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Original Interview with Leading Digital Marketer for Short Drama Industry

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Q1 – Opening: A ByteDance Insider's View

QUESTION

> *Before joining Pinflow, you spent many years at ByteDance. Back when almost no one in the Western world had even heard of micro-dramas, what did you see internally at ByteDance that convinced you this would become a massive market?*

RESPONSE – SHU YE

At the time, I was responsible for ByteDance's app ecosystem in the South China region. What we were watching unfold inside ByteDance was the early stages of what is now a $14 billion consumer market in China alone. We saw it before the industry even had a name, nomenclature. We saw that the growth rate was extraordinary. As competition heated up with new market entrants, daily ad spend skyrocketed nearly overnight. I had never seen a category accelerate that fast in my years at Bytedance. That early burst of data was the most direct evidence behind our conviction on this category.

From the consumer perspective, a runtime of roughly one to two minutes fits perfectly with users' fragmented viewing habits, and the dense stream of plot twists constantly delivers a payoff moment, precisely tapping into today's users' craving for instant emotional gratification. As I saw this trend develop, I began to deepen my expertise in high-frequency stimulation that firmly holds user attention.

At the same time, visible changes were happening upstream in the industry: large numbers of background extras in Hengdian began shifting over to short-drama productions. The entire chain – from the production supply chain at the base all the way up to end-user traffic – erupted at once, and that's what convinced me micro-dramas would become a massive-scale category.

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Q2 – The Arc of China's Market Development

QUESTION

China's micro-drama market has surpassed total annual box-office revenue. During your time at ByteDance, did anyone predict this day would come? Or did it surprise even the people who built it?

RESPONSE – SHU YE

This outcome caught us by surprise. We foresaw rapid growth in this category, but we never imagined its scale would come to exceed the box-office output of traditional professional film production teams. Its explosive power far outstripped what industry practitioners imagined, even those of us who have been working in the industry were caught off guard by how fast the market grew.

To put it in context, China's short drama consumer market reached RMB 50 billion in 2024, exceeding the country's entire theatrical box office of RMB 42.5 billion for the first time. By 2025, short drama was nearly double the box office. That comparison was unthinkable five years ago.

2025 can be described as the watershed year for the AI short-drama industry. AI technology solved the long-standing pain points of live-action production. Financial exposure from high-cost shoots, tight actor scheduling and long production cycles all pushed the industry into a new wave of growth. Technological leverage directly broke through the ceiling on content output capacity, freeing the industry from its heavy historical dependence on large amounts of labor and lengthy production cycles

In January 2026 alone, 470 AI-generated short dramas were being released every single day on Douyin. That's not a trend. That is a transformation.

We are now seeing, particularly in western markets, AI applied less liberally and more strategically, utilized for efficiency and speed to market and not necessarily for the entirety of an individual production. We expect this trend to continue as Hollywood enters the market, consumers become more discerning and loyal to various genres and brands.

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Q3 – Global Growth: Genres, Markets, and Western Audience Acceptance

QUESTION

> *Which markets have grown fastest, and how does content by genre differ between Western audiences and Asian markets? What specifically do audiences in the U.S., Europe, Japan, and Southeast Asia actually want?*

RESPONSE – SHU YE

The Southeast Asian and the United States' consumer markets have been the fastest to develop outside of China in the early stages. The most pragmatic approach early in the expansion is to take content that has already proven mature and successful in mainland China and run low-cost tests with it, to quickly validate the market.

Southeast Asia scaled up quickly mainly because of cultural and geographic proximity. Many domestic short dramas need only a simple translation to hit the high intensity "payoff" moments that garner the best response from local consumers.

U.S. consumers have migrated more slowly into the genre but show a much higher willingness to pay for quality content, and that paying behavior is also sustained over time. The U.S. generates $4.70 in revenue per download, more than twice the global average of $2.00, and represents over 60% of global ex-China short drama IAP revenue.

Genre preferences differ between the two audiences: U.S. audiences tend to favor heroic/fantasy content more, and US viewers are more conditioned to spending.

Meanwhile, Southeast Asian users lean toward realistic, everyday-family-drama content. Translating content to new markets is never as simple as translating subtitles. Understanding the emotional payoff points unique to local users is the real core of monetization.

For a production company working in the U.S. market, my advice would be to seize the market window and develop loyalty based on content quality. The current core audience skews female, and a great many teams are crowding into female-oriented content. The great opportunity in the short drama industry globally is that the current productions are chasing the same female audience. The male user opportunity is enormous and almost entirely untapped. Whoever cracks male-oriented content first in Western markets will have the next wave of growth largely to themselves. Male audience-oriented entertainment should have a genre focus on sports, action and thriller content.

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Q4 – Distribution: YouTube, Meta, and the Platform Battle

QUESTION

How are micro-drama producers and platforms using YouTube and Meta today? Do you see these becoming genuine micro-drama platforms or primarily top-of-funnel discovery tools routing users back to standalone apps?

RESPONSE – SHU YE

The fundamental difference between TikTok and other platforms in this space is architectural, not strategic. TikTok is the only platform with a native payment loop for short drama. Meta and YouTube are powerful distribution tools, but as of today they are still top-of-funnel. TikTok is the full funnel.

Meta is currently the industry's largest ad-spend channel. Its media-buying pipeline is mature, and it carries the highest share of spend, making it the preferred channel for short-drama apps to acquire users at scale. Google's paid advertising converts comparatively weakly and functions more as a supplementary channel.

Meta relies mainly on Reels ads for paid user acquisition, with the core goal of driving users out to an external standalone short-drama app. Meta is currently testing a "Series" feature for bundling episodes within Reels, but direct on-platform payment remains at an experimental stage.

