

A Study on the Digital Transformation Path of Paper Media in the Era of Media Convergence—Caixin Media as an Example

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Abstract: Caixin Media has established a paid news model in the course of its digital transformation, tapping into the power of vertical market segments to provide users with irreplaceable content. This paper makes suggestions for the transformation of the paper media from three aspects: Caixin Media's profit model, user orientation, and content production. The paper media should leverage its brand strengths, increase its focus on vertical markets and value its professional team as a core resource.

Keywords: Media Convergence; Digital Transformation; Caixin Media

1. Introduction

Against the backdrop of digital publishing sweeping the market and the public opinion that "paper media is dying", the digitalization process of Chinese paper media has been underway for more than 20 years. From initially running their websites to establishing joint websites with new media giants, digital transformation has become the path of transformation for the newspaper industry. In this new mode of transformation practice, some paper media have successfully achieved digital transformation, some have ended haphazardly, while more paper media are in the process of figuring it out. It is undeniable that digital transformation is the general trend and paper media has to adapt to the development of the times and the needs of readers to achieve sustainable development.

In the era of media convergence, paper media is facing the dilemma of reduced market space and loss of readership. How to adapt to the development of digital technology and cope with the challenges of new media is still an issue that paper media needs to face today. According to the Media Blue Book: China Media Industry Development Report (2022), advertisers continue to reduce their budgets for advertising in paper media such as periodicals and newspapers, and then switch to digital media, forcing traditional media to seek breakthroughs in digital content to attract advertisers^[1]. Digital transformation is still an issue for Chinese paper media.

The road to the digital transformation of traditional paper media is still difficult. But this does not mean that the paper media cannot be transformed successfully. This paper analyses the challenges and survival of paper media in the era of media convergence and takes Caixin Media, which has been more successful in digital transformation in China, as an example to explore the feasible path for its digital transformation. Based on the digital transformation direction of Caixin Media and the development status of Chinese paper media, it provides suggestions for paper media to cope with digital challenges and achieve digital transformation.

2. Background

With the development of the Internet, the paper media is trying to get rid of old thinking and actively integrate into the wave of media convergence. The Guiding Opinions on Promoting the Integrated Development of Traditional and Emerging Media published in 2014 also stresses that "to promote the integrated development of traditional and emerging media, we should follow the law of news dissemination and the law of development of emerging media, strengthen the Internet thinking, and adhere to the principle that traditional media and emerging media complement each other's strengths and develop as one." This has created a good policy environment for the paper media.

But policy support is not the answer to the survival of the paper media. Although the paper media has the incomparable advantages of other media, such as long-term retention and the ability to carry in-depth content. However, in the face of the rapid rise of new media and the huge impact of the Internet on the traditional news industry, the paper media is still limited to a certain extent. The paper media is still facing a difficult situation. The traditional paper's revenue is made up of four main areas: advertising revenue, circulation revenue, value-added revenue, and copyright revenue. In terms of advertising revenue, the decline in circulation, loss of audience and the tendency to diversify advertising have reduced advertising revenue and undermined the basis of the paper's survival. In terms of circulation, newspaper circulation has been declining year after year. Value-added revenue and copyright revenue are also not very promising against the backdrop of declining circulation and declining influence, as well as the slow implementation of copyright protection in the Chinese context. In an attempt to save themselves, the paper media have turned to the internet, starting a digital transformation from paper to digital, from paid to free, in an attempt to save the day by going digital and providing quality content to their audience for free. However, the results have been unsatisfactory, with free digital content struggling to support the paper business and cutting into paper subscribers.

Digital news can be stored, reproduced, and transmitted on any medium that displays bits and bytes, and this situation, therefore, has the potential to radically reshape the arrangements of media organizations^[2]. Under the impact of digitization, the traditional profitability model of paper media is in decline. Coupled with references to the direction of media development abroad, Chinese paper media have also begun to cater to the digital trend in various aspects such as revenue models, content presentation, and forms of distribution. On 1 January 2010, the People's Daily tried to launch a pay service experiment for its digital edition. Since then, the Xiaoxiang Morning Post, Southern Metropolis Daily, and the Financial Times have all experimented with the pay-for-news model. But in the end, many of China's paper media, including the People's Daily, faced double pressure on readership and revenue in the face of a lukewarm reception from users and died in the middle of the process.

