THE SURVIVAL AND DEVELOPMENT OF CHINESE NEW MEDIA BUSINESS: AMONG STATE, MARKET, AND PUBLIC

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DECLARATION

I hereby declare that this thesis is my original work and it has been written by me in its entirety. I have duly acknowledged all the sources of information which have been used in the thesis.

This thesis has also not been submitted for any other degree in any university previously.

ZHANG Lize
17 May 2016

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Contents

Summary

With the development of Internet technology and new media sector's growing contribution to national economy, China's new media sector plays an increasingly significant role in China's media system. Being caught in the middle of state, market and public, Chinese new media business always needs to handle and balance the conflicting demands from its three "masters" – state, market and public. Thus, dilemmas arise. This thesis attempts to gain insights into the dynamics and mechanisms of China's new media businesses, examine how they deal with the dilemmas and problems in interaction with state, market and public, and figure out how the new media business shifts the power game of China's media system. This study employs a political economy approach to communication to particularly focus on the production side of new media and its links to the wider political economy. Ethnographic fieldwork, which combines in-depth interviews, participant observations and analysis of textual materials, is conducted in this study. This study has found that Chinese new media business has to invent new forms of operation as part of a self-preservation strategy in order to maintain its complicated relationship with state, market and public. This study argues that a more complicated and dynamic media system is forming with the growth of new media business, the multiple roles of the state, and the expansion of capital market.

Chapter 1 Introduction

On September 22, 2015, a group of executives from some of the most visible global names in new media industry gathered at the 2015 US-China Tech Summit in Seattle to meet with government officials from the US and China to discuss common issues for the future of the two countries' new media industry (Ibtimes.com, 2015). Particularly, the presence of China's president Xi Jinping in this summit, who was just on his first state visit to the US, made this summit quickly become the headline news around the world. After this summit, a group picture of President Xi with these attending CEOs, including Facebook's Mark Zuckerberg, Apple's Tim Cook, Amazon's Jeff Bezos, Alibaba's Jack Ma, Baidu's Li Yanhong, Tencent's Pony Ma, Sina's Charles Chao, and other eighteen business leaders from the new media industry, had been quickly spread on social networking sites. People jokingly call it "the world's most expensive group picture", because the business leaders in this picture represent about USD3 trillion in market value. This picture and the future cooperation between China and the US in new media business implied by the picture let increasing people begin to notice that China's new media business is rapidly rising and exerts growing influence on the structure of global Internet market.

Like other industries, new media industry is a non-ignorable element to China's economic progress. In fact, the proportion of new media industry in the national economy is quickly increasing in recent years. According to the latest report of China Internet Network Information Center (CNNIC) released in October 29, 2015, Internet economy contributed to China's nation's gross domestic product (GDP) with 7% in

2014, a percentage point even higher than that of the US. The total market value of the entire listed Internet companies reached USD1.24 trillion, accounting for 25.6% of the total value of China's stock market (CNNIC, 2015).

Unlike other industries, new media industry deals in information, ideas, and culture. Therefore, it shoulders some of the social and political responsibilities as traditional mass media, which can lead the trends, set public agenda, influence how people understand the world, and affect the democratization of the society. Today, Chinese people like to talk about current affairs and political events in online world. Political scandals, anti-party speech, democratic free speech, social protests, and other contested and critical opinions travel ever faster in the world of bits and bytes. Researchers of new media in China cheered new media as a public sphere for Chinese netizens to engaged in public debates (see Canaves, 2011; Lardinois, 2010; Sullivan, 2012), a hotbed of collective action for Chinese civil society in both online and offline world (see Zheng, 2007; Zhu, 2014), and a growing democratic force which poses great challenges to the party-state's information order and the authoritarian rules (see Yang, 2011; Tong, 2015).

Being as both commercial company and public media platform in China's current political, economic and social environment means that new media business needs to develop itself and respond to the voices from its three "masters" at the same time, including the demands of the state in information control, the expectations of the capital market in profit making, and the concerns of the public in free speech (see Zhao, Y., 2008; Sullivan, 2014; Lagerkvist, 2011; Su, 2015). Most of the time, the

interests of these three "masters" are divergent, which means that the new media business always needs to handle and balance the conflicting demands from different forces. The complicated political and economic situation poses great dilemmas for the survival and development of Chinese new media business, and also makes the new media business certainly worthy of examination.

This paper attempts to gain insights into Sina Weibo, one of Chinese leading social networking businesses. The values, strategies, and perspectives that Sina Weibo company adopts to construct its own business practices to handle and balance the dilemmas, conflicts and problems in its relations with state, capital market and public will be examined. Although Sina Weibo obviously cannot represent all the new media businesses in China, some generalizable insights may nevertheless be drawn to help understand the dynamics and mechanisms of China's new media business. Besides, this paper also attempts to draw a new picture of China's current media system with taking the role of new media business and its political and economic implications into account.

A political economy approach to communication is employed in this research. This approach first focuses on the production side of media system - how media system and media content are shaped by professional practices, organization culture, ownership, market structures, commercial support, etc. Then, the political economy of communication links the media to wider political economy - how both economic and political systems work, and how social power is exercised in shaping media (McChesney, 2008). Specifically, in China, what role do media play in the

functioning of "socialist economy with Chinese characteristics", and how do media, economic power and political power mutually influence the practices of each other?

Following the work of Vincent Mosco (2009) in the field of political economy of communication and based on the analytic model of authoritarianism-capitalism generally used in many political economy studies of contemporary China (e.g., Winfield & Peng, 2005; Zhao, Y., 1998, 2008), an analysis of China's traditional mass media sector and its relationships with the state and market is presented to serve as the theoretical framework to help understand why the research problems regarding Chinese new media business are worth being studied. Besides, a historical review of China's Internet industry is conducted to provide necessary background information and also to indicate some of the major changes that have occurred in the new media era.

Drawing evidence from my ethnographic fieldwork, which combines in-depth interviews, participant observations and analysis of textual materials, the attitudes, strategies and practices of new media companies in interaction with the state and the public are first described in details to make clear how China's new media business exercises self-censorship and the duty of control of media content delegated from state whereas not offend the public interests. Then, an exploration of the interests and problems occurring in new media business' pursuit of monetization is presented to make clear how the conflicts between capital market and public affect the development of new media business. Finally, I conclude with a discussion on how Chinese new media business forms a complicated relationship with state, market and

public, how capital influences the structure of Chinese new media market, and how

new media business contributes to reshaping the structure of China's media system.

Chapter 2 Theoretical Framework

2.1 The Political Economy of Communication

"Communication is a social process of exchange," as Vincent Mosco (2009, p. 67) said, "whose product is the mark or embodiment of a social relationship." This definition of communication, emphasizing social construction of meaning, is a further effort following the "decentering the media" among political economists. Decentering the media means viewing communication system as integral to the constituents of political, economic, social and cultural dimensions (Mosco, 2009). The tendency of decentering the media has made its way into communication research by concentrating on how government, business, and other structural forces have influenced communication practices. Moreover, this tendency also has helped place these abovementioned structures and practices within a wider political economy background.

Rather than studying the Chinese Internet industry in isolation, this work follows the approach of political economy of communication, also known as the political economy of media, which is "concentrating primarily on the production side of the communication process by examining the growth of the communication industry and its links to the wider political economy" (Mosco, 2009, p. 70). Different from other media scholars, the political economists of communication look at the media and communication in an approach that mainly entails three key focuses.

First, the political economy approach to communication focuses on the production

side of communication process. This focus is paramount because it is aware of issues of where and how media messages originated. Theories and many empirical studies about mass communication always begin with the message itself, and the originating media organization has been taken for granted. The media production research has moved beyond descriptions of media occupations (Rosten, 1937, 1941) to study how individual practices and media professional cultures could affect what is produced (e.g., Hodges, 1986; Ettema et al., 1997; Hollifield el at., 2001). But as McQuail (2010) noted, attention should also be paid to how relations and strategies internal to the media organization exert influence upon media-making. This point is particularly relevant to contemporary Chinese media industry. As mass media, including new media, have transformed into multidivisional organizations, conflicts, tensions and problems across departments and administrative ranks are increasingly notable.

Second, such an approach addresses external relationships at the societal levels, which helps understand the role of mass communicators. As Gerbner (1969, p. 205) stated, "power roles" or "types of leverage" often combine and overlap, which accumulate to "give certain institutions dominant positions in the mass communication of their societies". He identified various external "power roles", including advertisers, competitors, authorities, experts, other institutions and audiences, all of which could affect mass communicators. The relationships among them are sometimes active negotiations and exchanges, and sometimes tensions and conflicts (McQuail, 2010). Again, this focus is significant to study contemporary China, where accelerating market reforms have profoundly changed various social

relations, as well as the role of media industry. Research of scholars in Chinese media showed that China's media industry is always operates with uncertainty and ambiguity in allying itself with government officials or ordinary publics, and making a choice between profit-making and preserving public interests (see Zhao, 1998). These conflicts and tensions are appeared after China's social transformation since post-Mao era, and became more evident in the digital age (see Sullivan, 2014; Lagerkvist, 2011).

Third, this approach examines how communication industry connects with the broader political economy (e.g., capitalism, globalization and international trade) and ongoing currents of global cultural flows. In the case of China, the interactions between Chinese and global forces is worth thinking. How does transnational capital get access to Chinese media market? How does domestic media industry respond to the international media competition? How do transnational capital and domestic social forces intersect to reshape Chinese media? The answers to these questions are critical to understand the role of media industry in contemporary China.

As Mosco (2009) documented, political economist of communication focuses on how media, information and even audiences as resources are packaged into marketable commodities under the influence of market and state forces. Scholars of media in China have taken a great many of efforts on understanding China's media system from the perspective of political economy (e.g., Stockmann, 2012; Zhao, 1998; Zhao, Y., 2008; Li, 2000; Winfield & Peng, 2005; Shirk, 2011). Although most of their existing works focus on the traditional mass media, the research findings they

provide serve as important contribution to study China's new media system. After the review of existing literature, an integrative framework is expected to be established to study China's media system situated within the field of Chinese structural forces, particularly forces from state and market, all related to each other. This framework will be used as fundamental theoretical framework in this paper, which remains to be updated and revised when study new media in China.

2.2 Media Marketization in China

China's media reform started from the expansion and adjustment of the role of the state in media system since the late 1970s. Moving from the complete state regulation, China's government decided to (partially) deregulate the media outlets. In China, the deregulation of media is accomplished through four developments of commercialization, privatization, liberalization, and internationalization. These four actions are often called by political economists the most significant examples of "the state's constitutive role" (Mosco, 2009) in liberal democracies. They are together understood as media marketization in this thesis.

Commercialization takes place when the state replaces state regulation with market standards, and emphasizes market ability and profitability (Mosco, 2009). In most capitalist countries, free-market media often seek to maximize the needs of advertisers by matching the media content patterns to the consumption patterns of targeted audiences of the advertisers (McQuail, 2010). The media in China, before the

economic reform, were completely subsidized by state. However, as the economic reforms were implemented, the state could no longer bear the entire financial burden. At the same time, the clamor for enlarging the autonomy of the media grew aloud. Therefore, central government adopted a policy towards both newspapers and television stations to gradually cut subsidies and encourage commercialized financing (Zhao, 1998). This tough policy had the inadvertent effect of sending media into the marketplace, in search of their own commercial niches. As a result, advertising has become the most important source of media revenue in China, even for those central official media outlets. For example, in 2001, the government subsidies CCTV received were USD 1 million, and its advertising revenue was USD 626 million (The Year book of CCTV, 2002). Commercialization has made media become more dependent on and responsive to audience demands because advertisers care most about the audience's size and characteristics.

Liberalization is a process of increasing the number of participants in the media market. Unlike commercialization, which makes media practice market standards with or without competition, liberalization aims specifically at increasing the number of competitors in the media market (Mosco, 2009). In most western countries, governments have introduced private competitors as providers of broadcasting. In China, the media market hasn't achieved complete liberalization because the private forces are still restricted from entering the print and broadcasting media markets. However, compared to 1978, the number of both official and commercial media had dramatically increased due to liberalization. At the end of 2010, there were 1,939

newspapers published (Sina.com, 2011a) and 247 television stations in China (China.com, 2011), amounting to over nine-times increase from 1978 (Miao, 2011; Paper.com, 2014). Liberalization, as argued by its supporters, has led to a more competitive media market which contributes to the more diverse media content, lower prices and more expanded service (International Chamber of Commerce, 2007).

Privatization is a process of transferring property from state or public ownership to private ownership. It takes many forms, partial or complete, as Mosco (2009, p. 177) noted, "depending on the percentage of shares to be sold off, the extent to which any foreign ownership is permitted, the length of a phase-in period, and the specific form of continuing state involvement". Private enterprise sector is the dominant sector in current Western media systems, which is often regarded as the guarantors of free speech and political independence from the state. In China, however, the issue of private-owned media is still being suppressed. The current licensing system explicitly forbids individual citizens or corporations as fully independent businesses to set up print and broadcasting media outlets. Domestic private capital is allowed for up to 49 percent of the ownership and China's media organizations are often regarded as partially privatized (Stockmann, 2012). In contrast, the ICT industry enjoys the state's friendly policies toward private capital. Domestic major portals, such as Sina.com and 163.com, are publicly traded with private shareholders (Sina.com, 2009). Additionally, compared with strict limitation on the investment of foreign capital in print and broadcasting media, China's policies are relatively loose toward new media outlets. Many Chinese websites are funded by foreign venture capital. Even People.com.cn,

the official website of the CCP's core mouthpiece *People's Daily*, was established with the financial help of international media mogul, Rupert Murdoch (Nybooks.com, 2011).

Internationalization refers to the process "by which the ownership, structure, production, distribution, or content of a country's media is influenced by foreign media interests" (Chan, 1994, p. 71). It includes both the imports of foreign media cultural products and the exports of domestic media cultural products. In the West, most large media enterprises have established their media empire, and always been eager to access China's media market. China's accession to the World Trade Organization (WTO) in 2001 has been generally regarded as a landmark for "China's global reintegration within and around the media system" (Zhao, Y., 2008, p. 138). As a response to the competition from international media conglomerates, China accelerated the speed of establishing province-based media groups in both print and broadcasting media, such as Hubei Daily Media Group, Shanghai Media Group (SMG), Golden Eagle Broadcasting System (GBS). This development of media restructuration has been seen as an important step to strengthen China's media, which has greatly facilitated the changes in modes of operation and the creation of engaging media products (Qian & Bandurski, 2011). Besides, in recent years, Chinese government has largely increased their investment to enhance the global presence of core party media. For example, Xinhua, China's official news agency, rented a giant LCD screen at the Time Square to flash its advertisement (Xinhuanet.com, 2011).

China's media marketization is an integrative process of media commercialization,

liberalization, privatization and internationalization. Among these four developments, commercialization is often regarded as the driving force behind media marketization, which makes media responsive to advertisers and hence, audiences. Commercial media become the fourth largest revenue generator to the national economy (ChuanmeiNet.com, 2003), and their impacts on the readjustment of media-market and media-state have been enormous. Scholars both from China and abroad have been attracted to the study of these relations. In the following sections, I try to provide a comprehensive picture of existing scholarly debates on each pair of the relations.

2.3 Commercial Media and Market

In most western countries, media-market relation often refers to media's relationship with owners and clients, advertisers, consumers, investors and competitors, both domestic and transnational (McQuail, 2010). In China, however, most of Chinese traditional media outlets are owned by the state. Therefore, during this part of discussion, I mainly give emphasis on the influence of advertisers, market competition, and domestic and foreign investors.

2.3.1 The influence of advertisers

As mentioned previously, media commercialization has pushed media to seek for their own commercial niches in market. One of the consequences is that media has established close ties with advertisers. By the end of 1980s, commercial advertising

profits had become the main source of income for both print and broadcasting media in China (Miao, 2011). In 1992, the Party decided to speed up media reform once again after the three-year tight control over media system caused by the pro-democracy movement in 1989. Chinese media outlets were hungry for both domestic and foreign advertising. Since then, the advertising market expanded dramatically. In order to meet advertisers' demands for more space, newspapers expanded their pages, and television stations added the length for advertising packed between programs. In 1992 alone, more than 200 newspapers added pages. A four-hour session of prime-time television viewing contains one hour of advertising. Even Party organs, such as CCTV and People's Daily, have become enthusiastic toward advertising. As described by Zhao, Y. (1998; 2008), advertisers provide media with their lifeblood.

The consequences of financing through advertising for media in China are perennially discussed. In the first half of 1990s, scholars tended to speak highly of the progressive aspect of advertising (e.g., Sun, 1995; Pollay et al., 1990; Hao & Huang, 1996). First, they argued that the growth in advertising has fueled a boom in the development of all media sectors. For example, the number of television stations increased from 543 in 1991 to 837 in 1995 (China Statistical Yearbook, 1993). The rapid development has helped to create a thriving media market. Second, they accentuated that, since advertisers care about the sizes and characteristics of audiences, media had begun to place audiences in the center of their attention, and become more responsive and sensitive for audience demands, which directly

contribute to the diversity of media content (e.g., Swanson, 1996; Cheng, 1994).

With the expanding and deepening media commercialization, critical scholars noticed that the increase in advertising revenue has significantly altered the nature of news media operations. For example, many newspapers have begun to define themselves as "money-making business", not to play politics. In order to attract more audiences, Chinese media, which used to be the instrument for political and cultural imperatives, have begun to turn to mass entertainment. This change has been praised as the decline of political nature of China's media (Zhao, 1998).

At the same time, many scholars began to reflect on the negative effects of advertising for media content. Criticisms arise mainly in three aspects. First, many media failed to make a balance between commercial-oriented content (e.g., entertainment, consumption, etc.) and public welfare related content (e.g., education, environment protection, etc.) by giving too much space to entertainment. The blind pursuit of entertainment and commercial interests, as criticized by scholars, may lead to the vulgarization of media content and the anomie of media morality (see Zhang, 2006; Wang, 2011). Second, advertising enters as the rivals for space against news content. Some even mingle with news content, which makes it difficult for audiences to distinguish advertisements from news. This has led to the decline of media credibility (see Sun, 2000; Wang, 2011; Lian et al., 2010). "Too much advertising" has become the most common complaint of television audiences, which has severely affected their viewing experience. Some of the newspapers even sell their entire front page to an advertiser for a day. Third, increasingly, scholars pointed out the issue of

advertising censorship. Zhao, Y. (2008, p. 85) argued: "advertisement is itself a form of propaganda for the market system, and it rivals… political propaganda as the dominant form of mobilization speech and subjectivity making." Some scholars claimed that what Baker (1994, p. 99) observed in the United States, "advertisers, not governments are the primary censors of media content", also exists in today's China (see Zhao, L., 2008).

The alliance of media and advertiser is a necessary outcome in media's pursuit of maximizing profits in fierce market competition. However, it is generally ethically disapproved when media stand too close to advertisers. Both can lose credibility and effectiveness "if a form of conspiracy against the media public is suspected" (McQuail, 2010, p. 293). In order to resist pressure from advertisers, scholars reach an agreement that media should depend on multiple channels of financing, thus different sources of revenue can balance each other (e.g., Yu, 2004a; Yuan, 2002).

2.3.2 The impact of media market competition

Media marketization has also fostered domestic competition in media market. Before that, China' s media received complete subsidies from the state. Party organs, such as People's Daily, didn't need to worry about circulation, since they are supported by compulsory subscriptions from public offices. With the introduction of market mechanism, as discussed before, media were pushed into market to compete with one another for audiences and advertisers. By the late 1990s, there had been an

intensive competition between proliferating television channels and all kinds of newspapers and magazines. Since early 2000s, Party organs and government offices started to launch their own commercial spin-offs, which had created a new round of competition in an already highly competitive local press market (Zhao, Y., 2008). In broadcasting outlets, fierce competition for viewership has put great pressure on broadcasters. Local television stations and even CCTV have all phased out programs with low ratings. In addition to competitors from domestic market, competition also comes from international media groups that are accessible to Chinese audience, through officially permitted or Internet channels.

As some scholars pointed out (e.g., Shirk, 2011; Lu, 2011), the fierce media competition has motivated the productivity and creativity of media outlets to provide diverse media content and change broadcasting or writing style in order to meet the tastes of audiences, which has broken the long-time monotonous content of party organs. Since the 1990s, Chinese television has begun to introduce new programs from overseas, including Taiwan, Japan, Europe, and America (Miao, 2011). More entertainment features are included to attract the public. A good example is the success of Hunan Satellite Television, which is described in detail by Zhao, Y. (2008, p. 87-88). Even news media were affected and started to change, as Zhan (2011, p. 116) wrote, during the process of adjusting to a new competitive environment, "commentary-oriented journalism has gradually shifted to information-oriented journalism; traditional propaganda writing styles are declining; international-style investigative reporting and features are booming; …opinion writing with pluralistic

values and perspectives is flourishing. "

Different voices regarding media competition also exist. One criticism emphasizes that media competition and commercialization has led to bottom-line thinking and sensationalism. Commercial media need stories that sell. Under CCP's news control, this imperative has effectively encouraged "sensational yet politically innocuous content" (Qian & Bandurski, 2011, p.44). Sensationalism has been generally disapproved by Chinese scholars. It is regarded as the result of media's blind pursuit of profits, and exhibits media's lack of sense of social responsibility (see Rui, 2007; Shi, 1994; Luo & Zhan, 2005). An ot

her criticism lies on the homogenization impact of market competition on media content (Zhao, 1998). For example, the success of *The Citadel of Happiness*, a television show of Hunan Satellite TV, has triggered extensive imitators among television channels all over the country. Competition has well created "rivalry in conformity" (McCombs, 1988, p. 133). Zhao (1998) continued to argue that attention should be paid to the type and the level of competition in media market. As she noted, "without press freedom, competition often means merely rivalry in the format and presentation style of safe subjects" (1998, p. 185). Competition will become more meaningful with different opinions and diversified media sectors.

2.3.3 The interaction between domestic and transnational investment

Domestic and foreign investors also play a significant role in influencing Chinese

media operation. The history of foreign investments on China's media industry can go back to 1980. In that year, International Data Group (IDG), a transnational initiator of joint venture, and China's Ministry of Information Industry set up a Chinese version of weekly publication *Computerworld* (Jiang, 2003). Since then, the party-state has accommodated and selectively incorporated foreign capital in different media sectors. Transnational investments are most common and popular in Chinese consumption, lifestyle, and business magazines. These publications are in areas that are deemed politically safe. More sensitive areas such as news and current affairs, and core media services such as broadcasting are still under tight control of the party-state. Most of these joint venture media grow rapidly and achieve market success. Especially, they have influenced the media advertising market, bringing threat of competition that mobilizes more Chinese media and even party organs to move toward self-sufficiency (Shen, Li, & Yao, 2009). Besides, the success of foreign capital in China's media market also tantalizes the appetite of domestic investors.

Compared to foreign media investors, domestic private capital doesn't have any privileges on media investment. Instead, it has been allowed less space to operate than foreign capital in many areas of media industry. Since 2001, the state has begun to explicitly encourage domestic private capital in some selected areas of media and communication industry, such as theater, museums, Internet cafes, online games, etc (Wang, 2004). Although the party-state still artificially sets high barriers for private investment to enter into print media, there already have been many cases of non-state and private investors owning print media. For example, Beida Qingniao has invested

50 million yuan to establish *Jinghua Times*, which is a spin-off of *People's Daily*, and the business newspaper *Econmic Observer* received investment from Shandong Sanlian Group (Wang, 2004).

Although the government restricts the involvement of foreign and domestic private investors on publications' editorial team, the influence of investors on media operation still exists. Typically these investors, especially the foreign collaborators in joint venture, control and manage the advertising business. As mentioned in former discussions, advertising usually has a critical impact on shaping the overall editorial orientation. Some scholars argued, the "marriage" of private capital and media could hinder social change and vulgarize the public taste because of private capital's nature of pursuit of profit (e.g., Yu, 2004b; Fan, 2005). It was suggested that media are becoming the mouthpiece of foreign and domestic capital (e.g., Peng, 2013; Zhao, 1998). One example from Russia cited by Zhao, Y. (1998, p. 186) is that, after the press freedom in the late 1980s, the print media in Russia have faced severe economic pressures and fallen under the control of domestic and international capital.

Nevertheless, no one can deny the progressive aspect brought by foreign and domestic private investment in China's media industry. Not only do these foreign investments largely improve media's financial vigor, but, as Yu (2004b) argued, they have brought in management expertise, and usually strength in negotiating with Chinese government. Notwithstanding the weakness and disorganization compared to transnational capital, domestic private capital investments have ensured the emergence of a strong and vocal business and financial press, thus providing a

platform on which the rising capitalist strata could express themselves to improve their political influence and discursive power (Zhao, Y., 2008).

One thing needs to be highlighted is that foreign and private investments on media industry are highly depended on state policies. As Yu (2004c) pointed out, any loosening and restraining on media investment policies will bring great impact on the rebuilding of competition structure and interest pattern, which may easily result in the short-term behaviors of investors. For example, in the first few years of WTO accession, China expanded the scope of foreign penetration in media industry (He, 2008). But since year 2005, policy began to restrict foreign capital investment on media and cultural industry, especially on news media organizations (Yu, 2011). For instance, the State Administration of Radio Film and Television (SARFT) disapproved Murdoch's unauthorized investment on Qinghai satellite television (Kahn, 2007). In short, as Zhao, Y. (2008, p. 80) argued, although these foreign and domestic media investors play important roles in "propelling and deepening the processes of commercialization and market-oriented restructuring", their operation has been limited to "the peripheries of the media system".

2.3.4 Summary of market-media relationship

State deregulation on media industry has pushed media into the field of market to establish interactions with advertisers, sponsors, competitors, audiences, investors and all kinds of market forces. With investment, sponsorship, and revenues from

advertisements and circulation, media have achieved more financial independence from the state. However, as Zhao (1998) proposed, it's important not to equate fully independent media with financially independent media or profit-seeking media. With the growing market forces and deregulation, market influence has expanded. Media become increasingly reliant on market forces to make decisions. They even have turned themselves into the mouthpieces and instruments of strong market forces, and have been censored by market. Just as Keane (1991, p. 91) stated, "those who control the market sphere of producing determine…which opinions officially gain entry into the marketplace of opinions". Scholars from both China and abroad have reached a consensus that commercialization alone will not lead to a democratized system of media communication. How should media deal with the relationship with market? This question is of great significance in the era of global expansion of capital. Yu (2002, p. 38) once pointed out, in the context of accession to WTO, Chinese media industry should employ strategy of "wisdom + anxiety", and learn to use the perspective of the market and the perspective of capital to reintegrate media resources. Rui (2007) echoed Yu's view to some degree by saying, "we should both utilize market and remain vigilant to market; both develop capital and restrain capital".

