

Cell Phone SMS News in Chinese Newspaper Groups:

A Case Study of Yunnan Daily Press Group

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Abstract: As a new media form, the cell phone is known as the fifth media form in China, closely following newspaper, broadcast, TV, and the Internet. The SMS (short message services) value-added service is a profitable market in China.

The news which is published by the official newspaper groups represents the most authoritative information in China. In recent years, newspaper groups have set up their news SMS services as a way for traditional media to utilise the new media, to provide value-added information services. However, because this field is a comparatively new, developing market, and there was a lack of management experience and governance rules for service providers (SPs) at the initial stage, many SPs initially exploited an absence of rules to the disadvantage of their customers. A large number of complaints from SMS consumers were voiced in 2004 and 2005, and as a consequence the authorities utilized administrative and technological means to restrict the actions of SPs. This action meant that a number of SMS service providers had to withdraw from the market, and has forced the Chinese market for SMS news services into a phase of redevelopment.

This paper outlines the development of SMS news services by the Yunnan Daily Press Group. It also investigates the potential for cell phone media to become one of the main channels through which news is accessed in China.

Keywords: mobile phones, China, news, SMS, new media, newspapers, government regulation

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SMS (Short Message Service) in China

“Today the cellphone has become so ubiquitous that its wonders to behold are commonplace, an astonishing part of everyday life” (Levinson, 2004, p. 1). Perhaps the most rapid developments in adoption and usage patterns for mobile or cellphones can today be observed in South East Asia, where the Japanese and South Korean markets for mobile telephony are already mature, and where the Chinese market is set to overtake them very quickly in terms of quantity, but perhaps also in terms of technological sophistication. It is therefore important to observe the developing uses of mobile phone-based communication and examine the strengths and weaknesses of the Chinese approach to mobile technologies, across a variety of social, commercial, and official domains. As approaches to mobile telephony mature across in these domains, the technology itself is socially constructed, gradually finding its place and role in Chinese society – a role which may vary significantly from that in other societies. This social construction of technology is necessarily an ongoing, never-complete process; by charting developments to date, however, it becomes possible to extrapolate their likely trajectory into the future.

In this context, it is also necessary to recognise the vast differences which exist

between specific Chinese regions and localities. Uses of mobile telephony in key economic and administrative centres such as Shanghai or Beijing may be significantly different from those in less prominent and more remote areas, and a research focus only on the outstanding examples of the booming Chinese economy may well distort the overall picture. At the same time, Chinese government policy for the bulk of the country, outside of the special administrative and economic areas, is relatively uniform, so that a case study of developments outside of these special areas can be seen to offer insights which may be seen as representative for much of the rest of China.

This article, therefore, is based on developments in Yunnan Province, and here focusses especially on the gradual development of mobile phone-based news services. It specifically builds on the expertise of its primary author, Liu Cheng, who has been in charge of the operation of cell phone, SMS, and WAP news services within Yunnan Daily Press Group since 2002, as part of his role as vice-director of the information and network centre of Yunnan Daily Press. Compared to its counterparts for example in Beijing, Shanghai, or Guangzhou, who began to utilize new and mobile media forms at an earlier stage, Yunnan Daily Press Group still is a developing newspaper group. Its approach is informed to some extent by these early adopters' experiences, as well as by the efforts of other national and regional newspaper groups around China – for example, Xinhua News Agency and *People's Daily* in Beijing, Jie Fan Daily Press Group and Shanghai Media Group in Shanghai, Nan Fang Media Group and Guang Zhou Newspaper Group in Guang Dong province. At the same time, it has also been important to translate the experiences of newspaper groups elsewhere in China to the specific needs of the Yunnan audience. Overall, then, the Yunnan experience demonstrates some important trends relating to

cell phone-based news access in China. For Yunnan Daily Press, cell phone newspaper services have now become the most important area of its new media operations. In 2007, the number of subscribers to its recently introduced MMS-based cell phone newspaper has reached 33,000 users, with some 61,000 still accessing an older, SMS-based service; additionally, the market leader in mobile telephony, China Mobile, is going to promote the cell phone newspaper of Yunnan Daily Press around the country. This makes Yunnan Daily Press an even more relevant example for mobile telephony developments in China, beyond Yunnan province itself.

A Brief History of Recent Developments in the Chinese SMS Market

In China, the cell phone is known as the fifth media form, closely following newspapers, broadcast, TV, and the Internet. SMS is very popular in China for a number of reasons: the number of Chinese cell phone subscribers is large, the market for SMS services is well-developed, the fee for SMS services is low, and consumers have a desire to obtain instant information at any place and at any time. All of these reasons have turned SMS-based services into a profitable market.

There are two main mobile telecommunications companies in this field: China Mobile Communications Corporation (or “China Mobile”) and China Unicom Limited (“China Unicom”). Together, they control a large part of the market of providing access to mobile telephony networks to private customers. The Chinese mobile communications market has shown impressive growth in terms of numbers of subscribers over the past six years. Statistics from the Ministry of Information Industry of the P.R.C. show that the number of subscribers in December 1999 was 43.3 million, and this has risen to 393.4 million in 2005 – an increase of over 900% in six years

(see Figure 1).