Although the practice of paying for news in China is not promising, in an era where content is king, paying for news is still a viable way to reform the digitalization of paper media. Founded in 2009, Caixin Media launched a fully paid service on 6 November 2017 and is China's first fully platform-based paid media. With a professional team and strong originality, Caixin Media has built up a business cluster with "News + Data" as its two wings, covering Chinese and English media, conferences, data, and other multi-level products, providing accurate, comprehensive, and in-depth financial news and information to China's most influential industry audience^[3]. According to the latest data released by the International Federation of Newspaper Publishers (FIPP) in its 2022 Global Digital Subscription Report, Caixin Media's paid subscribers climbed to 850,000, ranking ninth in the world and up 21% from the first half of 2021, making it the world's largest paid subscription media outside of the UK and US. Caixin Media is also the most authoritative financial news media in China. Relying on Caixin's team of journalists and editors, Caixin Media is committed to building China's leading financial, industrial, technology, and securities information products, and constructing an all-media financial information platform covering macroeconomics, finance and securities, industrial economy, technology innovation, and social livelihood. Caixin Media has rich industry resources and extensive market channels. As the sole information source of Caixin.com, Caixin Media has strong industry advantages. In terms of financial news writing and capital market product development, Caixin Media also has a unique advantage, with an excellent editorial team of top quality and long-term stable operation in the industry. Caixin Media's successful digital transformation is worthy of emulation by the paper media.

3. Caixin Media's digital transformation path

3.1. Developing paid news

Rodney Benson (2017) argues that it is essential for the media to erect a paywall, which allows readers to pay for what they want and provides a strong incentive for media organizations to produce quality products^[4]. For news media, there are costs associated with the news production process and media operations. To ensure that news is supplied in a timely and effective manner, media organizations need to invest human, material, and financial resources. Therefore, media organizations must consider costs as part of their production and business activities. To adapt to market competition and the need for survival and development, many media outlets at home and abroad have begun to experiment with the use of online technology to change their traditional operations and open up new revenue channels. The commoditization of the news supply is both a new trend in the Internet era and an inevitable return to the

value of commodities.

Caixin Media, as the first full-platform paid media in China, successfully established a paid news model. In November 2010, Caixin Media opened an online shop on Taobao, entering a period of e-commerce sales, but the response was lukewarm. In September 2016, Caixin Media launched its first paid column, Wang Shuo Study Report, followed by other financial course products on WeChat public number and client, opening up a paid column phase. In 2017, Caixin Media officially implemented the paid news model and entered a period of full payment. Caixin Media has created four products: "Caixin Tong", "Weekly Tong", "Data Tong" and "English Tong". The prices range from RMB778 to RMB2388 depending on the content provided. In terms of the payment strategy, Caixin Media offers monthly, annual, continuous monthly, and continuous annual packages, with continuous annual packages being the most cost-effective. In addition to the payment strategy, Caixin Media also attaches importance to cultivating the reading habits of its potential subscriber base, offering a discounted subscription of RMB258 per year for university students to expand its subscriber base.

By establishing a paid news model, Caixin Media has weathered the crisis faced by the paper media in the era of media convergence. Although the market for paid news is limited and unlikely to support the overall transformation of the news industry from an advertising model to a paid content model [5], paid news is an important step in Caixin Media's digital transformation and demonstrates its commitment.

3.2. Focus on market segmentation

The long tail theory states that when there are enough distribution channels for a product, the sum of the "long tail" formed by the market share of some cold products with low demand or poor sales can even match the market share of the head of the mainstream products. Applied to the media industry, this means that the media should not only focus on the public nature of news, but also find its niche, identify the needs of its users, and combine its strengths with its target market. In the development of market segments, Caixin Media's strategy is to "News + reading" as the entry point to achieve content distribution and traffic realization.

In the field of finance and economics, there are many market segments, such as stocks, bonds, and futures, have become Caixin Media's main business. Caixin Media's products such as Caixin.com, New Century Weekly, and China Reform are all focused on financial news and are highly specialized media. While professional information on finance and economics may not be available to the general public, there is still a very wide market for it. As the economy develops and income levels rise, China's demand for financial information continues to grow. Caixin Media features authoritative and knowledgeable information, actively communicates with the business and political communities, focuses on all aspects of China's economic development, and provides first-hand authoritative research results and commentary views. Caixin Media is oriented towards financial information and has a niche distribution, offering various sections on the sports industry, technology industry, and health industry. Users who follow financial information can access the relevant industry information they need, increasing the stickiness of users in the vertical segment.