The media marketization has not only changed the relation between media and market, but also affected the relation between media and state. In the next part, I will focus on the examination of media-state relation.

2.4 Commercial Media and State

As mentioned in the foregoing parts, the majority of research has focused on relationships between media marketization and state control in China (e.g., Stockmann, 2012; Winfield & Peng, 2005; Li, 2000). Indeed, it should be acknowledged that the role of the state as a censor and controller over media is especially noticeable and significant in an authoritarian regime. However, as Mosco (2009) pointed out, political economy studies should respond to the expansion of government control over media and communication industry. Since the media reform and open-door policy in 1978, the role of Chinese state in relation to media has been evolving. Although some scholars argued that commercial media must first universally follow the government's propaganda guidelines (Miao, 2011), and media as Party mouthpiece will never change (e.g., Guo, 1997; He, 2008), there are plenty of evidences indicating that the state is moving beyond the single role of controller or supervisor to a multi-dimensional role including regulator, supporter, protector, cooperator and even competitor and consumer in relation to commercial media. Meanwhile, with further marketization and media's increasing responsiveness to audiences, financially independent media with more autonomy are not satisfied with the atmosphere of submissiveness to the state control. Some of them have more incentives to challenge the limits on permissible content (Zhan, 2011; Zhao, 1998) or explicitly express their dissents toward state control. In the following discussion, I mainly review three aspects of the media-state relation, namely, state as controller, supporter and state competitor.

2.4.1 State control on media

Media control is an unavoidable and primary aspect whenever discussing the role of the state in an authoritarian regime. Before the economic reform, media in China were controlled through ideological means (see He, 2008). Regarded as a copy of the Leninist media model, the Chinese government administered all media's finances, human resources, sales and distribution. Media, as propaganda instruments, were mainly used to reinforce the Communist ideology. Since the 1980s, China's social and political situation has changed dramatically. With the media reform, some scholars argued that the effectiveness of government control has been challenged by marketized media (e.g., Qian & Bandurski, 2011; Zhan, 2011; Zhao, 1998). Chinese media are developing various strategies to advance their agendas, evade and even resist propaganda orders, which have posed great challenge to the party-state's political and ideological media controls. The impacts of such resistance are significant. According to Zhao, Y. (2008), it not only helps marketized media to gain audiences, but more importantly, it shows the power of media in influencing government's decision making and facilitating the democratization of China. However, it would be wrong to conclude that the state has lost its ability to exercise control over media (Stockmann, 2012). The state selectively tolerates responsiveness to market demands, while it also begins to employ more sophisticated, insidious, and ingenious techniques of media control to adapt to these new challenges (He, 2008).

Winfield and Peng (2005) examined these new adaptions of media control in contrast with the past. They mainly categorized government controls into five ways: political and ideological controls, economic control, institutional control, legal control, and administrative control. Politically and ideologically, with the deregulation on media and the prevalence of Internet, nowadays the state tends to enforce censorship through media's self-censorship and access blocking of websites. Economically, on one hand, the state limits each province and municipality to one Party newspaper as a monopoly, and encourages media organizations to become conglomerates in order to achieve financial independence and easy control. The government mainly exercises its institutional control over media through various media regulation agencies, such as, the State Administration of Radio Film and Television, the State Press and Publication Administration and the State Council's Information Office. Legally, the state has constitution, state and civil law on media. Regarding the administrative control, the government still intervenes the employment process of major news organizations by appointing major editors and requiring ideological and political training for all new employees.

Government control of media is still in transition. The primary purpose of controlling media is, of course, to consolidate the political power of party-state and maintain social stability (He, 2008; Stockmann, 2012). It is because "thought control" as a significant element of Communist politics, is mainly realized through means of propaganda (He, 2008). Besides, implications of media commercialization have caused consternation among Party leaders who strongly believe that controlling media

means controlling public agenda, which is critical to maintain stability (Qian & Bandurski, 2011). Another purpose that the party-state seeks to complete by controlling media, as He (2008) posed, is to raise China's international standing. Since the economic reform was launched, Chinese media have been assigned the important task of picturing a "China boom" in order to attract massive foreign investment.

Opinions are divided on the results of government's media control. Winfield and Peng (2005) pointed out that media control is conducive to standardize chaotic media market. Miao (2011) argued that media control has both positive and negative aspects. It is positive in terms of active guidance of media content, and negative in terms of censoring content deemed politically dangerous or vulgar. Regarding the political impact of media control, some scholars mentioned that China's tight media control policies, especially the censorship system, have generated resentment among the public. As Xiao (2011, p. 210) emphasized, such irritation toward censorship has inspired "new forms of social resistance and demands for greater freedom of information and expression", such as the rise of online public opinion. However, some other scholars hold a different opinion. Stockmann (2012) argued that it is media control and propaganda that help authoritarian regimes arrive at high levels of support for their leadership among their citizens. He pointed out that both official and nonofficial media are controlled by politics, but nonofficial media are more effective in implementing political demands because they are more easily to gain public trust and credibility.

Most scholars have reached an agreement that no matter how commercialized media become, Chinese news media are not solely commodities in the market and they are still instruments of the party-state's authoritarian rule (e.g., Zhao, 2008; Stockmann, 2012; Winfield & Peng, 2005). Some scholars even insisted that in China, commercial media must first and foremost universally follow the government's propaganda guidelines (Miao, 2011). Although China's media policies appear to be more open since 1992, such government relaxation, as scholars analyzed (see Winfield & Peng, 2005), is based on the precondition that the Party's ideology and leadership may not be threatened at least. Yu (1994) argued that China's press control is even strengthened in the context of commercialization, since marketized media have more incentives to overstep political limits to provide critical reports, which has caused the party-state's consternation.

Under such circumstances, compared with democratic states, Chinese traditional mass media have to serve two masters with diverging interests, the government and the audience. On one hand, media have to meet censorship and propaganda demands from the government; on the other hand, they need to win audiences and generate profit. Being caught in the middle of the state and the market, Chinese media have to always carefully strike a balance between political survival, financial success and their own professional ideals.

2.4.2 The interdependency of state and media

The relationship between the authoritarian regime and the media is often depicted as "a game of cat and mouse". However, far more than an opposing relationship, the state and media also exist with interdependency and cooperation, especially when facing the competition from global market.

Compared with liberal democracies, Chinese media are always struggling under various state controls and surveillance, meanwhile also enjoying special protection and much support from the state. In China, early successful cases of commercialization of media, such as the *Southern Weekend*, are all supported by the official power (see Qian & Bandurski, 2011). Rather than financial support, political support is especially indispensable for media's survival. Media with support from heavyweight official are able to weather political storms and react immediately. Additionally, adjustments of media policies from the state also have a great impact on the present and future of media organizations. As mentioned earlier in this chapter, since 2005, Chinese state tightened up the policies toward foreign investment on Chinese media, and also began to limit the import of foreign media products. This attempt of the state not only reduces the reliance on foreign capital and technology, but more importantly it aims at protecting and fostering the domestic media market (Miao, 2011). Zhao, Y. (2008) argued that protectionist measures from the state against foreign competitors indicate that China is still under the shadow of anti-Capitalist and anti-imperialist legacies. Furthermore, a global anti-Communism atmosphere also continues to feed Chinese forces of anti-Capitalism.

Such kind of protection of national companies and trade unions is often seen as nationalism. Nationalism, together with terrorism and religious fundamentalism, are often regarded as three enemies of globalization, since it resists the pull of global markets and global culture (Mosco, 2009). However, as Mosco pointed out, nationalism is no longer just a tool of anti-globalization movement, but becomes a critical force in the spread of globalization. Countries now use national identity to mobilize all its resources and capital to better compete in global market. China has provided a good example for this new role of nationalism. After accession to WTO, with its massive mobilization of nationalism, China takes great effort to better position itself in globalization. Therefore, both Western and Chinese media scholars have affirmed that China has "substantial potential to cultivate its own globalization by exporting its cultural products" (Zhao, Y., 2008, p. 139). This is also the reason why Mosco (2009, p. 181) argued that "globalization does not undermine nationalism; rather, it sharpens nationalism, turning it into a tool to more effectively promote the interests of nations in global competition". In 2009, with massive investment from the Chinese government, the global presence of Chinese major party media was greatly enhanced. This move was interpreted as China's global strategy of media expansion (Qian & Bandurski, 2011).

In sum, Chinese state and media need each other and rely on each other. In a non-democratic country, media need to strive for their own political support and keep an eye on changes at policy level in order to survive in a complicated political and economic environment. The state also requires media's obedience and cooperation to

maintain its political power at home and promote its international standing abroad. In exchange, the state offers protection to Chinese media for competing with global media.

2.4.3 Competition between official media and commercial media

Although almost all of the Chinese media are involved into the tide of commercialization, most major media organizations continue to be registered as government or CCP-owned organizations. Consequently, Chinese media are not easily classifiable according to their ownership. Except for classifying media according to their corresponding administrative level (i.e., national, provincial, municipal, county), media scholars usually like to employ the terms "official media" and "commercial media" to classify Chinese media in terms of their degree of commercialization (e.g., Stockmann, 2011; Zhao, 1998; Peng, 2012; Qian & Bandurski, 2011). According to their definition, official media refer to those which are directly controlled by central government, usually receiving subsidies from the state. They are less commercialized due to their high ideological significance, such as *People's Daily*, *GuangMing Daily*, CCTV, etc. Besides, official media also receive most rigorous examination from the authorities and hence can most represent the interests of central government. In contrast, scholars use the term "commercial media" to describe those which are more commercially liberalized, first and foremost driven by the market orientation. Most of these popular commercial media are local media,

registered or controlled by local governments, such as Guangdong-based *Southern Metropolis Daily*, Hunan Satellite Television, Shanghai-based DragonTV, etc. Therefore, the difference between official media and commercial media is the degree of commercialization and which administrative level (i.e., central government or local government) it stands for.

Local governments, far from the political and ideological center of the state, are usually more active and bold in commercializing their media. This is particularly noticeable in broadcasting media. Since early of this century, local governments have begun to invest heavily to build their own competitive satellite television, which has greatly diverted the audiences and advertises of CCTV in across the country (Zhang & Zhang, 2012). Therefore, some scholars pointed out that the competition between official media and commercial media is essentially the competition between central government and local government (Miao, 2011).

Compared to the rigid and dogmatic official media, commercial media are more responsible and likely to focus on controversial issues. They also tend to emphasize mass entertainment. In the late 1990s, commercial newspaper attracted massive audiences and far exceeded the circulation of party official newspaper (Stockmann, 2011). Commercial media have achieved a higher degree of credibility and are more effective in shaping public opinion than their party counterparts. In order to seize the market and shape public opinion, the party-state strengthened its competitiveness in the local media market by setting up commercial media spin-offs and accelerating the program innovation in official media.

With the increasing competition between the official media and commercial media, tension also rises. One typical example is the Super Girl's case. The popularity of 2005 Super Girl, a reality-singing competition launched by Hunan Satellite television, has helped the station to rank first among all provincial television stations and own 3.4 percent market share (People.com, 2014). However, this program was greatly criticized by SARFT for its vulgar content which contaminated an elegant art genre (People.com, 2005). Some media scholars and observers pointed out the deeper reason why SARFT tried to oust Super Girl is due to the fierce competition between Hunan TV and CCTV (Miao, 2011). As a central government-owned unit, CCTV has to submit part of its profits to SARFT. Therefore, state's protection for CCTV is also a protection for state's own economic interests. Tension between official and commercial counterparts also rises in other aspects. Take the print media as an example. When some controversial events occurred, newspapers usually avoid publishing the story, following the censorship rules strictly. In contrast, independent commercial media are more willing to take some risks to reveal the truth, especially when crises break out. The attitude of official media often elicit animosity from the public (Qian & Bandurski, 2011). The commercial media have taken over the guidance role from the official media. But now with the increasing pressure from commercial media, CCP realizes that it's urgent and important to win the battlefield of public opinion. Peng (2012) provided the rationale of the state being competitors in shaping public opinion. As she argued, "a healthy public opinion environment needs mainstream media and their authorities to avoid the polarized distribution of public

opinion. Only in this way, populism won't become the mainstream".

In sum, the state aims not only at competing for financial profit, but more importantly, competing for power to shape public opinion. This is consistent with what Zhao, Y. (2008) mentioned: the party-state is utilizing the principles of capitalism market to achieve its own ideological and political goals. Furthermore, as Peng (2012) argued, the potential of party media cannot be underestimated. Once they cast off the party-style tones and cater to the public taste, the capital and resources they own will make them a stronger competitor against commercial media.

2.4.4 Summary of state-media relationship

With the deepening of media marketization, the influence of globalization, and the reform of internal and external media strategies and policies, the state-media relation has revealed its multifaceted nature. From the initial absolute control to the emergence of increasing support and even competition with commercial media, the nature and the character of party-state power have shifted significantly. Meanwhile, Chinese media's attitude toward the state is also in transition. Compared with previous unconditional submission to state control, media now dare to challenge the authority of the state through negotiations and implicit expressions of their dissents. The examination of state-media relationship is basic to a systematic understanding of the media system. Furthermore, with the evolvement of such relation, the Chinese media system is still to be defined.

2.5 Summary

In this chapter, I first define the political economy approach to communication and take up its major characteristics. The suitability of the political economy of communication to this study is also discussed. Then, I historically examine the media marketization in China from four aspects - commercialization, privatization, liberalization, and internationalization. I proceed to describe the media-market and media-state relations in China's commercial media context in the following sections. In the discussion of media-market relation, the influences of advertisers, market competition, and domestic and foreign investors on traditional mass media are examined respectively. Regarding media-state relation, I mainly review three aspects, namely, state as controller, supporter and competitor with traditional mass media.

2.5.1 An integrated model: the hybrid of authoritarianism and capitalism

In liberal democracies, the media model is often defined by such characteristics as "an independent news media with legally sanctioned press freedom and formal institutional independence from the state" (Winfield & Peng, 2005, p. 265). In contemporary China, however, such a media model has no chance to emerge. As mentioned at the beginning of this chapter, the media is a product of social construction. In China, the intertwining of various structural forces is much more apparent and complicated. Negotiations and contestations exist at every step of media production, distribution, and consumption. Just as Zhao (1998, p. 2) described, "it is a

scene full of contradictions, tensions, and ambiguities". Both Chinese and foreign scholars tend to argue a model integrating both political and economic powers to understand the characteristics and nature of Chinese media system in transition (e.g., Zhao, 1998; Zhao, Y., 2008; Stockmann, 2012; Winfield & Peng, 2005).

The official ideology "socialism with Chinese characteristics" is often interpreted as a mix of party logic and market logic, or a hybrid of political authoritarianism and capitalism. Just as Winfield & Peng argued in their paper, the state continues to deregulate media, while it still exert strategic control over media market. The economic reform has provided more financial independence for media, while whether it brings more freedom to media is still under debate. Media have to conform to state's propaganda principles and polices, which at the same time can affect state policy by representing their own economic interests. Such a market-authoritarian model emphasized the dynamics of changing political and economic factors, but more importantly the interplay between political forces and market forces.

Besides the party-state and market, the public should also be taken into account at this stage. The public could be the consumers of the media product, and also could be the citizens under control of the authorities. The ignorance of public interests and voices may bring financial loss for media organizations, as well as cause social grievance and distrust of the government and the media. Actually, with the growth of online public sphere enabled by Internet, the public plays an ever-increasing significant role in influencing the relationship between media, state and market.

2.5.2 New possibilities brought by new media

The political, economic, social environments within which media operate are still evolving. The emergence and development of the Internet has posed great challenges to China's traditional media and the media system. The analysis of China's traditional mass media sector and its relationships with the state and market presented in this chapter actually serves as a productive framework to help understand the differences and similarities between traditional media system and new media system and why the research problems regarding Chinese new media business are worth being studied.

The scholarship on political economy has begun to make transition to a focus on the new media platforms. Mosco (2009) summarized some major trends in studying new media in liberal democracies. Some political economists emphasized continuities, which mean old media issues endure in new media world (e.g., McChesney, 2007; Murdock & Golding, 2000, 2004; Schiller, 1999, 2007; Spark, 2007). They continued to focus on how power operates in new media and pointed out that new media deepen and extend earlier forms of capitalism by opening new possibilities to turn media and audiences into products for sale. For scholars who addressed discontinuities, they argued that the growth of the Internet has challenged and even disrupted capitalism, including its market rules and the authorities (e.g., Hardt & Negri, 2000, 2004; Lazzarato, 1997; Dyer-Witheford, 1999). Besides, there are also some scholars holding a skeptical view. They argued that much of what is considered new in new media is actually associated with every communication technology when old media were new (e.g., Winseck & Pike, 2007; Standage, 1998).

Compared with western countries, research on Chinese new media, especially on new media business, only started to follow the perspective of political economy recently. But increasingly, scholars have recognized the power of the Internet in shifting Chinese political and social landscape. As early as 1998, Chen and Chan documented that the Internet poses technical difficulties for absolute control, making the media freer from Party-state monopoly compared to traditional media. Howard (2010) and Xiao (2011) also regarded the popularity of the Internet and new media as an alternative news source that has the power to subvert state control over the flow of information. Zhao (2011) commented that the Internet has dramatically broadened the terms of political discourse in China partly due to its participatory and interactive properties and its less easily controlled nature. Many communication scholars pointed out the Internet increasingly sets agendas for the entire Chinese media system, which challenges the top-down flows of the information and facilitates bottom-up communication (see Donald, et al., 2002; Zhao, 2011; Qiu, et al., 2009). The Internet is in fact catalyzing the transformation of Chinese society.

Confronting the challenges posed by the Internet, the Chinese government has carried out strategies and techniques to maintain dominance in cyberspace. Just as Zhao, Y. (2008, p. 23) documented, "the explosion of the Internet and the imperative to control these highly dispersed and versatile new media have further extended the depth and scope of the Chinese state's role in the communication field". Some scholars presented studies on Internet censorship and control in China (e.g., Qiu, 1999; He, 2009; Xiao, 2011; Zhao, 2011; Lagerkvist, 2012). Some of them emphasized the

importance of Internet companies' self-censorship and delegated responsibility of social control from the state (see Zhao, 2011; Lagerkvist, 2012). Moreover, the state has strategically established websites for its core propaganda organs, which serve as competitors against private-owned portals. It is also worthwhile to notice that with the accelerated market reforms and global reintegration, more transnational capital and domestic private capital enter into Chinese new media sector. Nowadays, most of the major new media companies are privately owned and financially supported by both international and domestic venture capital.

Keeping all of these new changes brought by new media in mind, further questions need to be answered. How will these changes redefine the state-media and market-media relations? How will these changes contribute to reshaping the structure of Chinese media system? What are the continuities and discontinuities between the old media structure and the new media structure?

Keeping these questions in mind, a more comprehensive and systematic review of the development of China's new media industry over the years is presented in the next chapter.

Chapter 3 Background Review and Research Questions

3.1 Historical Review of China's New Media Industry

The new media industry has experienced explosive growth in China since the mid-1990s. Scholars tend to attribute this success to the highly controlled nature of traditional media, the promotion of information technologies by the Chinese state, and the operation of capital markets (see Wu, 2011; Zhao, 2011; Tai, 2006). Meanwhile, new media companies, especially those content providers, receive increasing censorship from the party-state and its security apparatus. In a word, state and market factors play a significant role in promote in the development of Chinese new media industry.

3.1.1 State promotion and competition

3.1.1.1 China's telecoms reforms and the development of New Media industry

When looking in the nearly 20 years' history of China's new media business, we find out that the development of new media industry is much driven by the state. Actually, the birth and growth of China's new media industry are closely bound up with every reform of China's telecoms regime.

Back to 1995, with the deepening of overall economic reform, the traditional telecoms management system, as post-telecoms conglomerate and government-enterprise, cannot meet the needs of market economy. In order to

accelerate the market-oriented reform of telecoms industry, China Telecommunications Corporation (China Telecom) became a legal entity separated from the Ministry of Posts and Telecommunications (MPT). China Telecom has since become an independent enterprise with its own accounting and personnel system (Wong & Wong, 2003). In order to explore new areas of growth, China Telecom fixed its sights on Internet business. In the same year, China Telecom launched ChinaNET, the backbone network operator and a wholesale provider of Internet bandwidth (Tan, 1996), and began to grant limited value-added telecommunications service licenses. Accompanied by these changes, the first privately owned retailing Internet Service Providers (ISP) appeared in China, including InfoHighway, Chinanet, ShenZhenXunYe and others. However, these early ISPs didn't come to a good end, as the big boss, the state-owned ChinaNET, controlled large-scale information backbones. All the retailing ISP companies had to follow the price system and regulations developed by ChinaNET. In 1999, international leased-line fees for ISPs and the price of a second line for residential users were all reduced. However, unfortunately, the leased-line fees the providers should pay to use ChinaNET's backbone network were higher than the retail Internet rates they could charge Chinese consumers. As a result, most of the first providers were marginalized or knocked out of the market. Scholars commented that the failure is a result of imbalanced market competition between the state and private actors (see Harwit & Clark, 2006; Wu, 2011). They also pointed out that the state was practicing ownership control of the communication network, in the same way as what it did over traditional media.

Though these new media pioneers failed, they have cultivated the awareness of Internet among Chinese people and inspired more new media entrepreneurs. In summary, the separation of China Telecom from the MPT has directly propelled the rise of China's commercial new media companies.

Learning from the failure of the early ISPs, the following new media companies shared one feature in common: maintaining an intimate relationship with state's telecoms departments. Just as the early successful cases of commercialization of traditional media in China mentioned in Chapter 2, the success of NetEase and Tencent is partly because of enjoying support from official power. In 1997, Ding Lei established NetEase and decided to provide free e-mail service (Li, 2009). The successful self-promotion helped Ding Lei earn the servers, network bandwidth and investments from Guangzhou Telecom. This was the critical reason why NetEase and its e-mail service could grow rapidly since it was founded. Similarly, under the great support from Shenzhen Telecom, Tencent QQ (i.e., the leading instant messaging service in China) was launched successfully to market in 1999 (Wu, 2011). In order to survive, the subsequent new media companies learnt to seek support or cooperate with relevant government departments. Besides NetEase and Tencent, other big websites during this period such as 236.net, 21CN and Shanghai Online all absorbed start-up resources from relevant telecoms departments (Lin, 2008).

In 1998, the Chinese government established the Ministry of Information Industry (MII), created through a merger of the former MPT and Ministry of Electronic Industry (MEI), to promote and manage the rapidly growing information sector in

China (Sina.com, 2008). Such restructuring, interpreted by Zheng (2007), indicates the great determination of Chinese government in promoting information technology in accordance with market principles. In 1999, in order to realize the specialization and separate operation, the newly formed MII initiated the break-up of China Telecom into four parts: fix-line telephone, paging, mobile phone and satellite telecommunication (Telecoms restructuring, 2014). China Mobile Communication Corporation (China Mobile) was separated from China Telecom and became an independent state-owned telecoms operator to run the mobile sectors (Clotimes.com, 2013). The MII also granted licenses to some new telecoms service operators. In 2001, China acceded to the WTO, in order to break the monopoly of China Telecom in fixed-line telephone market and enhance the overall competiveness of China's telecoms sector, the state ordered China Telecom to be further broken into geographically north and south parts. After this restructuring, a new "5+1" structure formed in China's telecoms industry, including China Telecom, China Netcom, China Mobile, China Unicom, China Railcom and China Satcom (Guan, 2003).

This round of telecoms restructuring has significant impact on the development of China's new media business. First, the newly formed China Mobile helped the whole Internet industry get out of the difficulty. By the end of 2000, China's Internet users had reached 22.5 million (Sina.com, 2001a). However, the business opportunities brought by new media market were quite limited. It is because that the new media market of that time lacked an effective profit mechanism. Most of the Internet service providers found it difficult to seek profit points and suffered from severe financial

problems (Wu, 2011). Some even struggled in the borderline of death. Even worse, in 2000 and 2001, China's whole new media industry was affected by the Nasdaq crash and experienced a murky time. Under such circumstances, the newly founded China Mobile launched its "Monternet (Mobile+Internet) Project" at the end of 2000. Stepping out of the traditional telecoms operators' practice, "Monternet" went into close cooperation with ISPs and Internet Content Providers (ICPs), and provided them with wide access to an all-round upgraded net system, WAP platform and short-message platform (Peopledaily.com, 2000). In this way, the "Monternet" project helped the commercial new media companies solve the problems caused by unclear profit-model, opened the large number of mobile phone users to these new media companies, and thus saved the depressed new media market in China, and even sent some companies (e.g., Tencent QQ) to the top (Tencent.com, 2004). Second, after the telecoms restructuring, the MII issued the second-generation wireless telephone technology (2G) licenses and introduced the broadband Internet, which had especially promoted the rise of online games and video websites. The expansion of broadband led to the mushrooming of Internet cafés, thus facilitating the popularity of online games. In 2005, online game developers even directly work with the telecom operators to market their games in China (Online gaming in China, 2014). Meanwhile, the introduction of broadband was also accompanied with the increasing number of Internet users, offering conditions for the rise of Chinese video websites.

In the last round of restructuring, the original intention of the state was to break the monopoly of China Telecom. However, after the break-up of China Telecom, China

Mobile became the "oligarchy" in the rapid growing mobile business. Therefore, in order to fill in the gap among the carriers, enhance the competitiveness of local operators and clear the way for 3G licenses to be released, Chinese state initiated the new round of telecoms restructuring in 2008 (QQ.com, 2008). After merging and splitting the operations of the former six carriers, three new operators -- China Telecom, China Mobile and China Unicom -- that had both fixed-line and mobile services were created. After the restructuring, the broadband became more popular and faster than before. Operators with 3G licenses also accelerated the building of mobile network. These changes brought new opportunities for value-added telecommunications services. Mobile Web 2.0, mobile mailbox, mobile games, mobile news and mobile commerce were the new areas that ISPs got in (Sohu.com, 2008). Besides, facing fierce competition, state-owned operators began to seek cooperation with commercial new media companies. New media giants, such as Baidu, Sina and Tencent, relied on their content, brand and technological advantages to push into the mobile arena (Lei, 2009). For example, in 2009, China Telecom and Tencent jointly created an online customer service network. Customers of China Telecom can add 800010000 as a friend on QQ and pay bills, sign up for new services, check outstanding balances and rewards points in real-time (Sootoo.com, 2010).

