Social network market: Storytelling on a Web 2.0 original literature site

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Abstract

This article looks at a Chinese Web 2.0 original literature site, Qidian, in order to show the co-evolution of market and non-market initiatives. The analytic framework of social network markets (Potts et al., 2008) is employed to analyse the motivations of publishing original literature works online and to understand the support mechanisms of the site, which encourage readers' willingness to pay for user-generated content. The co-existence of socio-cultural and commercial economies and their impact on the successful business model of the site are illustrated in this case. This article extends the concept of social network markets by proposing the existence of a ripple effect of social network markets through convergence between fixed and mobile internet, between traditional and internet publishing, and between publishing and other cultural industries. It also examines the side effects of social network markets, and the role of market and non-market strategies in addressing the issues.

Introduction

The concept of social network markets is proposed to define creative industries, and new media in particular, in a way that integrates and transforms the new technologies into new services and introduces variety in the economy owing to continuous flows of novelty (Potts et al., 2008). Social network markets should be seen as an emergent and innovative part of the services sector of the economy rather than just another business. They are essential to both economic and socio-cultural evolution; they reorganize the process and structure of innovation and provide support and rewards in diverse ways to various stakeholders for creative efforts. Banks (2007) has examined the complex motivations and negotiations in

a computer game mod community as a case of a social network market. Banks and Humphreys (2008) have examined the creative destruction introduced to labour relations associated with a hybrid and emergent social network relying on user-generated content (UGC) and the creative destruction it brings. In addition, Humphreys (2009) has mapped out the interactions between amateurs and professionals in an online social networking site and has brought to the fore the co-evolution of financial and social economies in the site.

In terms of online literature, what little western scholarship exists is almost exclusively focused on the innovative possibilities such as those in hypertext and hypermedia (Hockx, 2005: 690). While it keeps up to date with technological developments, the majority of literary production by internet users is overlooked. In terms of UGC in online literature, Chinese online writers are mainly interested in the interactive element of web technology (Hockx, 2004: 9). Research on online literature in China is scarce, and the existing literature is commonly about more or less professional production (e.g. Hockx, 2004, 2005). To fill the literature gap, I study amateur production of online literature in China in this article, which refers to uploading and updating serialized original book content by authors on literature websites.

This article uses an original literature site based in China as a case study to examine the concept of social network markets and the co-evolving dynamics between market and non-market. It analyses the complex motivations behind publishing original literature online, users' willingness to pay for content, and the support mechanisms of its business model. As an emergent phenomenon, social network markets embody a Schumpeterian process of creative destruction (Potts et al., 2008: 177). This article identifies the creative destruction in the production and consumption of content both within the site and that enabled

through convergence. Moreover, it examines the ripple effects of social network markets when consumption and production decisions in one market influence the decision-making process in other markets, in particular where convergence takes place. Finally, this article examines some side effects of the social network market such as abuse of voting mechanisms and copyright tensions, as well as the way the social network markets address them. Overall, this article reveals the co-evolution between market and non-market in the social network market in a non-western context, and by setting the case in the broad context of UGC and convergence, its significance and the impact on traditional publishing can also be better understood. The article also sheds light on both positive and negative influences of convergence culture on the social network as well as the latter's response, and the tensions between market and non-market.

The original literature site Qidian in China serves as an interesting example of dynamics between readers, writers, and the economies rising out of online services. Its success in what is now the largest online market in the world will have implications for the way literature is produced and consumed. China is therefore an important seedbed for new models. Started in 2003, qidian.com was launched as an online publishing site by Chinese Magic Fantasy Union, which was established by a group of amateur writers of fantasy novels and has been committed to promoting Chinese original literature and emerging writers. Users have the option of reading free content, upgrading to a VIP member and paying to read the premium content, or applying for an author's account and publishing their own works online. Therefore, Qidian is a site to publish and read original literature works, to market original literature, to share post-reading reviews and comments, and to interact with other readers and authors. One year after the launch, the site ranked 100th on Alexa and became the first Chinese original literature site to establish itself in the top 100. With daily average page views

reaching 100 million, the site stood out among other Web 2.0 sites and began to make profits in 2006 (Qidian, 2009c). Over the past five years, the site has become the leading portal catering to the niche market of original literature in China.