The focus on market segmentation also further defines Caixin Media's user base, aiding the establishment of a paid news model and promoting advertising. Caixin Media's more specialized user targeting has enabled the establishment of a paid news model that can still secure a source of advertising revenue. The pay-for-news model filters users and allows for more accurate advertising, thus balancing the dual realization of pay-for-news and advertising.

3.3. Insist that content is king

In the Internet era, content production is still the key to media survival. By insisting on providing quality content and integrating and optimizing content services, Caixin Media has accelerated its digital transformation. For example, the Digital News Lab established by Caixin Media in October 2013 has fused technology and content to try to provide visual news and has achieved greater success. A digital news report on the Sinopec pipeline explosion in Huangdao, Qingdao, created a visual interactive map after integrating live pictures and forward reports, which helped clarify the real situation at the scene and set a single-day record for the highest traffic on Caixin at the time [6]. The Data News Lab established by Caixin Media relied on technology to visualize and represent multi-dimensional information such as time, place, and people, opening up the space of choice for users.

In addition to providing unique content that is irreplaceable, Caixin Media also integrates databases

of companies and stocks, and with the help of technology, helps readers to understand the news and relationships more intuitively in an attempt to provide more comprehensive and systematic information. Through its database and knowledge mapping technology, Caixin Intelligence builds out valuable content on financial market research, macroeconomic research, etc. It serves various corporate clients to collect and analyse information on company or industry development and market trends, and integrates various business information into big data, enabling companies to make decisions through data. The series of product matrices has laid a good foundation for expanding the influence and attracting users.

Caixin media also works with multiple platforms to build caixin content systems. On April 27, 2015, caixin media launched a "Toutiao business edition" and launched a "Financial headlines" APP and APP client. In April 2016, Caixin Media reached strategic cooperation with the Himalayas to provide audio products including news, finance, education, and other fields to a broad audience. On March 22, 2017, Caixin Media and Himalayan held a signing ceremony in Beijing, announcing that the two sides will carry out in-depth cooperation. Through cooperation, Caixin media has further demonstrated the value of its content.

4. Suggestions for the digital transformation of the paper media

4.1. Leveraging brand strengths

Nowadays, the rise of new media has made the golden age of paper media gone. In this context, if paper media want to grasp the opportunities in digital transformation, they need to explore their own advantages and find their core competitiveness. Compared to self-publishing media, which was born in the Internet era, paper media usually has a longer history of operation and has accumulated rich industry experience and audience reputation, and naturally has a certain industry status and brand effect. The paper's past strengths translate into an affinity and appeal to the public, and its authority and credibility cannot be doubted. Therefore, the paper media should give full play to its advantages, build on its brand value and find ways to transform digitally.

Caixin Media's digital transformation process took full advantage of its brand strength in the financial news industry and set the direction of change to pay for news. By establishing a paid news model, Caixin Media changed its revenue model, shifted its focus to online, and achieved digital transformation. As a financial news media, Caixin Media has a loyal audience that is willing to pay, and after the transformation, the users within the "paywall" still have considerable spending power, so advertising revenue can be expected. The new paid news model and the introduction of products such as data news have further strengthened Caixin Media's brand value and will continue to support its digital transformation. While the paper media should not blindly follow Caixin's paid news model, it should learn from the rationale behind its decision to transform itself digitally, based on its brand strengths. Compared to new media, paper media has a considerable advantage due to its historical nature and its ability to evoke nostalgic feelings in its audience. Different paper media also have their unique strengths, with brand value built up over the years, regardless of their geographical location and reputation. Properly leveraging the strengths of the brand is a factor that must be considered in the process of digital transformation of paper media.