In recent two years, news about the possible further telecoms restructuring started to spread. Actually, observers pointed out that the current telecoms market is essentially still monopolized by the three state-owned operators. Even though there is competition among them, such kind of competition isn't a real one. It is because

private players are still not allowed to become carriers in China (Sciencenet.cn, 2011). For instance, Singapore and Taiwai both have over 30 telecoms operators, which are either state-owned or private-owned. Monopoly leads to backwardness. The number of China's broadband subscribers ranks top in the world. However, the broadband penetration rates and access speed are lower than the world's average (C114.com, 2011). Under such circumstances, it is believed that the new round of telecoms restructuring is imperative. However, different from the past, 4G licenses were issued before initiating new restructuring. In December 2013, the MII issued 4G licenses to the three telecoms operators, indicating the beginning of the new era in China's high-speed mobile network (Xinhuanet.com, 2013). According to the latest report of CNNIC, the number of mobile Internet users had reached 500 million and kept growing (CNNIC, 2014). China Mobile announced that it planned to construct 500,000 4G base stations by the end of 2014 (Ifeng.com, 2013). Just as the leader of China's Internet Society announced in the 2014 China Internet Industry Annual Conference, 4G will lead the new revolution in China's Internet industry, especially the mobile Internet sector (Sina.com, 2014a). Whereas, some observers emphasized that only when the new telecoms restructuring keeps up, will China step into the real 4G era. They believed that China's telecoms market needs more operators and competitors (see Mao, 2013).

In all, the new media business could not develop without the basic telecom networks provided by state operators. The market space of the services and products of new media business is closely connected with the quality of network resource

provided by state operators. Therefore, the whole new media industry strongly depends on the development of state-owned telecoms operators.

3.1.1.2 State competition with privately owned new media companies

The rapid growth of China's new media industry has generated great economic and political interests. On the one hand, China has the world's largest Internet population and new media market. The new media industry ranks as the most lucrative and promising industry in China. In 2010, the average operating profit margin of China's listed new media companies was nearly 40%, eight times bigger than that of China's average enterprises and three times bigger than that of the US new media industry (Ji, 2011). On the other hand, the development of new media, especially the popularity of social media, has directly accelerated the growth of online public sphere and thus challenged China's political system and state-controlled mass media. Under such circumstances, the state speeds up their entry into this lucrative industry to gain more authority and more money. Through flexible policies and administrative control systems, the state steps into new media market not only by playing a role as supervisor and regulator but also as competitor against privately owned new media companies.

Back to January 1997, Chinese state built its first ever state owned news website People.cn, which is the official website of the flagship newspaper of the CCP, *People's Daily* (People.cn, 2014). In November of the same year, the state-owned Xinhua News Agency also launched its web portal Xinhuanet (Xinhuanet.com, 2014).

Almost at the same time, China's privately owned new media companies all began to construct web portals. Compared with state-backed People.cn and Xinhuanet, which focus on political news, privately owned Sina.com Netease.com, Sohu.com and QQ.com that are more entertainment focused have quickly become the four largest web portals in China. In order to compete with privately owned portals, Chinese state carried out both political and economic measures to support its own portals. First, in 2005, the State Council Information Office (SCIO) and the MII jointly issued the Regulations on Management of Internet News Service, providing that commercial websites can only reprint political and social news from print and broadcasting media. In other words, privately owned websites will not have the right of newsgathering (Xinhuanet.com, 2005). However, this regulation does not apply to state-owned news portals and websites. This action indicates the state's intention on protecting state-owned news websites and prohibiting commercial new media organizations to conduct online journalism. Second, Chinese state actively encouraged its state-owned news media organizations to list in the domestic market. People.cn listed on Shanghai Stock Exchange in 2012 and Xinhuanet is ready to go public in the next two years (Sina.com, 2014b). The purpose of the state is to secure capital to improve services to compete with the commercial new media companies, and also to extend the state's control in the free-wheeling new media sector (Inchincloser.com, 2012). According to the Alexa rank, by September 2014, People.cn and Xinhuanet ranks the fifth and seventh respectively among all the websites in China (Chinaz.com, 2014).

In addition to web portals, the state also builds its own new media companies to

participate in other areas of the Internet. In 2009, China Network Television (CNTV), a national web-based TV broadcaster under the banner of CCTV, was officially launched, emphasizing the official legality of the medium. The establishment of CNTV not only demonstrates the state's political correctness in supporting copyright laws, but also indicates its intention to compete with privately owned video websites. Actually, just several days before the birth of CNTV, Chinese state suddenly cracked down many BitTorrent forums, including such as the famous websites BTchina and VeryCD, which were accused of lacking a license, carrying unauthorized programs and distributing pornographic and violent content (Sohu.com, 2009a). Besides these small-scale download websites, some big commercial video websites were also ordered to remove unauthorized programs. Observers said this campaign essentially cleared the way for the launch of CNTV (Xixik.com, 2009). Compared with privately owned video websites, the obvious advantages of these state-owned web-TV, including CNTV, Mango TV and BesTV, are that they are supported by one broadcasting group, granted with web-TV and mobile video licenses. Possessing these advantages and capital, CNTV could easily establish a copyrighted hierarchy and monopoly. They can negotiate for copyright at lower prices and then re-sell the copyright to private video websites with higher prices (Ma, 2010). For example, in 2009, FIFA officially sold CCTV the broadcasting rights for the 2010 FIFA World Cup. As the subsidiary of CCTV, CNTV acquired both exclusive webcast and re-sale rights. Private video websites could only provide video-on-demand services by purchasing rights from CNTV (Cmmintelligence.com, 2010). By May 2010, video

websites Youku and Tudou and web portals Sohu.com and Sina.com all acquired rights from CNTV. CNTV fully exploited its World Cup copy rights. However, CNTV was widely criticized for its copyrighted hierarchy and monopoly. Ma pointed out that CNTV is "taking advantage of public resources for self-interest" by taking on the roles of both "contractor" and "distributor", which would harm the healthy competition in the market. The copyright is abused by the state not for protecting the original but as a tool to make profit and compete with private players (Ma, 2010).

Besides, in social media sectors, Chinese state also officially launched its own companies. The year 2010 is generally regarded as the first year of weibo (i.e. Chinese title of microblog), due to the fierce competition in domestic weibo market. Major commercial web portal companies, including Sina, Sohu, NetEase and Tencent, all launched their own microblog services. In February 2010, People Weibo was established by People.cn. According to its official introductory webpage, People Weibo sees itself as the first weibo service launched by the key central news website, which describes itself as a "high-end, authoritative, interactive and efficient" platform (People Weibo, 2014). However, even with official support, People Weibo didn't achieve good grades in the market. Lack of an experienced and technologically advanced team that can increasingly upgrade its products and enhance service is one reason. Another important reason is that the private weibo service providers as first mover into the market, especially Sina Weibo relying on their brand and technological advantages, quickly attracted a large number of users. As a follower without obvious advantages, People Weibo is difficult to shunt the users from the commercial weibo

platforms. Besides, compared with state-owned social media, commercial social media receive relatively less censorship from the authorities. This is also a reason why ordinary users don't like People Weibo. Today, with increasingly number of officials, state and government agencies who register accounts and broadcast on Sina Weibo, People Weibo exists in name only.

With Google going out of the China market in 2011, in order to gain profit in domestic search engine market, Xinhua News Agency and China Mobile jointly developed a new search engine, ChinaSo, which was born from the merge of two preexisting state-owned search engines, Panguso and Jike (ChinaSo, 2014). However, even with the state's backing, ChinaSo failed to gain a piece of China's competitive search engine market which is dominant by Baidu and followed by Qihoo and Sogou. Some even criticized that ChinaSo is a "waste of taxpayer's money" and "foreshadowing a tightening control on China's Internet" (Ibtimes.com, 2014).

In all, we could see that Chinese state is always attempting to build its own new media companies, with some successes and some failures. It indicates the state's ambition to integrate Internet, telecoms network and broadcasting. By being a competitor in new media market, the state essentially intends to extend its control through interfering with the market ecology.

3.1.2 The power of capital in new media market

As mentioned in Chapter 2, capital market in China is highly related to state's

policies. China's WTO accession is a critical turning point for the restructuring of China's capital market. In order to meet WTO standards, Chinese state set out fundamental competition rules and cleared away obstacles that barred foreign and private investment from entering the telecoms and new media sector. Since 2001, foreign investors were authorized to form joint ventures, investing up to 49 percent in basic telecom services and 50 percent in Internet services (Lu & Wang, 2003). Meanwhile, the state has begun to explicitly encourage domestic private capital in selected areas of media and communication industry, such as theater, museums, Internet cafes, online games, etc (Wang, 2004). The release of the entry barrier to capital has dramatically promoted the development of China's new media industry. Nowadays, most Chinese new media companies are privately owned and received different levels of transnational investments.

In fact, many Chinese new media companies absorb start-up capital from transnational venture capitalists and are listed on foreign stock exchanges, such as NASDAQ and New York Stock Exchange. As Zhao, Y. (2008, p. 152) noted, "the scope of foreign penetration in the Chinese telecommunication markets is much broader than in the mass media sector because of its centrality as the critical infrastructure for globalized capitalist production, its role as an important site of accumulation in its own right, as well as its apparently less political nature."

Actually, back to the 1990s, China's early new media entrepreneurs began to invite transnational venture capital. The investment of Intel, Dow Jones, CNET, IDG and dozens of other organizations helped China's Internet Technology Company (i.e., ITC,

the predecessor of Sohu) get through the financial crisis in 1997 (Sohu.com, 2001).

Similarly in 1997, Stone Rich Sight Information Technology (i.e., the predecessor of

Sina) got its early foreign venture capital from Ivanhoe and Walden International

(Sina.com, 2000). Alibaba got its critical investment from the US-based Goldman

Sachs and Softbank of Japan in 1999 (Wu, 2011). Foreign venture capital contributed

greatly to the survival and development of early new media businesses. Some of them

began to import foreign managerial talents and completed self-reorganization of

internationalization. More importantly, increasing Chinese new media entrepreneurs

became aware of the importance of global capital.

At the beginning of the 2000s, China's leading commercial portals, including

Sina.com, 163.com and Sohu.com, all went public on Nasdaq, initiating the

enthusiasms of China's new media companies to list overseas (Wu, 2011). Foreign

capital flooded into China's new media market. In 2004, Chinese new media giant

Tencent listed in HongKong and immediately became China's largest new media firm

by market value (Totaltele.com, 2004). In 2005, Chinese search engine operator

Baidu.com vaulted 354% in the initial public offering (IPO) market in Nasdaq

(Marketwatch. com, 2005). In 2007, online game business Giant Interactive became

listed companies. Stepping into the 2010s, Chinese video websites began to go public.

For example, Youku and Tudou were listed at the New York Stock Exchange and

Nasdaq in 2010 and 2011 respectively (163.com, 2011). In April 2014, China's

biggest microblog service provider Sina Weibo began trading publicly in Nasdaq

(CNN.com, 2014). In September 2014, e-commerce business Alibaba listed its shares

on New York Stock Exchange and became the world's largest IPO (Siliconbeat.com, 2014). Now China's listed Internet businesses are mainly in areas of online advertising, online game, value-added service, B2B, online shopping and online travel (Picsays.com, 2012).

It's true that going public allows the Internet businesses to attract attention of investors, quickly raise large funds and enhance the awareness of the brand and its credibility. Driven by these great interests, new media companies devote themselves into the preparation for the listing. Observers pointed out that the prosperity of current domestic new media market largely comes from capital operation (see Mi, 2000; Wu, 2011). However, they also warn that capital market could be dangerous. The Internet bubble during the late 1990s finally led to the 2000 stock market crash (Wikipedia, 2013). All the listed new media companies were involved in this disaster and experienced the toughest time since their founding. This stock crisis also affected the whole new media industry in China, which catalyzed the adjustment of business strategies of many new media companies as mentioned earlier in this chapter.

Besides, the behaviors of investors, especially the big shareholders, would also influence the future of an new media company. For example, ChinaByte, largely invested by Rupert Murdoch and his IDG, used to be a leading Chinese IT portal in late 1990s due to its big funding and smart team. However, in just two or three years, ChinaByte started to decline. Observers pointed out that the key reason of the decline of ChinaByte is the IDG's change in business direction in China. Since 1999, IDG re-focused its business in China onto the Star TV, which led to the marginalization of

ChinaByte (Wu, 2011).

In all, capital influences Chinese new media companies by bringing in both opportunities and challenges.

3.1.3 Trajectory of explorations of business model

After years of development since the first public Internet connection in 1995, China's new media industry has grown up to a huge business with 618 million netizens 45.8% penetration rate (Cnnic.cn, 2014), and dozens of new media companies whose market value have surpassed USD 100 million. Starting from the Internet bubble era, China's new media industry has gone through continuous exploration and innovation of business model.

Business model describes the rationale of how a company creates, delivers, and captures value (Osterwalder & Pigneur, 2010). The construction of business model is part of business strategy and of vital importance for the development of all kinds of businesses, especially for new media business. In China's new media industry, one thing that seems always true is that once the early adopters latch onto something new, the rest of the population can quickly follow.

As mentioned earlier in this chapter, most of the early new media companies in China provided Internet access service. They made money by retailing Internet access service to customers. After they failed in competition with state-owned providers, they transformed to attempt other new business models, including a series of models

such as Bulletin Board System (BBS), mailbox service, instant messaging, search engine, etc. For example, Sina is derived from a popular BBS named Stone Rich Sight BBS. Netease started by providing free e-mail and free personal homepage. Tencent rose to prominence through instant messenger QQ. However, since most of the services during this period were free to customers, they didn't bring substantial profit to new media companies. Furthermore, the market of online advertising at that time was limited. Most of the Internet service providers found it difficult to seek profit. For example, even though Tencent QQ had a large group of users, it didn't develop an effective revenue model. Instead, maintaining such a huge number of users became a financial burden for Tencent. At the worst time, Tencent even considered to sell QQ for 100,000 US dollars (QQ.com, 2011).

Since 1998, inspired by the success of American web portals Yahoo and AOL, China's new media industry had stepped into the era of web portal (Wu, 2011). Web portal is designed to bring information together from different sources to one platform, which is usually regarded as the starting point of surfing the Internet. In 1998, Netease started to transform from selling software to building web portals (163.com, 2009a). In the same year, Sohu declared its intention to become the best web portal in China (163.com, 2009). In December 1998, Stone Rich Sight Information Technology merged with Sinanet.com, a US website company. The two merged websites later became world's largest Chinese web portal Sina.com (Sina.com, 1999). In 2003, Tencent also launched its own web portal QQ.com and quickly caught up with the former three major web portals (Wu, 2011). Besides, some small sites also redesigned

themselves and transformed to web portals. Web advertising is the main sources of revenue for these web portals. By 2007, however, with the restructuring of online advertising market (e.g., the rise of search engine advertising), the growth of advertising revenue for traditional web portals had become smaller and smaller (Bianews.com, 2008). Therefore, China's web portals companies began to explore more interactive and stickier business models.

In 2005, China's first blogging service Blogchina, established by Fang Xingdong in 2002, obtained USD 10 million venture capital, which greatly inspired China's new media companies' passion and enthusiasm towards blogging (163.com, 2009b). Within a few months, blogging websites mushroomed in China, including BlogCN, Blogbus, etc. Later, almost every major web portal and some independent online forums launched blogging service, such as Sina Blog, Sohu Blog, Netease Blog, Tianya blog, Qzone (i.e., blogging service hosted by Tencent). The grassroots nature and interactivity distinguishes blogs from other static websites and quickly makes blogs popular among Chinese netizens. However, one pending problem is that how blogs make money. Since blogs cannot directly generate valuable information, traditional web portal advertising model (i.e., web advertising) is not workable for blogs. Most of the small blogging service providers operate unprofitably and finally were kicked out of the market, like Meansys Blog (Sina.com, 2006). Several big blog websites founded by web portals survive until now and rely heavily on the support of the parent companies, such as Sina Blog and Sohu Blog.

In 2008, domestic SNS like Renren.com and Kaixin001.com, which modeled after

Facebook, became popular among Chinese college students and white-collars (163.com, 2009b). Other new media companies, including Sina, Sohu, Netease and Tencent, followed closely behind and launched similar social networking sites (163.com, 2009a). Compared with blogs, the sociability and interactivity of these SNS are stronger, which affords the operators to explore some new revenue channels. For example, Kaixin001.com, which is best known for its online games, implants in-game advertisements in its Web game apps, such as "Parking War" and "Friends for Sale". Besides, similar to Facebook, Renren and Kaixin Network also open their platforms, allowing third parties to integrate with their platforms by adding functionalities and introducing modifications. The websites holders and the third party developers share the revenue (Sohu.com, 2009b).

As Twitter's valuation sustained higher, China's new media entrepreneurs, especially those web portal companies, began to adjust their strategy again. Since 2009, microblog has become the standard component for major web portals (Chinaz.com, 2009). Wall Street also published reports to support the prospect of microblog in China (Imeigu.com, 2010). With the blockade of Facebook and Twitter in China, domestic microblog has become one of the dominant social networks for Chinese netizens due to its strong interactivity, low participatory barriers, relatively free speech, real time information, and bottom-up broadcasting mechanism. However, the revenue-model of these microblog companies is still not clear.

Tracing back through the development of China's new media market, one of the most critical problems is the herding phenomenon (see Chen, 2010; Mu, 2009). New

media entrepreneurs jump on the bandwagon in a rush, and very soon they realize that such kind of business model is unprofitable, thus quickly getting out of the market. Nowadays, most of the Chinese new media companies adopt a diversified business model which is built on the blending of free and paid services. Free services are the basic for most kinds of new media businesses, which can help attract users, accumulate popularity and reputation, and receive venture capital. Only on such foundation, paid services might be profitable.

Currently the charging models can be divided into three categories (Zhou, 2012). First, value-added services which charge users is a common revenue source for commercial websites. Cooperating with telecoms carriers, commercial websites provide mobile phone users with color ring-back tone (i.e. CRBT) and content via short messages. As mentioned earlier, mobile value-added services used to save the whole Chinese new media industry during the Internet bubbles. Even today it is still one of the important revenue sources for many big new media companies. For instance, in 2012 Tencent's revenues from value-added services were USD592.3 million, 8.47% of the total revenues (Tencent.com, 2013). Besides, virtual product trading in online game, which has brought great profits for new media companies, is also a kind of charging value-added services. Players pay the game by purchasing Game Time Card (GTC) and game equipment. Many web portal companies, such as NetEase and Sohu, takes online game as their main profit channel. Paid high-end products and services are also a kind of value-added services charging users. Users are classified into different levels on many websites, and only paying users can

become high-level users and enjoy certain services. Second, platform usage fee is an important revenue source for e-commerce websites. For example, Chinese B2C website Tmall, launched by Alibaba, charges sellers store fees. On C2C website Taobao, if the sellers want their stores to be displayed on the home page of Taobao, they need to pay money. Third, similar to traditional media, advertising is also a main revenue model for new media companies. In 2013, revenues of China online advertising market amounted to 18.5 billion USD, in which brand advertising and search advertising accounted for the vast majority of market share (Iresearchchina.com, 2014). However, advertising revenue is easily affected by economic fluctuations. A company that is over-dependent on advertising revenue may be hit hard by the economic crisis. Take Sina Corp as example. Advertising revenue has taken up more than 60% of Sina's total revenue since 2007. Influenced by global financial crisis in 2009, Sina Corp's market value greatly dropped and its advertising revenue declined 8.3% year-on-year, which directly led to 2% decline of its total revenue. This is also one of the reason why Sina urgently sought more efficient and interactive revenue models after 2009.

China's new media companies' exploration of business model, though often blindly and randomly, has led to the development of Internet in China. Those major attempts in Web 2.0 context, such as blogging, microblog and other social networks, have even directly accelerated the emergence of civil society in the world of bits and bytes. This is what the new media entrepreneurs might not consider before. There are scholars pointing out that the arena of social networks can be seen as China's first free speech

arena (see Richburg, 2011). With these new changes, China's party-state and its

security apparatus also enhance their vigilance and keep up with the pace of change.

Under such circumstances, new media companies in China, especially those social

media companies, need to not only serve customers, advertisers, and investors, but

also address the needs of the state and governments.

3.1.4 State regulation and control

3.1.4.1 Internet regulation machinery

As mentioned earlier, the MII was established in 1998 to manage China's

information technology sector. However, with the growing economic and political

significance of the Internet, issues become complicated.

Chinese state exercises its institutional control over the new media industry through

both CCP organizations and state agencies. Under the CCP, Department of

Propaganda (DOP) is the principal organization for media control. The DOP guides

and supervises the work of several media-related state agencies under the Party

principle, according to which "the media must adhere ideologically to the party line,

propagate the party message, and obey its policies" (Zheng, 2007, p. 56). Under the

State Council, the key state organization regulating the Internet is the State Internet

Information Office (SIIO), founded in May 2011, which is a subordinate agency

under the SCIO. The duties of this agency include "directing online content

management; supervising online gaming, video and publication; promoting major

news Websites; overseeing online government propaganda; investigating and punishing violators of online content rules; overseeing the telecommunications companies that provide access for Internet users and content providers alike" (Nytimes.com, 2011).

However, before the establishment of the SIIO, China already has a welter of ministries and government offices that claim jurisdiction over parts of cyberspace. First, there is a high-ranking State Council agency, the State Information Leading Group (SILG) formed in 1996, overseeing the work of MII. Besides, there are other agencies that have some control over the Internet, including the MII, the SARFT, Ministry of Public Security (MPS), Ministry of Culture, Ministry of Commerce, State Press and Publication Administration (SPPA), State Secrecy Bureau, etc. Each of them has provincial or lower-level bodies. For example, under the SIIO, there are provincial equivalents, such as Beijing Internet Information Office and Guangdong Internet Information Office. Every level of the public security department has its own Internet censorship department.

Actually, the relationship between these different agencies and their division of power on new media industry is quite unclear. Observers explained the underlying cause for the current situation in new media regulation (see Zheng, 2007; Nytimes, 2011). The mushrooming growth of China's new media business has generated great economic and political interests. Therefore, many government agencies seek to step into this lucrative industry to gain more authority or more money.

Besides the above government and party organizations, there is also a nonofficial

-governing body for China's new media industry -- that is Internet Society of China (ISC), founded in May 2001 (ISC, 2014). By now, at lease 14 organizations can point a finger at the operation of new media business (Nytimes, 2011). Sometimes, these agencies may even collaborate or work with each other to launch national campaigns to curb the dissemination of undesirable information on the domestic Internet network, which is considered to affect national security and social stability.

3.1.4.2 Internet censorship policies

Internet censorship in China is conducted under a wide variety of laws and regulations, which all serve the principle that "Internet security is a prerequisite for the sound development and effective utilization of the Internet", raised by Chinese government (Gov.cn, 2010).

Zheng (2007) classified these laws and regulations on the Internet issued between 1994 and 2005 into three categories. The first category is the administrative provisions for Internet content censorship. These provisions mainly prohibit the discussion and spread of any information that is believed to be a "state secret". However, the definition of "state secret" remains vague, which means that any information that the authorities deem harmful to state security could be censored. Besides, this category also involves rules that are used for collective actions. "Information inciting illegal assemblies, demonstration, marches, or gatherings to disturb social order" and "information released in the name of illegal civil organizations" is forbidden (Zheng, 2007; 62).

Another category Zheng summarized is the rules governing operation of the Internet service. In order to filter the information that is offensive to the state, provisions have been carried out to prohibit unapproved individuals and institutions from establishing or using non-MII gateways for Internet traffic. Moreover, the provisions require that any entity that intends to launch an Internet business should apply for an operating license from the MII. Besides, provisions also provide that individuals and entities engaging in international wiring "shall not commit violations or crimes concerning endangering national security or disclosing state secrets and shall refrain from making, checking, copying, and transmitting pornographic information", otherwise they will be punished by law (Zheng, 2007; 63).

The last category is the rules for the users of the Internet services. The provisions require that individuals and entities should register with relevant government agencies before they can connect to Internet. Besides, they are not allowed to publish, discuss, or spread any state secrets on cyberspace.

Besides what Zheng summarized, in 2005, the SCIO and the MII jointly issued the Regulations on Management of Internet News Service, providing that news websites and commercial websites can only reprint political news from print and broadcasting media. In other words, they don't have the right of newsgathering (Xinhuanet.com, 2005). This move aimed at prohibiting new media organizations to become online news provisions.

In May 2010, the SCIO released a 31-page white paper on the Internet in China that continued to emphasize "state secret". It requires all Internet users, including both

individuals and new media companies, to abide by relevant laws and regulations. No one may use Internet to "engage in activities that jeopardize state security" (SCIO, 2010). Moreover, the white paper also supports new media industry's self-disciplinary organizations. Actually, as early as in 2002, as an effort to protect themselves under government pressure, a group of Chinese new media companies under the ISC voluntarily signed the "Public Pledge on Self-discipline for China Internet Industry" to resist producing, releasing and disseminating information that is "harmful to national security and social stability" (ISC, 2002; Tai, 2006; 101). Since then, more new media companies joined this "self-disciplinary pact" in order to protect themselves.

3.1.4.3 Internet control measures

In addition to these above formal laws and regulations, the Chinese government has also employed enormous measures of controlling the Internet, including technical methods such as blocking of access to websites, keyword filtering, bandwidth throttling, and more coercive moves such as website closure and police arrests. These methods are not only exercised in routine control, but also strengthened during heightened security or sensitive periods.

Blocking is a widely used technical method against online dissidents, towards both domestic websites and foreign websites. Since November 2003, the MPS has imposed its Golden Shield Project, a censorship and surveillance project derisively termed "the world's largest firewall" or "the Great Firewall", that can block access to a

certain IP address that is believed to contain "harmful information" (Qiu, 1999; Wikipedia, 2014). By May 2014, more than 3000 domains, 2000 Google searches, 1600 HTTPS, 900 IP addresses and Wikipedia pages are or were blocked in mainland China (excluding HongKong and Macau) under China's policy of Internet censorship (greatfire.org, 2014). Among them, there are some notable websites such as Facebook, Twitter, Youtube, Google, etc. Besides, the government also frequently blocks some news websites or BBSs during heightened security times, such as the annual meetings of the National People's Congress and the National Party Congress and the anniversary of the Tiananmen Square protests of 1989.