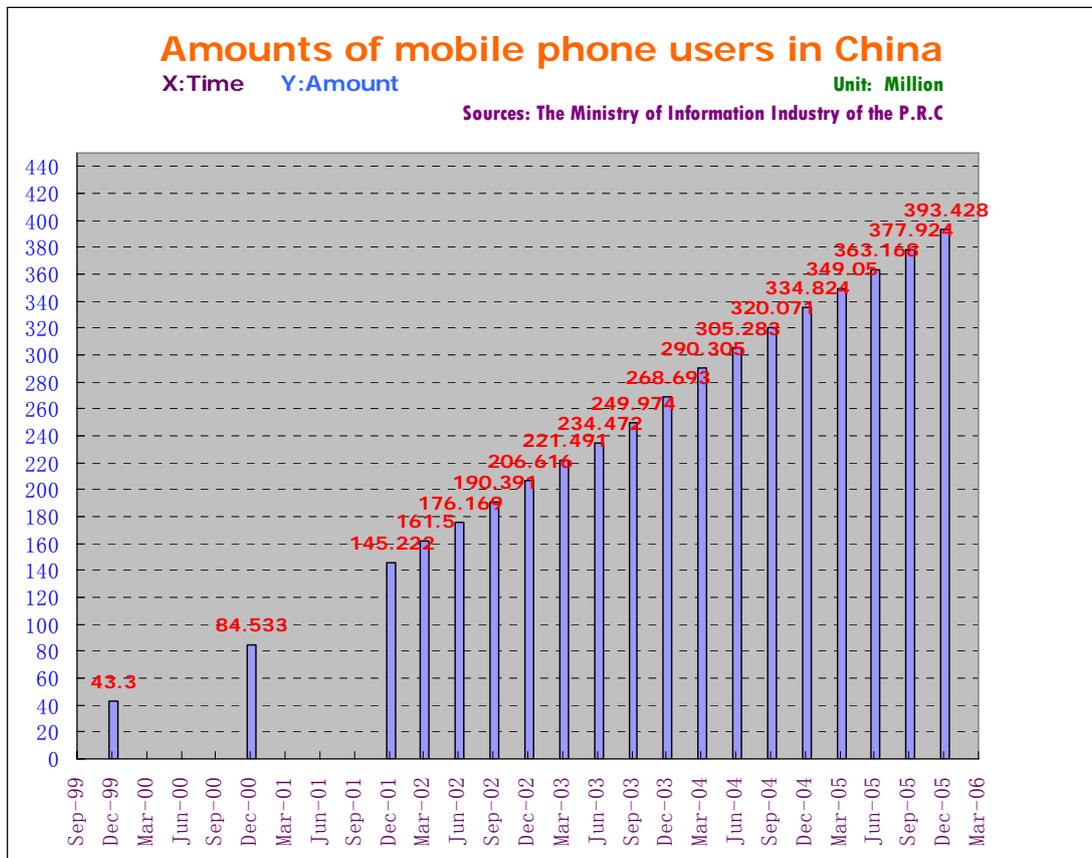


Figure 1

British company Vodafone sent the world's first mobile phone short message from a PC to a mobile phone on their GSM network in 1992, but in the absence of attractive messaging cost plans, initial growth in SMS use was slow. Growth in China was further hampered by language difficulties. Tianjin launched the first Chinese-language mobile phone short message service in China in 1997; before this, mobile phones in China only offered English (or Latin script) short message functions. SMS and SMS-based information services began spreading rapidly around the world after 1997, but operations in China really only started when China Mobile launched the “Monternet Plan” in November 2000. It was the first mobile value-added service available in

China. Monternet (Mobile+Internet) acts as a bridge between mobile devices and Internet-based and other digital information services. To make use of the new service, mobile communication companies authorised a range of service providers (SPs) to deliver value-added services content by way of SMS to mobile phone users.

Such SMS content services can be divided into a number of categories:

- Information, including news, weather, examinations, and English learning;
 - Entertainment, including short message games, mobile phone pictures, ring tones downloads, jokes, and other entertainment participation;
 - Communications, including mobile chat, and email;
 - Commercial, including mobile phone stock trading and mobile phone banking; and
 - Special services, which include location-based services (similar to GPS)
- (China Mobile, 2006)

Two types of charges for SMS-based value-added services are prevalent in China: a charge per short message, and a charge as part of a monthly package. Generally, in China, the fee for sending one short message is 0.1 Yuan (A\$0.0166); for interactive activities that sometimes have rewards, the fee will be between 0.1 and 1 Yuan. The monthly package fee is around 2 to 8 Yuan (A\$0.333-1.333) for most value-added content providers in China. Users pay such fees to their mobile communication companies every month, and during that month receive about 30-100 messages which match (more or less accurately) consumers' interests.

According to statistics from the Ministry of Information Industry of the P.R.C., from 2000 to 2005 SMS usage volume increased from 1 billion messages in 2000, to 18.9

billion in 2001, 90 billion in 2002, 137.1 billion in 2003, 217.76 billion in 2004, and 304.65 billion in 2005. In other words, with the number of mobile subscribers continuing to increase, the volume of SMS traffic grew 304 times in six years in China (see Figure 2).

