

## **Development of the Value Co-Creation and Monetization Resilience Model in the Vertical Micro-Drama Ecosystem: a Theoretical Study on Paywall Innovation**

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### **ABSTRACT**

The rapid transformation of digital content consumption toward short-form and vertical video formats has given rise to vertical micro-dramas as a distinct entertainment ecosystem with unique monetization challenges. While prior studies have examined value co-creation and monetization strategies separately, limited attention has been paid to how these two dimensions interact to sustain revenue in highly volatile, attention-driven environments. This study adopts a theoretical research design using a conceptual model development approach based on a systematic synthesis of international and national scholarly literature. Through thematic and comparative analysis, the study identifies key dimensions of value co-creation—engagement, community participation, data-driven feedback, and institutional collaboration—and maps their interaction with diverse paywall innovations, including microtransactions, hybrid advertising models, subscriptions, and access-based partnerships. The findings demonstrate that monetization resilience in vertical micro-drama ecosystems emerges from the dynamic alignment between participatory value creation and adaptive paywall design, rather than from isolated revenue mechanisms. The study contributes a conceptual framework that explains how co-creation processes, when integrated with flexible monetization architectures and contextualized by local market conditions, enable platforms to achieve sustainable revenue under conditions of rapid technological and behavioral change.

**Keyword:** Microdrama; Cocreation; Paywall; Resilience.

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### **INTRODUCTION**

The transformation of digital content in the global media ecosystem shows a structural shift from long-form audiovisual formats to short, vertical video formats designed for mobile-first consumption and distributed algorithm-based (Ruangkanjanases et al., 2023a). This shift is not only changing the shape of content but also reconstructing the patterns of interaction between platforms, creators, and audiences in an increasingly fragmented and competitive digital innovation ecosystem (Xie et al., 2023). In this context, vertical micro-dramas have emerged as a micro-series entertainment format that combines episodic narrative logic with the characteristics of short videos, thus creating a fast, repetitive, and highly dependent consumption experience based on audience participation (Ruangkanjanases et al., 2023).

The global vertical micro-drama industry has experienced exponential growth in recent years, driven by the convergence of mobile technology adoption, algorithmic content distribution, and shifting audience preferences toward bite-sized entertainment. According to industry reports, the Chinese micro-drama market alone generated over ¥50 billion

(approximately US\$7 billion) in revenue in 2024, representing a year-over-year growth rate exceeding 60% (Liang, 2022; Chen, 2025). The global market is projected to reach US\$25–26 billion by 2030, with Southeast Asia—particularly Indonesia, Thailand, and the Philippines—emerging as high-growth regions due to large mobile-first populations and increasing digital media consumption (Omdia, 2025; ContentAsia, 2025). In Indonesia specifically, vertical micro-drama platforms have reported monthly active user bases in the tens of millions, with average session durations exceeding 45 minutes and daily engagement rates surpassing 30% (ContentAsia, 2025). These quantitative indicators underscore the empirical significance of vertical micro-dramas as both a cultural phenomenon and a commercially viable digital content category, thereby justifying focused academic inquiry into their underlying value creation and monetization mechanisms (Kakade, 2024; Machado et al., 2025).

Vertical micro-drama platforms are thriving as part of a digital content ecosystem that places user interaction, behavioral data, and community as the primary sources of value creation (Li et al., 2022). This format allows audiences not only to play the role of passive consumers but also as actors who contribute to the distribution, social legitimacy, and symbolic value of content through interaction, sharing, and user-generated content (Ruangkanjanases et al., 2023). The literature on digital innovation ecosystems shows that this kind of participation pattern is the main foundation of value co-creation in technology-based platforms, where economic value is created through relationships and collaborative processes between actors (Xie et al., 2023).

On the other hand, the growth of vertical micro-drama formats is taking place amid the increasing fragility of ad-based monetization models in the digital media ecosystem (Sudo & Ito, 2021). Reliance on advertising revenue exposes platforms to the risk of market volatility, decreased advertising effectiveness, and algorithmic uncertainty that can disrupt the economic sustainability of digital content (Ahner et al., 2023). This condition has prompted platforms to adopt paywall innovations as monetization alternatives, including episodic unlock schemes, token-based access, hybrid ad-in-app purchase models, and bundling with telecom operators (Sudo & Ito, 2021).

Previous research on paid media shows that paywalls can no longer be understood solely as price instruments but rather as relational mechanisms that shape the interaction of value between platforms and audiences (Sudo & Ito, 2021). In a service-based digital ecosystem, paid content consumption can create shared value that goes beyond economic transactions, especially when audiences are actively engaged in the platform's experience and community (Li et al., 2022). This indicates that paywall innovation has the potential to function as part of the value co-creation process rather than as a separate mechanism from value creation (Xie et al., 2023).

