

The internet information structure and its impacts on cultural consumption in China



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Introduction: Evolution of internet contents

1. Before 1995, CMC era. New media of connection and communication; information islands Increasingly interconnected; instant communication, e-commerce, e-banking flight.
 2. 1995-2005, era of Portal characterized by information integration (internet bubble during this period) , flourishing of Yahoo, Amazon, Ebay, emerging of Google;
 3. After 2005, Cloud era marked by tremendous information(quantity) and emergence of trust building(quality). Google, Tencent became content integrator and coordinator.
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1. Structure of Chinese Internet

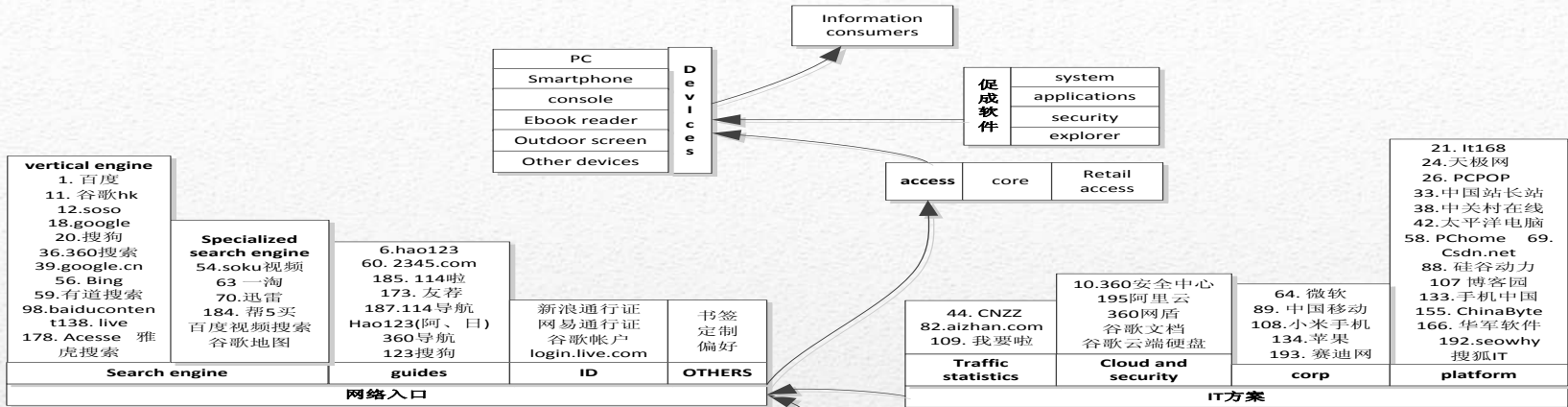


2. Internet value chain



3. Drivers of further expansion





E-commerce		Integrated portal	Culture and entertainment	Fashion and life	interests	knowledge	social
B2B 23 阿里巴巴 48. 金泉网 179. 慧聪网 189. 中国供应商 194. 四川商情 C2C 3. 淘宝网 52. 赶集网(京) 90.qq网购 104. 拍拍网 106. 美团网 120. AliExpress 148. 百姓网 183. Ebay B2C 8. 天猫 22. 京东 57. 亚马逊 79. 易迅 93. 当当 101. 唯品会 105.1号店 123. 凡客 132. Amazon 191.1号商城 199. 天翼手机	support 15 支付宝 125. tenpay.com advertising 102 阿里妈妈 130 广告买卖网 188. 亿起发 review 65. 大众点评	Internet portal 4. 新浪 5. 网易 9 搜狐 67.yahoo.com Mass media portal 14 凤凰网 25财经网 30. 人民网 (时政、国际、图片、财经、健康、法治) 32. 新华网 66. 光明网(生活科技 图片 文化) 71. 中央电视台 100. China Radio International 112. 中国广播网 137. 东方网 145. China Daily 147. 凯迪网络160. 环球网 186. ELLE中文网 e-governance protal 16. 中国网 53. 中国新闻网 72. 中工网 84. 华声在线 110. 中国青年网 122. 上海热线 127. 红网 197. 合肥热线	video 13 优酷 17. Ku6 37. 土豆网 40. 我乐网 45爱奇艺 78. Ppstream 99. 乐视网 141. 迅雷看看 157. 六间房 169. 