The site has kept growing as Chinese people unleash their creativity and share their works online. More and more Web 2.0 services such as blogs, photo-sharing sites, video-sharing sites, and social networking sites provide platforms for contributing and sharing content. According to a survey conducted by IAC, a leading internet company, and JWT, the fourth largest advertising agency network in the world, a typical Chinese person between the ages of 16 and 25 leads their US peers in digital self-expression, as millions of Chinese are embracing the internet as a discreet space for their thoughts and emotions (IAC and JWT, 2007). For the Chinese, the internet represents a steep increase in information and choices available to them, which is nothing like the incremental increase in options for Americans. This is in sharp contrast to the not-too-remote past in China when people were not encouraged to voice their opinions. Now the internet serves not only as information source but also an emotional outlet, a venue for airing opinions, and a space for creativity.

The business gained momentum as people increasingly moved online for content consumption. According to the Report of the Sample Survey on the National Reading Habit and Purchase Preference in 2008 issued by China Institute of Publishing Science (China Statistics, 2009), online reading via PC, mobile and other hand-held devices has gained popularity. Over the past seven years, the online reading population in China maintained a growth of 40 per cent or so per year, and in 2008, 24.5 per cent of Chinese adults read over various digital media. Among all digital reading media, online reading was ranked first

at 15.7 per cent (China Statistics, 2009).

The Qidian site serves as an ideal case study for several reasons. First of all, the development of literature embodies creative work by authors, as well as readers' responses and comments, which contributes UGC to the site. Secondly, the site is developed by amateur writers of fantasy novels, growing from grass-root culture via a bottom-up approach. It can be included as a category of the creative industries: it generates economic activity and cultural capital. As Potts et al. point out, 'almost all industries started as hobbies by enthusiastic amateurs or shunned obsessives' (Potts et al., 2008). Thirdly, as the first literature site in China to experiment with the business model of user payment, Qidian offers a good case to examine the dynamics between market and non-market models. Last but not least, the site, together with its community of readers and authors, disrupts traditional literature production and consumption relations through UGC. It also brings a new dimension to the publishing industry as well as new dynamics with other cultural-products businesses.

Motivations for publishing original novels online

As the site is dependent on UGC, it is important to examine authors' motivations for publishing their works online. There are five main kinds of motivation: self-expression and creative urge; interaction with users; reputational reward; professional development and financial gains. Commercial and socio-cultural factors intertwine to motivate users to publish works online.

First, China is making the great leap toward the brand 'created in China' (Keane, 2007); and the society is embracing creative economy through the consumption of new cultural goods and ser-vices (Sinha, 2008). The internet

provides Chinese people with an excellent opportunity to express themselves and show their creativity. They are enthusiastically engaging themselves in various Web 2.0 activities: uploading songs and pictures, blogging and other community-oriented activities (Meyer et al., 2009). In the domain of online literature production, users are developing new stories with their creativity.

Second, as interaction develops between authors and readers, all participants 'live' in the virtual worlds created by authors and form an extended community. The line between the virtual and the real becomes fuzzy. The grass-roots pool of creative writers builds a sense of identity, and for many, self-esteem and fulfilment comes through writing and 'living' the creative experience with other users. As a writer says, 'I didn't expect to earn money as an internet writer. I began to write only out of interest' (Qidian, 2008a). This is the author of the novel Qie Ming, which has become extremely popular, gaining more than 600,000 votes of recommendation. In addition to financial income from revenue-sharing based on subscription fees, he also mentioned the benefit he derived from the interaction with readers who contributed their feedback and insights (Qidian, 2008a). This is common among grass-roots internet writers, especially so-called 'green hands'.

In addition to releasing their creativity and interacting with fellow users, recognition among readers is a big motivation for publishing works online. With a wide range of readers on the site, those authors turning out really good novels can become famous very quickly, not only in the online community but also in wider society. This is enabled by various kinds of ratings, com-mentary and recommendations. Among the 10 most searched novels in Baidu during 2007, eight came from Qidian, and more than a few works had tens of millions of hits. The fantasy trilogy Gui Chui Deng (Tomb Raider) by Tianxia Bachang even has

a website developed by enthusiastic fans. In addition, authors have the opportunity to sign a contract with Qidian, which acts as the author's copyright agent and seeks opportunities to adapt the work to other cultural products. This in turn boosts their recognition among consumers of other cultural products.