Nevertheless, existing academic studies still show significant conceptual gaps. Most research addresses value co-creation within the framework of innovation and user experience ecosystems, while digital monetization, including paywalls, is more often analyzed from the perspective of business models and revenue strategies (Li et al., 2022; Sudo & Ito, 2021). This separation leads to a limited understanding of how the interaction between value co-

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creation and monetization innovation can shape monetization resilience, i.e., the ability of digital ecosystems to sustain revenue streams adaptively amid changing audience behavior and market dynamics (Ahner et al., 2023).

The concept of monetization resilience is becoming increasingly relevant in the digital content ecosystem, characterized by structural uncertainty and the acceleration of technological innovation (Ahner et al., 2023). The innovation ecosystem literature shows that the economic resilience of a digital system is highly dependent on its ability to manage interactions between actors and align value creation with flexible monetization mechanisms (Xie et al., 2023). In this context, vertical micro-dramas provide the right empirical-conceptual arena to examine how value co-creation and paywall design interact in building monetization resilience (Ruangkanjanases et al., 2023).

This research addresses both a pressing theoretical gap and an urgent industry challenge. The rapid rise of vertical micro-dramas exposes the limitations of existing frameworks in platform economics, which fail to explain monetization for ultra-short, algorithm-driven content, particularly the interplay between participatory value creation and adaptive revenue mechanisms (Teece, 2018; Nambisan et al., 2019). Practically, the industry struggles to convert high engagement into sustainable revenue, with high platform failure rates despite growth, especially in emerging markets like Southeast Asia where infrastructure and cultural factors pose unique challenges (Omdia, 2025; ContentAsia, 2025; C21Media, 2025). The post-pandemic acceleration of digital consumption and ongoing market consolidation further heighten the need for resilient business models.

This study makes several novel contributions, starting with the first theoretical synthesis integrating value co-creation and platform monetization specifically for vertical micro-dramas. It introduces the new construct of "monetization resilience," emphasizing adaptive capacity over static metrics, and develops a context-sensitive framework that distinguishes between scale-driven markets (e.g., Southeast Asia) and value-driven ones (ContentAsia, 2025; Omdia, 2025). It also innovatively reconceptualizes paywalls as governance instruments shaping co-creation, moving beyond purely economic views (Parker et al., 2016; Belleflamme & Peitz, 2019). Finally, it employs a unique multi-level analytical approach to examine interactions from individual engagement to systemic feedback, offering a more nuanced understanding than prior single-level studies.

Based on these gaps, this study aims to analyze the interaction between value co-creation and paywall innovation in shaping monetization resilience in vertical micro-drama ecosystems through theoretical study approaches and literature synthesis (Li et al., 2022; Xie et al., 2023). In addition, the study develops a conceptual model that describes the integrative mechanisms between value co-creation, paywall design, and monetization resilience in complex digital systems (Xu et al., 2023). Thus, this research is expected to make a theoretical contribution to the literature on the economics of platforms and digital media, especially in understanding the dynamics of vertical content monetization based on audience participation (Ahner et al., 2023; Xu & Sun, 2023).

## **METHOD**

This study used a theoretical approach with conceptual model development to build an integrative understanding of the interaction between value co-creation, paywall innovation, and monetization resilience in vertical micro-drama ecosystems. This approach was chosen because the research focus was not on testing empirical hypotheses but rather on developing an analytical framework capable of explaining conceptual mechanisms in the platform-based digital content ecosystem.

The research data sources were derived from reputable international and national scientific literature, including indexed journal articles, academic books, and relevant scientific publications in the fields of platform economics, digital media, value co-creation, and monetization innovation. The literature was selected selectively based on its thematic relevance, theoretical contribution, and relevance to the context of digital content and platform-based media.

The data collection technique was carried out through a theoretical literature review, defined as the systematic tracing and assessment of concepts, models, and theoretical findings that developed in the related literature. This process was not intended as a quantitative systematic review but rather as an in-depth conceptual examination to identify patterns, relationships, and theoretical gaps relevant to the research focus.

Data analysis was carried out using thematic and comparative synthesis across theories, by grouping key concepts from various sources of literature into key analytical themes, such as vertical micro-drama ecosystems, value co-creation, paywall innovation, and monetization resilience. Furthermore, the concepts were compared and integrated to formulate interaction mechanisms as well as conceptual propositions that formed the research model. This synthesis approach allowed researchers to connect theories from different domains coherently and generate an integrative conceptual framework.