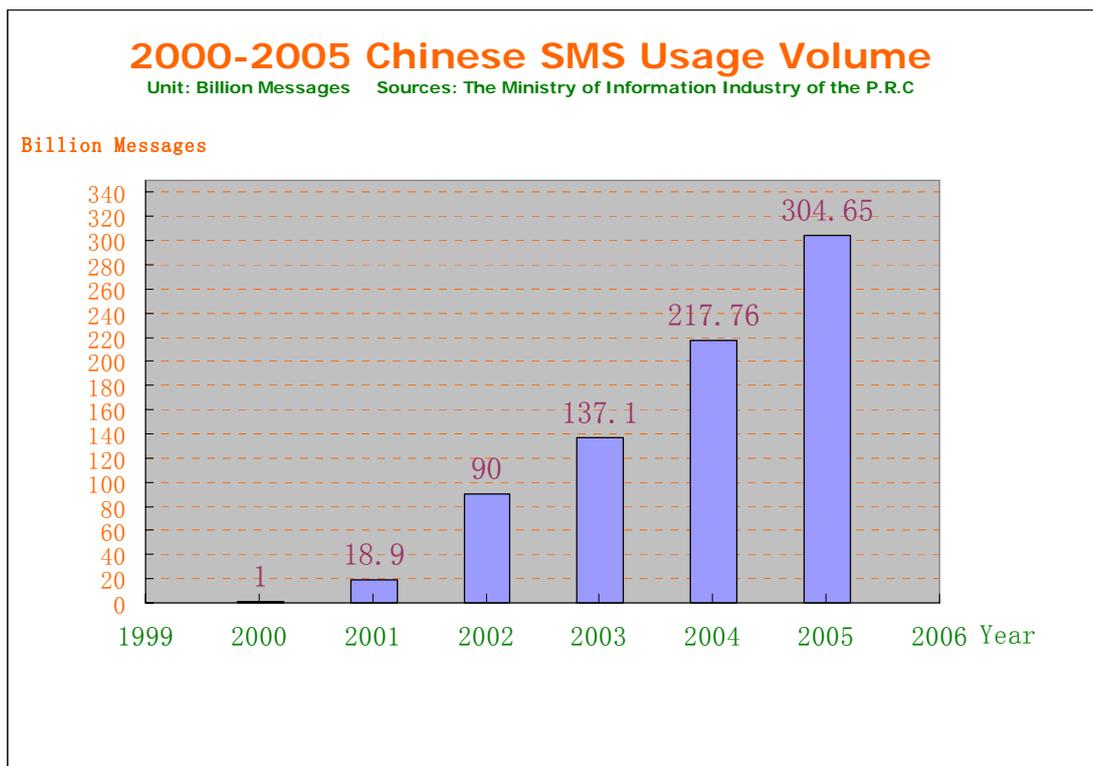


Figure 2

In 2002, the mobile phone short message industry was even said to have saved the Chinese Internet. The three biggest portal Websites in China were in danger of being delisted from the NASDAQ. However, one of them, Netease, became the first profitable Website relying on network games and short message services, and the stockmarket success of Netease became the engine for other China-related concept stocks in the NASDAQ. Shortly after, Sina, Sohu, Tom, and other Websites were also able to generate high profits through short message value-added services (Xinhua

News Agency, 2003).

As a result, the Chinese value-added SMS market enjoyed five years of rapid development (see Figure 3), and the total size of the market reached 41.5 billion Yuan in 2005 and is expected to reach 57.15 billion Yuan in 2006 (Pday Research, 2006).