Fourth, amateur writers can reap the benefits of professional development by publishing their works on the site. Both online and offline mechanisms help to develop their writing skills. On the one hand, readers' feedback in the form of reviews, comments, votes and recommendations, as well as direct interaction with readers through authors' blogs, help authors to gain an understanding of the popularity and readers' views of their works. Authors can then enhance the popularity of their works by better tailoring their output to readers' tastes. In addition, amateur writers often read each other's works and provide feedback each other. They find this interaction via reading others' works and sharing their writing experiences in the forums or blogs very useful. On the other hand, offline events such as authors' annual events and advanced training courses for amateur writers help to promote original literature and develop their writing skills. Some of the amateurs may develop into semi-professionals or professionals and make a living out of publishing on the site.

Lastly, authors may be motivated by financial gains. Where no contract with Qidian exists, the author is deemed to agree to be unpaid. When a piece of work reaches a certain level of popularity, the author has the opportunity to sign a contract with Qidian and charge for the latter part of the work while the first part of the work is offered free to readers. The work is sold by chapters on the basis of 2 cents per thousand words for junior VIP readers and 3 cents per thousand for senior VIPs. The reader can choose to read certain chapters and pay for the chosen part only. The author obtains 50 to 70 per cent of the payment from the

reader every month. If there is a publishing opportunity to turn the contracted literary work into physical books, authors may have the opportunity to profit from both online and offline books. For aspiring writers, there is a much bigger market to tap into for financial gains.

Among 25 million registered users, 180,000 are contracted authors (Qidian, 2007). Statistics show Qidian pays more than RMB 2 million every month to authors, and there are more than 10 authors who earn more than RMB 1 million each year (Qidian, 2009d). To put this in context, two online writers made it to the top 25 on China's 2007 Writer Rich List with more than RMB 2 million (Wu, 2007). However, the income disparities are not to be overlooked. For example, if a work is only purchased by a few readers, then the author may only earn a few Yuan in a month. Those at the top of the income pyramid are only a small group while most authors are at the bottom or in the middle. Despite the low entry barrier to publishing works, competition is fierce. Authors who set their mind only on big financial rewards may find it not as easy as they think. As the number of authors is continuously on the increase, it is obvious that financial reward is neither the only nor the most important motivation for publishing works online.

However, that does not hide the flaws of the business model based on user payment. Usually, only works with more than 150,000 words are put for sales online, and some writers are doing whatever they can to stretch their works so that they can become contracted writers and get more income. As the site requires frequent update or addition of content, it is easy for writers to fall into the trap of following a certain template or old routine in plot development to accelerate the pace of updating. With the formation of a value network composed of readers, writers, the website and print publishers, more and more writers are

lured by financial gains, and the website facilitates the trend by promoting, publishing and adapting the works with market potential for commercial gains. This may drive the site further away from the 'innocent' online community of the early days when amateur writers published to pursue their literary dreams and communicate with fellow writers and readers. Cultural economy is at risk of giving way to commercial economy.

Driven by the urge to express themselves and connect with other users in the literary world they create, together with the potential added value of financial and reputational rewards, and the potential development opportunities along the spectrum of amateur, semi-professional and professional, users commit themselves to social production rather than being passive objects of manipulation. The line between market and non-market as proposed by Benkler (2006) is converging in this case. Both commercial and socio-cultural motivations are driving users to contribute content. The site acts as a platform and supports the UGC as initially non-market activities reach into the market. At the same time, the site leverages and profits from the non-market activities by both readers and authors. As the site facilities the market mechanism, non-market activities may be driven towards commercial pursuits.

Mechanisms in play to monetize UGC

Despite its popularity among users and entrepreneurs, UGC is hard to monetize. As Business Week columnist and TechCrunch blogger Sarah Lacy says, 'Users don't want to pay subscription fees for something aspiring writers, singers, and actors are uploading for free, and advertisers don't want to be next to dodgy and unpredictable inventory, no matter how gaudy the page views or streams' (Lacy, 2009).

In China, the internet offers a big free lunch for users: they can pick from the menu, including news, music, software and movies, and this is especially the case with the rise of Web 2.0 sites. For internet service providers, revenue mainly comes from advertising. China's largest video-sharing site Tudou relies on advertising for revenue (Tudou, 2009). To attract advertisers, the business owner separated the copyrighted high-definition content from UGC, which is of less value or has copyright issues. The former is branded as Heidou (black bean) to reap commercial benefits from advertising, while the site retains other channels for UGC. As it is hard to build a business model based on UGC only, the video-sharing site wants to be more like Hulu than YouTube in order to monetize licensed content (Yang, 2008).