Methodologically, this research was positioned as non-empirical, so the validity of the research did not depend on statistical measurements or generalizations of field data but on the strength of theoretical argumentation, the consistency of conceptual logic, and the depth of the literature synthesis. With this approach, the research was expected to make a theoretical contribution to the development of platform economics and digital content monetization, especially in understanding the dynamics of monetization in the vertical micro-drama ecosystem.

## **RESULTS AND DISCUSSION**

### **Dimension of Value Co-Creation in Vertical Micro-Drama**

#### ***Engagement-Based Co-Creation through Binge Loop dan Cliffhanger Mechanics***

The literature confirms that vertical micro-dramas are systematically designed to maximize audience engagement through ultra-short episodes that consistently close with a cliffhanger as a binge loop trigger (Chen, 2025; Final Draft, 2025). In practice, this pattern encourages the consecutive consumption of dozens of episodes in a single session, so that retention and intensity of attention become resources that are "produced" together by the audience and the platform. In the framework (Wang & Guo, 2025) of value co-creation, the

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audience's decision to continue watching is not just a consumption response, but a form of active contribution that generates engagement signals for the recommendation algorithm, thereby expanding the visibility of the content and extending the life cycle of the micro-series (Chen, 2025; Meng & Nansen, 2022). This mechanism is relevant because the growth of the micro-drama market suggests that the accumulated attention can be converted into a large economic value, for example when China's micro-drama market in 2024 is reported to generate more than ¥50 billion (≈US\$7+ billion) which indicates a scale of attention-to-revenue conversion in this category (Liang, 2022).

In addition, the value density of micro-dramas strengthens the audience's emotional attachment to the story as conflicts, emotions, and partial resolution are condensed to the extreme in the range of 1–3 minutes (Final Draft, 2025; Li, 2024). This condition places attention as an exchanged "currency" in the vertical content ecosystem, as audience attention becomes the basis for performance metrics, algorithmic sorting, and micro-monetization strategies (Christin & Lewis, 2021; Meng & Nansen, 2022). From a production perspective, cinematic adaptations at the 9:16 frame (e.g. close-up dominance, minimal staging, and fast-cut rhythm) also strengthen the effectiveness of attention capture and thus reinforce the value that emerges at the value-in-use stage. Thus, (Zhao, 2025) engagement-based co-creation serves as a structural prerequisite for monetization designs that rely on narrative urgency and friction management in post-cliffhanger moments (Final Draft, 2025; Chen, 2025).

### ***Community-Driven Co-Creation through UGC, Comments, and Social Sharing***

The co-creation dimension of vertical micro-drama also develops at the collective level through community formation and user-generated content (UGC) practices that transform audiences into active participants in the production and circulation of meaning. In the context of micro-dramas, the form is manifested as comments per episode, plot speculation, (Fan, 2025; He et al., 2021) reaction videos, fan art, hashtag challenges, to cross-platform reposts such as TikTok and Instagram that expand their organic reach beyond the main application (Emplifi; Chen, 2025). This kind of activity creates a "conversational ecosystem" that reinforces the stickiness of the content, since the value built comes not only from the story, but also from the social interactions between fans that add layers of interpretation and attachment (Wikipedia; Christin & Lewis, 2021). In other words, the community acts as a co-distributor as well as a co-interpreter that produces social and symbolic value that can extend the monetization life of micro-series (Christin & Lewis, 2021; Chen, 2025).

Cross-industry examples show that UGC is able to convert participation into sustainable relational value, for example in #ShareACoke campaigns or LEGO Ideas participatory schemes that mobilize communities to create, vote and disseminate content as part of brand values (PhotoShelter; Wikipedia). Similar dynamics are relevant for micro-dramas, as fan discourse and social dissemination can reduce the marketing costs of user acquisition while strengthening the social legitimacy of micro-series in certain segments (Emplifi; Chen, 2025). In the context of Southeast Asia, strengthening this community is increasingly important because Indonesia is reported to be one of the markets with a large number of micro-drama viewers, so that network effects from local communities have the potential to become an

organic distribution engine that determines content performance (ContentAsia, 2025; Omdia, 2025). Therefore, community-driven co-creation is not just a social phenomenon, but a value infrastructure that strengthens the loyalty and resilience of vertical micro-drama ecosystems (ContentAsia, 2025; Chen, 2025).

