Analysis and Restructuring of the Financial Media Industry Organization from the Perspective of the SCP Framework

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ABSTRACT. Based on the SCP paradigm in the theory of industrial organization as the basic framework, the financial media industry is analyzed and restructured from three aspects: market concentration, product differentiation, entry and exit barriers, and new media paid membership model and full content integration. Marketing, financing and strategic cooperation analyze the market behavior of the financial media industry. Research shows that China’s financial and media industry products are clearly differentiated, and the market structure shows a competitive development trend. Different companies have adopted marketing strategies such as paid membership, integrated marketing, and financing to expand the economy and increase market share. This study puts forward suggestions for the development of China’s financial media industry: quantify copyright returns and balance investment; strengthen innovation and update of broadcast content and technology, seek market cooperation; strengthen legislative guarantees, and safeguard the rights of the financial media industry.

KEYWORDS: Finance and media industry, market structure, market behavior

1. Introduction

With the rapid development of the modern economy, the spread of the financial industry depends on the development of the media industry. The financial and media industry refers to the industry that reports business behaviors and other business activities and obtains profits from it. It is a refinement and extension of the mass media industry in the field of financial information and services. The media industry consists of traditional and new media. The industry structure of traditional financial media includes financial newspapers, financial journals, financial broadcasts, and financial television channels. The structure of the financial and new media industry is diverse. Today, with the explosion of knowledge and constant innovation of information technology, every change in media technology will bring about the
so-called new media [1]. At present, it has received widespread attention including Internet TV, online instant messaging, Weibo, blogs, search engines, etc. The financial media market is a consumer group that purchases or prepares to purchase the spiritual and material products it provides from financial media in order to meet business needs.

The "SCP" paradigm was proposed in the 1970s by the Harvard school mainly represented by Mason and Bain. It refers to the logical relationship between market structure, market behavior, and market performance. It is a method proposed by Western economics to describe and explain the actual market relationship of companies in the industry. In today's society, this method is widely used in various industries[2]. The financial media industry is a derivative industry between the financial industry and the media industry, and is not currently included in the national economic statistics category as a formal category.

At present, the development of China's traditional media industry is not complete, and the development of new media is also in its infancy [3]. In the era of information explosion, as no one media company or any media method can exhaust information in reporting and dissemination, as the user's in-depth use of the Internet, the time-efficient and personalized self-media has developed rapidly. In the field of self-media, there is no so-called industry entry threshold. Users only need a simple registration application to obtain their own "media". Such emerging media are currently in their infancy, and it is difficult to form economies of scale and precise data is difficult to obtain. In the field of financial media, the broadcasting and reporting of business activities is an important part of financial media, and it is the fundamental purpose of the financial media industry [4]. Therefore, this article measures the market structure, market behavior, and market performance of the financial media industry with indicators of online media companies.


The market structure refers to the sum of the relationship between the competing manufacturers in the market in terms of quantity, scale, and market share, and the relationship and form of their competition or monopoly. According to the current research, the Bain index is often used as a criterion for evaluating market concentration. From the perspective of history and industry, the development of China's media industrialization is relatively short, and the market is in a relatively concentrated stage of competition. However, due to the particularity of financial media, development and markets are determined by the financial and media industries, and there are certain differences in the market structure from the media industry.

2.1 High market concentration

Market concentration is a measure of the concentration of the market structure of the entire industry. It is used to measure the difference in the number and size of enterprises and is an important quantitative indicator of market power. Due to the current rapid development of the industry, some accurate data is difficult to obtain. In order to meet the actual analysis needs, the following uses the download volume of
mobile media applications to measure the market structure. The 39th Statistical Report on the Development of the Internet in China showed that the scale of Chinese Internet users reached 731 million, while mobile phone users accounted for 95.1% and the scale reached 695 million. Therefore, the download volume of mobile applications reflects the market size of the financial media industry to a certain extent, and also reflects its market development potential. Relatively speaking, the market concentration of the financial and media industry is relatively high, but the concentration trend is not obvious. At this stage, there is a competitive development trend.