Against this background, Qidian, a site totally dependent on UGC, has blazed a new path. It has built a business model on user payment and revenue sharing between the site and writers. Paid users account for 25 per cent of the total registered users (H. Zhang, 2009), a little higher than the national average of 23.7 per cent in e-book reading (Hao and Qu, 2009). Why is it feasible to build a profitable business based on user subscription, especially in China where users do not have the habit of paying for content on the internet?

First of all, most users go to Qidian to read the latest books instead of old books, and they want to keep up with developments as authors publish their new works (Huang, 2008). Therefore the market is driven by readers' demands to follow the latest 'hot' titles and the progress of serialized content. Once registered, users can access the free content on the site, search and tag a book they like, and have their own bookshelves, where they can track updates of novels and record their reading progress. Since 2006, readers can also access the mobile site wap.qidian.com and read the books on their bookshelves, publish

comments, and get SMS alerts to follow the progress of the content anywhere anytime. Meanwhile a closer bond is established between readers and authors as well as service providers. This is similar to online multi-player games, where the client software is free while the online game time needs to be paid for. Users have a closer interaction among them-selves and with service providers than in the case of selling single games.

Secondly, the site addresses the niche market of original literature, targeting mainly male users. This clear target group differentiates the site from its competitors such as jjwxxc.net (2003-2010) and hongxiu.com (1999–2010), and this helps to build a strong sense of identification among its users.

Thirdly, readers can find popular works more easily with the help of interactive mechanisms. To become 'paid content', novels need to reach a certain level of popularity among readers. Online interactive mechanisms enable readers to vote for the novels they like and support the authors, publish comments, and join the online clubs on different themes to share their views with other readers. This constitutes an interesting business model for literature. Instead of being judged by professional organizations, online hits, subscription and reviews are more accurate indicators of readers' recognition. Word of mouth, taste cultures and popularity here dominate the readers' choices rather than innate preferences and price signals (Potts et al., 2008: 169–170). Therefore it provides a certain quality guarantee for readers. This can also enhance the effect of long-tail markets (Anderson, 2006) as readers actively or passively discover products that they otherwise would not have considered (Brynjolfsson et al., 2006).

Moreover, various interactions help readers to find a community where they belong. Users have their own profile pages where they can identify their

favourite literature genres, authors, books as well as other hobbies. These details are linked to the UGC such as literature works, book reviews, comments and votes, and provide a means of self-identification when establishing or participating in a club on the site. Another interesting mechanism is that readers can choose to develop along seven different 'professions', each with different levels and relative avatars. Based on the collections in the readers' bookshelves, the comments, SMS and votes, readers can choose professions, which indicate their reading preference. Each profession stands for a family, where the readers are forming a club in the site and are communicating with other readers with the same or similar interests. The mechanism not only helps readers to find novels to their taste through content filtering, but also allows them to find fellow readers with similar taste through network filtering.

In addition to socio-cultural reasons, readers are attracted to the site for financial reasons. Com-pared to the price of a physical copy, it is cheaper to pay for online reading. Moreover, as users can choose to pay by chapters, it lessens the risk of paying too much for something that turns out to be disappointing. When authors upload the latest content, readers feed updates back onto it. That pro-vides guidance for other readers as to whether to pay for the rest of the content.

Last but not least, when readers are willing to pay for the content, the need for a charging platform arises. In 2004, the site was acquired by Shanda Interactive Entertainment Ltd. (Nasdaq: SNDA), the leading interactive entertainment media company in China, which offers a diversified portfolio of entertainment content including some of the most popular massively multi-player online role-playing games (MMORPGs) and casual online games. Shanda's nationwide charging platform facilitates Qidian's business model based on reader subscription and

revenue sharing with authors.

It can be seen, therefore, that a variety of mechanisms respond to readers' willingness to pay for UGC. Users are allowed to keep up with the latest content in niche markets, with the option of reading by chapters at lower cost. The interactive mechanisms built into the site provide information about readers' preferences. Not only the production but also the consumption of literary works is based on the choice of others in the social network (Potts et al., 2008: 169). It functions to help writers to better address readers' tastes, and to guarantee quality as well as filter content and networks for readers. In addition, the nationwide online charging platform makes the payment process easier and facilitates the business model.

Ripple effect through triple convergence

Along with the Schumpeterian process of creative destruction in consumption and production of literature, convergence is occurring across different markets (Jenkins, 2006; Potts et al., 2008: 177). In Qidian's case, convergence takes place between mobile and fixed internet, between online and offline, and between different forms of cultural products. As the social network market is emerging in nature and therefore is still in flux, the choice of consumption and production easily carries forward from one market to the other via a ripple effect.