Another commonly used technical method for censorship is filtering. "The Great Firewall" can also automatically filter online content by targeting at certain keywords deemed obscene, pornographic, or politically sensitive such as "June Forth", leaders' name of China, Falun Gong, etc. Through filtering, only the content deemed appropriate is accessible for Internet users in China. For example, if one searches for "June Forth" on China's domestic search engine Baidu, one would get "according to local laws and regulations, some of the search results are not displayed". According to the research *Real Time Filtering in China*, conducted by Edelman and Zittrain (2005) from Harvard Law School, China's Internet filtering regime is the most effective and sophisticated in the world.

Besides these technical methods, the authorities in China also use more coercive means to control Internet. For those websites who gravely violate rules and regulations, the government may close them for a few days or forever as a punishment.

Most of these closed websites are deemed politically incorrect, spreading political scandals, anti-party speech, democratic free speech, social protests, or other contested and critical opinions. For example, YTHT BBS, a popular Internet forum created by students of Peking University, was banned many times by the government because of its hot discussion on political topics (Bcchinese.net, 2004). Other free speech websites, like The Field of Ideas and China Finance Information Network, were permanently closed (Zheng, 2007; Li, 2003).

In addition to Internet closure, the CCP has long been strongly criticized for its arrests and imprisonment of Internet users. These are more drastic coercive methods to punish those who produce or spread undesirable information on the Internet, and also remind other Internet users and website owners that they are all being monitored and should behave cautiously. According to the statistics provided by Zheng (2007), there were 54 reported Internet arrests in China during 1999 to 2003. Some of them were sentenced a few days, and some were imprisoned more than 10 years. These detained people are mostly arrested for "subverting the state" and considered as "Internet dissident" because they criticize the government, advocate democracy and human rights, communicate with overseas dissident, supporting anti-CCP forces, or organize social protests.

3.1.4.4 Summary

Although China's Internet control regime is very sophisticated, it does not mean that the party-state can always exercise effective control. On the one hand, Chinese

authorities do allow some information criticizing or complaining about the status quo, especially in non-mainstream media (MacKinnon, 2008). Such tolerance for outspokenness outside official channels shows that the government intentionally relieves social pressure by allowing troublemakers to let off steam in marginal media (see Hassid, 2012a).

On the other hand, many factors can hinder the effectiveness of this control regime. First, China never really has a tradition of rule of law. Many Internet rules and regulations are not implemented at the operational level. For example, the real-name registration policy, which is originally planned to exorcise "bad speech" from the Internet, has never been enforced effectively (Theatlantic.com, 2013). Moreover, as mentioned earlier in this chapter, new media industry is a big market and field of power that many government agencies want to have their hands on. The conflicts and discord among different interests within the government can also become the difficulty of law enforcement. Zheng (2007) pointed out that the commercial interests of Internet regulatory regime sometimes might conflict with the political interests of Internet control regime. More specifically, the primary goal of regulatory regime is to promote the prosperity of new media industry while the priority of control regime is to limit the political impact of new media. Sometimes one prevails over the other, but other times do not. Second, the rapid development of new technology has enabled Chinese Internet users to "engage in 'guerrilla warfare' with the control regime" (Zheng, 2007, p. P68). Various processes for evading censorship are used. For example, the Internet users disguise their references by using nicknames for the

leaders they cannot mention. Domestic users can also use anti-censorship software to circumvent the firewall and access banned materials. The popularity of cellphone also enables information to be disseminated via short messaging service (SMS for short). Besides, within recent years, all kinds of social networking services, such as blog and microblog, are easily updated to spread difficult-to-censor information.

In all, factors both internal and external to the political system and circumstances can affect the party-state to exercise control over new media. Furthermore, the complications in Internet regulation and control could occur in such issues as the interaction between different interests within the authorities, the conflicts between social forces and the state, and the ambivalent attitude of new media business to Internet control.

Besides, especially noteworthy is that now China's new media industry has stepped into the era of social media. Both big new media corporations and small businesses launched different kinds of social media services to take a share of this market, including collaborative projects (e.g., Baike), content communities (e,g., Youku and Tudou), social networking sites (e.g., Renren and Douban), blogs and microblogs (e.g., Lofter and Weibo), etc. Since social media allows the creation and exchange of user-generated content (Kaplan & Haenlein, 2010), the popularity of social media has directly accelerated the growth of online public sphere and thus challenged China's political system and state-controlled mass media. The public plays an increasingly significant role in affecting the interaction between different factors around social media business. For this reason, this study will particularly pay attention to social

media business in new media industry. A big picture of the evolution of the political economy of Chinese new media is attempted to draw.

3.2 Sina Weibo

Studying all the social media businesses in China through ethnography is a huge project. Given that impossibility, I only look at one social media platform and one type of social media business in this study. Even though many Chinese new media companies have launched social media services, Sina Weibo has several features that make it particularly interesting as an object of study.

Currently, in China's increasingly lucrative social media sector, microblog service Sina Weibo and instant messaging service Tencent WeChat are the biggest players, standing out above the rest especially in popularity (Daonong.com, 2013). According to the companies' second quarter 2014 reports, Sina Weibo had 156.5 million monthly active users (MAUs) and Tencent WeChat had 438 million MAUs (Techinasia.com, 2014). However, they differ in their functionality, core user base, and user behavior. Weibo is an open platform, akin to Twitter. It allows users to post short messages which are up to 140 characters long, and users may follow any number of other users. Users on Weibo can also forward posts from other users, reply to others, mention other users by using the @ symbol in their posts, and participate in topic discussions by using hashtag "#" in their posts (Sina Weibo, 2016). WeChat is a

closed loop with private chatting and photo-sharing among small circles of friends, akin to WhatsApp but with more features. A WeChat user's friends are invisible to others, even to his own friends. Other users cannot see the comments on your own WeChat page, unless the comments are from mutual friends (WeChat, 2016). Due to these differences, the social use and impact of Weibo and WeChat in China are also different. Compared with the more private WeChat, Weibo is more like a public media where information can be produced and disseminated rapidly and widely. Today, social protests, political scandals, and other contested issues spread ever faster and wider through the platform of Weibo in China. Observers point out that Sina Weibo can be seen as the first free speech arena in China. Some even claim that the microblog sphere in China has become a "virtual political system" due to the formation of public opinion and the participation of party and government (Economy & Mondschein, 2011). Frequent online public incidents have drawn Sina Weibo into the tension between the public and state. In contrast, WeChat has the feature of closed-loop and voice messaging, which make it difficult to form large-scale public opinion and censor the content. This is the first reason why I choose a public microblogging service Sina Weibo, not a private messaging service Tencent WeChat as my research focus.

Next, Sina Weibo is one of the major business subsidiaries of Sina Corp, which is a typical Chinese online media company. Like most of the big new media companies, Sina Corp absorbs start-up capital from overseas, explores diverse business models, lists on stock market, faces fierce competition, and has to deal with the intervention of

the party-state. The story of Sina Corp is significant for the entire Chinese new media industry. In December 1998, Sina Corp was founded by the merger of a Chinese software company Stone Rich Sight Information Technology and a US website company Sinanet.com. After that, Sina.com was born and later became the world's largest Chinese language web portal. In November 1999, Sina Corp announced that they had closed USD 60 million in the Series C financing round, with Dell Computer being the lead investor (Sina.com, 2001b). In 13 April 2000, Sina Corp was approved for listing on the NASDAQ stock exchange. After its listing, Sina Corp stepped into a period of rapid growth. According to the survey of Gallup China in 2003, sina.com has approximately three billion page views every day, ranking it as the most popular website in China (Friedrichsen & Mühl-Benninghaus, 2013). In the same year, it was awarded the "Chinese Language Media of the Year" by the leading newspaper *Southern Weekend* for its contribution to the formation of online public opinion on public incidents (Sina.com, 2003).

In 2005, Sina.com launched its blog service Sina Blog, featuring the blogs of celebrities. It quickly became the dominant blog service in China (Cnbeta.com, 2007), bringing Sina Corp to prominence once again. However, with the rise of social networking sites such as Kaixin001 and Renren in 2007, traditional blogs lost many users owing to their relative lack of interactivity and unclear profit model (Chinaz.com, 2008). Influenced by the global economic crisis of 2008 and 2009, the market value and advertising revenue of Sina Corp dropped sharply, which pressured Sina Corp to seek new products.

On 14 August 2009, Sina Corp launched the tested version of Sina Weibo. One year later, Sina Weibo launched an application programming interface (API) platform for developing third party applications (Techweb.com, 2010). In April 2011, Sina Weibo replaced its old domain "t.sina.com.cn" with the new one "weibo.com", indicating Sina Corp's intention to separate Sina Weibo from its parent company (Sina.com, 2011b). In April 2013, Sina Weibo and Alibaba Group signed a strategic pact in which Alibaba acquired 18 percent of Sina Weibo for USD 586 million with an option to buy up to 30 percent in the future (Morningwhistle.com, 2013). By December 2013, Sina Weibo's monthly active users and daily active users had reached 129.1 million and 61.4 million (QQ.com, 2014), pushing its competitors out of the market. Meanwhile, due to the low user activity, Tencent and NetEase, the two competitors of Sina Weibo, began to decrease investment in their microblog services and shifted focus to other projects (Hexun.com, 2014). This represents that Sina Weibo has outperformed all its competitors in China's microblog market.

In 2014, Sina Corp has taken a series of moves in preparation for Weibo's entry into the American stock market. First, in March 2014, Sina Weibo dropped "Sina" from its name and is now only officially known as "Weibo". Then, Sina Corp announced a spinoff of Weibo as a separate entity and filed an IPO under the symbol of WB (Scmp.com, 2014). On 17 April 2014, Weibo as a company began trading publicly on the NASDAQ. After IPO, Sina Corp and Alibaba retain 56.9% and 32% ownership in Weibo respectively (Hexun.com, 2014).

Moreover, since 2009, Sina Weibo Night, a Weibo related awards ceremony whose

slogan is "micro power can change the world", has been held annually by Sina Corp. The award categories include Weibo Trending Topics of the Year, Weibo Celebrities of the Year and Weibo Grassroots of the Year, covering almost every aspect of contemporary Chinese society, especially touching on the public incidents that most concerned the public during the year (Sina.com, 2013a). Sina Weibo shows a desire to build up an image of responsible social media in the eyes of the public. Undoubtedly, Weibo has brought great opportunities for Sina Corp which started as an infotainment web portal. However, problems arise during Sina Corp's transition from a Web 1.0 news and entertainment portal to a social networking service. The unclear profit model and continuous financial loss have put a heavy strategic burden on Sina Corp. The event of Alibaba purchasing Sina Weibo's stake has led to great controversy among both industrial players and societal members. Some observers think that the speeding up of Sina Weibo's monetization will create negative effects on user experience, and even destroy the independence of Weibo as a public media platform (see Tian, 2013; Liang, 2013).

Since Weibo was launched in 2009, it has attracted a lot of attention from China's domestic scholars, and even from some foreign scholars. Most of the existing academic research has focused on information dissemination (e.g., Qu, et al., 2011; Guo, et al., 2011; Long, et al., 2011; Liu & Liu, 2011; Wu, et al., 2011), user behavior (e.g., Zhang & Pentina, 2012; Gao, et al., 2012; Guan, et al., 2014), Internet policy (e.g., Mou, et al., 2011; Wu, et al., 2011), online activism and grassroots mobilization (e.g., Hassid, 2012b; Yang, 2012; Wang, 2013; Li, 2011; Qiang, 2011; Mou, et al.,

2013), government electronization (e.g., Liu & Zhou, 2011; Cao & Wu, 2012), and journalism and Weibo (e.g., Fu & Lee, 2014; Zhang & Negro, 2013; Bei, 2013). Only a few systematic and scientific studies examine the dynamics of Weibo and other social media in China with an emphasis on the political and economic practices of social media business. Research begins with little awareness of the specific context in which the social media platform originates. Most of the previous studies discuss the role of social media without considering the behavior of the companies themselves and take the social media content as granted. Such a situation is unsurprising. There are difficulties inherent in obtaining the abovementioned information. The predominant method of this kind of research has been participant observation of social media professionals at work or in-depth interview of involved informants, but this method requires co-operation from social media companies under study and this has been increasingly difficult to obtain (MacQuail, 2010).

Arguably, however, social media companies play a significant role in shaping social media platforms. The values, perspectives, strategies, and practices of social media professionals do have a great impact on the social media's content and form. Besides, the social media companies also serve as an intermediate party between different structural actors. What the social media business do significantly affect relationships between the state, market and public. Therefore, it is not comprehensive to understand China's new media system without gaining insights into the new media companies.

So far, several academic studies have taken the behaviors of China's social media

operators into accounts to see the role of social media in relation with the state control. Lagerkvist's (2011, 2012) studies placed the social media companies in the center to understand its relationship with the state control. He identified that the social media sector cooperates with the party-state in China by exercising the delegated responsibilities of social control from the state. He concluded that such cooperation with the state is the norm but cracks in cooperation are emerging due to state's continued negotiations on policy. The studies of Bamman et al (2012), Benney (2013) and Sullivan (2014) mentioned the behaviors of social media companies, but they didn't place much emphasis on it. These three scholars also agree that such cooperation exists by arguing that the process of Weibo censorship should not be understood as a reactive process forced by the state but something that is being performed by Sina Corp in cooperation with the state. The abovementioned studies provided some understandings of why and how state delegate censorship to social media operators. However, only Lagerkvist's studies focused on the role and decision making of social media business. None of these studies present comprehensive works on how the social media business practices self-censorship at the operational level and the problems in exercising self-censorship in real-world cases. Furthermore, in recent two years, new changes have taken place in China's social media sphere. Large-scale deletion of Weibo posts is increasingly rare. A growing number of state and government agencies appear on Weibo and directly talk to the public. Now the state is not only the controller of social media but also a consumer of it. All the new changes should been taken into accounts when examining the relationship between state and

social media business. Moreover, market forces, such as the investors, advertisers and competitors, also have a great impact on the decision making of social media companies and should be taken into consideration in order to draw a more comprehensive picture of Chinese social media. Therefore, this paper attempts to fill the gap in Chinese social media studies through centering the social media companies such as Sina Weibo.

Considering all the above, I have chosen Sina Weibo as the research object of my study. Although Sina Weibo obviously cannot be seen as the whole new media sector in China, some generalizable insights may nevertheless be drawn.

3.3 Research Problems and Questions

The research problem of this study concerns the strategies, perspectives and values that Chinese social media companies adopt to construct their own business practices to form a complicated relationship with the state, market, and the public. The historical review above presents the growing track of China's new media industry in relation to different social and structural factors, from which several problems and dilemmas are highlighted in view of the survival and development of China's social media industry.

First, problems and dilemmas exist in the interaction between the state, social media business and pubic. Although China's social media outlet was born without the burden of state ownership, which means that they don't need to rely on state

investment and have the party officials as board members, its relationship with the party-state is not simple at all. As discussed earlier, facing the world's largest social media market, Chinese state is torn between its massive drive for marketization and the need to curb online dissent. China's social media industry has a great deal of support from the state policies, while also need to take part of the responsibility of social control and introduce censorship into their business processes in order to stay in the government's good graces. However, exercising censorship usually requires costly human and hardware resources, which are both financial and administrative burden for new media companies. Moreover, when taking the needs of the public into consideration, the problems facing social media business would become more complex. For the profit-driven social media companies, in order to achieve commercial success they need to publish materials that can attract high traffic. This will inevitably involve pornographic, vulgar and even politically sensitive content, which may be offensive to the authorities. Dilemmas arise here. If these social media entrepreneurs stand by the public who demands unfiltered news, they may offend the Chinese officials and even be threatened with a shutdown. If the social media companies are more inclined to meet the needs of the authorities, they may probably suffer a loss of users and be accused as the "political stooge of the government" by the public. Additionally, as discussed in the former chapter, social media in China was born and grows up in the social expectation that it is the most free and independent media, which shoulders the responsibility of facilitating free speech and civil society. Accordingly, besides making profit, China's social media companies

also care about building a responsible and independent image in the eyes of the public. Their relationship with the state not only influences profit making, but also reputation winning. Therefore, particularly noteworthy is the paradoxical role of China's social media business in allying with the party-state or the public. Actually this dilemma has been discussed by some scholars both in the traditional media (see Zhao, 1998; Zhao, Y., 2008) and social media context (see Lagerkvist, 2011, 2012; Zheng, 2007). Thus the research question that follows on this problematic will resonate the main concern of Lagerkvist's study (2012), but will be explored more broadly and deeply. The question is:

RQ1: *How does Sina Weibo practice self-censorship and the duty delegated from the state to control media content?*

Second, problems rise in interactions between market, social media business and public. Different from the traditional media sector, the entire China's social media industry was born and grows up in the context of marketization and globalization of capital. Market influence is hence significant on the survival and development of China's social media business. Conflicts come up in the interaction between social media business and different market forces, including advertisers, sponsors and investors, especially when taking the public into this picture. As discussed in Chapter 1, media's public could be the citizens under control of the authorities, and they are also the consumers and users of the media product. Accelerating monetization is a necessary outcome in social media business' pursuit of maximizing profits and supporting themselves in fierce market competition. Inevitably, social media

companies would stand close to advertisers and other kinds of commercial partners, such as domestic and transnational investors. Whereas, over-monetization, such as excessive implantation of online advertising and commercial elements into social media product, may affect user experience and even incur users' antipathy towards this product. Additionally, as mentioned earlier, many big Chinese social media companies started from absorbing capital from domestic and transnational venture capitalists and achieved further development from being listed on foreign stock exchanges. The capital flows not only bring strong capital to China's social media entrepreneurs, but also bring in the risks and other uncontrollable results. Immature Chinese social media players, on the one hand, have to meet the expectation of their investors and stakeholders. On the other hand, they make best efforts to scramble for and maintain their managerial and administrative autonomy. All the interaction with different market forces will eventually affect the form of a social media product in front of its users. Sometimes, the needs and interests of the market and the public can reach agreement. But mostly, social media business is pulled into the situation where the demands of monetization and the public conflict each other. Similarly, allying with the market or the public is a thorny question. Thus, the second research question this thesis examines is as follows:

RQ2a: *What are the interests, conflicts and problems occurring in Sina Weibo's pursuit of monetization?*

RQ2b: *How do the conflicts between the needs of users and monetization manifest themselves and affect the development of Sina Weibo?*

China's social media companies are actually serving three "masters" with diverging interests, namely the state, market and public. It is both a financial, administrative and strategic burden for these companies. They should always take precautionary measures so they walk a fine line between the demands of different actors that can exert influence on the survival and development of these new media companies. To answer these two research questions, two dimensions need to be taken into account: 1): how Sina Weibo interacts with different social actors, 2) how the interactions affect the survival and development of Sina Weibo.

Chapter 4 Research Methods

Ethnographic field work, a combination of in-depth interviews, participant observations and analysis of textual materials, was employed as the key method in this research to gain insights into the values, strategies and practices of Sina Weibo, and also to observe the mechanisms and dynamics of Weibo sphere.

4.1 Why Ethnography?

In general, ethnography refers to the description of people and their culture (Schwartz & Jacobs, 1979). It is a method for grasping "the native's point of view" (Malinowski, 1922, p. 25). Ethnography enables the investigator to go into the field and collect data from the view of the participants (Stablein, 1996). To answer the research questions of this study, it requires going behind the scenes of Sina Weibo to reveal the complexity of forces, constraints and conventions that influence the social media outputs. Insiders' viewpoints and values are needed. Being able to find out the operating norms and practices of a media organization calls for a relatively continuous presence among and close familiarity with the social media practitioners. Only by accessing the media organization, can the researcher obtain firsthand accounts of the organization, explore more details that may be hidden to outside observers, and gain novel insights. In this sense, ethnographic methodology is the only way by which the normally invisible realm of social media production can be recorded and made available for wider consideration. Participant observation will

allow the researcher to see what the social media practitioners do and say in their working setting; interviews with key informants help describe what the social media practitioners themselves think about what they do and say; and what sense they make of those actions and interactions. Observations and interviews come close to provide access to the values, beliefs, strategies and practices of the Sina Weibo company. All in all, ethnography yields insights that cannot be obtained by any other means.

4.2 In-depth interviews

In January, April and June 2014, in-depth interviews were conducted with twenty-three interviewees, including fourteen professionals from Sina Weibo, four professionals from other Chinese social media companies, three active and popular microbloggers on Weibo, and two journalists from traditional media organizations. The professionals of Sina Weibo interviewed are either current or former employees, holding positions in either the Operational Department or Weibo Department of Sina Corp with a minimum of two years work experience in Sina. I intentionally sought for diversity in terms of their administrative levels (both in junior and senior positions) and work area (e.g., marketing, editing, censoring, advertising, and designing). I also interviewed four professionals from other social media companies in China (e.g., NetEase and Tencent) as a comparison and complement of the interviews of the Sina Weibo employees. Furthermore, two journalists from China Central Television (CCTV) and *People's Daily*, the most influential and authoritative traditional media

in China, were also interviewed about their personal views, as well as the views of the CCTV and People's Daily leadership, on the popularity of social media especially Weibo in Chinese society and among traditional journalists. For the recruitment of these interviewees, I first relied on my personal contacts within Sina Corp. After that, snowball sampling technique was utilized to further recruit eligible participants. I also identified three popular grassroots microbloggers on Weibo and interviewed them about their personal views on the censorship and monetization of Weibo. All interviews were under the condition of maintaining the anonymity of the interviewees. The sample size is calculated based on the progress of the interviews. I intentionally sought for diversity in terms of personal background, administrative level, type of work, length of working life, etc. I stopped when information reached a saturation point at which no new information and themes are observed.

Among the 23 interviews, 16 were carried out face-to-face in Beijing, and the rest were conducted via telephone and instant messaging tools (e.g., Weibo messages), depending upon the interviewees' personal preference. The interviews were semi-structured and each took from 45-90 minutes with an average of one hour. An open-ended interview question guide was used as a rough guideline during the interviews, but not all questions were asked of each of the interviewees, and new questions were added occasionally varying from interviewee to interviewee.

The interviews began with asking basic demographic questions such as age, gender, education, etc. Then, interviewees were asked to discuss their views and opinions of some general issues, such as the new media industry and social media market in

China, techno-nationalism in China, ideological and institutional impacts on China's new media, the role of new media in Chinese society, new media and democracy in China, etc. Next, the conversation moved on to cover relations with the party-state and government agencies. Questions related to China's Internet regulation and censorship policies were asked, such as the blockade of foreign popular social media (Facebook, Youtube, Twitter, etc.), the relationship with government regulators, such as the State Internet Information Office (SIIO) and Department of Propaganda (DOP). Questions about relations with market factors were also posed, such as the monetization of new media, advertising market, investors' impact, etc. To facilitate the conversation, interviewees from Sina Corp were asked more specific issues about their daily work, how they exercise self-censorship, how they deal with free speech and public incidents, how Sina Weibo makes profits and faces competition from other social media companies, the efficiency of Weibo related regulations and policies (e.g., City of Beijing's Rules for Development and Administration Regarding Microblog Clients), Sina Weibo's future strategy and planning. The interviewees from other social media companies were asked about their opinions toward the strategies and practices of Sina Weibo and the competition between different social media services. The three influential microbloggers were asked to discuss their user experience of Weibo and their perceptions of Weibo regulation and censorship. For all the questions, I encouraged the interviewees to provide real-world cases and examples.

Most of the questions posed were open-ended and broad to allow the interviewees leeway to offer more information and express their perspectives. Additionally, the

semi-structured nature of the interviews allowed for flexibility in deviating from the list of questions if the conversation necessitated it, and further probing relevant topics to elicit richer data. The face-to-face and telephone interviews were audio-recorded with the interviewees' consent. For interviewees who did not agree to the audio recording, field notes were taken instead. All the interviewees' statements were cross-checked against other contextual materials and readings, such as the income reports of Sina, policy statements and requirements made by the government and state official media, the notices by Sina Weibo to its user base, etc.

All the recordings were transcribed verbatim and analyzed through open, axial and selective coding. Specifically, the transcripts were classified into different themes such as state and new media, market and new media, and public and new media. The instances that could not be classified were identified and the themes were refined to include such deviant cases. The classification and revision were repeated in each interview transcript and the coding themes were constantly revised until no unclassifiable texts emerged. Different interviews then were compared to each other and examined for similarities and differences. This analytic process is known as "inductive category development" (Mayring, 2000), which allows for salient and recurring themes to emerge from the text (Hsieh & Shannon, 2005).

4.3 Participant observations

As a key method of ethnographic research, participant observation helps the

researchers gain an intimate familiarity with the study population by entering their cultural environment as an "insider" while remaining an "outsider", which is useful for obtaining an understanding of the cultural, social, political and economic contexts; "the relationships among and between people, contexts, ideas, norms and events", as well as the study populations' behaviors and activities (Mack, et al., 2005: 14). Therefore, in order to discern the mechanisms and dynamics of Sina Weibo, I conducted participant observation in both Sina Corp offline and in the Sina Weibo online community.

Regarding the participant observation in Sina Corp, my position as a former full-time employee of the Operational Department of Sina Corp at the Beijing headquarter from July 2011 to April 2012 has allowed me to establish a close rapport with the professionals of Weibo on a personal basis. As part of my job involved the product of Weibo, I am familiar with their operating norms and practices, values and perspectives. Since then, I have followed closely the trends of Sina Corp's strategies, the decisions and changes in the management team of Sina Corp and Weibo, and the changes in the party-state's regulatory policies on Weibo. My work experience in Sina is one of the motivations why I selected this research topic, because it has offered me interesting background insights into the working of the company. Compared with other researchers who haven't worked in Sina before, it is easier for me to get access to the working environment of Sina Weibo and the professionals. Besides, I can also quickly find out what to observe and how to observe in the working environment of Sina. This gives me the added advantages of being able to

formulate first hand accounts of this media company, explore more details that may be hidden to the outside observer, and gain novel insights. What needs to be clarified is that although I used to work in Sina, all the data in this study were collected after my resignation.

I also conducted participant observation in the online community of Weibo. Participant observation in the online environment, often regarded as part of virtual ethnography, has been shown to be an effective method to "develop an enriched sense of the meanings of the technology and the cultures which enable it and are enabled by it" (Hine, 2000, p. 8). Researchers can take advantage of this method by entering the field to observe the mechanisms and dynamics of the online community and to "become familiar with the technologies and communication tools the community members use to make their activities possible" (Zhang & Mao, 2013). I registered a Weibo account in October 2010. To date, I have been a user for six years with 1,338 tweets, 292 followings, and 7339 followers on Weibo. I took advantage of my experience to fully explore the activities on Weibo, such as reading, writing, forwarding, commenting and liking posts, participating in topic discussion, watching videos, browsing through images, in-site messaging, searching archives, and many others. I also kept a close eye on the daily trends of Weibo. When public incidents occurred, I paid special attention to the trends of public opinions on Weibo, the tweets posted by the accounts of government agencies, and the reactions of Weibo as a company. When Weibo's design, structure or features were updated, I paid particular attention to the users' reaction and feedback. When the state launched large-scale

campaign against online rumor, pornography or vulgarity, I kept an eye on the actual implementation by Weibo company and the debate among its users. These years of observation and participation in Weibo have allowed me to become familiar with the dynamics and mechanism of the Weibo ecosystem where different actors intertwine, conflict, and negotiate with each other, especially the interaction between the state and public.

