

Exploring Adjacent Transformation in Media: Intelligently Creating Information Service Value—Repositioning Based on Comparative Advantage Postprint

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Abstract

During the news production process, the media industry accumulates information processing capabilities, thereby establishing a comparative advantage. In the era of information overload, society has generated demand for information and data processing and analysis, such as big data analytics. This paper investigates whether the media industry can leverage this comparative advantage within the context of mobile internet and big data to reposition the value of information services, achieve adjacent transformation through intelligent information processing, and thereby expand revenue streams.

Full Text

Media Proximate Transformation: Creating Value Through Intelligent Information Services — A Repositioning Based on Comparative Advantage

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Abstract

In the process of news production, the media industry has accumulated information processing capabilities, forming a comparative advantage. In the era of information overload, society has generated demand for information and data processing, such as big data analytics. This paper explores whether the media industry can leverage this comparative advantage to reposition the value of information services within the context of mobile internet and big data, achieving

proximate transformation through intelligent information processing to expand revenue streams.

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For news producers, this is simultaneously the best and worst of times. Mobile internet has revolutionized traditional communication channels, forcing legacy media to reconstruct their distribution while new media fully exploits these changes. Smartphone users at news scenes now publish events in real time; intelligent robots have begun writing news, partially replacing the complex labor of professional journalists; and news consumers have shifted from information scarcity to information overload.

How can news production transform to leverage its comparative advantage? Just as manufacturing undergoes intelligent transformation, news production can similarly evolve into what can be termed “information intelligence manufacturing”—a shift that creates service value. This concept does not merely combine information with manufacturing; rather, it represents mastery over boundless big data. It is a reproduction process that transforms raw, disorganized information into classified, functional “intelligently manufactured” information, encompassing collection, merging, translation, integration, analysis, distribution, and transmission to end users. Although some scientists argue that “everything is information,” information intelligence manufacturing does not aim to manufacture everything. Instead, it selects categories based on market demand and organizational capacity to satisfy user requirements for small-batch, multi-variety, and personalized services.

The core of information intelligence manufacturing is solving various problems users encounter when utilizing information, thereby realizing service value. In an era of information explosion, addressing information overload becomes paramount. Media organizations’ data mining and analysis efforts transcend traditional news production. Drawing from experience in processing news information, journalists have accumulated comparative advantages, enabling them to engage in information intelligence manufacturing at low cost and high efficiency. Therefore, the transition from news production to information intelligence manufacturing represents a proximate transformation based on comparative advantage, with providing big data analytics services to users being one viable approach. This transformation signifies a shift from media representing readers or audiences in news gathering—due to journalistic specialization—to media becoming information assistants for organizations or individuals, grounded in the specialization of information intelligence manufacturing.

2. Creating Decision-Making Information to Enhance Service Value

At the Twelfth China Media Annual Conference in July 2017, Cao Ke, Deputy Editor-in-Chief of Southern Media Group and Executive Vice President of the Southern Public Opinion Data Research Institute, noted that newspapers and all media possess public opinion guidance and dissemination capacity but lack service capacity. Cao argued that enhancing content production capabilities might truly align with new media era demands, encompassing not only original content but also data, analysis, and operations. After three to four years of development, Southern Public Opinion selected 200 analysts from 2,000 journalists, providing intellectual products and services across six areas: public opinion early warning, research, response, training, decision-making consultation, and data analysis.

The marketing adage states: “Customers don’t want a drill; they want a hole.” Similarly, customers don’t want big data analysis; they want analysis that aids decision-making. From a customer value perspective, media transformation should target information consulting services, providing decision-ready information and even helping customers formulate decisions. Internet companies like 58.com, Ganji.com, and Dianping.com all embody this “media soul,” offering information services to customers. Can media proximate transformation learn from their approaches?

Information overload creates demand for information classification, collection, analysis, and authenticity verification. Solving these problems enhances media service capacity. Furthermore, globalization trends demand multilingual service capabilities, requiring global information collection, analysis, and processing.

Solving information collection problems. Consumer word-of-mouth spreads across the internet but remains disorganized. While such information can influence purchasing decisions, reviewing it is time-consuming and labor-intensive. Where can professional information that extracts essence and eliminates falsehoods be found? Dianping.com, for instance, provides merchant information, consumer reviews, and discount offers—essentially helping users collect information. Both traditional and new media can leverage their brand endorsement capabilities to offer information collection services.