In addition to online reading via PC, the mobile site provides yet another platform for online literature publishing and consumption. Authors (and their works) can reach readers through additional channels. The access to the mobile site, the client software available for download or pre-installed in mobile phones, and the alert service of the latest updates all offer an enhanced reading experience. As China's internet market is dominated by mobile, and considering

the popularity of mobile literature in Japan, mobile could be a promising platform for Qidian. Now more than 35 per cent of all users often read on mobile, and around 30 per cent of all users read on mobile occasionally (Qidian, 2008b). The site has also made efforts to cultivate the culture of mobile writing. Considering the particularity of mobile media, the site initiated a competition in July 2009, inviting users to submit a story synopsis within 70 words around five defined themes through SMS or on the internet site (Qidian, 2009b). Since the competition only asked participants to submit a creative idea rather than committing to a large amount of writing, it generated wide interest among users within one month. The submitted works were then rated based on mobile readers' votes (40%), authors' influence among readers (20%), and expert review (40%). The top 30 works then entered the second round of competition, when authors need to regularly submit summaries of plot developments. The winners were rewarded financially for exchange of copyright, and the biggest winner became a contracted author for three years and gain a share of the revenue from the subscription. This event is an initial effort on the part of the site to leverage mobiles to promote 'light' writing. The social network around the internet platform thus extends itself to the mobile sphere, not only in consumption but also in production.

Moreover, the market does not stop at convergence between mobile and fixed internet plat-forms. The convergence between online publishing and print publishing reflects creative destruction in the industry. On the one hand, Qidian helps online writers to locate a suitable print publishing outlet. For example, physical copies of the popular novel Gui Chui Deng have sold more than 1,000,000 copies (Qidian, 2009a). On the other hand, Qidian also purchases online publishing copyrights of popular books. Historical novels such as Something about the Ming Dynasty (Mingchao Naxie shi'er) and The Qin

Empire (Daqin Diguo) have always been among the hottest search keywords among netizens. When Qidian purchased their exclusive electronic copyrights in 2009, readers were able to read the books online instead of searching for the sporadic chapters. Since launching the channel of online versions of physical books, Qidian has signed contracts with established literary writers to publish online and has acquired the electronic copyrights of prestigious works, such as those nominated for the Seventh Mao Dun Literature Award.[1] In addition to locating cross-publishing opportunities, Qidian is also committed to build-ing cross-over communities. In September 2008, Qidian held a novel-writing competition among 30 provincial presidents of the Chinese Writers' Association. By bringing established print-based writers into the realm of online publishing, the site blurs the line between traditional print publishing and online publishing. Established writers' participation reflects the positive response of main-stream culture to online literature. By securing the established print-based established writers, Qidian, originally a niche site based mainly on amateur writers of fantasy novels, began to gain a foothold in mainstream literature publishing and attract readers of those established writers.

While engaging traditional publishing communities, the site has exerted significant sway over the publishing industry in China. For print publishers, they find a new revenue stream in online literature, and this is a strategy with little risk as the previous popularity online indicates market potential offline. The resources of both writers and readers secure market share. For example, the sales of Gui Chui Deng accounted for 30 to 40 per cent of An Hui Literature and Art Publishing House's annual sales (Wen, 2009). A more general picture also reflects that the boom of online literature has promoted print publishing as the online works find themselves a place in print. According to Open Book, the only continuous sales monitoring service for Chinese books, more than half of the top

20 titles on the top chart of literary book sales in 2008 were published online first, which offers niche genres such as fantasy, office novels and youth literature (Ma, 2009). The strong offline sales of the online literature works have dispelled one of the biggest concerns about the threat of publishing books online to physical book sales. Furthermore, when online literature hits shelves, it also brings some fresh air to print with niche genres, some of which – such as fantasy fiction – are rarely seen as 'serious' literature. However, the popularity of online literary works is accompanied by a lesser interest in traditional mainstream literary works. The strong sales of online literature have motivated traditional publishers to take a further move and look for more opportunities online. Some traditional publishers have already begun to engage themselves in online literature websites, and sign writers when they find works with market potential. For online writers, they get the opportunity to be recognized as a 'proper' writer in print culture.