2.2 Product differentiation is obvious

In the financial and new media industry, capital has contributed to the formation of an oligopoly pattern. Leaders have already laid out business activities and business behavior resources in advance. The market-oriented competition of domestic new media channels has intensified, and some financial and media companies have locked up high-quality resources in advance, thereby gaining a stronger initiative and right to speak in the market. The first choice in industrial layout. The scarcity of business news resources makes copyrights expensive and requires strong capital support. Therefore, the broadcasting rights of core business resources are occupied by several new media giants, leading to the formation of an oligopoly pattern in emerging media in the financial industry.

With the innovation of science and technology and the improvement of the public's perception of the Internet, new media have developed rapidly. The development of Internet TV has facilitated the public to watch financial news. With the improvement of the market system and the increase of the public's awareness of intellectual property protection, copyright issues such as the right to report or rebroadcast important commercial activities in new media have been protected by law, and it is becoming increasingly important to compete for high-quality resources.

Taking commercial activity broadcasting as an example, the broadcasting provided by various media companies is very different [5]. Due to the different levels of popularity, influence and audience of various commercial activities, the level is uneven, and there are also large differences, which results in large differences in the funds for obtaining broadcast rights of various commercial activities. The broadcast rights of authoritative commercial activities can only be concentrated in companies with strong capital, and the commercial activities broadcast by various media companies are also different. Secondly, the mobile terminal applications currently on the market that mainly disseminate financial information and community discussion are broadly divided into three types of financial categories: comprehensive financial websites, portal websites, and video websites. APP. Due to different companies, different emphasis and resources, there are some differences in the content of communication.

2.3 Barriers to entry and exit
University of Chicago economist Stigler pointed out that the barrier to entry can be understood as an additional production cost that must be borne by a company that intends to enter an industry rather than an existing enterprise [6]. At present, China's online financial media industry form is roughly composed of four types: professional and official financial websites, financial branches of portal websites, financial channels of traditional media (such as newspapers, TV stations, etc.) and financial branches of video websites.

Policy Barriers: At present, there is no systematic industrial policy for China's financial media industry. Financial media is not clearly classified in the financial industry in the National Economic Industry Classification standards. As a branch of the media industry, financial media can be regarded as a type of information technology service industry. At present, China’s financial and media industry has low entry barriers, and the state is proceeding with legislative guarantees.

Capital barriers: According to the "Company Law of the People's Republic of China", a limited company registered with only one person needs a registered capital of more than 100,000 yuan. However, if a financial media company wants to achieve greater development, it needs to obtain relevant rights for business activities and business activities. The cost of acquiring core resources is too high, and its operations require huge capital support. Through investigation and research, it is found that the capital barriers are too high, the market concentration is high, and the scale barriers are also high.

In summary, the current financial and media industry barriers have not yet been formed. Although in terms of policy, the country has simplified the administration and decentralized power, but due to the requirements of operating standards in the industry and market needs, excessive costs have led to high barriers to entry and exit in the financial and media industry.

3. Market Behavior Analysis of China's Financial Network Media Industry

Market behavior refers to the decision-making behavior taken by an enterprise on the basis of considering market supply and demand conditions and other corporate relationships. As a result of market competition, product prices reflect the supply and demand relationship in the media product market.

3.1 paid membership model

The launch of Caixin.com members in 2012 is a key step for the construction of the financial media business model. In the first stage, Caixin.com helped the first batch of members by hardware subsidizing members, that is, buying members to send TV or mobile phones for free. In the second stage, Caixin.com started from the actual payment habits of China's financial market and provided members with more financial consumption and services only through content payment, so that members can enjoy various online and offline financial services in priority.