Overall, my participant observation contributed to many rich insights into Sina Corp and the Weibo community. As discussed in Chapter 3, all the internal and external factors of an Internet company and the interaction between them will eventually affect the form of an Internet product in front of its users. For this reason, there is value in engaging in both online and offline participant observation. If participant observation in the Weibo community allows the researcher to focus on the phenomena online, participant observation in the social media organization provides the researcher with opportunities to explore the organizational reasons behind these phenomena. Participant observation both online and offline thus contribute significantly to a more comprehensive understanding of both Weibo ecosystem and new media system in China.

4.4 Archival Documents

The in-depth interviews and participant observation were complemented by analysis of archival data. These textual materials, including posts and comments on

Weibo, Weibo site documents (e.g., notice and announcement to respective user base, help, and FAQs), companies' annual reports, government policy papers, news reports, news interviews with key social media entrepreneurs, some internal documents of Sina provided by interviewees, and many more, were collected to serve as background information. The time frame of these documents was from year 2009 to 2015.

The legal texts carried out by the government and Sina Corp, especially the laws and regulations that specifically regulate the dissemination of online information, were also examined. These documents included City of Beijing's Rules for Development and Administration Regarding Microblog Clients, Sina Weibo Community Administrative Rules, the papers released in the 2014 Anti-pornography Campaign, and many others. All the interviewees were asked about these papers' content and efficacy. Moreover, the speeches of the Chinese political leaders regarding ideology, propaganda, cultural and Internet industry were also examined in order to understand the relevant policy moves. All these documents and speeches are of great significance for doing in-depth qualitative studies in an authoritarian country such as China. Finally, news interviews with key social media entrepreneurs, news reports about Weibo and other social media by authoritative traditional media such as People's Daily, Southern Weekly and CCTV were also studied.

To contextualize the questions in my interview guide, I carefully chose several controversial media events and public incidents on Weibo. The debates on these events both on Weibo and in traditional mass media were studied as important textual

materials to understand the power game behind these incidents.

The first is the 2013 Southern Weekly incident, which refers to the dispute between the Propaganda Department of Guangdong Province and the *Southern Weekly* newspaper, where the latter's original new year special editorial was significantly changed by the propaganda officers bypassing the normal publication flow, with the modified version containing many basic mistakes. This incident led to the strike by the newsroom staff to protest against censorship, and attracted extensive attention both offline and online. The exposure of this incident on Weibo caused a huge stir, with many celebrity and common users expressing support for *Southern Weekly* and condemning the government's propaganda department. Resulting from the incident, related keywords such as Southern Weekly and the name of the propaganda chief became sensitive words and were blocked by Sina Weibo, which caused the resentment of the public toward Sina Weibo. The public discontent also forced Sina to stand out to defend itself. As one of the most important events in China in recent years, the Southern Weekly incident does not only reflect the conflict between the Chinese government and the cry for free speech by media practitioners and the public, but also disclose the social media companies' self-censorship practices and their difficult position in balancing the interests of the state and the public.

Another event is the Sina Weibo's strategic alliance with Alibaba. After Alibaba purchasing the stake of Sina Weibo in 2013, the two companies have formed strategic alliance based on the integration of their user accounts. This event is generally seen as the speeding up of Sina Weibo's monetization. The cooperation has not only brought

in interests, but also uncontrollable results. The users complained that too many advertisements on Weibo site were annoying and distracting. Some were worried that over-monetization might damage Weibo's image as an independent media in the public's eyes. Therefore, this event was chosen for my study to understand the relationship between the market, new media and public. Interviewees were all asked about their views on these events.

4.5 Ethical Procedures

Almost all studies of media organizations have the same ethical concern – whether the study will reveal the secret of the company and damage the interest of the business in political, economic and reputational terms? In order to avoid such negative influences, interview questions were carefully tailored to avoid any sensitive information (e.g., trade secret related issues), and interviewees were also reminded that they do not have to answer any questions they do not wish to or they think are inappropriate. All the information and opinions provided by interviewees only represent their personal views and not that of Sina Corp's.

Regarding the participant observation, because I was in the company of Sina through my connections to former colleagues, I had to be careful not to interrupt their work, not to be in the wrong place at the wrong time, and not to cause troubles for them. In order to avoid unnecessary troubles, I stayed out of the working area of Sina, spending time with the professionals in lounge, cafeteria – during their free time such

as at lunch, and after work.

4.6 Reflexivity vis a vis this study

Reflexivity is the process by which the researcher reflects upon his or her research journey. It is "an examination of the filters and lenses through which you see the world" (Mansfield, 2006). Reflexivity in ethnographic research helps the researcher to assess and understand what personal beliefs, values, thoughts and acquaintances the researcher brings into the research and how they influence the data collection and interpretation process (Harvey, 2012). A major theme in my study is the mechanisms and dynamics of a social media organization and how the organization plays its role in the interaction with different political and economic forces. My research paradigm and methodology are qualitative, participative and inclusive of the insiders' voices. Therefore, it is significant to use reflexivity to provide a sort of quality assurance check within this study.

My previous work experience in Sina and my passion about Sina Weibo as an active user have introduced me to this research topic and research paradigm. My time spent in Sina as a full-time employee has opened a door for me to get to know how a new media organization operates and maintains its business. From that time, I've been interested in China' new media industry and concerned about the issues and problems occurred in this industry. My background in journalism during my undergraduate study and the internships as a journalist in newspapers and television stations lead me

to exploration and discovery in this research.

As a former China's social media practitioner, I've already had my own opinions and values toward Sina Weibo, the whole social media industry and their relations with the state, market and public. My personal perspectives, on one hand, are advantages that can enrich my descriptions and help me flesh out multiple plausible interpretations. However, on the other hand, this "advantage" may influence my position in relation to this topic and my informants, to some extent. For example, my former insider identity may lead to my ignorance of some of the basic issues about China's social media industry, and thus influence the design of interview questions and the interaction with the informants. In order to avoid such influence, I tried not to privilege my own experiences, opinions, and judgment in data collection and analysis over others'. Open-ended questions were asked to encourage a full, meaningful answer using the informant's own knowledge, viewpoints and feelings.

Chapter 5 Balancing State and Public

Under the topic of how Weibo balances the demands from state and public, three sub-themes, namely Weibo business and free speech, Weibo business and censorship, Weibo business and Government Weibo accounts, emerged from the data generated during my ethnographic fieldwork.

5.1 Why Weibo Becomes the Most Popular Public Sphere in China

5.1.1 Weibo's news media gene and public sphere function

In comparison with other social networking sites in China (e.g., Renren, WeChat, Tencent Weibo, etc.), Sina Weibo was born with more features of news media, which contains more current affairs and politics. It is generally regarded as the origin of citizen journalism and also the most popular public sphere where Chinese netizens talk about the social events.

Some of my interviewees who have been working in Sina for more than five years argued that such apparent features of news media are closely bound up with the ideas of the top business leaders of Sina Corp. Charles Chao, the Chairman and the Chief Executive Officer (CEO) of Sina Corp, is the main promoter of the launch of Weibo. According to archival data collected from the website of Sina.com, Charles holds a M.A and B.A. degree in journalism and used to work as a television reporter. One senior editor, who has been working in Sina for over eight years, said: "*Charles likes to describe himself as an 'Internet company's CEO with news media complex'. I think*

the choice of Weibo was based on his understanding of news media."

Besides, quite a number of employees from Sina mentioned that Chen Tong, the former Executive Vice President and Chief Editor of Sina Corp, played an important role in the development of Weibo. According to archival data collected from the website of Sina.com and relevant news reports, Chen Tong joined Sina in 1997 and transformed Sina to a leading news portal in China. He has thus been honored as the "father of news portal". An interviewee who is a senior editor in the Operational Department of Sina told me that Chen Tong likes to call himself as "news enthusiast". When Weibo was launched, he was the primary person in charge of both the content of Weibo and the news portal. As one interviewee, who is an editor from the Operational Department of Sina, discussed:

Sina's operation of Weibo largely relies on Chen Tong's experience of operating the news portal Sina.com, though they are totally two different things. I think this is one of the reasons why Weibo can grow up as a suitable soil for free speech and online public opinion. It does inherit some news media features from Sina's news portal.

In addition to the leaders' personal preference, the built-in features of the platform and the Sina user base enable Weibo to encourage user-generated content and serve as a convenient platform for users to follow and participate in online conversation.

During my online participant observation in Weibo sphere, I found that unlike Twitter, on Weibo, all the comments and replies dedicated to one post are listed under the entry in the same place, similar to Facebook. That means the entire discussion can be seen with only one simple click. This empowers users with a better chance to

interact with others and greater access to building public will. Next, Weibo supports multimedia posts in a more straightforward way. Visual attachments (image, video, audio, vote, etc.) can be uploaded in the same post, and are integrated below the text in the same page rather than being stored in hosting sites. This feature can assemble information to form vivid posts which are much easier to be disseminated and of great efficacy. Moreover, feature of tagging, supported by a search engine within Weibo, enables people to find congenial fellows, obtain target information, thus help form online groups that can promote large-scale participation. Besides, Weibo's portal page also displays the trending Wei-topics (the heated topics under discussion) in a rolling mode, which helps users get to know the trending news and share with other users in time.

Besides, I also found that huge user base is another factor contributing to Weibo's popularity. My online participant observation data showed that Weibo's active users range from ordinary public to journalists, from students to well-known academics, from office workers to prominent business people, from NGOs to government agencies, almost covering every field in China. One of the interviewees, who is a Weibo specialist, told me that the formation of the huge Weibo user base partly benefits from the previous accumulation of audiences of Sina Blog and Sina portal, and partly relies on Sina's vigorous promotion of Weibo. This Weibo specialist argued that large user base, on one hand, helps information travel ever faster and wider, and on the other hand, provides possibilities for profound and wide-ranging participation.

5.1.2 Challenges to state's information order and authoritarian rule

According to archival data collected from news reports and Weibo sphere, a lot of cases can be found to support that Weibo presents challenges to state's information order and authoritarian rule. In December 2010, when the news came that Qian Yunhui, a village head in Zhejiang Province who had a long history of petitioning against local officials died in a freak traffic accident, online activists organized citizen investigation groups against official statements through Weibo and disseminated information regarding this incident. In March 2011, a campaign was launched by Nanjing residents through Weibo to stop the local government's plan of cutting the French plane trees down lining the city's avenues. In July 2011, the crash of two high-speed trains in Wenzhou was first reported by Weibo users, four hours earlier than official sources. People also utilized Weibo to pressure the government to provide the real reasons of the crash. Just as one of the interviewees, who is a journalist from *People's Daily* Overseas Edition commented:

In the older days, Chinese people passively waited for the mainstream media to disclose the truth and uphold justice. Today, people proactively utilize Weibo to gather public pressure and seek the truth on their own. This change is of great significance to China's democratic process. Of cause, it also poses great challenges to CCP's ruling order.

Weibo's 61.4 million daily active users and its forwarding function make it easy to

trigger information cascades and bring an obscure incident to the front of public attention within a short period of time. Actually, the monitoring result from the Institute of Public Opinion of Renmin University of China showed that the influence of a public incident related post may run over from the Weibo online world to the real world once it is reposted over 10, 000 times or its comments exceed 3, 000 (Fan et al, 2013).

The impact of Weibo on Chinese society is far beyond the expectations of Sina's entrepreneurs. In the interview with Sina's CEO Charles Chao by the magazine *Blog Weekly,* Charles admitted that the great social and political success of Weibo has brought this privately owned new media company not only achievement but also responsibility to the society and public (Zhang et al, 2014).

As the key component of the "soft power", media information along with diverse forms of propaganda and censorship are always leveraged by the authoritarian governments to "maintain their claims to legitimacy, and delegitimize their opponents" (Sullivan, 2014, p. 29). In China, the doctrine of current leadership toward Chinese Internet is to promote the healthy, orderly, harmonious and sustainable development of Internet industry. However, in recent years, Chinese government has increasingly concerned about its inability to curb free speech and subversive expression on Weibo and other social media sites. An interviewee, who is an editor from the News Center of Sina, said:

More than 100 million posts are published on Weibo every day, including text messages, as well as numerous images and videos that are difficult to censor.

However, the more difficult to censor these content, the more frightened the party-state becomes.

5.2 Weibo Censorship and Conflict of Interest

Perry Link's famous description of Chinese censorship as "the anaconda in the chandelier" serves as a fair reference to the tense atmosphere that was caused by the Chinese state's deliberate absence of explicit rules and regulations on what cannot be said in public (Link, 2002). Compared with what Link described in 2002, the situation has changed as nowadays Chinese increasingly dare to speak in public because of the rise of middle class and the popularity of Internet, especially social media, which provides them with a convenient platform.

However, tension still exists due to the ambiguity of what is forbidden. For example, the most important regulation regarding Weibo - City of Beijing's Rules for Development and Administration Regarding Microblog Clients - stipulates that no organization and individuals shall use microblog to spread rumors, whereas the definition of "rumor" is still very ambiguous. Any information that has not been published via official government channels or the authorities deem harmful to social stability could be considered as rumor.

Nowadays, on the one hand, there are free speech and lively debates on social media sites; on the other hand, there is also constant battle between censors, social media service providers and users due to the ambiguity and arbitrariness in censorship

policies of social media. This has created a much more dynamic context.

5.2.1 State delegating the censorship power to social media companies

According to the archival data collected from international news reports, Chinese state's censorship of social media networks should be traced back to 2009. Before 2009, foreign social media networks such as Twitter and Facebook could be freely accessed without any special restriction in China. In the summer of 2009 just after the twentieth anniversary of the Tiananmen Square Incident, large-scale riots, which were triggered by an article posted on US-based social media sites, broke out in Xinjiang, killing nearly 200 people. After that, the Chinese government quickly blocked many overseas SNSs including Facebook and Twitter, as well as cracked down some local microblog services such as Fanfou. A former channel chief editor of Sina indicated that Sina Corp quickly filled in the gap in domestic microblog market in this period, thanks to its entrepreneur's close personal relationship with the state officials, and acquired from the state the assurance of delegated responsibility of social control, which implies exercising self-censorship to maintain information flows under control.

Quite a number of interviewees from Sina agreed that Weibo actually enjoyed two years of "wild time" – no censorship from the government. The party-state did not fully anticipate the great impact of Weibo on Chinese society and its threat to authoritarian rules until the Wenzhou High-Speed Train Crash incident in July of 2011. In this incident, citizens' criticisms about the way the crash was handled by the

government explosively grew on Weibo and lasted more than a week. Millions of posts and comments of this topic flooded the website, making it difficult for Weibo employees to delete them all, as one of an editor from Sina recalled. This incident is generally seen as a landmark case which drove the government into a serious "legitimacy crisis" and marked the end of "the era of confidence" that was ushered in by the successful hosting of 2008 Beijing Olympic Games (see Shank & Wasserstrom, 2011).

In the wake of the public opinion storm around the train crash incident, the central authority started to pay attention to Sina Weibo and tighten control over it. As recalled by a Weibo specialist:

It is hard to say from which day everything started to change. But I remember that two of the high profiles of the CCP visited our company within one month in the summer of 2011. This had never happened before in any of the social media companies in China. I think it is enough to suggest the attitude of the central leadership towards Sina Weibo.

The information provided by this interviewee was crosschecked with the archival news reports. One of the high profiles he mentioned refers to Zhou Yongkang, a standing committee of the CCP Politburo that was in charge of domestic security. In August 2011, Zhou visited Sina Weibo's headquarters in Beijing to know more about the operation of this platform. In the same month, Liu Qi, the CCP Beijing Committee secretary, also visited Sina Corp and said that social media companies should "use new technology to better manage their users" and "resolutely block any fake,

misleading and harmful information" (Digicha.com, 2011). Although Liu Qi didn't provide any details of what the central party wanted, only three days later Sina Corp announced that it would put more effort into attacking all kinds of rumors. In fact, besides these two CCP high profiles, the standing head of the State Internet Information Office Wang Chen emphasized again two month later in a conference that "microblog sites must strengthen the management of information distribution" (People.com, 2011). The increasingly frequent attention from the high-profile indicated that the CCP began to worry that the explosive growth of Weibo may threaten its media control.

On 16 December 2011, the Press Office of the People's Government of the Beijing Municipality, the Beijing Municipal Public Security Bureau, the Beijing Communications Administration and the Beijing Internet Information Office jointly issued the first formal policy specifically aimed at microblog services in China, City of Beijing's Rules for Development and Administration Regarding Microblog Clients (Beijing.gov.cn, 2011). The articles in this policy include that microblog service providers shall "assist and cooperate with relevant departments in the execution of their administrative work", "establish a department that is responsible for information security, and allocate personnel with the requisite professional knowledge and skills", and "establish a comprehensive system of exposing false information and the timely publication of truthful information" and so on (Digicha.com, 2011). When asking about their attitude towards this policy, an editor from Sina replied:

Certainly, this regulation brings a lot of troubles for Weibo's operation. But I think

the launch of this regulation is not a surprise. Everyone knows that such kind of

regulation could come sooner or later. I think the top management (of Sina) was

prepared for the day's coming.

Another interviewee, who is working in the News Center of Sina, told me about his

opinion towards this policy. He stated that the aim of the state is to establish an

all-round systematic microblog censorship mechanism that requires the collaboration

of social media companies to exercise censorship.

5.2.2 Exercising self-censorship: survival strategy but burdens

Practicing the delegated responsibilities from the state for information control

through continuous development of self-censorship techniques is a survival strategy

of social media companies, whereas it also puts extra financial and administrative

burdens on these operators.

5.2.2.1 Why Sina accepts self-censorship

When asking about why Sina Weibo accepts self-censorship, respondents from

Sina mostly emphasized that the state constantly utilizes the threats of shutting down

or adding onto blacklist to force upon social media companies the compliance with

exercising self-censorship. An important case that was mentioned by several

interviewees is that in April 2012, Chinese government asked Sina and Tencent to

shut down the comment function of their microblog services, a key feature for

discussion, for three days, because rumors of military vehicles entering Beijing and something wrong going on in Beijing were spread on these websites. Two of the interviewees from Sina also mentioned another case that Google quit the market of Mainland China in 2010 in part for not doing a good job of self-censorship. They thought Google's case rung alarms for domestic Internet companies. As an interviewee who is a manager at Sina Weibo division noted:

Sina is a private owned commercial company whose primary goal is to make profit. Acting against the government is just like asking for trouble. The financial cost of being shut down is much bigger than the cost of any other matters. Although there isn't any big Chinese Internet company being shut down in the last ten years, Sina still doesn't want to challenge the state about this. Practicing monitoring is actually a survival strategy for Sina Weibo to stay in business.

Another reason cited by a few interviewees is that social media enterprises' submission to state control may bring them some benefits, such as profitable contracts and more market share. One interviewee who is working at the General Office of Editor argued that this is actually the carrot-and-stick strategy adopted by the government. However, she said that such deals are usually done under the table, and ordinary employees like her won't know the details.

One interviewee, who is a former journalist in an official newspaper and now works as a senior editor in Sina, pointed out another possible reason at macro level. He argued that exercising self-censorship is essentially helping the state uphold the social and political stability, which is a prerequisite for the growth of national

economy as well as the development for the private business.

5.2.2.2 How Sina practices self-censorship

Practicing self-censorship is not an easy job. Instead, it requires financial and human efforts. Especially when a big news event breaks out, the whole company has to devote energy to cleansing the site of sensitive content to meet the government's elaborate requirements.

One interviewee from Sina Weibo's monitoring team introduced that currently there are about 100 employees (the figure was much higher in 2012 and 2013) specifically responsible for monitoring content on Weibo 24 hours a day and cleaning any posts deemed pornographic, offensive or politically unacceptable, with an average monthly earning of USD700. Usually, the back-end system of Sina Weibo does the first part of the job by scanning each tweet before it's posted. There is a blacklist of the most sensitive keywords, including terms of political dissents such as communist bandit, terms and people related to the Falun Gong spiritual movement such as Falun and Li Hongzhi, terms and people associated with the Tiananmen Square Incident such as Chai Ling and WuErkaixi, etc. Tweets containing these keywords are autonomously blocked from being published. After automatic filtering, tweets containing other sensitive keywords (e.g., the names of the leaders of China's central authority such as Xi Jinping, Jiang Zemin, Hu and Jintao, and the names of famous political dissents such as Liu Xiaobo and Ai Weiwei) will be read and manually censored by censors. The censors decide whether to delete these posts or not.

Usually the censors choose not to completely delete the sensitive posts, but make sure that the sensitive posts remain visible only to the author while being blocked from other users so the author is unaware of the censorship. For those users who continuously post offensive content, the monitoring team also has the authority to block them from using posting and commenting functions temporarily or even shut down the accounts permanently. Approximately, over a 24-hour period, the Weibo monitoring team needs to process about three million posts and each censor at least 3,000 posts per hour. If they miss a sensitive post that is disseminated widely, the censors in question will be punished with fines or even dismissal.

Besides the routine censorship every day, Sina Weibo also enhances their censorship during some highly sensitive days, such as the June 4 anniversary of the 1989 Tiananmen Square crackdown. One interviewee who is a censor from the monitoring team of Sina said that during the weeks before June 4 every year, Sina's monitoring team will receive a series of notices and orders from the Beijing Internet Information Office emphasizing to tighten control of speech on Weibo. Many keywords related to the event are blocked on Weibo around June 4, such as tank, 64 (short for June 4), Tiananmen, 89, rebellion, martial law, candle-lit, Flower of Freedom, and other alternative ways to write these keywords. When users attempt to search on Weibo for these keywords, the search interface will return the message: "According to relevant laws, regulations and policies, search results cannot be displayed."

Mostly, the monitoring team of Sina implements the work of censorship.

Sometimes when big media events break out, employees of the whole Sina Corp will be involved in post deletion. A typical case that was mentioned by an interviewee from the Operational Department of Sina is the incident of Dalian PX Protest. The Dalian PX Protest (also known as 8/14 event), which took place on August 14, 2011, was a public protest organized by the citizens of Dalian (a city in northeastern China) to oppose a paraxylene (PX) chemical plant built in Dalian. At least 12,000 people joined in the protest, which was the largest political gathering in northern China since 1989. The protesters utilized Weibo to spread the information and photos and to appeal to more people for joining in. Confronting the rapid increase in posts and comments about this event emerging on Weibo, Sina Corp swiftly messaged at least 600 employees to get them involved into site cleansing of relevant content in order to meet the central authorities' requirements. As this interviewee recalled, since August 14 was a Sunday, Sina had to offer extra overtime pay for all the employees engaged in this work.

A censor from Sina's monitoring team said that usually the government does not issue any formal document ordering them to delete posts; instead, it delivers the censorship orders through phone calls or instant messages such as QQ, secretly, arbitrarily and urgently. This also means that Sina Corp must always be on call.

5.2.2.3 Disadvantages of practicing self-censorship

When asking about what effect has exercising self-censorship on Sina, an interviewee who is a senior editor of Sina's web portal mentioned a case. She

mentioned that Sina Weibo established a "Weibo rumor-refuting group" specifically dedicated to verifying the widespread information on Weibo, as a response to the government's anti-rumor campaign. She said, however, at times the employees of the group need to collect evidence on site to support their judgment, which is very costly and time-consuming. Another employee from Sina commented:

> Self-censorship of sensitive content is much of a headache for us. It leads to a cost increase, while doesn't bring in any profits. It triggers dissatisfaction and criticism from the users and the public. It may also impose risks on advertisers and investors. But if we don't do an enough good job of self-censorship, it may offend the government. All in all, self-censorship is the most thankless task for Sina.

This employee raised a case to further illustrate that practicing self-censorship is a thorny issue for Sina. In November 2011, a group of Chinese Internet intellectuals, economists, and writers co-signed and published an open letter to the investors of Sina Corp, criticizing Sina's cooperation with the government in controlling the free speech on Weibo, and calling on the investors to cut back on the stocks of Sina in order to force Sina to reduce censorship. He argued that as increasing investors take business ethics and corporate social responsibility into account in investing, carrying out self-censorship might have a negative effect on Sina's performance in capital market.

Now it is evident that although acceptance of state's delegated public opinion monitoring responsibilities is essentially a survival strategy of commercial media organizations to stay in operation in authoritarian regimes, considering the troubles

and costs caused by exercising self-censorship, Sina as a profit-seeking company is reluctant to do so. Chen Tong, the chief editor of Sina, used to indicate that Sina's principle was to delete as few posts as possible in a interview by the newspaper *Southern Weekly* (Fan et al, 2013), though things always go contrary to their wishes. During the interviews, almost all the respondents from social media companies argued that all the Internet companies who were doing media related business wanted more freedom and less censorship. Therefore, it's more appropriate to regard such relationship as social media companies' submission to the state rather than cooperation between them, as it is not built on a voluntary and mutually beneficial basis.

5.2.3 State or public: the paradoxical role of Sina Weibo in 2013 Southern Weekly incident

Currently, China is at a stage of transformation, which implies numerous social problems caused by the conflicts of interests between different stakeholders in the society. Among them, the conflict between the government and the citizens is the most prominent one in recent years.

Social media as an effective speech instrument for citizens can rapidly amplify their voices and dissents towards the government, thus it serves as a "pressure cooker" on social problems and can intensify the tensions between the authorities and citizens to some extent. Letting the social media companies be in the frontline of censoring content and monitoring the trends of public opinions on social media is "a

cost-effective strategy of monitoring deviancy in an emergent, rapidly pluralizing civil society" (Lagerkvist, 2012, p. 2640). Because of this, social media providers also "take the bullet" shot from the public for the state. According to the data collected during my online participant observation in Weibo, most of the time, when content is blocked, citizens tend to blame the social media companies for deleting their posts and accuse them as the "political stooge" of the government. An interviewee who is working in the News Center of Sina argued:

> I think China's social media companies are playing an embarrassing and paradoxical role. As commercial businesses, they are often caught in the middle of the state and the public. They have to meet the needs of both sides but always falter on both counts.