The convergence between online and traditional publishing reflects the aspiration of the site to rise out of niche and grass-root cultures and to go mainstream, as well as the hope of the established print publishers to tap into the new market opportunities. In this process, creative destruction is evidenced by the fact that traditional literature publishers reach out online for market opportunities rather than sitting back waiting for the writers to submit their manuscripts as they used to. This also means aspiring or emerging writers may need to go online to prove their talent before entering print circles. The cross-over community-building also diversifies literature genres originally existing online and in print.

Finally, Qidian also cooperates with other cultural institutions to adapt original works into other cultural products including animation, movies, TV series and

games. For example, Du Qifeng, a famous Hong Kong director, started to direct a movie based on the fantasy novel trilogy Gui Chui Deng in 2007. Following that, Shanda adapted the novel into an online game, which started operation in 2008 and attracted swarms of users. Original literature thus becomes the content source for film and TV industries, game developers and operators. The total income from royalties has reached more than 10 million Yuan (Qidian, 2009a). While this accelerates and augments the popularity of the book and the author, the ripple effect benefits not only the author and Qidian, but also the other players in the network. Therefore the social network market is exemplified not only in the production of the content online but also the production of cultural products in other forms offline and across sectors through convergence. Moreover, the initial success of the online novel also saves the spin-offs significant marketing expenses as the social network's consumption pat-terns extends to other markets.

It can be observed that a triple convergence is taking place between the online site and mobile platform, between online publishing and traditional publishing, and between online books and other cultural products. In the dynamics of the convergence, there is a ripple effect of social network market, which means decisions made based on other people's preference in consumption and production of one product or service influence decision-making processes in other markets where convergence takes place. When the site benefits from more market opportunities, other play-ers such as those in the mobile industry, the traditional publishing industry and other cultural indus-tries also find new markets. More importantly, accompanying the convergence with traditional publishing is the creative destruction witnessed by the industry, not only in production and con-sumption of literary works, but also in talent search.

Side effects of social network market

Abuse of voting mechanism

The interactive mechanism in the site helps to form the social network market. The reciprocity culture enhances communication between authors, who welcome comments and find them useful. However, there is a form of advertising among participants which anticipates benefits from reciprocity. Authors introduce their works and invite comments from their peers when commenting on others' works, or initiate cross-links between each other. The commodification of authors' behaviour reflects the effects of the attention economy. Users have different attitudes toward such advertising, which is reflected in a post in the forum (Gun, 2009). As a user says, 'I treat pure advertising as transparent, let alone responding to them' (ibid.). Others are more tolerant, as reflected in this post, 'I don't care if other authors come to advertise their works. Courtesy on one side only lasts so long. I will read the advertised works' (ibid.). To make the matter more complex is some false promise. One user shares her experience,

> One day an author left a comment, saying he liked my work and would vote 5 votes to support me. Meanwhile he also mentioned his own work and asked me to read it. However, he didn't vote at all. Several days later, I went to comment area of his work, and left a note saying I can bear your adver-tising, but I cannot bear false promises (ibid.)

The post received a lot of support among users. It can be seen that users attach great importance to the norms within the site, such as reciprocity and credibility. Most users hope to use the mechanism of voting and commentary for proper purposes and maintain an environment promoting authors' growth. Those who go against these norms are condemned by the social network of users.

While the mechanism of voting gives voice to readers, it may also give rise to abuse or unfairness. For example, users use one IP address to register multiple accounts to vote for their own works. Even worse, there are people selling votes. There are many posts complaining about the abuse of the voting mechanism. The site management quickly noticed the hot discussions and complaints among users, and responded in a post at the top of the forum's first page (Qidian, 2008c). The notice said that the site started to monitor through technical means the account of each vote, the time of voting, the frequency of voting, the IP address of the voter, and other records to discover the abusive voters, and then deduct the cheat votes and cancel the accounts of the abusive users. It also encouraged users to report abuse and cheating. After the release of this post, more users have reported cases in the forum and it has become a long-term mechanism in the site. The site relies on the social network of readers and authors to discover the abusive and cheating behaviour and to respond to help maintain a fair platform.

However, the problem is not resolved easily and needs continuous attention. A recent post in the forum reveals a conversation between a vote-seller and an author, discussing a deal (Zhi, 2009). There are also such transactions on C2C sites such as taobao.com and eachnet.com. As the number of votes not only reveals the popularity of the works, but also links to financial rewards for authors, some authors take short cuts, which leads to entrepreneurial activities in vote transactions. These people adopt this behaviour for economic as well as socio-cultural reasons. The anonymity afforded by the internet makes credibility even more fragile. However, the empowered users and supportive site management are taking efforts to build a fair and transparent platform where abusive and cheating behaviours are hard to hide.