3.2 Full Content Integrated Marketing of New Media
The development of the financial industry is to a certain extent achieved by media gathering certain business users. With its accumulated business users, the Financial New Media platform uses big data to mark and analyze user characteristic behaviors, integrates a series of commercial activities, live broadcasts, information and other content to achieve the purpose of new content development and detailed marketing promotion. Since new media has commercial resources and certain users, after the capital injection, it can master more commercial elements, and then guide users to obtain more financial content [7]. It can be seen that new media can promote the realization of commercial value of the financial industry. Not only that, the financial new media can rely on the user's good experience to make them feel a certain dependence on the product and consumer expectations, that is, to enhance user stickiness. After the realization of users' flow to capital in the use of new media, new business models in the financial industry chain have emerged as the times require.

3.3 Financing and strategic cooperation

At present, the domestic online financial media is roughly divided into the three categories mentioned in the previous article. More is a financial module split from a video website or a portal website for financing to achieve its independent operation. It works with advanced global media companies to conduct strategic cooperation to seek greater development.


Market performance refers to the final economic results of an industry in terms of price, cost, output, profit, product quality, variety and technological progress under certain market structure. It is a measure of the effectiveness of the market in providing benefits to consumers.

4.1 Excessive gap between copyright expenditure and profitability

Although the current economic level continues to improve and people's disposable income continues to increase, people who have long been accustomed to free business information have not yet formed the habit of paying for financial information. So far, the share of paid income from financial new media has been relatively low. Compared with China’s huge base of netizens, the current paying group is obviously insufficient, and it is impossible to recover high copyright fees accordingly. It can be seen that the large gap between copyright expenditure and profitability is an important factor leading to the predicament of copyright operation in financial media.

4.2 Technical support faces serious shortage

Unlike video websites, TV stations are always competitors of financial websites. The television platform has been regarded as a propaganda agency in China, and it has the nature of a public institution. Therefore, TV as a traditional media also has the
nature of public institutions and the function of news propaganda. Therefore, the mode of viewing and purchasing financial information for a fee does not have any advantages compared to the mode in which you can watch the financial live broadcast for free. In addition, the signal production is a replacement, and often the signal source is very stuck. Therefore, most users still choose to watch TV channels, so how to strengthen and improve the existing technical support is an urgent problem to be solved.

4.3 Relevant laws have not been perfected, and infringements are widespread

In China's relevant laws, there is no clear definition of the copyright of financial media. Due to the characteristics of the effectiveness of broadcasting rights in financial and commercial activities, it is becoming more difficult to maintain rights and rights are vulnerable to infringement. At present, domestic financial media copyrights are expensive. It is the only option for financial media companies to start paying for business information. Perfecting laws and regulations and protecting the rights of the right holders need to be resolved.

5. Conclusions and recommendations

5.1 Quantifying Copyright Returns and Balanced Investment

In order to avoid blind speculation in the industry and drive up the chaos of copyright prices, a scientific and reasonable value evaluation mechanism should be established, taking into consideration various factors such as historical costs, replacement costs, expected benefits, etc., to objectively and accurately assess the fairness of copyright Value, so that high-quality commercial resources can be better presented to the public.

5.2 Strengthen the innovation and update of broadcast content and technology, and seek market cooperation

Products are the primary marketing force, and high-quality financial resources and good broadcast services can naturally attract new and old users. In addition, when authoritative financial media companies broadcast and transfer scarce business information, they can provide users with high-quality broadcast services by choosing more advanced and better technical support. This is undoubtedly a win-win for enterprises and technical support's choice.

5.3 Strengthening legislative protection to safeguard the rights of the financial and media industry

Although the scope of copyright rights of financial media in various countries is controversial, the interests of protecting broadcasters in accordance with the law are generally recognized. The state should fill in the gaps of relevant laws and regulations in a timely manner, so that the financial and media industry can have laws to rely on
when it is infringed, and evidence to follow. While protecting the interests of the financial and media industry, it also ensures the healthy and sustainable development of the industry.

References