The dilemma of social media companies manifests itself most when politically sensitive incidents take place, due to the increase of both the imperatives of the state for speech control and the demands of the public for free speech during the incidents. Therefore, a better understanding of how the social media companies deal with its relations with the state and the public can be acquired through the analysis of some public incidents. The 2013 Southern Weekly incident was a typical public incident in recent years as suggested in Chapter 4. This incident will be analyzed in details in order to understand the role of social media companies in the conflict between the authorities and the public, and the way how social media companies deal with their delegated censorship duty from the state and the demands of the public for free speech in a real-world case.

5.2.3.1 Incident exposed on Weibo

According to the statement issued by the *Southern Weekly* News Ethics Committee, in December 2012, during the preparation process of the annual New Year Editorial, which is a longstanding tradition at *Southern Weekly*, the newspaper had already been requested by the Propaganda Department of Guangdong Provincial Party Committee to make revisions for many times. Changes to the editorial draft included deletion of politically sensitive names, deletion of sensitive policies, replacement of the title and headline photo, etc. On January 1, after the editorial staff had finished all the editing work and signed off on the final proofs, many alterations and replacements were further made by the Guangdong CCP Standing Committee member and propaganda chief Tuo Zhen directly to the new year special without informing the editors and reporters. For example, the New Year special title was changed from *Dream of Home-country* to *Chasing Dreams*. Texts rife with errors were also inserted by force.

On January 3, after the newspaper went on sale, some readers identified several errors in the special issue, including "2000 years ago King Yu combatted the floods," which should be 4000 years. After these mistakes were posted and widely reposted on Weibo, some reporters from *Southern Weekly* posted on this social platform disclosing that Minister Tuo Zhen's distortion of their articles caused severe factual mistakes and protesting against his ultra vires acts. Since the New Year Editorial of Southern Weekly enjoys a high reputation among the readers, this incident quickly burst out online.

Following these posts, a group of prominent former editors and reporters of Southern Weekly co-signed and published an open letter on Weibo, criticizing Minister Tuo's strangling the vitality out of the media in Guangdong for a long time, and calling for Tuo Zhen to step down. Within one day, many intellectuals, journalists and common netizens signed the open letter, condemning censorship and the lack of press freedom.

On the following day, a second online petition was issued on Weibo by 27 prominent scholars to protest the interference at *Southern Weekly*. This petition continued to gather signatures from a wide range of supporters including journalists, lawyers, academics, students and even migrant workers.

5.2.3.2 Incident intensified on Weibo

More outrage was ignited when the Southern Weekly's official Weibo account was later seized by state officials and some fake posts were sent out by this account, denying the changes were made by the censorship officers.

On January 6, a post appeared on Southern Weekly's official Weibo account claiming that the controversial New Year editorial was written by its staff and was not altered by the propaganda officials. However, just before this post, a journalist from Southern Weekend, wrote on his own microblog stating that he had been forced to hand over the password for the official account of Weibo. Following this post, another post was sent out by the account of the economic news department of *Southern Weekly*, confirming that Southern Weekly's Weibo account had been seized by

propaganda officials, and the posts appeared on the official account were fake. Later on a statement from *Southern Weekly* staff was released via Weibo. In this statement, the staff denied the official account and announced a strike until "the issue is resolved". This statement also disclosed that in 2012 alone, a total of 1,034 news reports had been revised or cancelled by the censorship officers. More than 100 reporters signed on this letter calling for an investigation on this incident.

Since the fact surfaced on Weibo, the incident was intensified. Public figures and common users started to post their support or doubts around the incident. The Big Vs (i.e., influential verified Weibo account) and celebrity users' posts speaking up for *Southern Weekly* were widely reposted by common users. Many other media organizations also posted supportive messages on their official Weibo accounts.

As anger intensified and public support grew on Weibo, the Chinese authorities attempted to resume control over the controversy, which led to Sina's self-censorship on related discussions on Weibo. As early as January 3, when the incident first surfaced on Weibo, 15 reporters' accounts were blocked or deleted, with the protesting posts got removed. On January 6, after the fake posts by Southern Weekly official account, all the posts denying the official account were deleted from Weibo. Beginning on January 4, a series of relevant keywords were blocked on Weibo, including Southern Weekend, Tuo Zhen, open letter, propaganda department, etc. Meanwhile, many Big Vs' posts were deleted. For example, posts by the famous blogger Li Chengpeng, who is an opinion leader in Chinese online society and has over 6 million followers on Weibo, were deleted three times by the Weibo censor.

Besides these influential accounts, many common users' posts related to this events were also deleted.

During these days, the whole Weibo site was filled with "This post has been deleted" notices. Sina was thus condemned for its censorship and its role as the running dog of the propaganda department. More outrage toward Sina was ignited when NetEase, a popular news portal, published a special report of Southern Weekly incident. Netizens attacked on Sina's cowardice and praised NetEase for its courage. Some netizens even claimed that they would quit Sina Weibo and register NetEase Weibo. Outraged netizens also came to the Weibo page of Sina's top management and commented with cursing and criticism.

5.2.3.3 Sina's self-justification for censorship

During these days, Sina suffered an unprecedented crisis of credibility as a responsible medium in the eyes of the public, as one interviewee who is a senior editor from the Operational Department of Sina recalled.

On January 7, 2013, one Weibo user @zhengbanyuyang, who was verified as the manager of Sina Weibo, posted a long message on his own Weibo page to disclose the inside story of Sina's self-censorship and explain Sina's difficult position in this event.[1] First, he emphasized that Sina is not the one who makes censorship criteria and issued deletion orders. If Sina didn't delete those sensitive posts, the alternative was that the entire topic would be deemed off limits. As he wrote:

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[1] The original Weibo posted by @zhengbanyuyang (@正版于洋) was deleted several days later. I restored it during my participant observation on Weibo. It can also be retrieved from http://app.secretchina.com/node/497679

Since the day when the comment function of Weibo was banned for three days, the authorities decide on the criteria for throwing up the yellow light and deducting points on Weibo, and can make Weibo "game over" without considering the demands of the public, just like smashing an ante. So when they issue the urgent orders, you have no choice but to execute their order.

He argued that Sina can only survive within the boundary of rules that are set by the authorities, and thus someone is doomed to be sacrificed.

Next, he indicated that Sina actually adopted "smart" strategies of the deletion of the posts in order to earn more time for the dissemination of the information. As he wrote:

You keep publishing posts crazily and the Weibo censors keep deleting your posts. However, does it successfully prohibit you from seeing the messages? If we directly block the accounts instead of deleting the posts one by one, we could have saved more time and energy, and have better served as a running dog of the authorities. You can see the posts before they are deleted, right? Your accounts haven't been shut down, right? Most of you are experienced Internet users, so you know that it's not difficult to delete a message in a second with today's technology. So please consider this carefully.

Last, he noted that during the whole incident, Sina tried its best to resist pressure from the authorities and let the information spread, which was a hard-fought accomplishment already. As he mentioned, when the incident broke out, one of Sina's official accounts @SinaMedia quickly reported the takeover of the account of the

Southern Weekly, which was immediately reposted by Sina's most influential official account @TopNews. This post was reposted more than 30,000 times within ten minutes. Even though the original post was required to delete by the propaganda department, this information had already been spread.

Although this long post was deleted later and the author's account was shut down, it has disclosed the inside story of Sina Weibo's self-censorship to the public. One interviewee who is from the Operational Department of Sina indicated that publishing this long post could not be simply understood as the Sina employee's individual behavior; it was authorized by senior management and essentially represented the attitude of Sina Corp in this crisis. Since it was not appropriate for Sina to publicly issue an official statement to defend itself, an employee was authorized to give a public explanation in the name of the individual.

From this incident, it is evident that Weibo as a social platform plays a significant role in public incidents by serving as an effective instrument utilized both by the state to maintain control and by the public to organize dissents. Hence it is difficult to conclude whether Weibo can facilitate or contain free speech. Viewing Weibo as a commercial company with its motives being taken into account makes things clear. Even though social media entrepreneurs are accustomed to submitting to state control, it doesn't mean that they will yield to the authority unconditionally. Minor crack may emerge in the relationship when they perceive such information control as a threat to their material benefits. In this incident, Weibo professionals developed some methods to facilitate free speech tactfully, such as deleting posts after it had been widely

spread. The essential motive was for its own commercial interests. A former editor of Sina who is now a freelancer noted that for the social media companies, users are the basic source of their interests, and thus they need to care more about the voices of the users. If they don't do so, the users may abandon them. Therefore, it is the pursuit of commercial interests that drives the social media companies to facilitate free speech in the face of state control. As an interviewee who is a Weibo specialist from Sina described:

> Whenever a media event or public incident breaks out on Weibo, we examine the nature of the event. If the event has nothing to do with politics or is not so politically sensitive, there is no reason for us to contain free speech. If the event is politically sensitive, it's highly possible for us to control speech because it prevents a cost that is higher than the benefit if we do not. But in both cases, we give ourselves some wiggle room. After all, we can offend neither the state nor the public.

This is true that in some less politically sensitive events, such as the environment-related PM2.5 incident[2] and the protection of plane tree in Nanjing mentioned earlier in this chapter, Sina took its effort in supporting the public appeals by highlighting and recommending such topics on Weibo.

5.2.3.4 Developing gentle and targeted censorship methods

The pressure from both the state and the public has forced social media companies to invent subtler and more ingenious censorship methods and tactics in order to better

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[2] The PM2.5 incident broke out in October 2011 and lasted over half years in China. It was an online grassroots movement aiming at changing China's current PM10 standard into PM2.5 standard. Weibo has been widely praised for its power in facility free speech and influencing government decision-making during this incident.

fulfill its legal obligation to exercise self-censorship but meanwhile not affect user experience and offend public interests.

According to my interviews with employees from Sina, instead of large-scale deletion, Sina now pays special attention on the speech management of Big Vs, who often serve as online opinion leaders in public incidents and media events. An interviewee who is working as a senior editor in Sina said that Sina now decentralizes the management of Big Vs to every employee. Each employee is responsible for several influential verified users. They need to check the messages posted by these Big Vs they are in charge of regularly. If there is sensitive content, they need to contact this Big V via phone and persuade them to delete the messages in question.[3] If missing any sensitive posts, the employees will be punished with fines. This requires the employees to develop and keep a friendly relationship with the Big Vs they are responsible for. Some of the influential verified users had reached a tacit understanding with Sina. Another editor from Sina mentioned:

> If the Big Vs agree that there is a strong need to delete their posts within a second, they will allow us to do so. If it's not so urgent, we will also allow some additional time for the dissemination of their posts. We are pleased that some of them understand our difficult situation.

Compared with direct and large-scale deletion, this attempt is apparently more gentle and targeted.

Apart from methods targeting on verified users, Sina Weibo has also developed

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[3] Every verified account on Weibo is required to provide his or her cellphone number in use during application stage. After successfully verified, they also need to update their cellphone numbers regularly.

other methods to control sensitive information on the site. In May 2012, Sina Weibo introduced a community code of practice (CoP) demerit point system, which is a virtual community management system. An interviewee who is from the monitoring team of Sina introduced that this system is established to punish users who breach its rules and regulations, including those spread "rumors", commercial spams, and other indecent information. A Community Committee has been set up to assist Sina to manage Weibo content. The committee members are generated through open recruitment. Anyone who has satisfied a certain set of conditions can be an applicant.[4] The system encourages users to report the abovementioned irregularities. The reports will be delivered to and reviewed by the Community Committee and the website to decide whether or not to dock the reported user's credit points. Users with low credit score will eventually get a "low-credit user" icon displayed on their Weibo home page or even be banned. According to the statistics published by Sina, from May 2012 to May 2013, the Community Committee received over 15 million reports, with more than 200,000 users being deducted credit points, and the daily number of reported rumors had been reduced by 87% (Sina.com, 2013b).

This attempt of crowdsourcing censorship to encourage users to censor themselves has largely reduced the administrative and financial burden of self-censorship on Sina. As the interviewee from the monitoring team commented: *"Sina values CoP system very much. Now most of the posts that are involved with pornography, violence, and*

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[4] According to Sina Weibo Community Committee System (Trial), individual users who have completed real name verification, reached 18 years old, with a registration time longer than 180 days, published Weibo more than 100 posts, with more than 50 followers, had logged-in activities for 15 days of the previous natural month, can be an applicant for Community Committee. Retrieved from
https://chinacopyrightandmedia.wordpress.com/2012/05/08/sina-weibo-community-committee-system-trial/

rumors rely on the users' active report. CoP is indeed more efficient and effective than our monitoring team's own work."

More importantly, with the implementation of the CoP system, the contradiction between Sina and its users caused by Sina's practice of censorship has partly been turned into the conflicts among the users. To some extent, Sina has tactfully freed itself from the conflict between the authorities and the public by delegating part of its responsibilities to the users.

5.3 Government Weibo: A Real Cooperation between State and Social Media Companies

Social media's power in forming and directing public opinion has changed China's media landscape originally dominated by official and traditional media outlets. On the one hand, the party-state has been forced to enhance its censorship over social networking sites; on the other hand, the party-state has also been inspired by the significance of taking advantages of social media to conduct online propaganda, improve social management and enhance their political legitimacy. According to the data collected during my ethnographic fieldwork, I find that the setup and growth of government social media accounts has not only exerted influence on the state and the public, as well as the interaction between them, but also on the social media companies.

5.3.1 Sina's promotion in the development of government Weibo

The setup and growth of government Weibo accounts are largely attributed to the great promotion of Sina Corp. As one interviewee who is a senior editor of Sina said, Chen Tong and Sina first tried to invite government agencies to open accounts on Weibo in 2009 with the consideration of creating possibilities to establish friendly relations with the authorities and thus directly lobby for company positions on the state's important policies. With Sina's invitation, Yunnan province launched the first government official account on Weibo @Weibo_Yunnan in November 2009. However, most of the government agencies and officials refused to accept the invitations of Sina at this period. A former senior Weibo specialist, who is now working in a mobile live video stream start-up, explained:

The CCP doesn't have a tradition of transparency and public participation in decision making. They decline to swallow their pride to talk to the public, and more importantly, they are afraid that social media and the free speech on it may generate troubles for their control and damage the image of the officials.

Hostility and fear are the government's attitude toward social networking sites in the early stage.

The Wenzhou High-Speed Train Crash incident in July triggered widespread public anger toward the Ministry of the Railways over the lack of transparency in dealing with the accident. According to a Weibo specialist, China's whole railway system set up their Weibo accounts to communicate with the public directly after this incident. A journalist from the News Channel of Chinese Central Television argued that the

government was forced to open Weibo accounts to some extent. "Only when crisis breaks out will the government realize the necessity of talking to the public directly," said this journalist. According to the archival news, in the wake of the rain crash incident, as well as the Arab Spring and the Chinese Jasmine Revolution[5] in 2011, Wang Chen, the deputy director of the Central Propaganda Department and the head of the State Internet Information Office, first encouraged the local propaganda units to take advantage of Weibo and "occupy Weibo" in order to conduct online propaganda and maintain a "healthy" Internet. Encouraged by the central authorities, more local governments started to register official accounts on Weibo.

The 2011 Government Microblog Annual Summit Forum was held by Sina in Beijing on December 12, 2011, with the attendance of nearly 200 government representatives from 23 provinces of China. Sina claimed that the purpose of organizing this conference was to provide better service for the government accounts and to jointly plan the direction for the future development of Chinese government Weibo accounts (Gov.cn, 2011). In fact, as suggested by a senior editor from the Operational Department of Sina, Sina's organization of the conference can be viewed as a strategy to show its loyalist credentials and further enhance the friendly relations with the state. "*The top management of Sina believe that more government accounts registered, less risks of Sina Weibo being shut down,*" as this editor discussed.

Sina has devoted the whole company's efforts to promote the development of government Weibo. According to my participant observation in Sina and the

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[5] The Chinese Jasmine Revolution, inspired by and named after the Tunisia Jasmine Revolution, refer to the protests in a dozen of cities in China in February 2011, calling for the democracy and equality of Chinese society. The protesters utilized Internet forums and social networking sites, such as Weibo, to spread related information.

interviews with Sina's employees, over one-third of the employees of Sina's

Operational Department have been set aside as "Weibo specialists" and specifically in

charge of the promotion of government Weibo accounts.[6] The Weibo specialists are

divided into small groups and each group is responsible for one or two provinces of

China. They need to contact the government agencies in the province they are

responsible for, persuade them to register official accounts on Sina Weibo, and teach

them how to use Weibo to communicate with the netizens. Apart from the local

government Weibo, the setup of central government departments Weibo accounts,

such as the accounts of Ministry of Land and Resources, the People's Bank of China

and the China Securities Regulatory Commission, mainly relies on Sina leadership's

personal relationship with the central officials. Charles Chao, the CEO of Sina Corp,

used to be invited by the Central Party school and teach the officials how to use

Weibo. Additionally, Sina has also published a Government Microblog Operation

Handbook to teach its government Weibo users how to use Weibo, how to standardize

their Weibo practices and how to deal with emergencies.

5.3.2 "Occupy Weibo"

Almost all of the interviewees from Sina agreed that the positive attitude of the

CCP and central government leaders has greatly facilitated the development of

Chinese government Weibo. According to the archival news reports, in March 2013,

Premier Li Keqiang emphasized the urgency and significance of making government

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[6] As one of the core divisions of Sina, the Operational Department is mainly in charge of the portal Sina.com.

affairs transparent in the era of Weibo. Besides, the leaders from the Central Propaganda Department, the Supreme People's Procuratorate and the Ministry of Justice all stressed the necessity of incorporating Weibo into governments' administrative operation to guide public opinion and improve governance.

By June 2014, the number of official government accounts registered at Sina Weibo had reached 119,169, including 84,377 organizational and 34,792 individual accounts, almost covering all the administrative levels and regions, according to the archival document of 2014 Mid-Year Government Microblog Report released on July 24, 2014 (Cpd.com, 2014). Among these accounts, the largest group of government Weibo is maintained by public security agencies, such as @Jiangning_PublicSecurity_Online and @Safety_Beijing. [7] Besides, government Weibo of administrative entities, such as provincial and municipal governments, also accounts for a large proportion, for example, @Shanghai_Announcements and @Guangdong _Announcement[8]. These government accounts are utilized to publish information, collect public opinions, refute rumors, deal with official business, and interact with users.

As a social networking site open to everyone in the world, Weibo integrates the voices of different stakeholders into one platform. The public can acquire the government's information and interact with the officials without moving to another platform. It is a more direct channel for the conversation between the public and the

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[7] @Safety_Beijing (@平安北京) is the official government Weibo account of Beijing Municipal Public Security Bureau. @Jiangning_PublicSecurity_Online (@江宁公安在线) is the official government Weibo account of Jiangning branch of Nanjing Municipal Public Security Bureau.

[8] @Shanghai_Announcements (@上海发布) is the official Weibo account of the Information Office of the Shanghai Municipal Government. @Guangdong_Announcements (@广东发布) is the official Weibo account of the Information Office of the Guangdong Provincial Government.

government than previous e-government portals.

One interviewee who is a senior Weibo specialist in charge of promoting government Weibo concluded four major motivations why the governments adopt Weibo: 1) assisting administrative operation and servicing the public; 2) monitoring public opinion and perceiving the pressure form the public; 3) guiding the public opinion and refuting the rumors; 4) conducting crisis management and resolving conflicts.

In fact, the data collected during my online participant observation has shown that, before the governments' collectively joining in Weibo, the public opinion on Weibo had long been directed by opinion leaders and Big Vs, including liberal intellectuals, political thinkers, journalists, scholars, and influential grassroots. Without official voices, it was easy to form large-scale anti-government speeches on Weibo. The setup of government official Weibo can help make the government voice heard. One archival document which is an article written by Ren Xianliang, the Deputy Director of State Internet Information Office, published on the party's key journal Red Flag Manuscript[9] has indicated the key intention of the setup of government Weibo. Ren said: "*We must push party and government members to get online, open up Weibo accounts and speak on behalf of the party and the government, foster our own group of 'thought leaders' on the Internet and occupy the new media, this new public opinion front.*" (Chen & Shi, 2014).

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[9] Red Flag Manuscript is a spin-off of the party's central journals Seeking Truth. Ren's article was published in April 2013 with a title of How the party's and government leaders deal with the new media.

5.3.3 Benefits for social media companies

With the promotion of both central authorities and social media service providers, China's government Weibo has stepped into a stage of stable development and effective operation since 2014. According to the interviews with Sina employees, the development of government Weibo has also brought a lot of benefits for the Weibo service provider, Sina Corp.

First, as most of the respondents from Sina mentioned, the increase of government Weibo accounts has ensured the safety of the social media service provider. Previously, Weibo's risks of being shut down mainly came from the party-state's fear of the free speech and political dissents spread on it. The growth of official Weibo accounts has balanced the official discourse and civil discourse in the social media world by breaking up the monopoly of grassroots and other nonofficial speech and making the government's voice heard. An interviewee who is a Weibo specialist commented: "*At first, the governments regard social media as 'great scourges'. This is essentially the fear of the unknown. As time goes by, they have grasped the mechanism of Weibo and realized that Weibo is not as terrible as they thought.*"

In fact, during my participant observation in online Weibo sphere, I found that in the last two years, the governments have become increasingly sophisticated in taking advantage of Weibo to conduct online propaganda and social management. They do so by embedding themselves in the public's daily lives, not only publishing policies and serious information, but also providing cultural and life information such as transportation, food, safety, etc., replying to the public questions and complaints

timely, posting heart-warming stories and funny jokes. A highly friendly tone is adopted in order to display friendly image and foster closeness in the relationship with the public. By doing so, the governments on Weibo are no longer hidden behind a veil of secrecy and the public does not second-guess the government as they used to. Some government official accounts, such as @Jiangning_PublicSecurity_Online and @Shanghai_Announcements, have achieved great success by attracting millions of followers, and what they say are usually agreed by the public and reposted many times. Peng Shaobin, one of the vice presidents of Sina, mentioned in the interview by the magazine *Phoenix Weekly* that what the government values the most on Weibo is its power in leading the mainstream value of the society (Phoenix Weekly, 2012). Therefore, the political risk of Weibo shutdown or curtailing of service has been largely reduced.

Second, the rise of government Weibo has eased the burden of the delegated responsibilities of information and social control on Sina Corp. In recent two years, the growth of government official accounts on Weibo has enabled the governments to monitor the public opinion and perceive the pressure from the public directly. When public incidents occur, the governments utilize their official Weibo to handle the crisis through voluntarily releasing the truth, refuting rumors and replying to the public's questions and complaints, thus guaranteeing the public's right to know and resolving the conflicts between the authorities and the public.

For example, after the Shanghai 2015 New Year's Eve stampede incident, a message spread on Weibo and other Internet platforms saying that the local

government had concealed information about the actual number of death in the stampede by citing the number of the death in previous incidents as evidence and claiming that according to the hidden rules in CCP's officialdom, if the number of the death exceeded 35 in an incident, related officials would be punished. This message had been widely spread by netizens, including some verified users with thousands of followers, thus creating some people's discontent of the government. Within the same day as the message spread, one influential government official account @Jiangning_PublicSecurity_Online published a long post on its Weibo stating that the "35 deaths" message was a false rumor and the government didn't conceal the truth by providing a massive amount of rebuttal evidence from previous incidents and a rational analysis (Jiangning Public Security Online, 2015). This post of refuting the rumor was reposted more than 20,000 times within two days and many netizens expressed their support to government and condemned the people who made and spread this rumor. This is only one of the many cases that the government utilizes Weibo to refute rumor and temper the crisis.

For social media service providers, some of the burdens and troubles caused by playing as an intermediary between the state and the public such as refuting rumors and monitoring public opinion have been reduced due to the direct conversation between the authorities and the public. The interviewees from Sina's monitoring team admitted that compared with the year 2011 and 2012, they have less workload and work stress now, and hardly receive orders of large-scale post deletion in last two years. The party-state is changing its ways of social media control by replacing

coercive deletion and blocking with the guidance of public opinion and conversation with the public. This is a good thing for social media service providers.

Third, Sina's strategy in promoting the governments' Weibo has deepened its friendly relationship with the state, and thus expanded Sina's business, increased Sina Corp's status in the eyes of the party-state and its ability to negotiate with the state on important policy issues. Just as discussed earlier, Sina Corp has taken great efforts to help the governments establish and operate their official Weibo accounts. On the request of related governments, Sina also delivers training programs to government users on how to operate official accounts. Being a consumer of Weibo, the governments rely on commercial provider Sina Corp to solve the problems that they encounter. With the growing influence of Weibo in every region of China, some local governments even come to knock on the door of Sina and ask for cooperation. One interesting case that was mentioned by an employee from Weibo is that the Municipal Propaganda Department of Chong Qing cooperated with Sina Weibo by inviting a group of travel enthusiasts on Weibo to do an in-depth tour of Chong Qing in order to restore the image of the city and local government, which had been damaged by Bo Xilai scandal.

Through the interaction and cooperation with the governments, Sina has gained the governments' trust, especially the local governments and officials. One Weibo specialist mentioned that directly benefited from this, Sina has accelerated the construction of its localized portal sites with the support from local government bodies. According to the statistics provided by this Weibo specialist, by the end of

2013, Sina had set up 22 local portal sites based on provinces, such as Sina Henan and Sina Sichuan, to offer localized content, better serve the local users and government partners, and attract local advertisers and investors. This Weibo specialist admitted that Sina's national business expansion is largely benefited from the success of Weibo and the amicable relationship with local government established during the promoting of government Weibo.

Furthermore, the contribution to the construction of government Weibo has helped Sina get in the good graces of the central authorities and increased Sina's ability of directly presenting its industry concerns to policy makers. Peng Shaobin, the vice president of Sina, mentioned in the interview by *Phoenix Weekly* that previously Sina passively responded to the orders from government of information control, but now Sina has begun to purposefully persuade the government not to be so sensitive to some information, and the government is willing to take their advices (Phoenix Weekly, 2012). In fact, the central government has increasingly valued the views and suggestions from the entrepreneurs of leading new media companies on important policy issues. One case that was cited by a senior editor from the Operational Department of Sina is that Charles Chao, the CEO of Sina Corp, was invited to attend the first World Internet Conference presided by Premier Li Keqiang in 2014. Charles suggested to Li Keqiang that the government should protect fair competition, encourage innovation and strengthen the construction of network infrastructure, which received a favorable response from Li Keqiang. The presence and speech of the entrepreneur of Sina has best demonstrated Sina's important status in the eyes of the

central government.