爆米花网 190 Mtime时光网 百度视频 腾讯视频 新浪视频 网易视频 hao123影视 360影视 凤凰网视频 image 174. Nipic.com 百度图片 微相册 搜狗图片 百科视图 中国青年网图片 Literature novel music 124. 起点中文网 162. 虾米音乐网 games 55. 4399小游戏 97. 多玩游戏 118. 太平洋游戏网 128. 7K7K小游戏 143.haizhangs 146. 电玩巴士 154. 52pk游戏网 164. 17173 196. 37mnm.com	Women fashion 29. 爱美网 31. 55bbs.com 47 女人志 61. 爱丽 74. 闺蜜网 92. 太平洋女性网 103. yoka.com 113. 瑞丽女性网 131. 伊秀女性网 152. 哈秀时尚网 170. 美丽说 175. 品尚 177. 蘑菇街 198. 高趣网 qq秀 凤凰网时尚 parenting 34 贝瓦网 77. 宝宝树 149. 太平洋亲子 153. 育儿网 156. 摇篮网 180. 妈妈网 automobile 50. 爱卡汽车网 51. 易车网 62. 汽车之家 76. 汽车点评网 83. 太平洋汽车网 115. 汽车时代网 135. 车讯网 140. 中国汽车消费网 163. 车网 网易汽车 中国汽车	military 142. 米尔军情网 168. 军事前沿 军事网 搜狐军事 sports 虎扑体育 新浪体育 网易体育 搜狐体育 凤凰网体育 technology 新浪科技 网易科技 凤凰网科技 中国科技 investment 28. 金融界网 68. 东方财富 73. 全景网 87. 和讯网 95. 中国经济网 114. 财界网 121. 证券之星 新浪财经 网易财经 搜狐财经 搜服证券 凤凰网财经 中国财经 entertainment 新浪娱乐 网易娱乐 搜狐娱乐 凤凰网娱乐	encyclopedia and q&a 49. 互动百科 139. Wikipedia 171. 奇虎!176. 知乎 百度知道 百度百科 新浪爱问 soso问问 360问答 360百科 天涯问答 雅虎answers Dictionary and translation 谷歌翻译 googlecn翻译 有道词典 Personal library 360doc documents 200 道客巴巴 百度文库	Weak ties 7. 新浪微博 35 豆瓣 43. 天涯社区 126. 豆丁网 151. 网易博客 159. 猫扑网 172. 19楼空间 百度贴吧 腾讯微博 新浪博客 新浪新闻 搜狐博客 凤凰网博客 凤凰网博客 58同城北京 Social networking 2. QQ 19. 人人网 41. 58同城 46. 朋友网 165. 世纪佳缘 167. 开心网 qq手机 qq+ Strong ties 75. 网易邮箱 117. 中国电信 189 qq邮箱 谷歌邮箱 雅虎邮箱 mail163 email163 mail.10086.cn feixin.10086.cn mallive

COST BENEFIT ANALYSIS

Benefits: three capitals of Bourdieu, economic, cultural and social

Cost:

Fixed cost: device, enabling software, access to internet, which give rise to gigantic industries, electronics, software services, access services

Variable cost: time and financial spending, pushes enormously forward e-commerce, cultural industries, new media of communication, social organization



