

The Local Service Solution: A Business Transformation of Traditional Media Companies

Zhexu Zhang^a, Yunjing Zhang^{b,*}

Beijing E-Hualu Information Technology Co., Ltd., Beijing, China

^azzx17@tsinghua.org.cn, ^bzhangyunjing1991@outlook.com

*Corresponding author

Abstract: In this paper, by analyzing the fierce competition challenges faced by traditional media companies in the era of integrated media, combined with the transformation and development direction of traditional media companies, the Local Service Solution based on geographic information coordinate system is designed creatively, which provides a feasible path for traditional media companies to effectively deal with the challenges of fierce competition and explore the benefits of diversification. The innovation of the Local Service Solution is that it is divided into two sub-parts: e-commerce and community service, while e-commerce is the core economic unit of the solution. In e-commerce applications, the existing media assets and new programs, short videos, live broadcasts and other forms will be combined to effectively realize the accurate development and commercial realization of digital assets. The community service section is the social value unit of the solution. Through geographical location tags and specific applications, it provides grid-based media news for the community, politics, consultation and other services for citizens, and becomes an important communication channel for citizens to exercise upward supervision power.

Keywords: Transformation of Traditional Media Companies, Media Assets Valorization, Live Stream E-Commerce

1. The Predicament Faced by Traditional Media Companies

The "traditional media company", refers to companies whose core business is news content production, comparing with the new media organizations, newspapers, radio stations, television stations and other single media organizations or comprehensive media groups. With the threats of social media, the channel advantages of traditional media companies have been broken, the scarcity of content resources has been dispelled, and the audience adhesion has been reduced, which is facing great pressure of transformation.

It is worth mentioning that digital assets, the potential advantage resources of traditional media companies, need to be deeply excavated. How to turn resources into assets and realize the value reuse of dusty resources is the main content to be discussed in this paper.

1.1. Media Resource Storage Cost Pressure in the Data Era

Different from the fragmentation, hot spot, and instant characteristics of the massive content resources on the Internet, the content resources of traditional media companies have considerable continuity, depth and local characteristics. Digital assets of traditional media companies can be divided into two categories: mass news and historical digital assets. On one hand, the mass news content produced every day, which is generally stored on Internet servers in near-line storage, which supports instant calls; on the other hand, compared with "news", the historical digital assets of the past decade or even decades are often sealed in a fixed storage location. For example, generally speaking, paper news reports are made into annual booklets and sealed in the newspaper room, while audio and video resources such as television and radio are stored in tape, tapes, disks and other storage media and sealed in the tape library.

With the continuous enrichment of digital assets, and the gradual improvement of various media companies' awareness of the value of digital assets, the storage of mass digital assets is regarded as an important content, which is put on the agenda of traditional media companies. Some studies have made an in-depth discussion on the storage of digital assets. What is the basic problem of long-term storage?

The fundamental problem is not those bits are stored securely for a long time, but that it is worthwhile to store bits securely for a long time. In the case of unlimited budget, unlimited amount of data can be stored arbitrarily, reliably and indefinitely. But in the real world with limited budgets, there is an inevitable trade-off between storing more data and storing it more reliably. The author estimates the total cost of long-term storage of large amounts of data and believes that the total cost of fulfilling the promise of long-term storage of large amounts of data depends to a large extent on Kryder interest rates, especially in the first decade or two years. What's more, the author estimates the total cost of long-term storage of large amounts of data, arguing that the total cost of fulfilling the promise of long-term storage of large amounts of data depends to a large extent on Kryder interest rates, especially in the first decade or two. Industry projections of the rate have a history of optimism, and are vulnerable to natural disasters, industry consolidation, and so on. We are not going to know the cost, and the probability is that it is going to be a lot more expensive than we expect.[1]

As mentioned above, in the era of big data, even with the continuous iteration of storage media driven by technological development, the storage cost of massive digital assets is still rising as a whole, and the fundamental way to solve this problem is to mine the value of media assets.

1.2. Revenue shock in the Context of Social Media

From the perspective of worldwide media practice, it has become an indisputable fact that social media fully permeates the news production process. Twitter, Facebook, YouTube, Tik Tok and other social media platforms not only as a media upstart, have important communication channel advantages, but also large "advertising companies", attracting a large number of advertisers, making the advertising behavior of these advertisers shift from traditional media to new media. As early as in early 2014, Haier Group made a strategic adjustment and announced that it would stop placing hard advertisements in traditional magazines and switch to new media, which attracted wide public attention. Although Haier still cautiously chose traditional media such as China Central Television (CCTV) to carry out advertising, the preference of head advertisers for new media and their increasingly cautious attitude towards traditional media made a large number of advertisers follow suit, adding great external pressure to the difficult situation of traditional media.

Unlike traditional media, which rely on journalists, social media content is often used as the main source of news. Although social media content often faces authenticity challenges, it has had a big impact on traditional media companies. [2] Even some social media have begun to actively embrace the standard of traditional journalism [3] to make news both attractive and authentic. At the same time, the behavior of users has also changed. Users who grow up with social media pay more attention to the speed of news and are more accustomed to paying for personalized, focused and targeted content. [4] It was also during this period that there was an uproar that "traditional media is dead". In such a realistic situation, the traditional media companies, which take advertising revenue as the main source of income, have already faced the dual pressure of the challenge of media authority and the sharp decline in operating income.