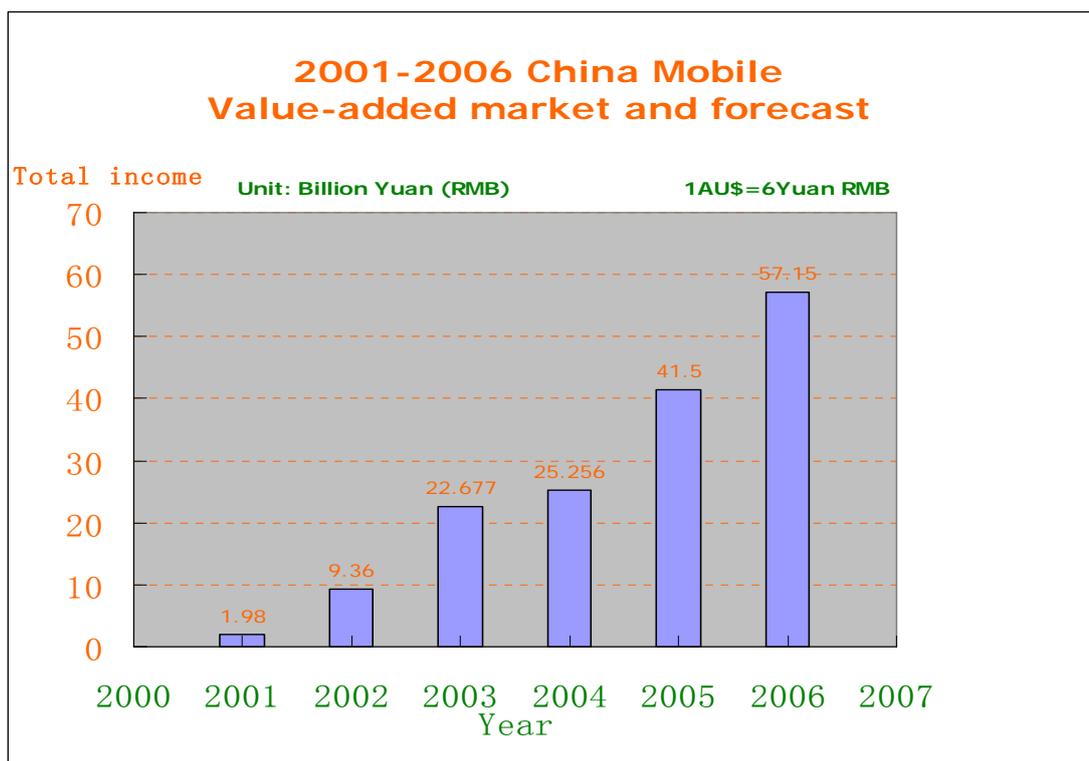


Figure 3

Yunnan Daily Press Group's Development of SMS News Services

News publishers have the ability to make an important contribution to the provision of value-added SMS services, of course. There are two tiers of newspaper groups in China, respectively existing at the national and at the provincial level. The majority of newspaper groups are at the provincial level, spread across almost all of China, and

their news represents the most authoritative information in China at a national and local level. Yunnan Daily Press Group (“Yndaily” for short) is the only newspaper group in the Yunnan province of China. Yndaily combines nine newspapers, three periodicals and one website (www.yndaily.com) into one group. It provides various forms of information, and especially local news, to the people of Yunnan province.

Located in the south-west of the Chinese mainland, Yunnan is home to a population of about 45 million, and is governed from the provincial capital Kunming. Its 2006 GDP was just over 400 billion yuan (US\$50 billion), growing at a rate of some 11.9% per annum. Secondary and tertiary industries contribute the vast majority of the province’s gross domestic product. In spite of such growth, however, some 2.3 million citizens continue to live in absolute poverty in the province, and some 7 million live below the official poverty line. This places Yunnan at or below the national average for China (Yunnan Provincial Bureau of Statistics, 2006). Because of its comparatively ordinary performance within the Chinese context, however, Yunnan province and its news and media organisations – chiefly, Yunnan Daily Press Group – provide a useful case study which may be more representative of the overall Chinese experience than studies of the better-known boom cities and provinces.

Yunnan is a province of the People's Republic of China, located in the far southwestern corner of the country. The capital of the province is Kunming. Yunnan is one of China's relatively undeveloped provinces with more poverty-stricken counties than the other provinces. In 1994, about 7 million people lived below the poverty line of less than an annual average income of 300 yuan per capita. They were distributed in the province's 73 counties mainly and financially supported by the central government.

In the middle of 2002, Yunnan Mobile Communication Company established a plan to offer information services to local subscribers. It established a standard connection interface which allowed service providers to develop a software platform to send SMS information messages to subscribers. Through this system, every qualified SP was provided with a special service number, and consumers of mobile phone services could subscribe to different information services by sending a request text via SMS to this number.

Amongst the plans of Yunnan Mobile Communication Company was to launch an SMS news service. However, it did not have the qualifications to offer news to the public: under Chinese law, news content must be provided by an accredited news company. Therefore, Yunnan Mobile wanted to find a partner to develop a short message news service. It revealed its plans to the public, and Yndaily joined it as a partner.

In the first instance, the main issues for Yndaily were technical feasibility, the news content management process, and the development of a strategy for the new medium. Indeed, this last issue is the core aspect. Traditional media are facing a challenge from new media; there are many levels on which both compete with one another. Innovations in reporting methods, the ability to offer more interactive media forms, different writing formats, and the opportunity to provide more multiperspectival news are all powerful weapons for new media news organisations. At the same time, traditional media can also participate in the new media field, which further complicates matters: successful models for such mixed-media news organizations are still being determined (see Bruns, 2005).

Further, while sourcing content for an SMS news service posed no problem given Yndaily's existing resources, the company did not have technological expertise in

mobile phone service provision, and had to rely on its partners to provide this knowledge. After such problems had been addressed, Yndaily submitted a feasibility report to the mobile communication company, which was accepted. A cooperation agreement was signed, and in August, 2002, Yndaily began to offer its SMS information service. (Other mobile companies throughout the country also introduced SMS news services into their markets around this time.)

Yndaily employed a variety of means to attract users to its SMS news products, introducing and publicising the SMS news service in its newspapers and elsewhere. One key approach was to send SMS news to established customers as a free trial, with an opportunity for users to subscribe to pay services at a later stage. Generally, the ways of attracting subscribers to Yndaily SMS news products were the following:

1. Advertising in in-house and allied media. Yndaily owns newspapers and a Website, enabling it to publicise its own products; other media which have partnerships with Yndaily also performed some promotional activities by promoting the mobile news service through their media channels.
2. Promotion through commercial partners' marketing channels. Yndaily cooperates with some service providers to promote products to each other's group of users who are interested in particular information services. At the same time, Yndaily also cooperates with mobile communication companies. These help Yndaily to introduce its products into their business channels and service platforms, which have a broader group of users.
3. Organising various activities to promote products. Yndaily organised a variety of marketing activities, primarily in reward activities; these utilised the traditional

media (newspapers, television, radio) and the Website for interactive multimedia activities.