1. Structure of Chinese Internet



2. Internet value chain

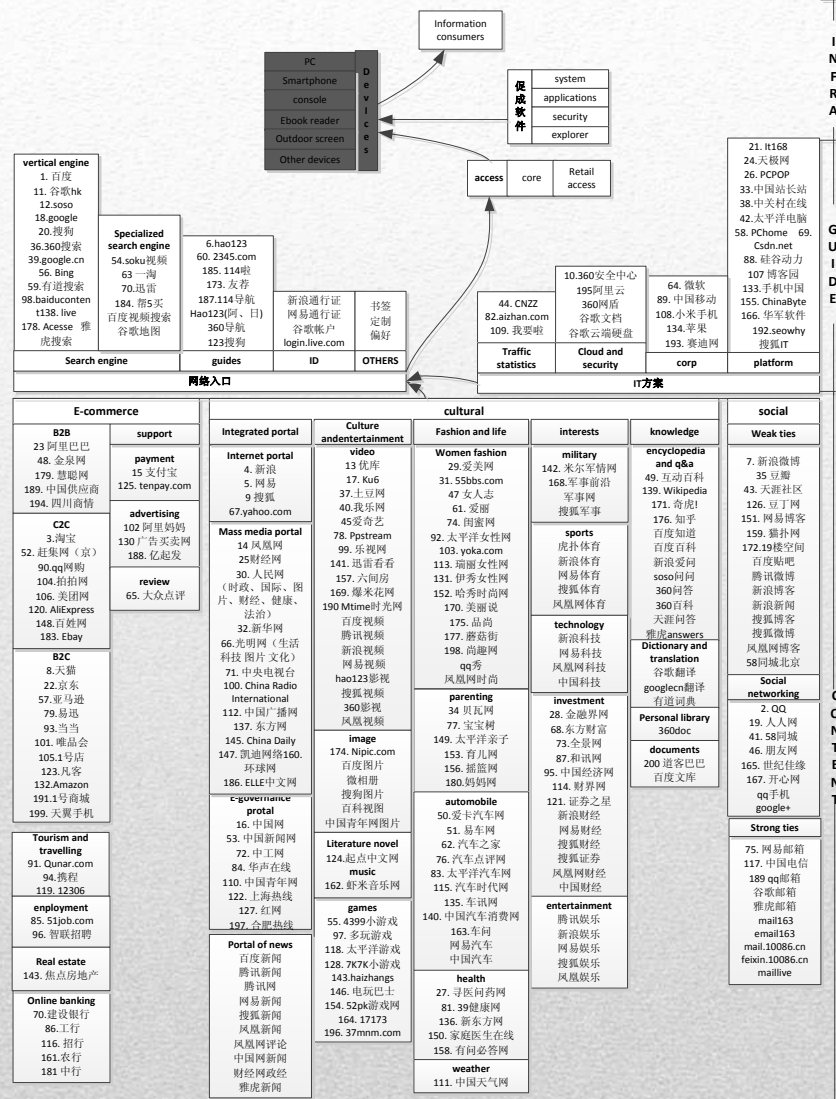


3. Drivers of further expansion

1. Electronics—— convergence and innovation

Devices are converging at the point of access to internet, including PC, Pad, Smartphone, and home appliances, medical devices, and etc.

In 2012, the output of smartphone is 194 million units, increasing by 169.4%, surpassing pc (83.6million units)。



I N F R A G U I D E C O N T E N T

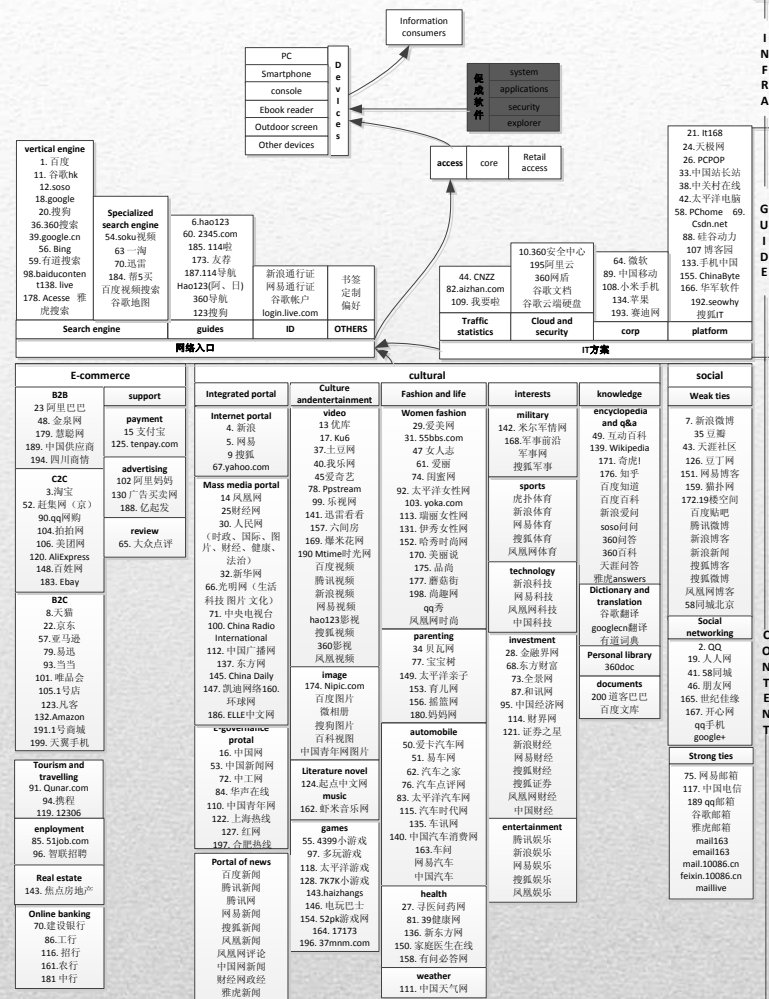
2. Enabling software service— —emergence of platform