### ***Data-Feedback Co-Creation through Audience Behavior Analytics***

Co-creation on vertical micro-dramas is increasingly shifting to a data-driven process as audiences act as a source of behavioral information that shapes the platform's creative and strategic decisions (SG Analytics; PromptCloud). Entertainment platforms collect data on watch duration, drop-off points, rewatch patterns, and user social interactions to personalize recommendations as well as evaluate the effectiveness of narrative structures (SG Analytics; Medium). In a micro-drama ecosystem where production cycles are fast and costs are relatively low, the data allows for near-real-time iteration, for example to test the effectiveness of cliffhangers, episode rhythms, or trope selection based on audience response. Thus, the audience, through their behavior, becomes the implicit (Sudarmanto, 2023) co-designer who directs the next content and determines the greenlighting decision on the category of stories that are considered the most "generous".(Squirt et al., 2008)

This mechanism is also in line with the logic of the platform that places metric signals as the basis of the visibility structure, creator hierarchy, and monetization opportunities, so that data is not just a "byproduct", but a strategic source of value (Christin & Lewis, 2021; Meng & Nansen, 2022). In micro-dramas, success is often determined not only by the quality of the story, but also the ability of platforms and creators to optimize the form of content against cross-application algorithmic logic (Meng & Nansen, 2022; He et al., 2021). Therefore, data-feedback co-creation extends the concept of co-creation from symbolic interaction to computational co-creation, where value arises from continuous adaptation to audience consumption patterns (SG Analytics; Chen, 2025). At this stage, the audience–platform–creator relationship forms a feedback loop that affects production efficiency, distribution success, and content performance stability (PromptCloud; Wang & Guo, 2025).

### ***Co-Production and Cultural Co-Creation through Brand, Telco, and Localization***

Value co-creation in vertical micro-dramas does not only occur between creators and audiences, but also involves institutional actors such as brands and telecommunications providers that contribute to the production, distribution, and design of experiences (Telecoming; ContentAsia, 2025). In the context of Southeast Asia, telco and platform collaborations (e.g. bundling micro-drama applications with data packages) lower access friction while expanding adoption in segments that do not always have digital payment instruments (ContentAsia, 2025). This pattern shows value co-creation at the institutional level: telcos provide distribution infrastructure and access incentives, while platforms provide content, and audiences "pay" through attention and engagement that strengthen service metrics and reputation (ContentAsia, 2025; Chen, 2025). Thus, value is formed through cross-actor resource exchanges that are not always in the form of direct cash transactions (Telecoming; ContentAsia, 2025).

Another important dimension is cultural localization that affects the acceptance and legitimacy of content, especially in markets such as Indonesia and Malaysia that have more conservative media norms (ContentAsia, 2025). The practice of "vertical virtue" shows that the adaptation of themes, languages, and representations becomes a form of cultural co-creation that increases cultural resonance and strengthens community loyalty (ContentAsia, 2025). Examples of regional productions such as works that have gained industry recognition and consumption growth in Asia show that localization is not just a marketing strategy, but part of the creation of value based on local identity and norms (ContentAsia, 2025; Omdia, 2025). Therefore, co-production and cultural co-creation are crucial dimensions that moderate the effectiveness of paywall innovation and the resilience of vertical micro-drama monetization in Southeast Asia. (C21Media, 2025; ContentAsia, 2025)

## **Typology of Paywall Innovation in Vertical Micro-Drama**

### ***Episodic Unlock dan Token-Based Microtransactions***

The premium model with episodic unlock is the dominant paywall innovation in vertical micro-dramas because it is in harmony with the narrative structure that produces urgency after the cliffhanger (Final Draft, 2025; Chen, 2025). Audiences access the initial episode for free, then are faced with the choice of waiting or paying tokens/coins to unlock the next episode, so that emotions and curiosity are converted into repetitive microtransactions (Final Draft, 2025). This design lowers the psychological barrier to payment because the value paid per unit is small, but the high transaction frequency results in significant revenue accumulation on a large market scale. In a conceptual framework, this model monetizes (Liang, 2022) engagement-based co-creation by transforming retention and binge loops into stable incremental buying mechanisms (Final Draft, 2025; Chen, 2025).

### ***Hybrid Ads + In-App Purchases as an Experience Balancer***

Some platforms combine light advertising with purchase options to balance revenue and user experience, so audiences can choose to "pay with money" or "pay with attention" (Final Draft, 2025; Chen, 2025). In micro-dramas, short durations make ads potentially disrupt the narrative flow, so ad design must be selective so as not to damage flow and trigger decreased retention (Final Draft, 2025). Therefore, hybrid paywalls serve as an adaptive mechanism that manages monetization friction based on user engagement levels, for example offering a pay-to-drop option when engagement is high (Final Draft, 2025; Christin & Lewis, 2021). Structurally, this model leverages the logic of platform metrics, when engagement drops, ads can be minimized or replaced with unlock incentives, to maintain content performance as well as revenue (Christin & Lewis, 2021; Chen, 2025).