4. Targeting unit users or group users. This was done in cooperation with specific industries in order to reach corporate information services agreements.
5. Tie-ins with other products, such as offering reduced rates for combined services, free access to the news service for subscribers to weather reports, advertising services, or other services.

Of course the quality of short message services is key to generating user satisfaction. Yndaily sends two to five short messages to users every day. SMS is limited to a maximum of 70 Chinese characters, including numerals and punctuation, and the process of collecting news and remaining within the word limit is difficult. SMS news is a new project for traditional journalism, and its extreme limitations of characters per message challenges editors needing to present the headline news of the day.

Problems with the Mobile Value-Added Services Market in China

Because this field is a comparatively new, developing market, service quality varies from provider to provider, and at the initial stage there was a pronounced lack of management experience and governance rules for service providers (SPs). Many SPs initially exploited an absence of clear rules and regulations, to the disadvantage of their consumers. A large number of complaints from SMS consumers were voiced in 2004 and 2005, and as a consequence the authorities utilised administrative and technological means to restrict the actions of SPs. This action meant that a number of SMS content providers had to withdraw from the market gradually, but in a follow-on

effect also undermined the ability of legitimate and conscientious providers to do business effectively.

Nonetheless, due to the overall rapid growth in Chinese mobile phone users, the development of the various value-added services offered by Internet portals and traditional media, which represented the first generation of service providers in the Chinese mobile communications market, continued at high speed. In spite of the exploitative practices employed by some providers, as long as SPs provided decent value-added services, they were able to obtain increased market returns over time: customer churn due to some providers' unethical conduct was more than balanced out by the overall growth in the user population. As a result, a large number of further new SPs continued to step into the field. Gradually, too, the Chinese government adjusted its industry regulations in an attempt to stamp out exploitative practices.

Today, the standard process for entering the mobile services market begins with prospective SPs submitting an application to mobile communication companies and the local Administrative Department of Communication to establish their business. If the application is approved, the mobile company will provide a special service number to the new SP. The SP will also receive documentation for its short message software interface. The SP will then develop short messaging software to connect to the short message system platform of the mobile communication company. After a strict test, the SP is ready to do business.

SPs are not entitled, and not able, to charge fees from consumers directly: fees for information services are charged by mobile communications companies on behalf of the SP. However, most of the fee statistics are calculated by the SPs and forwarded to mobile communications companies at the end of every month; mobile communication companies then charge customers according to this fee data.

As there were some gaps in managing this new market, however, some SPs initially provided falsified statistical data and charged fees from users illegally, for example by introducing additional fees without notice or by duplicating charges. Some users also found it difficult to cancel their services: at times there was no response to users' requests, or the process of cancelling services was overly complex, creating an obstacle to cancellation for most users. Some SPs also sent information to users directly, subscribing the users themselves and charging fees without the involvement of the mobile carrier; further, some SPs had no department or service hotline to deal with complaints; and in the worst cases, users were charged fees even when they had never received any information services.

To address such problems, China Mobile, the biggest mobile communication company in China, began to penalise those SPs who had been found guilty of fraudulent practices, and increased its penalties in order to manage the service providers. However, the situation did not improve: complaints remained at a considerable level. In response, at the end of 2004 China Mobile started up a new information management platform known as MISC (Mobile Information Service Centre). Using this platform, mobile communication companies could utilise technical means to enhance the management of SPs. All SPs were required to connect to this system; if SPs missed the deadline, they would lose their qualification as a service provider.

Through this platform, managing relations between subscribers and SPs became the responsibility of mobile communication companies, therefore. Furthermore, the only way that a relationship between subscribers and SPs could now be established is by subscribers sending short messages to service providers actively. SPs cannot and do not have a right to send any short messages to users with whom they have no

existing relationship, even if the messages are provided for free or claimed to be useful. Service fee statistics for all SPs are also calculated by MISC system. In this way, the operational power moved from SPs to the mobile companies, and illegal behaviour and harmful information can be controlled and filtered efficiently.

Table 1 shows the relevant rules and regulations which have been implemented since the problems were first exposed. The first rules and regulations were enacted in September 2000; in 2004 and 2005, further regulations were introduced when additional problems emerged.

Time	Name	Authorised Departments
2000-9-25	Regulation on Internet Information Service of the P.R.C	State Department of China
2004-04	Notice of relevant questions about standardizing the short message services	The Ministry of Information Industries of the P.R.C
2005-03-13	Criteria for telecommunication services	The Ministry of Information Industries of the P.R.C
2005-09-25	Provisions for the Administration of Internet News Information Services	The Press Office of State Department and the Ministry of Information Industries of the P.R.C

Table 1: Relevant rules and regulations

(Source: The Ministry of Information Industry of the P.R.C.)

