": The model that relies on the star halo effect, consumption of Internet celebrities is not lasting. Fenda invited celebrities to join, just with the help of their reputation and their large number of fans, as a result, the new form of paid knowledge will be rapidly promoted by the fans. When the gossip heart fades, those who really require professional knowledge will stay. That is to say, the paying customers that gather because of celebrities at the beginning can be replaced by users who have the demand for "specialization"

eventually. Just as we have a team to explore the potential “future big V”, playing the role as “expert incubator” to sign up for “potential stock”. It takes time, manpower, money, and patience to support those “future big V” who have potentials but are less famous. But when the potential experts are going to be well known, our team can also make a profit from them.

3. Conclusion

The overall aim of this paper is to find out the principle business model of the question-and-answer platform in China. By taking Fenda as the typical case to study, two conclusions can be drawn: (1) The business model of current Chinese paid audio Q&A platforms is unsustainable since rapid technological development highly influences the form of knowledge sharing. For now, live streaming and short video have become the main knowledge learning methods in China, attracting huge traffic from traditional knowledge-sharing apps, such as Fenda. (2) PGC (professionally generated content) is still the basement of any knowledge-sharing platforms, at the same time, UGC (user-generated content) and PUGC (professional user-generated content) offer a more sustainable business model for the knowledge sharing industry. No matter how the business model of paid audio Q&A platform changes, “content is the king” and is the most important strategy to maintain a long-term product life.

Acknowledgments

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