Copyright tensions

China is often cited as a country plagued with rampant copyright infringement, both online and offline (Priest, 2006; P. Yu, 2000). Although people's consciousness of copyright is reportedly on the rise, which leads to less consumption of pirated products (J.Y. Zhang, 2010), it is hard for Qidian to dodge the risk of copyright infringement. Therefore the site owner takes some pre-emptive measures. It requires that authors are copyright holders and/or are authorized to exercise copyright of the works. Authors also need to make a clear statement about their choice among three options of copyright authorization: 1) Qidian acts as the exclusive publisher and sole agent for reproduction or other publishing opportunities; 2) Qidian and its partner websites and media can publish the works and reproduction is not allowed without agreement of Qidian or authors; 3) Qidian and its partner websites and media can publish the works but cannot recommend the works to other publishers without authors' agreement, and reproduction by other publishers is not allowed (Qidian, 2009g). In addition, users are not allowed to copy, reproduce the content on the site or create any spin-offs without written authorization of Qidian or the related rights owners (Qidian, 2009e). The site also asks users to report any case of copyright violation found in the works on the website. If the case is proven, the site will delete the work and cancel the authors' membership in severe cases (Qidian, 2009f). As it is hard for the site to conduct adequate monitoring for all the uploaded works, the social network of authors and readers helps to enhance the monitoring power in addition to self-regulation. Obviously authors are a stronger force than readers in combating piracy. Due to lower cost and convenient availability, users in China show resistance to the copyright enforcement processes (Jia and Weber, 2009). For authors, as piracy affects their financial and reputational interests,

they are more motivated to search out the pirated works online.

These processes do not stop the copyright infringement of the works on the site, however. As mentioned earlier, people's preference in one market influences their choices in other markets. Therefore success in one market may also foretell success in other markets. Copyright infringement is a negative case of ripple effect, which is found in various forms. First of all, some commercial websites reproduced the works on Qidian without permission. A case in point was the website yunxiaoge.com (now defunct), which violated the copyrights of 1339 works published on Qidian, which then filed the first lawsuit on copyright violation of online literature works in China. The site owners of Yunxiaoge were jailed for 18 months and subject to a fine of RMB 100,000 each (Guo, 2008). In addition to the direct wholesale reproduction, violation of copyrights is also found in some sequels to original literary works. The similarity in the author's pen name, the main characters' names, the plot development, and the writing style betray the copyright violators. Xing Chen Bian Houzhuan (The Sequel to Legend of Immortal) published on du8.com (n.d.) is such an example. It violates the copyrights of Legend of Immortal (Xing Chen Bian) by stealing the creative value and destroying the completeness of the original work, and thus misleading readers. Mean-while a lot of links on Google search results lead to the copycats, for which Shanda intended to file a lawsuit against Google after fruitless negotiation. Only after Google promised to clamp down on copyright infringers was litigation avoided. The copycats are found not only in literature websites, but also in the form of printed copies, many of which are traded on the largest C-to-C trading plat-form in China, taobao.com (2003–2010).

It can be seen that when the ripple effect of the social network enhances the popularity of the original literature works, it also leads to online and offline

piracy in various forms. According to Chen Mingfeng, legal director of Shanda, the 10 most popular novels on Qidian are reproduced without permission on average 8 million times each (Y. Yu, 2009). As a 100,000-word novel costs 1 Yuan to read online, economic loss relating to one novel reaches 8 million Yuan. The loss is as high as 80 million for ten novels (Y. Yu, 2009). The wholesale plagiarisers of the website, the plagiarisers of some literature works, and the traditional printed copies traded online not only lead to economic loss for the site, but also harm the interests of the authors, mislead the readers and hurt the reputation of Qidian and its associated partners.

As a further effort to address the piracy problems, Qidian set up an anti-piracy fund and invested 200,000RMB as a first-phase investment (Qidian, 2008d). According to the statement on the site, the site would have 'zero tolerance' toward piracy activities and would be committed to fighting any illegal activity that infringes the copyright of the works published on the website. In addition to legal actions, Qidian has also taken technical measures. For example, the online content of a work cannot be effectively copied or downloaded, which put a stumbling block before any party who has the intention of producing pirated works. This initiative generated support among users, especially writers. Some writers have embedded the anti-piracy statement in their works. Although there is comment from readers who complain about not being able to read some works for free on piracy sites, not a few literature fans expressed their support in the forum.