Effects on Yunnan Daily Press's Mobile News Services, and Future Possibilities

In spite of such improved government oversight, however, due to these early problems many users still remain wary of the value-added services offered by SPs. They worry about falling into similar traps again. This is the biggest barrier for the ongoing development of mobile value-added services in China. At present, the

traditional means of publicising value-added products through newspapers, TV and broadcasting are not enough to attract consumers. Meanwhile, expenditure continues to grow, in spite of smaller returns and even losses. Additionally, some promotional means previously employed even by legitimate SPs are now regarded as illegal: service providers can no longer send invitational messages or provide unsolicited free trial services to users, for example. The development of alternative, legal means for the promotion of their mobile information services is today a key issue for every SP. This is even more crucial given that, as the Media Center (2006) notes, a “mobile lifestyle emerges globally with the cell phone as the essential device for news, information, commerce, entertainment and social engagement – as well as communications”: if the cell-phone is indeed one of the defining media forms of the future, then China cannot afford to fall behind in this crucial development.

Even though it never engaged in exploitative business practices itself, Yunnan Daily Press’s mobile news services were similarly affected by the trust crisis and subsequent downturn in mobile value-added service subscriber numbers. Statistics gathered by Yndaily show that the number of users subscribed to its SMS news services grew from 1500 users in September 2002 to a top of 290,000 users in January 2005, but declined to 120,000 users in January 2006. This translates to a growth in users by some 10,000 subscribers per month from September 2002 to January 2005. Market and policy changes led to a subsequent strong decline in numbers which saw Yndaily’s user base more than halved even though Yndaily itself did not engage in illegal or unethical user subscription or service charging practices. (In the same period (2002-2006), the two main newspapers published by Yndaily, *Yunnan Daily* and *ChunCheng Evening*, maintained circulations of between 150,000 and 200,000 copies.)

How can mobile value-added service providers, and especially the providers of mobile news services, reinvigorate this market, then? A number of new opportunities are currently becoming available for Chinese mobile news service providers, and like many of its regional counterparts, Yndaily is currently in the process of exploring these options.

Leveraging established content sources. The Yunnan Daily Press Group and similar news organisations hold the original copyright and intellectual property rights for their content. This means that existing newspaper groups have an immense advantage compared with other providers that are engaged in new media information services. Traditional media have set up their information services as a way to utilise the new media to provide value-added information services.

Participatory journalism and related interactive options. As Shayne Bowman and Chris Willis state, “participatory journalism provides media companies with the potential to develop a more loyal and trustworthy relationship with their audiences” (2003). As Yndaily has discovered, from January 2006 to July 2006 those mobile phone subscribers who participated in interactive activities (voting, commenting, feedback, responses to questions, etc.) were growing in number. In May to July of 2006, Yndaily subscribers on average sent some 200,000 messages per month; this is a significant increase from an average of 50,000 messages per month during 2005 especially given that the total number of subscribers declined from 290,000 to 120,000 users during 2005 and has remained steady at that level since the start of 2006. Forecasts show that the income from user-paid mobile phone-based interactive activities will be close to the income from SMS news subscription services in 2006.

This is relevant to the Yndaily's strategy development for information services in the mobile media and Internet fields. The company's administration has realised that new media make an important contribution in addition to the traditional media forms, and as a result, new media have received powerful support from the administration, with more financial support, increased advertising efforts, and further interactive activity campaigns involving newspapers, the Website, and mobile phone-based media.

MMS services. In June 2006, Yndaily established a new mobile phone newspaper service which utilises MMS (Multimedia Message Service) technology to send mobile phone newspapers to users. Of course, MMS is no longer a new technology: it has long been used to transmit photos and similar messages. However, beyond simple photos, MMS also allows for the transmission of audio and video content, and Yndaily's new service utilises these opportunities. Recent subscriber numbers collected by Yndaily suggest a relatively speedy transition of users to the new MMS service: the post-2005 subscriber base of 118,000 SMS news users in June 2006 has declined to 61,000 users by March 2007, while some 33,000 users now subscribe to the MMS-based cell phone newspaper offered by Yunnan Daily Press.

3G services. Technical tests of the 3G standard in China were conducted between October and December 2006 (Xinhuanet, 2006), and further, commercial tests are now in progress. At a development and policy conference for the Chinese telecommunication industries in Beijing in March 2007, Lou Qin Jian, the vice-minister of the Ministry of the Information Industry said that "the reform of telecommunication industry system will be deepened" and that "(chmetcnv 3G)" is an opportunity to optimize the competitive situation of the Chinese telecommunication market" (Ministry

of the Information Industry, 2007). With its extended capabilities, 3G overcomes the bottlenecks inherent in previous mobile technologies: multimedia functions can be used much more broadly on mobile phones. It also offers advantages for mobile phones as a new medium that is different to newspapers, TV, broadcast and the Internet. However, its development remains restricted by some elements: 3G mobile phones generally remain expensive, as do the service fees for using MMS and WAP, and especially multimedia functions. It will take a long time for a developing country with a large population and low average income to popularise such devices and utilise the advanced functions of 3G mobile phones. Additionally, the Chinese mobile telephony market at present remains heavily skewed in favour of the major domestic provider, China Mobile, which is seen to stifle competition, innovation, and the introduction of new technologies. The government is therefore also using the introduction of 3G to effect changes to the structure of the industry; this, however, has repeatedly delayed the granting of 3G licences.