### ***Subscription-Based Access for Premium Segmentation***

The monthly subscription model is evolving as an alternative for audience segments that want frictionless access to a micro-drama catalog, and is often positioned as the "Netflix

of short-form" to emphasize curation and production quality (Final Draft, 2025; Newswire, 2025). Examples of industry expansion show that new players are even obtaining funding to test premium models on micro-dramas, which signals investors' belief that the short-form vertical storytelling market can sustain certain subscription models. However, this model conceptually faces the challenge of perceptual value because very short content demands consistent proof of value for users to feel that (Newswire, 2025) the subscription is worth renewing (Final Draft, 2025). Because of this, subscriptions tend to be effective when combined with differentiation: higher production quality, more diverse genres, or experience features that are not available on token models (Final Draft, 2025; Chen, 2025).

### ***Telco Bundling and Access-Based Paywall***

In Southeast Asia, bundling with telco data packages is an important paywall innovation as it lowers payment friction and expands penetration into a huge mobile-first market, including Indonesia (ContentAsia, 2025; Omdia, 2025). By integrating content access into data packages, monetization costs are shifted from individuals to partner institutions, resulting in increased user access without demanding per-user payment instruments. This model strengthens distribution and inclusion while creating a form of (ContentAsia, 2025) institutional co-creation that combines telco infrastructure, platform content, and audience attention as a source of shared value (ContentAsia, 2025). From a resilience perspective, telco bundling serves as a buffer against the volatility of individual payment behavior, as revenue can be estimated through institutional cooperation and package schemes (ContentAsia, 2025; Chen, 2025).

### ***Brand-Sponsored Access dan Integrated Storytelling***

Brand partnerships open up indirect monetization pathways through brand-sponsored access and narrative integration, where brands engage in story creation or provide subsidized access as part of a communication strategy (ContentAsia, 2025; Telecoming). Instead of simply placing ads, this model adds symbolic and relational value as the brand enters into the story structure or triggers community participation through UGC (Telecoming; PhotoShelter). In the micro-drama ecosystem, this logic is relevant because episodic formats and social communities make it easier to embed brands as an element of experience, not distraction, thereby reducing the risk of ad fatigue (ContentAsia, 2025; Chen, 2025). Conceptually, brand-integrated paywalls expand revenue portfolios and reduce reliance on traditional advertising, thereby increasing monetization resilience opportunities in a fast-changing ecosystem (ContentAsia, 2025; Chen, 2025).

Paywall innovations in vertical micro-dramas show a shift from a single monetization model to an adaptive multi-schema configuration, in line with industry expansion and increasingly intense global platform competition (Final Draft, 2025; C21Media, 2025). Each type of paywall is designed to capitalize on narrative value density, manage payment friction, and adapt to the market context, especially in the mobile-centric markets of Asia and Southeast Asia. This typology provides a structural basis for explaining how paywalls interact with (Omdia, 2025) value co-creation through engagement, community, data, and

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institutional collaboration, which is the foundation for the formation of monetization resilience (Chen, 2025; Final Draft, 2025). Thus, this typological reading is not only a classification of paywall shapes, but also a map of the mechanisms that bridge value creation and income stability in vertical micro-drama ecosystems (Chen, 2025; ContentAsia, 2025).

### **Interaction Mechanism**

#### ***Mechanism 1 (M1): Engagement-Driven Co-Creation → Perceived Value → Episodic Paywall Effectiveness***

In the framework of value co-creation, value is not produced unilaterally by producers, but is formed through continuous interaction between providers and users in the process of consumption (value-in-use) (Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2008). A synthesis of the literature suggests that vertical micro-dramas operationalize this principle through ultra-short episodic structures and cliffhanger mechanics that systematically encourage binge-watching and emotional engagement of audiences (Final Draft, 2025; Chen, 2025). This intensive consumption pattern results in audience contributions in the form of watch time, retention, and interaction frequency that are a source of shared value for the platform.

These interactions directly increase the perceived value of the content, so that paywall innovations based on episodic unlocks and microtransactions are perceived as a natural continuation of the viewing experience, rather than as a monetization disruption. On an industrial scale, this mechanism becomes even more relevant as the market value of China's micro-dramas has exceeded ¥50 billion by 2024 and the global market is projected to reach US\$25–26 billion by 2030 (Liang, 2022; Fan, 2025). This massive growth magnifies competitive pressures and exposes the fragility of ad-based monetization models, so the effectiveness of paywalls is highly dependent on the success of engagement-driven co-creation. Thus, M1 shows that audience engagement-based co-creation is the main foundation for the formation of monetization resilience in micro-drama verticals.