5.4 Summary

Social media in China has been regarded as a great challenge to the party-state's information order and the authoritarian rule. One of the core strategies the Chinese state adopted to prohibit social media from becoming autonomous political force to oppose the rule of the CCP is that the party-state tries to incorporate these social media entrepreneurs into its ruling system by outsourcing responsibilities of information control to them. Therefore, the obligation to implement censorship delegated from the state whilst meeting the needs of the public for free information flow becomes a key dilemma for Chinese social media business.

I have found that these social media providers struggle to make a balance in practicing delegated surveillance whereas not offending the public interests by utilizing clever tactics of self-censorship including: 1) "deferred implementation" of the deletion orders from the state in order to protect the dissemination of important posts; 2) deliberately strengthening the control of some online opinion leaders in order to avoid offending the majority of the public; 3) crowdsourcing censorship to ordinary users in order to free itself from the conflicts between the government and the public.

Additionally, I have also seen that Chinese social media companies try to solve the dilemma and unfetter themselves from the conflicts and tension between the

authorities and the public by introducing the government voices into the social media platform to facilitate the direct interaction between the government and the public, and also to balance the free speech of the grassroots and the official voice of the authorities. Therefore, although the popularity of social media has amplified the conflicts between the public and the authorities, a series of strategies taken by social media companies based on a consideration of self-preservation have actually helped alleviate the tension between the public and the authorities.

Regarding the state, it has also changed its online control methods from coercive ways to more flexible and tactful ways. However, it doesn't mean that the state relaxes the vigilance on Internet. Instead, the Chinese state has tightened its control on the Internet especially on social media since Xi Jingping held the top offices of the party-state. This can be seen from Xi's keynote speech to a nationwide conference on ideology and propaganda held on August 19 in 2013, in which Xi declared war on "rumor-mongers" and ordered the CCP to raise a "strong army to seize the ground of new media" (Forbes.com, 2013). After Xi's speech, the party-state launched a war aiming to attack those posting defamatory comments on the Internet with threatened fines and even imprisonment. The most draconian is the clampdown on "Big Vs" users, Weibo-based opinion leaders who have at least 100,000 followers, including controversial writers, artists, entrepreneurs and businesspeople, public intellectuals, lawyers, and professionals who often criticize the party and the governments and make sharp points on social and political issues. According to the report published by Chinese Academy of Social Sciences, about 300 Big Vs, who are more influential

than official media on public issues, dominated the public opinion on Weibo (CASS, 2014). In 2013, hundreds of Big Vs were detained by the police on account of "spreading rumors" or "disturbing the public order". Some of them were forced to make confession on television (for example, Xue Manzi, an investor and U.S. citizen), and some were sentenced to jail term (for example, Qin Zhihui, known as Qin Huohuo on Weibo). Many Big Vs feel tremendous pressure as a result of this nationwide crackdown and most have veered away from the sensitive and controversial topics. Since Weibo traffic grew largely because of the Big Vs, this event generated financial implications for Sina. Ordinary users spend less time on Weibo because the Big Vs they follow are posting fewer sharp comments. The decrease of Big Vs had not only affected Weibo's traffic, but also Weibo's advertising revenue and its ability to adequately monetize services or brand equity, as well as the performance of Sina in stock market. Besides Sina Weibo, many other social media platforms were also involved into and affected by this campaign. This is actually a very effective method used by the party-state. The state did not seek social media companies' cooperation and offend the mass public in this case. It does hurt social media companies' commercial interests though, showing again "who is the boss".

Chapter 6 Increasing Profits or Preserving User Experience?

Under the topic of how Weibo deals with market needs and consumers, four sub-themes, namely motivations for Weibo's monetization, Weibo's monetization moves, interests and benefits generated in Weibo's monetization, problems and conflicts in Weibo's monetization, emerged from the data generated during my ethnographic fieldwork.

6.1 Motivations for Weibo's Monetization

According to the interviews, the strongest force that drove Sina to monetize its Weibo service was to solve the problem of Weibo's weak profitability.

In fact, despite an enormous user base of over 500 million microbloggers and the high monthly and daily active users, Sina Weibo has long been trapped in the red since it was launched, as is evident from Sina's earnings reports since 2010. The continuous loss of Weibo also dragged down the overall performance of Sina Corp in stock market. Although Weibo as a public media has a profound influence on Chinese society, a senior Weibo specialist from the Operational Department of Sina pointed out that Sina's aim is not to run Weibo as a charity. This interviewee emphasized that both Sina Corp and Weibo are privately owned commercial companies listed in Nasdaq, which have basic responsibility to their stakeholders, so increasing profits is their most important and fundamental purpose at any time. In fact, as the archival

news report from *the Wall Street Journal* noted, Sina's sluggish efforts to monetize Weibo have disappointed investors (Mozur, 2014). However, Sina failed to find a suitable profit-model for its Weibo service for a long time. One interviewee, who is a senior editor from the Operational Department of Sina, told me that after Weibo launched, Sina's management continued to use the marketing concept of web portal to operate Weibo for a long time. Specifically, the management believed that only good content could enhance the brand, thus attract more advertisers. "*In fact, such marketing concept of web portal is too conservative to make profits in the era of social media*", this senior editor argued. Another respondent from Tencent echoed the viewpoint by commenting that selling advertising space is the simplest revenue-model and growth based on it will be slow. He argued that Sina failed to find effective ways to monetize Weibo taking advantage of the character of the product. During the interviews with employees from Sina, the majority of them admitted that how to transform Weibo's high online traffic and influence into greater profit is the most pressing problem that Sina seeks to solve.

In addition to the issues of financial deficit and profit pressure, another reason of Weibo's monetization that most interviewees from Sina mentioned has to do with Weibo's biggest rival Tencent WeChat.

WeChat, combining the instant messaging function of WhatsApp with some of the social network features of Facebook, was first released to market in 2011 and quickly gained high popularity in China, which has significantly diverted Weibo's user traffic. According to the archival data from CNNIC, 28 million users stopped using Weibo in

2013, and 37.4% of Weibo's lost users switched to WeChat (CNNIC, 2014). Almost all the respondents from Sina mentioned that WeChat's rising has posed a great challenge to Weibo and now the whole Sina company considers Tencent WeChat as its only true rival. A product manager from Weibo, who was also an active user of both Weibo and WeChat, described the challenge well in details:

> In fact, what Sina worries most is not the loss of the amount of Weibo users, but WeChat greatly constrains the amount of time that mobile users spend on Weibo. It is also what the advertisers value the most. WeChat's rising popularity will inevitably affect the return on investment for Weibo's advertisers and the potential growth of advertising revenue per user.

Monetization does not only mean making profit, but also providing opportunities to comprehensively enhance the competitiveness of the product. One interviewee employed in the Operational Department of Sina explained that monetization could bring in sufficient financial support that allows Sina to better upgrade Weibo with more functions to compete with its rivals.

In all, monetization is both the need of the company itself and a response of Weibo to fierce competition in domestic social media market.

6.2 All-rounded Monetization of Weibo

In 2012, Charles Chao, the CEO of Sina, started to push the company to make money from Weibo through a series of monetization moves. In the same year, Sina launched

a reform of high-rank executives and organizational structure. In an internal email sent out by Charles Chao to all the employees provided by my interviewees, Charles said Sina would separate its core business into two major areas: web portal and Weibo, and each business would be run as a separate division and split into PC and mobile arms. Moreover, Jack Xu, who served as the vice president of Cisco and the former vice president of Engineering & Research of eBay, jumped ship to join Sina as its Chief Technology Officer (CTO) and co-president in charge of Weibo.

When asking about the significance of this reform, a chief editor from the Operational Department of Sina pointed out that it has actually paved the way for Weibo's monetization. The reform, as discussed by her, reflects the growth and decline of internal power in appearance, but in nature it means to make the optimal allocation of resources in order to achieve the highest efficiency. She emphasized that it indicates Sina's strategy and determination in propelling the monetization of Weibo through enhancing Weibo's overall product and technological capabilities.

In June 2012, Weibo introduced a premium paid membership service. For a monthly fee of 10 yuan (US$1.61), subscribers can enjoy some privileges including personalizing their pages, managing information flow and followers, getting better security, sending voice posts, having access to premium games, etc. Before that, Weibo also launched its own virtual currency (known as Weibo Credit) and tried to sell Weibo IDs (named Weihao). When asked to evaluate these monetized attempts, one interviewee specialized in Weibo product promotion commented that the above-mentioned profit models actually copied the membership model of QQ, which

serves as a good revenue source for Tencent for many years. However, she admitted that the membership model of Weibo does not bring large revenue for Sina and fails to replicate the success of QQ due to their different user bases.

In March 2013, Sina launched its Twitter-like in-stream advertising product, which called "Fen Si Tong" (FST). Advertisers can log into the system and target users based on gender, age, location, interests, device type, social interaction, etc. The sponsored Weibo post will appear in targeted users' news feeds.

Besides, Sina also incorporates third-party apps, especially third-party games, to the platform of Weibo. Most interviewees saw a bright future of this attempt. One interviewee from the Operational Department of Sina argued that compared to WeChat, Weibo is an "open" social media platform, which is more suited to cultivating the "share with the world" functionality, and opening the platform to third-party developers has allowed Weibo to capitalize on this asset.

These above-mentioned attempts of monetization have achieved some initial effect. The income reports of Sina have shown that, since the second quarter of 2012, Weibo began bringing revenues to Sina, racking up a total revenue of US$68.5 million in the last three quarters of the year, with 77% from display advertising and the rest from value-added services, membership subscription and third-party games (Sina.com, 2013c). In 2013, promoted posts accounted for 10% of Weibo's total advertising revenues (163.com, 2013a). However, as analysts noted (see Gui, 2013), "*annual revenue of several tens of millions of US dollar would be capable of meeting the*

expectations of the capital market. However, the revenue is not proportionate to the scale of Sina, a major company with more than 5,400 employees".

6.3 Profit-making or Public Interests: Sina Weibo in Strategic Alliance with Alibaba

In April 2013, Alibaba, China's biggest e-commerce player, acquired an 18% stake of Weibo for US$586 million, with the option of increasing its stake to 30% in the future. According to Sina, this alliance was expected to generate approximately US$380 million in e-commerce advertising revenues and social commerce-related revenues for Weibo over the next three years. Weibo also promised that they would create a dedicated advertising inventory for the retailers from Alibaba, which wouldn't compete directly with the existing advertising outlay on the site of Weibo, and the revenues would be shared between Weibo and Alibaba. When asking about the significance of this alliance, all our interviewees from Sina used at least one of the following statements: *"It is the most important move in Weibo's pursuit of monetization"*, *"It speeds up the pace of Sina Weibo's monetization"*, or " *It decides the life and death of Sina Weibo*".

In the case of Alibaba and Sina Weibo's strategic alliance, different forces, including domestic and transnational capital, advertisers, Weibo's users, Weibo and Alibaba's competitors, and internal forces of Sina, interact and conflict with each other. Interests and benefits come hand in hand with threats and problems. Therefore,

the alliance with Alibaba will be analyzed in details in order to understand the role of Sina Weibo in the interaction among different market players and the public, and the way how social media companies deal with the pressure of profit-making and the demands of the public and users in a real-world case.

6.3.1 Why Alibaba?

According to the interviews, dissatisfying monetization effect and pressures from the capital market and competitors are major problems that force Sina Weibo to tie up with Alibaba in order to seek new streams of revenue in booming e-commerce market. One respondent from Sina Weibo's Commercial Product Department explained:

Although Weibo now only contributes a small portion of Sina's total revenue, as the era of portal websites has faded, Weibo may be almost the only product that can support the company's future earnings. In fact, as far as the capital market is concerned, Weibo is Sina. However, neither the fee-based services for ordinary users, such as Weibo ID and the value-added services, nor those for the business customers, such as Fen Si Tong, have achieved good effects. This has greatly discouraged the momentum of Weibo's monetization. The unfavorable monetization process has increased the pressure of the capital market's investment on Sina. The realizable value of Weibo has been questioned and undervalued, and the investors have begun to lose patience with Sina Weibo. At such times, Sina has no choice but to partner with a Alibaba.

According to a statement issued by Sina's CEO Charles Chao, Sina regards e-commerce as key in building an eco-system around Weibo's open platform (Sina.com, 2013d). In fact, one of Weibo's major attempts of monetization is the self-service advertising system. If Sina wants to make money from this system, what it needs is to attract advertising from large amounts of customers of small and medium-sized enterprises (SMEs), and this is what Alibaba possesses. Meanwhile, Alibaba can also provide the payment channel (i.e., Alipay) that Weibo's monetization needs. Besides, an archival report of *the Wall Street Journal* also showed that investors generally believe that Weibo will be more valuable as a platform for e-commerce than simply as a platform for Chinese people to vent their opinions (Chin, 2013).

Regarding the advantages for Alibaba, most of the interviewees from Sina believed that the investment on Weibo can help Alibaba push into the social networking sector, which allows millions of merchants on Alibaba leverage on Weibo as a customer relationship management platform to interact with current and future customers, conduct online marketing campaigns and process Weibo payment. Therefore, the collaboration is a win-win for Sina Weibo and Alibaba, and the two companies will together explore opportunities in social commerce market in China, according to the statement of Charles Chao (Sina.com, 2013g).

6.3.2 Integration of the two platforms

A respondent from Weibo's Commercial Product Department well summarized that the cooperation beween Weibo and Alibaba in social commerce is mainly developed in the following areas: 1) integrating the account systems of Weibo and Taobao (the consumer-to-consumer online shopping site of Alibaba) to enable the users of these two services to have one universal sign-in; 2) integrating Weibo's plug-in with Taobao's plug-in so that Weibo users can like and share product links of Taobao on Weibo; 3) integrating Weibo Wallet and Alipay in order to make Alipay the top priority of third-party payment when Weibo users pay with Weibo Wallet; 4) integrating advertising across the two platforms.

The partnership with Alibaba has greatly accelerated the pace of building an open commercial platform on Weibo. An interviewee, who is a senior manager of Weibo's Commercial Product Department, mentioned that building an open commercial platform can provide a low-threshold marketing system for all the e-commerce enterprises, especially for SMEs, which have been regarded as the important support for the monetization of Weibo. He mentioned Enterprise Weibo as an example of Sina's effort in building an open commercial platform. Any companies can open free enterprise Weibo accounts to gather and distribute information, build brand awareness, and engage with other users on Weibo. Enterprise Weibo is appealing, especially to SMEs, due to its low threshold for businesses to do online marketing.

An interviewee employed as senior editor in the Operational Department of Sina admitted that ever since mid-2013, employees of Sina are no longer required to

recommend Weibo to individual users (both ordinary users and celebrity users) in their daily work as before; instead, they are required to promote Enterprise Weibo to business users, especially those small and medium businesses.

By teaming up with Alibaba, Sina Weibo is aiming to construct an open commercial platform, providing conveniences to online merchants who do business on Weibo. "Attracting SMEs to advertise on Weibo is actually the long-tail marketing strategy. Each advertiser pays little money but the total quantity is large", another employee from the Operational Department explained.

6.3.3 Interests brought by the alliance

The monetized effect of Weibo's alliance with Alibaba has quickly emerged. According to Sina's income report of the forth quarter of 2013, the revenue of Weibo increased 151% to US$71.4 million, and the revenue contributed by Alibaba reached US$23.5 million, accounting for 33% of Weibo's total revenue (Sina.com, 2013e). The financial results of 2013 show that Weibo's ad revenue growth in 2013 was especially pushed higher due to the advertisements brought by Alibaba, achieving a 186% jump from the previous year. It's worth noting that Weibo recorded an operating profit of US$3 million for the first time in the forth quarter of 2013.

The construction of payment system under the help of Alibaba has attracted more active users to Weibo to some degree. An interviewee specialized in Weibo product promotion raised an example of the "2015 Let Red Envelope Fly" campaign jointly

launched by Weibo and Alipay during the 2015 Chinese New Year. 5490,000 virtual cash red envelopes were given away on Weibo within eight hours on February 2, 2015. Weibo users who get a red envelope can withdraw cash and transfer to their associated Alipay accounts. She emphasized that the number of daily active Weibo users surpassed one hundred million twice during the 2015 Chinese New Year, an increase of 46% from the previous year, largely due to the red envelope campaign.

Besides, the partnership with Alibaba also accelerated the listing of Weibo. In April 2014, Weibo began trading publicly in Nasdaq, and Alibaba increased its holding in Weibo to 32%. A senior product manager from Weibo commented: "*Weibo recorded its first net revenue in the end of 2013 with the support of Alibaba. It is significant for a successful IPO of Weibo since it gives a signal to capital market and investors that Weibo is capable of making profit. It is no exaggeration to say that Alibaba is the direct driving force of Weibo's listing.*"

6.3.4 A chess piece of Alibaba?

Though the alliance has been established, the exact result cannot always be completely controlled. Besides the interests mentioned above, there are also negative results generated by the partnership.

Many interviewees from both Sina and other social media companies agreed that behind the seemingly win-win alliance, Alibaba is the biggest winner and Weibo has

been taken as an important piece of Alibaba's social media strategy, as well as a wining card for Alibaba to compete with its rivals.

The e-commerce giant Alibaba has been interested in becoming more social for some time, as evidenced in its previous investment in Chinese chat app Momo and its acquisition of music-streaming service Xiami in 2012. A respondent from Weibo's Commercial Product Department discussed the advantages Alibaba can benefit from:

Weibo has a huge amount of users who spend much time on the platform and also possesses a massive database of all its users' demographic information, interests and behaviors, which are all what Alibaba needs to optimize marketing and maximize sales.

He also reminded me of a fact that before Weibo's IPO, Alibaba increased its stake in the company to 32%. "I think this indicates Alibaba's strong desire to increase its presence on social media in China," as this respondent argued.

6.3.4.1 Exclusive partnership

Another employee from the Operational Department of Sina viewed this alliance from a different perspective. She believed that Alibaba wants to leverage its partnership with Weibo to attack its rising e-commerce rivals in China such as Jingdong, which recently teamed up with Tencent WeChat to enhance its mobile presence.

Although both Alibaba and Sina claim that the former will not interfere in the operation of Weibo, the alliance between the two companies is essentially an

exclusive partnership. According to the information provided by two interviewees from the Operational Department of Sina, Weibo has made some concessions in cooperation with other e-commerce platforms. Before Weibo partners with Alibaba, any independent e-commerce platforms could conduct activities like sales promotion and marketing on Weibo. After Alibaba invests in Weibo, most of the e-commerce platforms have stopped their cooperation with Weibo. For example, in August 2013, Jingdong, the second largest shopping site in China, stopped its cooperation with Sina Weibo and users could not use their Weibo accounts to log in Jingdong anymore.

In this case, Alibaba has leveraged its exclusive partnership with Weibo to clear up its competitors and monopolize Weibo in the era of e-commerce business. There is no doubt that Alibaba is the biggest beneficiary. However, for Sina Weibo, the situation is different. As the second largest e-commerce giant, Jingdong should have been Sina's cooperative partner other than rival. With the establishment of alliance with Alibaba, Sina has lost a great number of former commercial partners, especially in e-commerce area. It is actually not a good thing for Weibo users because the users have fewer options than before.

6.4.3.2 Trapped in the battle between Alibaba and Tencent

Another noticeable point, which was emphasized by many interviewees, is that Alibaba's fundamental purpose of helping Weibo establish its online payment system is to better compete with another Chinese online giant Tencent, whose mobile messaging service WeChat has launched WeChat Payment and struggled to gain

ground under the dominance of Alipay. A respondent, who is a product manager from Tencent, argued:

In fact, the competition between Alibaba and Tencent has lasted for several years. Though Sina gets some benefits from Alibaba's attack on WeChat, I would say that Weibo has fallen under the control of Alibaba to some degree by being utilized as an instrument for Alibaba to compete with Tencent.

As I observed, throughout the battle between the two online giants, Alibaba and Tencent, in recent two years, a lot of evidence can be found to support this interviewee's argument. Alibaba has obviously escalated the fight with Tencent since 2013 because of its teaming up with Weibo. In mid 2013, before WeChat launched its 5.0 version which would add new features to better support in-app shopping, Alibaba blocked its Taobao sellers from subscribing to marketing and promoting apps linked with WeChat. As a support to its partner Alibaba, Weibo temporarily blocked its users from sharing Weibo content to the platform of WeChat. Subsequently, in 2014, Alibaba cut all the links between Taobao, Alipay and WeChat. As the battle between Alibaba and WeChat escalated, Sina Weibo banned its users from disseminating WeChat QR (quick response) codes on its platform. In February 2015, Tencent cut links between WeChat and Alipay and Xiami as a strong response to the banning from Alibaba. Now, Weibo allows its users to share Weibo posts to their WeChat friends, but WeChat still forbids its users to share the content of WeChat subscription accounts to Weibo.

A senior designer from the User Research & Experience Design Center (UDC) of Sina Weibo said that they often receive users' complaints and inquiries about why they can neither share WeChat content to Weibo nor Weibo content to WeChat in well-organized format. This designer commented: "*China's two biggest social media platforms do not support their users to share content across platforms. This sounds really unreasonable for ordinary Weibo and WeChat users. It does bring inconvenience for the users.*"

Although the alliance has made Sina Weibo much more visible in international capital market, Sina Weibo is actually playing second fiddle in the battle between Alibaba and Tencent. This is not really a win-win situation. The stage still belongs to these powerful Internet giants.

6.4 Conflicts and Problems in Weibo's Monetization

With the support of Alibaba, Weibo has greatly accelerated the pace of monetization. Being utilized as an instrument of Internet giant is a critical problem in Sina Weibo's pursuit of monetization. However, the problems in monetization are much more than this.

6.4.1 Excessive advertising and conflicts with users

Whether conducting monetization by itself or teaming up with Alibaba, user experience is one of the key issues that Weibo cannot avoid. Weibo's monetization

requires a high volume of advertising displays. After partnering with Alibaba, more advertising spaces have appeared on Weibo. Although Sina believes that the building of an open commercial platform will attract more potential users to Weibo, its existing users have felt disgusted at the excess amount of commercial advertising.

According to the data collected during my online participant observation in Weibo, promoted advertising in users' information feeds, private messages and trending lists in the discovery channel[10] receive most loathing from Weibo users. Many users have posted complaints about the commercial advertising on Weibo. For instance, one active Weibo user with 426 followers and the "Weibo age" of six years posted (Ayako_Yaer, 2013):

Sina, can you be worse? Why does the post published by an enterprise account that I don't follow appear in the information feeds on my homepage? What I hate most are such commercial advertising posts! Never appear again! I get angry!

Another highly active Weibo user with 375 followers and a "Weibo age" for five years wrote (Huaidanyaoxuehao, 2015):

Sina is depraved. I used to read the hot news and explore new things on the trending lists every day. Now when I open the list of "Hot Posts", I can only see plenty of insignificant posts and embedded ads. Weibo will eventually go out of business if they continue doing like this.

Another complaint from users is that their posts are often forwarded or commented by advertising accounts. An increasing number of celebrity accounts and significant

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[10] Weibo's discovery channel contains the most popular feeds that are aggregated by category, which enjoys high hits.

grassroots accounts also have started posting advertisement in their daily posts. Ning Xiaole, who is an Internet observer and used to be a Weibo user, described the proliferation of display ads on Weibo's user interface as the "plague of locusts", which is also the reason why she stopped using Weibo (Ning, 2014). An interviewee employed as senior designer from the User Research & Experience Design Center (UDC) of Sina Weibo said that they had received thousands of user complaints since they started to test promoted feeds advertising at the end of 2012, and he also admitted that in recent two years, a portion of users stopped using Weibo because they found advertisements distracting.

A popular microblogger under contract with Sina Weibo with over 260,000 followers argued that it was not hard to understand why users showed great antipathy towards promoted advertising on Weibo. In his reply to my interview questions via private messaging on Weibo, he explained:

People visit online shopping sites such as Taobao usually with a clear consumption intention, so they are not annoyed by the promotions, but receptive to them. However, things are different on social networking sites such as Weibo and WeChat. Obtaining information and maintaining friendships are the main purposes for Weibo users. Unless they have intent to consume, they will find promotions a nuisance.

Weibo's current advertising model is at the expense of user experience to some degree. However, "a social network platform without a satisfactory user experience is unlikely to sustain its network effect over the long term," as an investment analyst argued (Morningstar.com, 2015). The deceleration of Weibo's user growth in recent

two years may support this view. A former product manager of Sina, who is now working for Baidu, described Weibo's monetization well:

Sina Weibo has got trapped in a vicious circle. After its share dropped, Sina accelerated the pace of monetization. However, over-commercialization has led to the decline of user experience and user traffic, and thus the monetization of its products and services may be delayed, which will eventually affect Weibo's performance in the stock market.

In fact, after Weibo's IPO, its shares failed to provide an explosive growth as many people had expected to see. Weibo's share price remains stagnant since its debut with a 49-week range from US$12.50 to US$24.34, and stood at US$12.50 per share on January 15, 2015 with a comparison of US$20.24 in the first day of trading (Yahoo Finance, 2015). Although there is no strong evidence to say that the poor stock performance has direct relation with Weibo's over-commercialization, some observers (see Zhao, 2014; Morningstar.com, 2015) pointed out that the investors do have a concern over the sustainability of the company's current profit-model.

6.4.2 Chaotic product development and internal power strife

Another problem that came up in the pursuit of monetization is Weibo's cluttered product architecture resulting, from its unclear positioning and Sina's severe internal power strife.

When asked how Sina positions Weibo, interviewees from Sina provided with different answers. Some of the interviewees believed that Sina still positions Weibo as a Twitter-like "public square" where users can share information, discuss and debate about social trends and political issues. For instance, one interviewee, who is a senior editor from the Operational Department of Sina, argued:

Although positioning as an online public platform focused on media is hard to generate non-advertising revenues, Weibo has attracted millions of users thanks to its big influence on the society. User is the relying basis for the development of an Internet product. So I think the top management will continue to focus on Weibo's media functions in the future. One proof is that Sina values the discovery channel of Weibo, which leads media trends in Chinese society.

Some of the interviewees, however, presented an opposite answer by pointing out that Weibo is taking on more social features, making it more like a Facebook-like social networking site other than a "public square". One respondent from Weibo's Commercial Product Department said that there is no future if Sina continues positioning Weibo as a simple media platform. She presented an example to support her viewpoint. In 2012, Sina Weibo proposed its plan aiming at constructing a "social mapping plus interest mapping" platform, which provided users with a two-way communications system like Facebook. The realization of this plan requires strong technological capabilities especially in big data mining. "*The new appointment of Jack Xu, who has rich experience in data mining, as the CTO of Sina, has best indicated Sina's intent in doing social mapping on Weibo,*" said this respondent from

Weibo. In 2013, a new feature was added to Weibo's user interface called "Page", which aggregates the data of users' social interests into a page, such as hot topics, places, music, books, movies, etc. "*This is what the top management wants Weibo to be*", as this respondent argued.