Finally, however, as Strocchi (2003, p. 136) points out, “once [3G mobiles] have lost the last image that conceptually linked them to their original function, it is obvious that their value will also become more abstract and further removed from the function for which they were created”. Once 3G phones are seen as being multimedia and networking devices as much as they are telephony tools, such advanced uses are bound to proliferate. This provides incumbents and new operators with a significant opportunity to offer new and extended 3G-based news and information services. Such services are likely no longer to resemble the current SMS- and MMS-based news updates, which themselves remain based largely on traditional newspaper products, but will probably be more closely aligned in format, content, and opportunities for user participation to comparable Internet-based offerings: they are

likely to be more flexible, more customisable, and more interactive news services.

But even in the light of such new opportunities to grow mobile service markets, the (well-intentioned) government restriction of the commercial promotion of mobile services is a problem for service providers which will need to be addressed further. It is inevitable that traditional advertisers will flock to the mobile phone as a new medium. Because of its lucrative ownership demographics, such businesses can save substantial resources through the accurate positioning for example of 3G audiences as target groups for advertising. At the same time, the legality of sending advertisements to mobile subscribers remains questionable – it is seen as equivalent to sending junk emails and junk mail. If there is no solution for the issue of developing legitimate and ethical mobile phone-based advertising approaches, the market development of the mobile phone as a new medium may be greatly restricted. Rifkin provides support for such developments: “we are making a long term shift from industrial production to cultural production. More and more cutting edge commerce in the future will involve the marketing of a vast array of cultural experiences rather than of just traditional industrial-based goods and services” (2000, p. 7) – but what remains to be developed are interactive marketing and advertising approaches using 3G mobile media which actively attract, rather than annoy, their target audiences.

Yunnan Daily Press’s mobile services strategy for the short- to mid-term future, then, is based around extending its existing services through the incorporation of new technologies as they become available, but this will also necessitate a fundamental restructuring of the company’s overall organisation as it exists today. In the short term, it is already evident that the basic SMS information service with its limitations of 70 Chinese characters per news report, is increasingly insufficient, and that readers are

moving away from this service. The new MMS-based cell phone newspaper service is already showing some signs of success, but will still have to be better promoted to find its market. Further, the format and reporting style for the cell phone newspaper is different from that in the traditional newspaper. It offers a greater opportunity for readers to choose specific news channels on specific topics (such as political or economic news), and further such channels will be introduced progressively in response to market demands. Yndaily believes that such a subdivision into specific channels is a necessary and appropriate move within the user-centred new media environment.

Beyond such immediate developments, the Yndaily Information and Network Centre completed a research report entitled "Building a New-Style Media Group in Yunnan Based on Integrated Information" at the end of 2006. This report outlines the longer-term strategic goals of the organization, focusing on the potential for utilising new media technologies to the competitive advantage of the company.

It suggests that Yndaily should see itself no longer simply as a newspaper group, but as a multimedia group, combining the Internet, mobile communication, and further new media forms as they emerge in the future. Information technology is positioned by the report as an impetus and catalyst for changes to Yndaily's traditional operational approaches, production flows, and management strategies. Media operations are shifting from single-dimensional approaches to two- or multi-dimensional models which combine a number of channels and technologies in the company's news products. The new-style media group which is envisioned in the report will rely fully on integrated digital assets.

Mobile communication technologies already are amongst the most important tools towards achieving this goal. The existing SMS news service, and the new MMS cell

phone newspaper, are two effective supplements to the print newspapers offered by Yndaily already, but may move well beyond playing a supportive role for the flagship publications. Further cell phone magazines, cell phone books, WAP services and mo-blog services are likely to be introduced over time as additional opportunities for publishing content and interacting with Yndaily customers and users. Such services will be part of a cross-media suite of related and interconnected news and information products offered by Yunnan Daily Press Group. In developing such new products, Yndaily will continue to build on its existing brand advantages within the Yunnan context. As the only newspaper group and the biggest media organization in State (place Yunnan)) province, its ability to cover local news is a key advantage for Yndaily. Readers are interested in news and current events occurring in their neighbourhood, and so far, Yndaily is the only local medium to offer mobile news services, including its SMS news service and the MMS cell phone newspaper. Yndaily will introduce and operate its current and future mobile information services with this brand image in mind.

Of course the organisation will also closely follow the development of the overall regulatory and legislative framework for press and new media organisations in China. The P.R.C.'s General Administration of Press and Publication issued its *Developmental Plan of Press and Publication Industry in* chmetcny (2006) to chmetcny (2010) on December 2006, highlighting digital publication as one of the strategic keystones which will be promoted over these five years. Books, newspapers, and periodicals as delivered through online, mobile, and digital television technologies are encouraged and supported by the government. As part of the development process, the China Digital Newspaper Lab, an open research laboratory, aims to explore and utilise technologies to support the growth of a digital newspaper

industry. Eighteen of the most prominent newspaper and media groups around China became the first members of the lab, and Yndaily has now also been invited to join the organisation. In particular, such research will explore the impact of broadband and wireless Internet as well as e-paper developments on current commercial models in the Chinese news industry; cell phone and multimedia newspapers, as well as other electronic reading devices, are another key field of research. The General Administration of Press and Publication is the administrative department overseeing all media groups around (country-region (place China)), and its guidelines directly affect Yndaily's operations – developments such as the China Digital Newspaper Lab therefore have a strong potential to enhance the mobile news services (and especially the cell phone newspaper) already offered by Yndaily, as well as to inform and lead to the introduction of new services including the WAP news service, mobile magazines, mo-blog and other new offerings currently under consideration within the Yunnan Daily Press Group.