Data shows that short drama and vertical entertainment producers use a combination of techniques to drive both viewers and user acquisition. eMarketer data shows that 68% of total US micro-drama app advertising spend comes from social media, with Facebook/Meta accounting for 25% and TikTok 19%. Meta and TikTok spending must go hand in hand. Meta is a key marketing tool, but TikTok is where the conversion happens.

YouTube runs two parallel strategies: producers cut episodes into cliffhanger clips for YouTube Shorts for organic traffic and ad-revenue share, while some use free clips purely as acquisition hooks directing viewers to paid apps. YouTube has no native per-episode unlock or virtual-currency payment system.

TikTok's biggest differentiating advantage is that it has transplanted the short-drama mini-program vehicle (TikTok Minis), proven in mainland China, directly into non-China markets. Users can watch and pay entirely within TikTok itself, with no need to jump to an external app.

Both Meta and YouTube function mainly as content-discovery and top-of-funnel traffic tools. TikTok, by contrast, has built out its entire micro-drama consumption-and-payment capability natively from within the platform itself.

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Q5 – Hollywood Enters Micro-Dramas

QUESTION

Disney, Netflix, Fox, and Lionsgate are all moving into micro-dramas. In addition, niche studios are popping up everywhere focusing on capturing the imagination of audiences. Who is getting it right, who is getting it wrong, and what is the single biggest mistake Western studios make when entering this space?

RESPONSE – SHU YE

Much has been said and many comparisons have been made between the current rise of short drama and Quibi, the $1.5 billion micro content app that did not gain any market traction. What is the difference? Quibi failed because it tried to shrink Hollywood rather than build something native to mobile. The studios that succeed in short drama will be the ones that learn from their Chinese counterparts, not the ones that try to apply existing playbooks to a new format.

Another recommendation I can make is for studios to rethink how to position vertical and micro-drama. It is not just a shorter version of television or traditional streaming. The format has its own grammar, language, and plot configurations. The emotional payoff must arrive in the first 30 seconds, the cliffhanger must be engineered at the episode level, and the production cycle must be measured in days or weeks, not months. Teams that have internalized the format from the ground up are the likely winners in the sector.

The format requires a fundamentally different relationship with content creation. faster, cheaper, more iterative, more data-driven at the script level. The companies winning in short drama make decisions in hours that larger studios make in months. Speed, capital efficiency and high impact content will determine production success in this industry going forward.

Genre specification will become important as the market quickly expands and matures. Fuego Shorts, founded by veterans in the Hispanic and Latino entertainment industry, are a prime example of expertise and focus on specific content types. Disney's recent content deal with Dhar Mann Studios, which includes twenty episodes of original short form family-oriented content for Disney, is exactly the type of thing we expect to see as the big studios dip their toes into the proverbial water.

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Q6 – AI and the Content-Quality Question

QUESTION

Of the top 10 highest-viewed micro-dramas globally right now, eight are AI-generated. At what point does AI shift the bottleneck away from production toward knowing what to make and how to promote it? Does that shift make advertising and distribution more valuable?

RESPONSE – SHU YE

People always ask me whether AI will commoditize short drama production. My answer is: production was never the bottleneck. It was always the story. AI doesn't change what works, it just lowers the expense of finding out what doesn't and increases speed to market.

AI is used in production and we at Pinflow use it as a strategic marketing and market intelligence tool. The real bottleneck was never the production stage, it's always been the appeal of the story itself. Even as AI continues to iterate and improve, the script and the storyline remain the core.

AI has made it more cost effective to experiment, but it has not changed the fundamental hit rate problem. Entertainment is content. What matters, and what will always matter in vertical entertainment, is knowing what to make and having the distribution infrastructure to get it in front of the right audience at the right moment.

Much of the value chain is oriented towards marketing and distribution. The agencies and platforms that can consistently get content across the algorithm's engagement threshold in the first 24 hours become valuable players in the ecosystem.

If AI pushes production cost down to near zero, platforms, agencies, and the production companies that can reliably produce hits will form a three-way win-win. Many of our clients have sophisticated production capability but lack overseas distribution experience, so we provide them with full end-to-end enablement, including ad placement, mini-program white-label development, and data analytics. Our business has also upgraded from simply buying traffic to deep managed-operations and technology enablement.

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Q7 – Industry Macro Outlook

QUESTION

The vertical-video economy is projected to reach $150 billion by 2026, with micro-dramas currently at roughly $4 billion. Ellery Voss projects the micro-drama market alone will reach $56 billion by 2031. What gets you out of bed energized every morning – and what keeps you up at night?

RESPONSE – SHU YE

Enormous growth also will bring consolidation. That means that the industry's consumers will become more discerning and sophisticated. Many small and mid-sized teams that only chase output volume without polishing their content will be weeded out by the market, and the industry will genuinely shift from "traffic is king" to "content is king."

The category will move entirely away from a celebrity-traffic-driven logic, no longer chasing volume alone, and will instead compete on script quality and refined production. That's the outcome I judge to be highly probable, but one that most people have not yet fully grasped.

What drives me forward is the opportunity across the entire industry, and the fact that our team can offer clients a complete, turnkey solution that helps more content owners bring their micro-drama business to overseas markets. But amid this rapid expansion, what worries me most is capital and the safety of that capital. Having sufficient and secure capital flows for production and marketing is one of the core constraints on business growth right now.

What most surprises me about 2031: the industry's current free ad-supported model, now 83% of global time spent per Owl & Co, will likely trigger a second monetization wave as advertisers discover the audience quality and brand integration becomes standard practice.

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