Another interviewee from the Operational Department of Sina agreed that Sina now tends to position Weibo as a social networking site. He particularly reminded me of the fact that Sina has added the function of private sharing to Weibo so that its users can share their views and personal lives within their friend circle and use it more like WeChat, and the fact that the function of voice messaging, which is the core function of WeChat, has also been developed and added onto Weibo. When asking about Sina's motivation for these moves, he explained:

Sina tries to integrate more social functions to Weibo to enable ordinary users to better make their voices heard and interact with their friends. There has always been an accusation that Weibo values Big Vs and celebrity users over ordinary users, and the voices of ordinary users are easily drowned out by the posts of Big Vs. This is also one of the reasons why some of the users withdrew from Weibo and migrated towards WeChat.

In addition to these two views, there are also some interviewees indicating that Sina is quite likely to position Weibo as a shopping recommendation site in the future, especially after its partnering with Alibaba. A product manager from Weibo said: "*Nowadays, a general consensus in China's Internet circle is that e-commerce makes the most money. Sina, of course, also wants to take a piece of the pie.*"

The different answers to the question how Sina positions Weibo from the employees of Sina just indicates that Sina lacks a clear strategic plan of how to develop Weibo. The current Weibo contains the features of Twitter, Facebook, WeChat and shopping recommendation sites like Pinterest. The latest PC version of Weibo has three columns, showing a complete profile that's typical of a social network site. Actually, more products and services are pushed out and added on the navigation bar of Weibo in recent years, such as Weibo Charity, Weibo Radio, Weibo Games, Weibo Questions, Weibo Groups, Weibo Magazines, Weibo Search, Weibo Bar, Weibo Fans Club, etc. Although Charles Chao, the CEO of Sina, publicly claimed that Weibo would retain its media function as a "public square" in an interview via *The Wall Street Journal* (Mozur, 2012), plenty of commercial attempts in other aspects have already distracted users from this core function.

A former senior Weibo specialist, who is now working in a mobile live video stream start-up, said the fact that Sina integrated so many features to Weibo had implied Sina's uncertainty and ambiguity in which profit model was suitable to Weibo. "*'Fighting on several fronts' is not a smart move in fierce competition because the core competence of a company would be weakened,*" as this former employee argued. A user commented (Zhihu.com, 2015):

I think Weibo is going the wrong direction. Now it is a confused mixture with too many functions. At the very beginning, I chose to use Weibo mainly because it provided 'fast, good, rich and controversial user-generated content' just like Twitter. But now I am bothered by the complex interface and the functions that I will never

use.

A former designer from the User Research & Experience Design Center (UDC) of Weibo explained that currently Weibo's confusing positioning and chaotic product architecture partly resulted from the conflicts among different factions and departments of Sina.

In fact, besides this former designer, there are also other interviewees from Sina holding the same view. An interviewee, who is in charge of a channel of Sina's web portal, commented: "*The corporate gene of Sina decides that plenty of problems will come out during Weibo's monetization.*" According to her explanation, the "gene" here refers that Sina is an organization with severe power strife and frequent adjustment of high-rank executives and organizational structure. Unlike Baidu, Alibaba and Tencent, whose founders are still the heart and soul of their company, Sina's founder and former CEO, Wang Zhidong, was terminated from his post and left Sina in 2001, due to the power strife. After that, frequent changes of top management have plunged the whole company into a state of disunity and fraction-fights. "*Every structural adjustment can be seen as the result of fraction fight and reflects the growth and decline of internal power,*" as this channel chief editor discussed.

When asking about why power strife has a negative effect on Weibo's monetization, the former designer from the UDC of Weibo said:

Internal strife usually leads to internal consumption. For example, your department head asked you to conduct a new project last month. However, he left this

department next month and a new head took over. Do you still need to continue with this project? A lot of times the new head rejects the previous project and launches his or her own project. This happens fairly frequently in Sina. Every department or faction has its own pursuit of interests, which are all placed above the good of the company. If you take every product as a small company, you will understand why Weibo's product architecture is in a mess and disappointed its users. Many products were launched but soon abandoned. For example, the product Wei Women, I had never heard of this product until it was taken offline. This is actually a great waste of financial and human resources.

The former channel chief editor commented that if Sina wants to make Weibo's monetization go smoothly and successfully, it first needs to balance its various internal interests well.

6.4.3 The challenge for Weibo's independence as a public media platform

When Weibo started monetization, there were concerns about the risk that Weibo might become mouthpieces of whoever can pay and gradually lose its independence as a public media platform. According to the data collected during the interviews and my online participant observation in Weibo, as monetization progresses and commercial elements are increasingly introduced to this platform, some of the concerns turn into reality.

According to the information provided by the employees of Sina and the observed results, there is less room on Weibo left for discussions about social and public events than before. Sales promotion (such as advertisements and network marketing) has the most posts and reposts. Jokes, videos, and entertainment gossips also take up a large proportion in the hottest Weibo topics. Though there are still many Weibo users that are interested in hot social events such as natural disasters, public health and political news, the volume of posts and reposts is smaller than that of other categories.

An interviewee, who is an editor in the Operational Department of Sina, commented that Weibo's monetization would inevitably lead to more sales promotion and entertainment content which had ties with commercial benefits. Serious social and political content could not generate direct profits and might only get Sina into trouble with the authorities.

Weibo's Discovery Channel is also losing its value as a window for users to get to know what is happening at home and abroad. The three most widely read lists in Discovery Channel - hottest search, hottest trending topics and hottest posts - now become partly tradable commodities with an offering for sale of getting on the lists. These three lists used to be determined by an algorithm, which was calculated based on the real daily search and post volume on Weibo. Now, Sina puts ads in the form of promoted posts and topics in these lists with the "promoted" sign appearing at the top left or in blue color to indicate a post or a topic as an ad.

An interviewee from the Operational Department of Sina informed that if given enough money or strong connection, Sina could also help remove certain posts and topics from the lists of hottest posts and trending topics at any time behind close doors, which has become an increasingly important way for enterprises or celebrities to address online criticism. For example, Sina prevents negative news about its important cooperative partners and investors such as Alibaba, Baidu and China Mobile from spreading on Weibo as a form of protection to them. This is an unwritten rule and must be abided by all employees of Sina. As the interviewee indicated, even if the related topics are being discussed by many people on Weibo, Sina will take technical measures to prevent such topics from getting on the lists of hottest search, trending topics and hottest posts.

Besides, as mentioned by many interviewees from Sina, fake account is the most troubling problem facing Weibo. Many posts and topics can be displayed on the trending lists due to the continuous reposts of fake accounts. These fake accounts are registered to artificially propel certain topics and posts into the trending lists. Actually, many accounts with commercial purposes (e.g., selling products, gaining followers, promoting movies, etc.) are employing fake accounts to inflate their posts to be displayed on trending lists, thus gaining prominence as top trendsetters and being more visible to Weibo users. When you fill in the keywords "Weibo trending lists" and "promoting" in the search bar on Chinese biggest consumer-to-consumer online shopping site Taobao, or in search engine like Baidu, you will find the result pages full of sellers that provide customers with the services of creating fake trends in

Weibo. The average price of getting onto the list of hottest search is approximately US$32,200, and the price of hottest topics and hottest posts is about US$966.[11]

A product manager from Weibo's Commercial Product Department said that these Taobao sellers charged lower fees for getting on trending lists than that of Sina and accepted all kinds of customers and content, which had caused a severe disruption to the normal operations of trending lists. When asking about how Sina deals with this problem, the manager admitted that so far an effective solution hadn't been found yet. Actually, Sina already launched cleanup campaigns against fake accounts in Weibo for many times. However, many real accounts were banned by mistake and some fake accounts in good disguise escaped the cleanups. "*Villains can always outsmart. Sweeping algorithms can only identify the most obvious of fake accounts,*" said this manager.

6.5 Summary

Weakness in profitability is a general problem facing most of the Chinese social media business, except the three big Internet giants Baidu, Alibaba and Tencent (often mentioned as BAT). Monetization becomes an inevitable choice for social media companies to sustain self-development and meet the expectation of the capital market.

Increasing revenue vs. preserving user experience is another dilemma for Chinese social media sector. If they push too far to commercialize they could worsen user experience and tarnish their brand. But if they don't succeed in transforming their high

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[11] The prices were acquired through the private conversation with the sellers of Taobao on July 2, 2015.

traffic to commercial value then it is unsustainable in the long term. The findings of this study show that excessive advertising and cluttered product architecture are the major problems occurring in the monetization, which have greatly affected user experience, incurred users' antipathy and even led to a decline of user traffic. Unclear positioning is another problem in social media companies' pursuit of monetization. In the case of Sina, Weibo has been trapped into an awkward situation due to its unclear positioning for a long time. It has lost some of its luster as China's most popular "public square" on which users can share and exchange views; it is also not the first choice for Chinese people to connect with friends and families to share their personal lives. Besides Weibo, many other domestic social media companies are facing the same problems in monetization, such as the recently delisted social media company RenRen.

Chapter 7 Discussions and Conclusions

China's media reform started from the change of the role of the state. Since the late 1970s, Chinese state has gradually deregulated the media outlets through four developments of commercialization, privatization, liberalization, and internationalization. With the introduction of marketization, various market forces, including domestic and transnational investors, advertisers, sponsors and competitors, are involved into China's media system. China's new media industry was born and grew up with the deepening of media reform and the development of capital market since the late 1990s. The growing contribution of new media sector led by privately owned players to national economy has changed China's media landscape, which was dominated by official and traditional media players. China's new media businesses are transforming into a more autonomous social interest and a political force with potential to struggle against the state rule and influence the whole Chinese society.

This study has problematized the survival and development of these businesses in relations with the party-state, market, and Chinese public in light of two evolving dilemmas. One is the state-media-public dilemma -- new media companies' obligation to implement censorship delegated from the state whilst meeting the needs of the public for free information flow. The other one is the market-media-public dilemma -- new media businesses' pursuit of increasing revenue vs. preserving user experience. How these two dilemmas manifest themselves and how new media businesses deal with the dilemmas are two major issues I seek to address in this paper. Although Sina Weibo obviously cannot represent all new media businesses in China, some generable

insights and conclusive remarks may nevertheless be drawn to understand the dynamics and mechanisms of China's new media business and new media system.

7.1 Revisiting the State-media-public Dilemma

Generally, submitting to political power and implementing surveillance are actually the best choices for Chinese new media businesses to ensure their basic commercial interests in China's current political and economic environment, especially considering the cost of being shut down and the policy benefits that they can receive from the state. However, it doesn't mean that new media entrepreneurs will permanently maintain such submissive relationship with the state. Minor cracks may emerge in the relationship when they perceive such information control as a threat to their material benefits. As the new media enterprises attain new growth, they have already recalibrated their relationship with the state.

Inviting the government to use social media is a good political card played by social media entrepreneurs, because it offers an opportunity for social media sector to break up the general submissive atmosphere. Social media entrepreneurs provide the state with a convenient and effect platform on which the party-state can propagate its image as benevolent protector of the nation and promote nationalism and patriotism. Once such beneficial relationship is established, the new media entrepreneurs will be more emboldened to express their economic and political demands and negotiate with the government on policy issues.

Previous studies on the relationship between China's new media,and the authoritarian information order tend to reach a conclusion that there is an uneasy alliance between capitalists in new media sector and state officials in charge of maintaining social stability (e.g., Lagerkvist, 2012). However, according to the findings presented in Chapter 5, I would like to argue that the relationship between the state and new media entrepreneurs is no longer a confrontational relation. Chinese new media entrepreneurs have developed their own survival philosophy in dealing with Chinese state's media control. They become more tactful and clever than before, neither offending the state nor the public. On one hand, they pretend to contradict with the authorities in order to build up the image of responsible and free media in the eyes of the public. On the other hand, they at times go forward with the state in information control in order not to annoy the authorities. Besides, the state's presence in social media sphere enabled by the setup and growth of government social media accounts has balanced the forces in the social media world by breaking up the monopoly of grassroots discourse and making the government's voice heard, hence the risk of social media sites of being shut down is also reduced. Furthermore, it enables a direct conversation between the government and the public, hence social media companies can avoid being caught in the middle of the two sides, and the troubles caused by serving as an intermediary are reduced. Instead of an uneasy coexistence, state and new media enterprises are more likely to reach a mutually beneficial cooperation in information control matters.

Regarding the state, its attitude toward Internet has undergone a subtle change

during the last years. Compared with early attitude such as vigilance, suspicion, and confusion, the party-state becomes more confident at utilizing Internet as an instrument in enhancing its political legitimacy and strengthening its authoritarian regimes in recent years. Outsourcing responsibilities of information control to Internet companies is one of the core strategies adopted by the central authorities to incorporate Internet entrepreneurs into its ruling system. Essentially, outsourcing media control responsibilities to social media is a kind of decentralization of state power. Since the media reform in the late 1970s, Chinese government has begun to decentralize its control over media outlets through a series of political and economic methods. Therefore, it's not surprising to see the central authorities dare to outsource the once centralized censorship of the media system to commercial social media companies. This move also reflects the state's confidence in its long-time successful regulation of new media industry and in its amicable relationship with Chinese private enterprises and capitalists.

However, it doesn't mean that the state can fully trust the new media enterprises and be a "hands-off boss". In fact, the state still needs to devote a lot of energy into conducting censorship and dealing with the foot-dragging of new media companies in implementing the delegated responsibilities. With the continuous pluralizing of online civil society, the rise of capitalists in new media sector, and the change of state leadership, the party-state is also changing its online information control methods. Government social media accounts become an increasingly important way for the authorities to interact with the public, conduct online propaganda and manage social

conflicts. Compared with the state's old methods of media control, being an user of social media and building its own influential social media accounts is a more gentle, nonobvious, flexible and effective way of media control. Currently, there are signs that Chinese security and propaganda organs are increasingly confident that they can handle the challenges posed by new media. Though the free speech and the fast dissemination of information on Internet have challenged the authoritarian information order, it doesn't mean that the authoritarian regimes are undermined; instead, I see a possibility that the authoritarian regimes are strengthened to some extent because of the state's strategic utilization of new media.

7.2 Revisiting the Market-media-public Dilemma

When thinking of Chinese new media, people tend to think about the role of the state in online control and media censorship. Yet Chinese new media sector was born and grew up in the context of market and capital. New media itself is an interest group, which is influenced by different political, economic and social forces. Among these forces, capital market plays an increasingly important role in influencing the survival and development of China's new media businesses.

Monetization is an inevitable choice for new media businesses to meet the expectation of the capital market and sustain self-development. However, monetization usually requires a large amount of commercial elements adding to the new media product, such as advertising, third-party applications, and other profitable

elements, while users usually prefer a clean, simple and effective interface and a product with clear functions. Findings in Chapter 6 have shown that conflicts between social media providers and social media users constantly come up in the process of monetization. Therefore, we could see that monetization is directly driven by the demands of new media business and the capital market but not by the needs of users and social media public.

The findings on the second research questions the thesis poses have shown that excessive advertising and cluttered product architecture resulted from the unclear positioning and internal power strife have exerted some negative effect on user experience. Unlike the increasingly mature strategies and tactics adopted by social media entrepreneurs to balance the interests of the state and the public, so far, there is no obvious evidence that any effective balancing acts have been employed by new media entrepreneurs to address the existing conflicts between profit making and user experience. Most of the social media practitioners can point out the problems occurring in monetization; however, few professionals take them as serious problems that can decide the life and death of social media business. The attitude of new media businesses in allying with profits has implied that commercial interest is the ultimate motivation that drives the decisions and choices of Chinese new media sector. This also indicates that new media is not equal to news media. Many previous research on new media has confused the concept new media with news media, thus might misunderstand some of the phenomena emerging in China's new media industry.

The combination of Internet and capital market exerts a great influence on the

relation between media and public in China. Although new media offer new platforms for speech and expression, whether they facilitate the development of public sphere still remains to be seen. Wu believed that the speech on public sphere should be formed via the cultural and intuitional construction and always adhere to truth, objectivity and neutrality (Wu, 2015). However, China's new media was born and brought up with capital, commercial interest is the ultimate motivation that drives the decisions and choices of them. It is easy for them to become the mouthpieces and instruments of whoever can pay. The findings in Chapter 6 have shown that the embrace of social media and capital does not lead to freer speech; instead, advertising and other profit-making moves are the main factors that distract Weibo from its public sphere function. New media is not news media. Pursuing profits rather than constructing public sphere is what the new media businesses are looking for. Currently, almost all of the China's media policies aim at facilitating the development of capital. Few policies are carried out to help construct public sphere. Media itself in China now has become fully commercialized under the influence of capital. Although new media platforms, sometimes, provide convenience for the discussions of some social problems, most of them are based on the consideration of social reputation. Besides, they are biased toward issues of the middle class rather than the issues of marginal and vulnerable groups. This is why Wu argued that "the more advanced the Internet, the less speech there will be" (Wu, 2015). In the context of traditional mass media, the public could be the consumers of media products, and also could be the citizens under control of the authorities. However, in a new media era, we could see

that the public is taken more as consumers who can bring commercial interests than citizens who can promote democracy. The prevalence of consumerism, instead of the promotion of free speech, is the biggest impact of Internet to contemporary Chinese society. So what kills social media's "public sphere function"? It is not the state's clampdown, but more like a conspired murder by capital market and social media providers.

7.3 A More Complicated and Dynamic Media System

In a new media era, Chinese leaders seem to be more convinced that they have discovered the formula for political survival: a one-party regime that embraces capitalism and globalization. Internet is the best instrument that can help Chinese state adapt to fulfill globalization and capitalism, since it is the fastest growing sector in China, as well as the industry that is easy to generate global influences. This is the fundamental reason why Chinese state spares no effort to support new media industry. Simultaneously, however, the state is always trying to prohibit new media capitalists from becoming autonomous political force to oppose the rule of the state. Therefore, control policies toward new media always exist.

Now the Chinese state's confusing Internet policies and the political implications of new media are still the chief concerns for most of the investors, especially for those oversea investors. However, the findings of this study have implied that in the eyes of these new media entrepreneurs, they would see their impact primarily in terms of

contributing to the development of national economy rather than affecting Chinese political system. It is evident that Weibo has less political discussions and more non-political posts than before in recent two years. Most people believe that Sina Weibo's public sphere function has declined because of the government clampdown. However, my findings have suggested that it is also an active and natural choice of the social media company itself. Compared with playing politics, they care more about how to make profits safely. This comes back again to my argument that commercial interest is the ultimate motivation that drives the decisions and choices of Chinese privately owned new media companies. If we look at the whole picture at a macroeconomic level, we will find that the primary purpose of new media entrepreneurs in profit-making and self-development is actually in accordance with the long-term goal of the Chinese state in promoting the ICT industry and helping domestic ICT companies succeed at the global level.

Now we come back to the hybrid model of authoritarianism and capitalism discussed in Chapter 2. This model is officially defined as "socialism with Chinese characteristics", and aims at mobilizing all kinds of market forces but restraining their potential political influences at the same time. This model integrating both political and economic powers is generally utilized to understand China's media system since the media reform. In the new media context, this model still applies. China's new media sector is still under the guidance of the government that emphasizes both economic growth and information control. However, there are new trends. With a more decentralized media ownership system, the intertwining of various structural

forces is much more powerful and complicated than before, and the boundaries between political power and economic power become blurred. Many political means taken by the state on new media have generated economic implications in new media market. Multifaceted roles have been taken on by the state according to the findings of this research. The role of the state in interaction with new media sector is far more than a regulator or a supervisor, as most of the political economists of communciation regarded in liberal democracies (e.g., Mosco, 2009). The state can also be regarded as a consumer of new media and even a real market player to compete for profits in new media market. These changes have all complicated the political and economic situation facing Chinese new media sector.

Chinese media system needs to be redefined. A more complicated view needs to be taken on the dynamics and mechanisms of new media sector. Compared with the media system led by traditional mass media, a more complicated and dynamic media system is forming with the growing significance of privately owned new media forces. In this media system, the Chinese new media business has to invent new forms of operation as part of a self-preservation strategy, which are different from that of traditional mass media organizations, in order to maintain their complicated relationship with state, market and public.

7.4 Avenues for Future Research

In recent two years, China's whole new media industry has stepped into an era of "big

capital". Small and medium-sized new media enterprises start coming to stronger and bigger capital to obtain more resources and money, and survive in fierce market competition. Big new media giants keep investing in, merging and acquiring small and medium-sized Internet enterprises to sustain continuous self-growth. The case of the alliance between Sina Weibo and Alibaba analyzed in this thesis is one of the examples. Besides, there are a series of mergers and acquisitions in China's Internet sector since 2012. In November 2015, Alibaba completed its acquisition of one of China's biggest video sites Youku-Tudou (Steele, 2015). In May 2013, Baidu acquired streaming video service PPS to merge with iQiyi, Baidu's video platform, in order to build up a larger video platform in China (Custer, 2013). In September 2013, Tencent invested $448 million to merge Sogou with its search engine SoSo (Hong, 2013). In October 2015, Groupon type of website Meituan that is partly owned by Alibaba and consumer review website Dianping which is backed by Tencent agreed to a merger (Tsang, 2015). There are too many examples to list out here.

Now China's new media is divided into three powerful kingdoms: Baidu, Alibaba and Tencent. These three groups, collectively known as BAT, just like GAFA (Google, Apple, Facebook, Amazon), have always been in war on many issues. In the past, Chinese Internet experienced years of tangled warfare. Different new media companies fought for their own interests. Some even involved into vicious competitions. When it comes to the era of BAT, new media companies have begun to work together for survival, seeking the enhancement of competitiveness. To some extent, BAT has helped reduce the internal conflicts of Chinese new media sector.

Under the dominance of BAT, China's Internet now increasingly becomes a liberating force that is unleashing entrepreneurial energy. It brings market forces into different aspects of the national economy. Moreover, it expands the role of the private sector at the expense of entrenched China's state-owned enterprises.

In fact, BAT companies have turned much of China's media landscape upside down in just a few short years. According to latest statistics, WeChat and Weibo have monopolized China's news distribution market, leaving only 3% market share to traditional newspaper, radio and television (Cai, 2015). In the first three quarters of 2015, China's newspaper suffered a 34.5% decline in advertising income, as most of the advertisers are drawn to high-traffic new media platforms, such as WeChat and Weibo (Sina.com, 2015). In 2015, several Chinese metropolitan newspapers ceased publication, including the 30-year-old Shanghai Business. Many observers (see Cai, 2015) predict that challenged by new media, most state-owned press groups will reduce their marketized spin-offs in the coming years, and the party newspaper may receive complete subsidies from the state again. Now, the biggest competitor of state-owned media groups is the Internet led by BAT. In fact, some of the forward-looking traditional media groups have already sought cooperation with BAT companies. In 2015, Alibaba invested in SMG's (Shanghai Media Group) financial media company China Business News. Alibaba and SMG claimed that they would work toward enhancing Internet and traditional media convergence through the launch of innovative new media products (Coonan, 2015). This is only a beginning. In the age of "Internet plus capital", more and more state-owned media have to bow to

capitals if they want to sustain development.

Considering all the new trends in China's new media industry, I would like to invite more studies to gain insights into the "big capital" era of China's new media. How does the dominance of BAT change the power game of Chinese Internet? How do the mergers and acquisitions show the power of China's new media giants over China's Internet development? How does the embrace of Internet and capital affect China's traditional media outlets?

7.5 Limitations of the Study

Although this research was carefully prepared, I am still aware of some limitations in research design and methodology that impacted the findings and conclusions of my research.

First, there was a lack of prior research and literatures on the topic of my study. So far, only a few academic studies have taken the behaviors of China's new media businesses into accounts to see the role of new media in Chinese society with a political economy approach of communication. Among these studies, most of them focused on the state-media-public relation, and almost no one presents a comprehensive work on how a new media business operates in relation with state, market and public. The lack of prior research studies on the topic has made it difficult for me to form the basis of my literature review and lay the foundation for understanding the research problems I am investigating. To bridge this gap in the

research literature, I invite more studies to gain insights into the values, perspectives, strategies and practices of new media business to further unpack various aspects of the relationship between state, market, public and new media businesses.

The second limitation is the constraints in generalizability. Considering the time to conduct ethnographic fieldwork, Sina Weibo was taken as the only research object in this study. Findings about how China's new media businesses survive and develop are drawn based on the ethnographic fieldwork in Sina Weibo. Although Sina Weibo has some representativeness, it certainly cannot be seen as the whole new media business of China. One problem generated from this is that the conclusions of a broader context of China's new media business was drawn on the basis of findings in a specific context of Sina Weibo. Studying a single case of Sina Weibo was not sufficient as a way of fully understanding all types of Chinese new media businesses. Therefore, there was a limitation in the applicable scope of my conclusion for understanding the practices of China's new media industry. To generalize the findings for the whole Chinese new media sector, more new media companies should be included. Thus, I would like to invite further investigations and research studies that can include more Chinese new media companies with different characteristics, including both big Internet giants like BAT and start-ups, to draw a more comprehensive picture of China's new media landscape.

Another limitation of this study lies in my inability to access to the top management of new media companies. One of the core methods of this study is the in-depth interview with social media practitioners. Most of the interviewees were

senior and junior employees based on my personal contacts. However, because of limited contacts, I failed to interview top management of new media companies. Without the first-hand information and opinions provided by key new media entrepreneurs, some of the motivations and intentions behind the moves of new media companies may not be fully understood. Researchers who have acquaintances within the Chinese Internet industry can include new media entrepreneurs as interviewees to better understand the decisions and choices of Chinese new media businesses.

Next, I suppose that my previous work experience in Sina may lead to my ignorance of some of the basic issues about China's new media industry, and thus influence the design of interview questions. Furthermore, many interviewees were my acquaintances who have knowledge of my work experience in new media industry, and thus some of the interviewees' responses might be affected. For example, I found that several interviewees skipped or missed some very important details about Sina, because they supposed that I had already known about this. Though I had told them in advance not to treat me as a former employee, the negative influence could not be completely avoided.

Besides, I should also have included more questions of the impact of transnational capital on Chinese new media companies in the in-depth interviews, especially on how new media industry and transnational capital interact with each other and the political and economic implications that may lead to significant transformations in China. This is important for a more comprehensive understanding of the relationship

between Internet companies and capital market, and the relationship between Chinese

Internet and globalization.

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