In spite of such positive and constructive developments both within Yndaily itself and within the administrative frameworks of the P.R.C. in general, it is likely that further regulatory changes will be necessary. As in many other nations, mobile information services, and especially mobile news services, still represent a new challenge for the authorities. In China, there is no one regulatory authority which manages the mobile market. The State Council Information Office of the P.R.C. has responsibility for mobile news. The Bureau of Telecommunication Administration licenses service and content providers. Mobile communication companies offer service interfaces and networks to SPs and CPs – and at present, mobile companies are in a particularly strong position because of their control of this crucial bottleneck in the mobile communication chain. The development of a more comprehensive mobile

communications authority would help streamline regulatory processes for mobile news service providers.

Ultimately, it is the mobile communication companies which offer information services to customers, in cooperation with media organisations or other SPs and CPs; they themselves are becoming major content provider in their own right. A monopolisation of mobile information services by these providers does not benefit the development of the mobile medium in China, however. Therefore, mobile services regulation aimed at preventing monopoly effects will need to be implemented. Such regulation must address the relationship between mobile companies and SPs and CPs, and determine whether mobile companies can become media organisations themselves. Yunnan Daily Press Group's experience to date suggests that clear guidelines defining the respective roles for mobile communications companies, service providers, and content providers, would be very useful to systematise the structure of the mobile communications industry in China, and to avoid market dominance by a small number of major players..

Conclusions

It is likely that Yunnan Daily Press's experience in offering mobile news services in the context of the developing regulatory and commercial frameworks for mobile telephony in China can be regarded as representative for the bulk of other regional news organisations in the country. While the market leaders (national news organisations as well as the regional presses in boom regions such as Shanghai or Beijing) may operate in a class of their own, outside of such extraordinary cases all Chinese newspaper groups regardless of location work under the same institutional,

organizational, and administrative system. (In addition to the overall rules for establishing and operating a news organization, this also includes regulations for the censorship of news content, and procedures for the nomination of the top executives of newspaper organisations, for example.) By contrast, such news organisations do differ mainly in the local markets they address: they need to develop content and commercial strategies which address the specific demographic and socioeconomic structure of their home region. Based in a province which benefits from China's current rapid economic development, but cannot be seen as one of its leaders, Yunnan Daily Press Group can therefore be seen as a useful example for overall developments in the field of mobile news service provision in China.

What emerges from this case study, then, is that in the context of the rapid and sustained growth of the Chinese economy, there is a similarly rapid and sustained development of mobile information services, including news services, in Yunnan as well as in other Chinese provinces; such development (which has already seen a shift from relatively basic SMS headline services to increasingly more sophisticated MMS newspapers and is likely to turn its focus to 3G services in the near future) continues to be hampered, however, by the regulatory frameworks and industry structures currently in place for mobile telephony in China.

Although technically divided into mobile communication companies (providing access to the networks), content providers (such as the Yunnan Daily Press Group), and service providers (which handle the subscription and content provision processes themselves), the industry is dominated by the mobile communication providers which ultimately control SPs' and CPs' access to networks and users. This may be addressed through a restructuring of the Chinese mobile telecommunications sector: instead of the current division of the industry, we may see an increasing convergence

of such roles. Mobile communications providers could incorporate service provision functions, thereby also overcoming the continuing problems with service providers overcharging or falsely subscribing users to their services; they could also enter into direct partnerships with content providers to offer strong and clearly branded mobile content services. Such moves towards mergers and the vertical integration of mobile telephony industry sectors would be consistent with similar developments in other mature or maturing mobile markets around the world.

The problem with such industrial convergence, however, may be that innovation in the Chinese mobile services market could be subdued as a result: traditional content providers offering mobile services in concert with mainstream mobile communication companies may have limited incentive to innovate, and might focus on relatively standard, non-interactive offerings rather than exploring new and interactive opportunities. By contrast, it is often the smaller and more flexible service providers in any new media market which develop the most innovative service offers. Broader, ongoing trends towards more interactive functionality in mobile technology might work against such limiting developments – but in order for such new mobile technologies to be used innovatively, more effective legal and corporate frameworks will need to be established. Only if this is done will mobile media in China mature into a legitimate and well-respected media form comparable to print or broadcast media.

At the same time, the continuing overall boom of the Chinese economy may easily obscure even the existence of such structural problems for the mobile telephony industry: the relatively rapid growth of cell phone usage in China, and the staggering statistics it generates, make it easy to overlook the fact that at least in the field of news services, the mobile industry does not perform as well as it could. A focus on developments in provinces away from the current powerhouse performers of the

Chinese economy may help uncover structural deficits underneath the façade of overall industrial development and growth.

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