#### ***Mechanism 2 (M2): Paywall Design as a Co-Creation Filtering and Directing Mechanism***

The literature on the platform economy confirms that the design of access and pricing mechanisms serves as governance instruments that shape user behavior and participation structures in the digital ecosystem (Parker et al., 2016; Belleflamme & Peitz, 2019). In vertical micro-dramas, paywall innovations, particularly token-based freemium models and cool-down unlocks, not only extract value, but also filter and direct the audience's form of value co-creation. Paid audiences tend to show deep engagement through series completion and loyalty, while non-paid audiences contribute through comments, sharing, and UGC that expand organic reach.

This segmentation is significant in a market with a very large user base. Indonesia, for example, is recorded as one of the markets with the highest number of micro-drama viewers globally, although the monetization rate per user is relatively lower than that of Western markets (ContentAsia, 2025; C21Media, 2025). In this context, paywall design serves as a balancing mechanism between the scale of participation and value extraction. Therefore, M2

asserts that paywall innovation cannot be understood in isolation from the dynamics of co-creation, as paywall design actively shapes who participates, how they contribute, and the extent to which value can be sustainably maintained.

### ***Mechanism 3 (M3): Data-Feedback Loop between Co-Creation and Paywall as a Source of Income Stability***

The synthesis of findings shows that the interaction between value co-creation and paywall innovation is further strengthened by data-feedback loops resulting from audience behavior. Digital platforms systematically leverage user behavior data, such as watch duration, drop-off points, and purchase decisions, to optimize content design and monetization structures (SG Analytics; PromptCloud). In the context of vertical micro-dramas, fast production cycles and relatively low costs allow these analytical results to translate into narrative adjustments and paywalls in a short period of time.

On a large scale, this mechanism contributes directly to income stability. Platforms with tens of millions of monthly active users, such as Holywater with more than 55 million cross-platform users, no longer rely on the success of a single title, but rather on the system's ability to collectively learn from audience co-creation patterns (C21Media, 2025). The interaction between data co-creation and adaptive paywall design allows for cross-series revenue diversification and reduces the risk of volatility caused by changing audience preferences. Thus, M3 shows that data-driven co-creation serves as an internal mechanism that strengthens monetization resilience through continuous learning and iteration.

### ***Mechanism 4 (M4): Southeast Asian Context as a Moderator of Co-Creation and Paywall Interactions***

The literature on digital platforms and media emphasizes that the effectiveness of monetization strategies is strongly influenced by institutional, cultural, and market structure contexts (Eisenmann et al., 2011; Parker et al., 2016). The synthesis of findings shows that Southeast Asia, particularly Indonesia, functions as a scale engine with a large user base and high engagement rate, while Western markets are more of a monetization engine with higher ARPU despite a smaller user base (Omdia, 2025; ContentAsia, 2025).

In the context of Southeast Asia, paywall innovation tends to be moderated by telco bundling practices, brand-sponsored access, and cultural localization that lower payment friction and increase the social legitimacy of the content. This practice strengthens cultural co-creation, where economic, social, and symbolic values are intertwined simultaneously (ContentAsia, 2025). Thus, M4 emphasizes that monetization resilience is not only determined by the design of the technology or paywall, but also by the suitability of the co-creation strategy with the regional context. Southeast Asia acts as a moderator that forms the most effective interaction configuration between co-creation and paywall innovation.

## **General Framework of Conceptual Models**

The development of the conceptual model in this study departs from the perspective of value co-creation and platform economics, which views value as the result of dynamic

interaction between service providers and users in the context of the digital ecosystem (Pralhad & Ramaswamy, 2004; Vargo & Lusch, 2008; Parker et al., 2016). In this framework, monetization resilience is not understood as a result of price optimization alone, but rather as a systemic outcome of the alignment between audience engagement, access mechanism design, and the market context that surrounds it.

The conceptual model developed positions value co-creation as an upstream source of value that includes audience engagement, community participation, behavioral data production, and institutional collaboration with brands and telcos. Paywall innovation is positioned as a value-converting mechanism that transforms such participatory value into sustainable revenue streams through various digital monetization schemes (Belleflamme & Peitz, 2019; Parker et al., 2016). Furthermore, monetization resilience is positioned as a systemic outcome that is reflected in revenue stability, diversification of monetization sources, and adaptability to digital content market volatility (Eisenmann et al., 2011).