Solving information analysis problems. Media applications of public opinion big data analytics to serve clients represent typical cases in this domain. Information analysis can generate new information and conclusions, delivering self-evident customer value. According to the CBN website, First Financial Business Data Center (CBN Data), established less than six months prior, had released over 70 industry data reports, from a “China Consumption Trends Report 2015” series published in December 2015 to the latest “Imported Food Consumption Trends Report 2016” on April 13, 2016. The synergistic effect of SMG’s capital cooperation with Alibaba is gradually manifesting through a “data plus” strategy.

Solving information classification problems. Classification enables users to quickly locate needed information, yet users lack the tools and time to classify themselves. Newspapers once featured popular classified advertisements—tutoring, car rentals, etc.—that could generate hundreds of inquiries from half an ID-card-sized ad. Internet classified information sites later replaced these, giving rise to platforms like 58.com and Ganji.com. Such sites offer mass information for free while charging for personalized customization—a model worth attempting. Just as online video platforms offer standard definition for free and high definition for a fee, information should be tiered: completely free information, free information with advertisements, and paid information without advertisements. Paid information can be priced according to its reference value for decision-making.

Solving information authenticity and accuracy problems. Decision-making information must first be authentic and accurate; otherwise, correct decision-making processes may yield erroneous conclusions. Information requires verification—repeated verification—and representing users in this process creates value. Traditional media, especially central media, possess unparalleled advantages, with their pursuit of authenticity and accuracy fostering authority and credibility. Xinhua News Agency has cultivated trust in its WeChat official account, representing brand endorsement while addressing readers' needs for information accuracy.

Solving multilingual information communication problems. Facing global information, multilingual translation provides additional value for clients. Chinese enterprises preparing to enter countries and regions along the Belt and Road require demographic information for market analysis and may purchase market analysis reports from consulting firms. Can media leverage their advantages to provide such consulting services? On October 28, 2017, when the China-Europe Railway Express launched a direct route from Wuhan to Dourges, France, Xinhua released news reports in five languages—Chinese, English, French, Arabic, and Russian—demonstrating service capacity formation. Similarly, the English edition of Hubei Daily Media Group's *Special Focus* magazine, launched in 2016, has continuously received client requests for information translation, forming media product demand.

Through collection, analysis, classification, verification, and translation, media have historically provided services to consumers to varying degrees. Today, these require more professional and systematic improvements to create new experiences in information usage—essentially a repositioning based on media's comparative advantage within the internet and big data context.

3. Improving Information Service Capacity Requires Business Model Transformation

In the mobile internet era, enhanced media information service capacity necessitates corresponding business model transformation. Massive amounts of online

information are free, making “free” a typical internet-era business model.

Qihoo 360’s antivirus software is free, even advertising “permanent free” in its promotions. In *My Internet Methodology*, Qihoo 360 Chairman Zhou Hongyi stated, “360 doesn’t make money by selling antivirus software but by acquiring a massive user base through free antivirus. To this day, 360 still doesn’t make money from antivirus—it loses money. However, because we recommend the 360 browser to users, we also have a massive user base. On the browser platform, we’ve built navigation, search, web gaming, and other businesses. Therefore, 360’s annual revenue of billions doesn’t come from selling antivirus but from the browser platform.” WeChat, Weibo, and online news are essentially free, forcing traditional news production’s industrial mindset to shift toward internet thinking and establish new business models.

Like Qihoo 360 and Tencent, numerous internet companies acquire massive user bases through free services, then convert some free users to paid users through value-added services to generate revenue. Among 海量 users, some are price-insensitive and have more advanced needs that can be met through value-added services. The traditional media “content plus advertising” model hasn’t disappeared on the internet—Tencent’s Dachu Network still generates income this way. Today, the “content plus advertising” model is transforming into an “information plus guide” model, where users access information for free and are guided to new e-commerce sites. Even WeChat “Moments” posts often include advertisements or e-commerce links. Many news websites are experimenting with converting user resources into “guides” to obtain substantial returns. Information classification saves users time in acquiring information, creating value for clients.

Information connects users and provides services; information can be free while related services are charged. On Dianping.com, customers receive quality evaluation information services for free, making them potential clients for the platform’s O2O (Online To Offline) transaction services like group buying, restaurant reservations, takeout, and electronic membership cards. Similarly, distribution companies from multiple newspapers are transforming into logistics companies, entering communities to deliver rice, cooking oil, and other goods. This essentially converts newspaper subscribers—attracted by information—into logistics service customers. As our information service capacity improves, the users we acquire can certainly be further developed.

4. Conclusion

The proximate transformation from news production to information intelligence manufacturing and consulting services represents a systematic engineering project requiring continuous improvement and evolution according to environmental changes to meet user demands. How to differentiate and create customer value through transformation to information intelligence manufacturing requires continuous reflection and ongoing improvement through user

communication.

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Note: Figure translations are in progress. See original paper for figures.

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