While Qidian takes a hard stance against copyright infringement and increasingly turns into a copyright holder and trader, some writers find their interests hurt in one way or another. The site takes different approaches when dealing with writers concerning copyright. Some writers get one-off payment

from the site, and when their books sell more they do not get extra payment due to their type of contracts. Some writers turn over their copyright in print publishing and adaptation, while the site only acts as agency for online copyrights for others. In the case of print royalties, the site only pays for the first print run, at a 10% rate at most. In addition, some writers complain that Qidian grabs adaptation rights and that they cannot get anything from adaptation of their works. Besides, while the exclusiveness of the contract can be seen as a way to secure writer resources for the site, the restrictive terms may put off some writers. As Qidian has proved the potential of the online literature market, followers have appeared, which try to compete with Qidian, starting with better terms for writers. A case in point is zongheng.com, which directs 90 percent of the revenue from user subscriptions to writers, and also gives them a bigger portion of royalties in case of adaptation. In fact, some writers at Qidian have already decamped to Zongheng. While Qidian dominates the market now, it needs to deal carefully with writers concerning copyright issues. Although the network effect brings more market opportunities, only win-win terms for both parties can benefit the development of the site, and the social network market.

From the copyright perspective it can be seen that the ripple effect of social network market has a downside. Readers' favourite titles are quickly picked up by piracy producers, breeding various forms of copyright infringement. The diffusion of piracy leads to economic loss for the site and writers, and confusion for readers. More importantly, it harms the development of the site and the industry as a whole. By leveraging the network of readers and authors to discover and report the piracy, and through legal as well as technical means, the site has launched a continuous fight against copyright infringement. Users' support is important for the site in this long-term campaign, and in turn they benefit from it as well. The network effect also gives rise to copyright tensions

between the site and writers, which need to be dealt with carefully, otherwise the site may lose its key resources of writers.

Conclusion

As a social, commercial, creative and innovative environment, Qidian integrates the production and consumption of the original literature works, the promotion and nurturing of amateur writers, the marketing, sales and distribution of the works, as well as the copyright transaction into one platform. Arising from non-market dynamics, it stays at the 'complex borderland between social networks and established markets' (Potts et al., 2008: 169).

Users are attracted to the site and engage themselves in interactive activities around the site, where both consumption and production of the content are determined by the choices of others. Both social and commercial economies exist and intertwine in this social network market. Users often both produce and consume content. Those who publish their creative works online are motivated by socio-cultural as well as financial imperatives. With the lowered barriers to entry afforded by online publishing, mechanisms including interaction with readers, writers, and the site owners, support for professional development, as well as copyright agency and transaction all sup-port creative efforts from the very first moment of being made to getting noticed and commercialized.

For readers, the need to keep up with the latest content in a niche market, the lower cost, content quality guarantee and network filtering through interactive mechanisms are important factors that explain their willingness to pay for the content. The nationwide online charging platform makes the payment process easier and facilitates a business model based on user subscription and revenue-sharing with writers.

Overall the site embodies a Schumpeterian process of creative destruction, disrupting not only the production and consumption model of original literature works, but also the publishing industry as well as its relationship with other players in creative industries (Metcalfe, 1998). The site becomes an element of the innovation system of the whole economy, generating, leveraging and coordinating new service models and producing economic value as well (Potts et al., 2008).

Along with the Schumpeterian process of creative destruction (Potts et al., 2008: 177) is the convergence (Jenkins, 2006) between different markets. In the digital cultural product or service sphere where Qidian is situated, convergence easily takes place between mobile and fixed internet, between online and offline, and between different forms of cultural products. As the social network market is emerging in nature and therefore still in flux, the choice of consumption and production easily carries forward from one market to the other with a ripple effect.

This ripple effect can be both positive and negative. In Qidian's case, quick market pickup is positive while copyright tensions shows the negative side, both of which are accelerated and augmented through ripple effects in social network markets. For the positive part, social network market accelerates the success of literary works. For the negative effect, social network market can play its part in addressing the problem. In either situation, users as readers and authors, the site owners as well as its relevant players in the content industry are all affected.

Acknowledgments

Note

1. Mao Dun was the pen name of Shen Yanbing, a renowned 20th-century Chinese novelist, cultural critic and journalist. The Mao Dun Literature Reward is one of China's top literary awards given to the country's best realistic novels every four years.

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Biography

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