### **Conceptual Model Proposition**

a) Proposition 1 (P1)

Within the framework of service-dominant logic, value is formed through audience use and experience, not solely through content production (Vargo & Lusch, 2008). Audience engagement through binge-watching, cliffhanger mechanics, and narrative density reinforce the perceived value of vertical micro-dramas, so that episodic paywall mechanisms and microtransactions are perceived as a natural continuation of the viewing experience (Pralhad & Ramaswamy, 2004; Chen, 2025). Thus, the effectiveness of paywalls is highly dependent on the intensity of engagement-driven co-creation.

b) Proposition 2 (P2)

Platform economic theory suggests that the pricing and access mechanisms serve not only for value extraction, but also to regulate the structure of user participation in the digital ecosystem (Parker et al., 2016; Belleflamme & Peitz, 2019). In vertical micro-drama, freemium- and token-based paywall designs create audience segmentation that results in differentiation of forms of value co-creation, from the deep engagement of paid users to the distributional contributions of non-paid users. Therefore, paywall innovations are actively shaping the co-creation architecture within the platform.

c) Proposition 3 (P3)

The literature on digital platforms confirms the central role of user behavioral data in supporting system learning and analytics-based decision-making (Eisenmann et al., 2011; SG Analytics). In vertical micro-dramas, audience consumption and payment behavior generates a data-feedback loop that allows for quick adjustments to content design and paywalls. This iterative process strengthens the adaptability of the monetization system and reduces reliance on the performance of a single piece of content. (Chen, 2025; Li, 2024)

d) Proposition 4 (P4)

Studies on platform strategies show that diversification of revenue sources is an important mechanism to reduce the risk of digital market volatility (Parker et al., 2016;

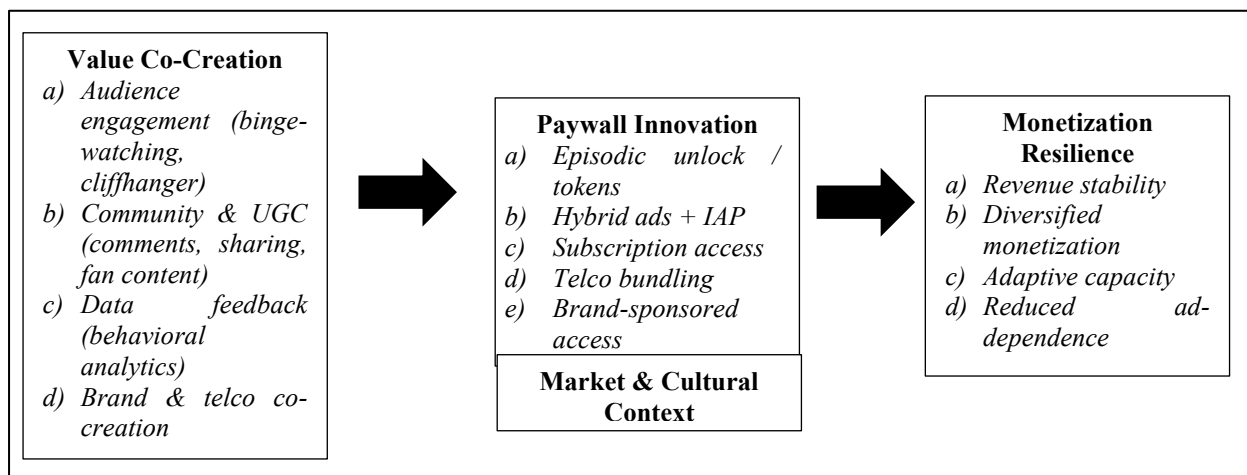
Belleflamme & Peitz, 2019). In the micro-drama vertical, the integration of various paywall schemes, such as episodic unlock, hybrid advertising, subscriptions, telco bundling, and sponsored access, allows platforms to absorb fluctuations in audience behavior. When combined with active co-creation, this diversification strengthens the resilience of monetization systemically (ContentAsia, 2025).

e) Proposition 5 (P5)

The media literature and digital platforms confirm that the effectiveness of monetization strategies is strongly influenced by market structures, cultural norms, and institutional support (Eisenmann et al., 2011; Parker et al., 2016). The difference between Southeast Asia as a scale-driven market and Western market as a *value-driven market* shows that paywall design and co-creation forms must be contextually adjusted (Omdia, 2025; ContentAsia, 2025). Therefore, the regional context acts as a key moderator in this conceptual model.

f) Proposition 6 (P6)

Monetization resilience is understood as the ability of an ecosystem to maintain and stabilize revenue in the face of changing technologies, audience preferences, and market structures. The platform literature emphasizes that this kind of outcome is not static, but rather the result of continuous interaction between system elements (Eisenmann et al., 2011; Parker et al., 2016). Thus, monetization resilience emerges when co-creation practices, paywall design, and institutional contexts are dynamic alignment.