2. The Transformation Direction of Traditional Media Companies

For all media companies, the contemporary business model perspective includes creating new processes, products, and ways of presenting content, and changing the relationship between consumers and businesses. However, for many traditional media companies, such a transition is not always easy, because most traditional media grow up in a "steady state" environment in which the change is quite gradual and well signposted. Now, their business model needs to adapt to the digital media environment, which is affected by the rapid progress of media technology and the emergence of new platforms and new media consumption habits. [5]

So, what are some of the more specific directions of transformation? For example, develop alternative sources of income in addition to traditional advertising revenue, and explore diversified business models, such as e-commerce, events, in-house marketing firms and custom publishing. These trends reflect some newspaper publishers, which are developing content-based projects to attract new audiences and advertisers, as well as using local advertising, sponsored content, e-commerce and multimedia marketing.[6]

2.1. Learn from the Experience of Hyperlocal Media and Sink the "Last Kilometer" of the Community

A study of the local media landscape in Sweden shows that traditional media are retreating and new types of hyperlocal media are developing both on paper and online - mainly free weekly newspapers and online news covering large cities, small towns or rural areas. Social media platforms, mainly local groups on Facebook, are also playing an increasing role in the local media ecology.

The term "hyperlocal" has been used in different ways. In the UK, the term covers news that is more local than traditional media, but the size of the area can differ. In the USA, hyperlocal has been defined by Metzgar et al. As "geographically based, community oriented, original-news-reporting organizations indigenous to the web and intended to fill perceived gaps in coverage of an issue or region and to promote civic engagement". Based on this definition, researchers in a growing number of countries have studied new forms of local media.[7] The study shows that the most important motivation for creating a hyperlocal media is to strengthen local identity and local regions, and to provide new channels for local advertisers is also an important purpose of the hyperlocal.

This paper believes that drawing lessons from hyperlocal media's experience of breaking the "last kilometer" and truly reaching the needs of local users will help traditional media companies to achieve strategic sinking, truly penetrate into users, and realize business innovation based on geographic information.

2.2. Comply with the Trend of E-Commerce and Transform the New Stage of TV Shopping

In the context of media integration, short video, as the bearing mode of news content, has become an important direction of information dissemination, which provides a new driving force for the upgrading and transformation of traditional media. As a new type of consumer tuycere, live broadcast and short video have played a very important role in stimulating consumption and convenient people's life. From the establishment of official accounts of brands, short video marketing, to users through the link to switch to e-commerce App to buy, short video platform has achieved a closed-loop connection between content and e-commerce. As an important profitable business of traditional media companies, TV shopping is leaping to the 2.0 stage in the short video era, that is, real-time transactions and anchors recommend online sales. For example, China's CCTV has opened its own CNR's Televised Home Shopping Channel and developed its own online shopping platform. [8] Shanghai Media Group (SMG) has joined the trend of livestreaming e-commerce and established its own shopping platform and e-commerce supply chain [9]. Therefore, with the help of short video and live broadcast, it is a new opportunity for traditional media companies.

3. The Local Service Solution

In view of the problems of the traditional media companies mentioned above, this paper designs the Local Service Solution, which, on the one hand, makes digital assets profitable, increases the economic income of traditional media companies and reduces the financial cost of digital asset storage. On the other hand, through the creation of new business, traditional media companies can gain their own unique advantages to meet the challenges brought by social media.

3.1. Overview of Business Model and Framework

The Local Service Solution is divided into two parts: e-commerce and community service. Based on the fact that traditional media companies have realized digitization through MAM (Media Assets Management) system, through e-commerce applications, using MAM system to introduce the original digital assets into e-commerce applications and combine with new programs, short videos, live broadcasts, etc., to achieve its value application, and through referral traffic and subsequent marketing revenue, to obtain economic profits. Similarly, based on the geographical location tag of digital assets in MAM system, it can provide grid-based media news for the community through specific applications, providing political inquiry, consultation and other services for citizens, which is the supervision of citizens to the government and the embodiment of the social benefits of traditional media companies.



Figure 1: The local service solution frame.

3.2. Live Broadcast Section and Its profitability

The success of Tik Tok live streaming e-commerce can help transform many industries [10], so while being a social media competitor, social media can also be used in order to realize revenue expanding. A phenomenon has already existed that TV hosts, popular reporter, even newspaper editors are engaging in e-commerce on social media by using live streaming or short videos [11]. Why not go further and organize them into an important business of traditional media companies? Digging into the existing columns of traditional media companies, organizing digital assets in MAM system according to specific themes, making use of the popularity and local familiarity of hosts, first carrying out live broadcasts based on local specific themes in social software such as Tik Tok, including local food appreciation, tourist attractions experience, etc., after accumulating a certain number of fans, traditional media companies should design their own applications and open new columns based on specific themes, and increase the number of users and activity of traditional media companies' own applications through referral traffic of the social media platform. On the one hand, advertising can further enhance the main profitable business of traditional media companies; on the other hand, through the establishment of offline experience center to achieve further expansion based on local economic benefits, so as to achieve local brand effect.

3.3. Local Service with Social Benefit

It is thought-provoking why news, especially weather and marketing information, is not applied to maps or other software when the civilian local positioning error has been reduced to less than 100m. In fact, grid-based-based community news can provide citizens with more personalized data, and the application divides the city into thousands of grids. Citizens can receive more accurate information by selecting communities and other grid areas of interest, such as traffic accident warning, more accurate weather forecasts, nearby discounts and promotions, public affairs activities, and so on. In addition, based on the users attracted by community news, traditional media companies may play their due social responsibility to supervise authorities and supplement local public services, including politics, news and rumors.

4. Summary and prospect

The Local Service Solution is a transformation plan for traditional media companies under pressure. On the one hand, it makes digital assets in the past few decades get new uses, and even becomes a part of user experience. On the other hand, it promotes the transformation of traditional media companies into local e-commerce service providers and public service providers through the new usage of digital assets.

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