4.2. Focus on vertical markets

The Internet age is no longer the age of the masses, but the age of the niche. In the age of segmentation, the paper media must rethink its positioning, which is also the key to its successful transformation. If the paper media wants to achieve its goal of digital transformation, it should, in addition to clarifying its positioning, segment its target audience as much as possible. Even though this may conflict with the public nature of news, the digital transformation of the paper media should still fully adopt an internet mindset and focus on vertical markets. The success of Caixin Media, both in terms of its reformed revenue model and its news content offerings, has been driven by its focus on vertical market segments. In the process of transformation, Caixin Media gradually changed from being a single financial information provider to a specialized financial information service provider. In the process of this transformation, Caixin Media has also gradually defined its product and service strategy. In terms of business segmentation, it has moved from a single paper magazine to several business segments, including financial magazines, e-journals, websites, and new media platforms, to fully provide paying subscribers with the information they need. With the help of technology, Caixin Media has provided more convenient, comprehensive, and integrated access to financial information for users of the former

financial media, and has been the first to achieve digital transformation and seize the financial media market.

Some have questioned the public nature of Caixin Media for this reason, but in the age of media convergence, this is perhaps the best path for the paper media to transform. Although most of them may not have the obvious vertical orientation of Caixin Media, they should still focus on vertical markets and niche user groups. There is also a strong demand for information and a willingness to pay among niche groups. Caixin Media's successful digital transformation relies on the vertical segmentation of its audience orientation, confirming the importance of focusing on vertical markets in the transformation process of paper media. Paper media can choose the direction of their digital transformation based on their previous strengths and key audience sources. They can even combine their strengths with the Internet's popular but scarce information content to choose their main path forward.

4.3. Focus on core resources

In digital transformation, the paper media sometimes enter the misconception of copying the online media wholesale, transferring existing content in the paper media directly to the online, and disregarding the different characteristics of each platform. By sticking to the operational mindset of the paper media and not focusing on understanding and learning from the online platforms, digital transformation is often slow and fails to attract the attention of online users. Digital transformation often progresses slowly and fails to attract the attention of online users. At the same time, some paper media have created new media departments but cannot rely on their original professional teams, which is a waste of their original resources. The paper media's greatest core resource is a team of professionals who produce content, and with this expertise, the paper media has managed to build a credible brand in the mass media era [7]. Therefore, the paper media should pay attention to its existing core resources on the road to digital transformation. Neither the unadapted application of the paper media's operational thinking nor the complete abandonment of the strength of the original professional team is conducive to the digital transformation of the media.

Caixin Media fully values the core resources of its team to be able to produce competitive and original content in the era of media convergence. In the age of information explosion, Caixin Media produces professional and in-depth original news and uses content to build its core competitiveness. For example, during the epidemic, Caixin was one of the first media to issue an epidemic alert and one of the first to go into the epidemic area to write about it, and the series of articles reflects its professional standard of reporting [8]. How to give full play to the core resources and experience you have accumulated is an important question for media professionals to consider. In the current situation, it is even more important for the paper media to grasp the core resources they already have and play the role of a professional editorial team. In some major issues and issues of concern to people's livelihoods, they can provide readers with professional and credible information. The professionalism and collaboration of the paper's team are hard to surpass that of the self-publishing team. However, the paper media should also focus on changing and adjusting their language in order to be more in tune with the internet ecosystem in the process of digital transformation and gain a greater advantage in the competition. In any case, the existing professional team of the paper media, as the core resource of the paper media, should be regarded as an important reliance for the digital transformation of the paper media.

5. Summary

In the process of digital transformation, paper media faces many tests. This paper analyses the digital transformation path of Caixin Media, which has been more successful in its transformation, as an example. Caixin Media developed paid news and established a new revenue model, while always focusing on niche markets, going down vertically to serve niche users and providing content with scarcity, thus successfully achieving digital transformation. Caixin Media's transformation path is worth learning from the paper media, which should start from its brand strengths and focus on vertical markets, leveraging the strength of its core resources, namely its professional team.

In the era of media convergence, it is still worth thinking about how to balance the characteristics of paper media with online ecology. Although paper media will not be annihilated in media history, it should actively undergo digital transformation and prudently carry out reforms to adapt to the current development of the internet. Caixin Media is also facing various problems in its transformation and development, such as the contradiction between the public nature of news and the paywall, and the deviation between the mouthpiece and the commercial nature. The paper media should still adapt to local

conditions and carry out multiple complex balances to continue to develop in the era of media convergence and to lead the way to new journalistic and cultural values.

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