**Image 1. Development Model**

The direction of the arrows in the conceptual model (Figure 1) reflects the causal and reciprocal relationships between constructs. Value co-creation influences the effectiveness of paywall innovation through increased perceived value and audience engagement (Vargo & Lusch, 2008; Prahalad & Ramaswamy, 2004). In contrast, paywall design shapes the structure and intensity of co-creation through segmentation and participation incentives (Parker et al., 2016). This interaction generates a data-feedback loop that allows for continuous learning and adaptation of the monetization system (Eisenmann et al., 2011). All of these relationships

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are moderated by market and cultural contexts, resulting in monetization resilience as a systemic outcome.

However, due to the limitations of the study, the conceptual model is limited to the vertical micro-drama ecosystem as the main unit of analysis. Other forms of short video content are used solely as conceptual comparisons and are not incorporated directly into the model's structure. In addition, this model is non-empirical and is intended as a theoretical framework that can be further tested through quantitative research, case studies, or mixed methods approaches in the future (Jaakkola, 2020).

The results of the theoretical synthesis show that value co-creation and paywall innovation interact dynamically in forming monetization resilience in the vertical micro-drama ecosystem. Audience participation through comments, sharing, user-generated content, and community activities not only increase engagement, but also forms perceived value that is collective and sustainable. The value created from this co-creation process strengthens the audience's emotional attachment to the content and platform, which in turn increases the willingness to pay for various paywall schemes. These findings are in line with the theory of value co-creation which emphasizes the shift in value creation from producers to producer-consumer interactions (Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2008; Ranjan & Read, 2016), as well as reinforcing the argument that in the digital media ecosystem, user participation is a strategic source of economic value (Brodie et al., 2011; Nambisan et al., 2018).

Furthermore, the results of this study show that paywall innovation in vertical micro-dramas does not function solely as a revenue extraction mechanism, but as a governance instrument that shapes and directs audience participation patterns. Episodic, token-based, ad-in-app purchase hybrids, and bundling with telcos create different engagement segments, from passive consumption to data- and community-based active participation. In this context, paywall design influences how audiences interact with content while also generating behavioral data that platforms use for content iterations and subsequent monetization strategies. These findings are in line with the digital business model literature that places monetization as an integral part of value design and user experience (Zott et al., 2011; Osterwalder et al., 2014), as well as with platform governance theory that emphasizes the role of access and pricing rules in coordinating multi-sided interactions (Parker et al., 2016; Eisenmann et al., 2011).

Based on the results of the synthesis, the conceptual model developed in this study shows that monetization resilience in the vertical micro-drama ecosystem arises from the alignment between the process of value co-creation, adaptive paywall design, and the local market context. In the context of Southeast Asia, especially Indonesia, cultural localization, collaboration with brands and telcos, and sensitivity to social norms play a role as moderators that affect the effectiveness of value conversion into sustainable income. These findings expand on previous research that tended to separate the study of audience participation and digital monetization (Teece, 2010; Gawer, 2014), by offering an integrative framework that explains how the two operate simultaneously in the vertical content platform ecosystem. Thus, this study contributes to the development of the theory of the platform and digital media

economy by placing vertical micro-drama as a relevant empirical-conceptual context, while affirming the limitations that the generalization of this model mainly applies to application-based vertical content formats (Teece, 2018; Nambisan et al., 2019).

## CONCLUSION

This study concludes that monetization resilience in the vertical micro-drama ecosystem emerges from the dynamic interplay between value co-creation and mobile-first paywall innovations, where intense audience engagement—via binge loops, cliffhangers, communities, and user-generated content—transforms passive consumption into active value reinforcement, boosting algorithmic visibility, perceived value, and willingness to pay. Paywall strategies, including episodic microtransactions, ad-buyout hybrids, premium subscriptions, telco bundling, and brand collaborations, effectively convert this engagement into revenue by managing friction and segmenting audiences, with data-driven iteration enabling rapid adaptation to preferences and cultural localization (especially in Southeast Asia) enhancing outcomes. Ultimately, resilience arises not from isolated revenue models but from orchestrating participation, access design, data utilization, and market sensitivity within an adaptive conceptual framework. For future research, empirical validation through longitudinal case studies of Southeast Asian platforms, such as quantitative analysis of user behavior data and A/B testing of paywall variants, could test the model's propositions and refine its applicability across diverse cultural contexts.

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