Operational system, applications, Explorers, security

At the end of first quarter of 2013, the market share of Android in China is 73.36%;

With the traits of separation with hardware (different from ios)、Free for bilateral markets (different from windows), The expansion is very fast, from watches to glasses.

The accompanying arrival of Saas.



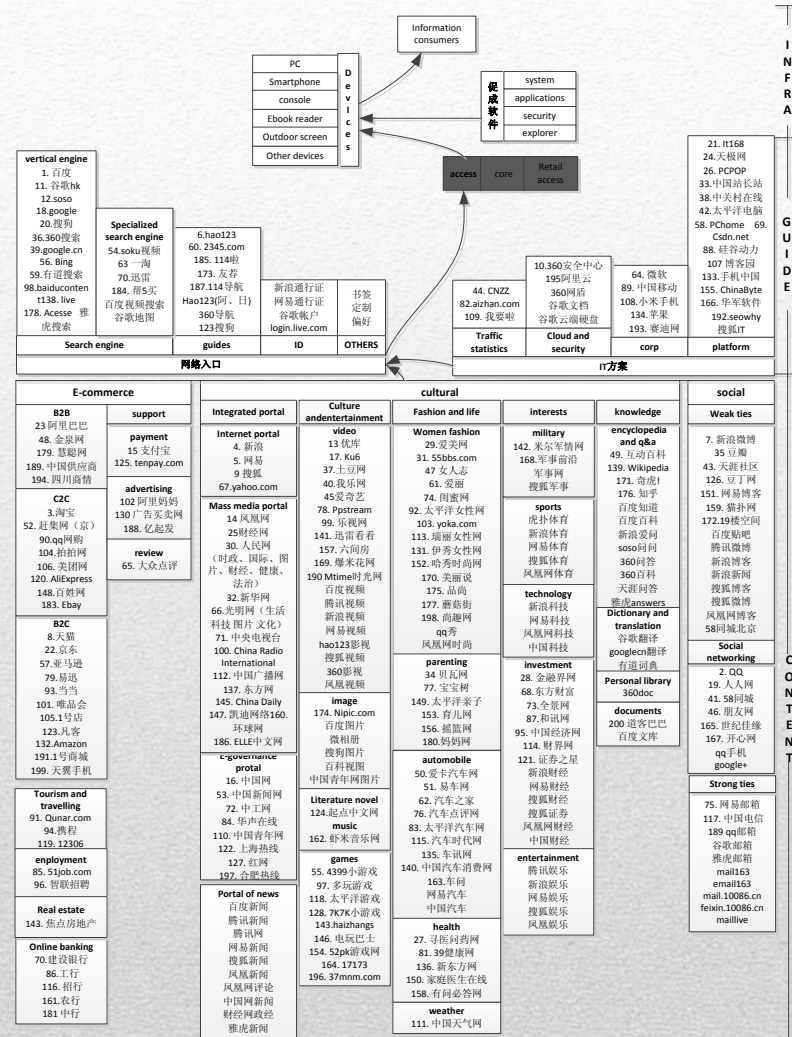
I N F R A G U I D E C O N T E N T

3. Access—bottleneck

China mobile
China Unicom
China telecom

IPv4, 74.6%、IPv6, 84.17%。

The monopoly of this system chooses the strategy of competition *a priori*, lock-in a *posterior*, uses the high switch cost, and impedes the innovation motivation and capability. The smart city and video society are late.

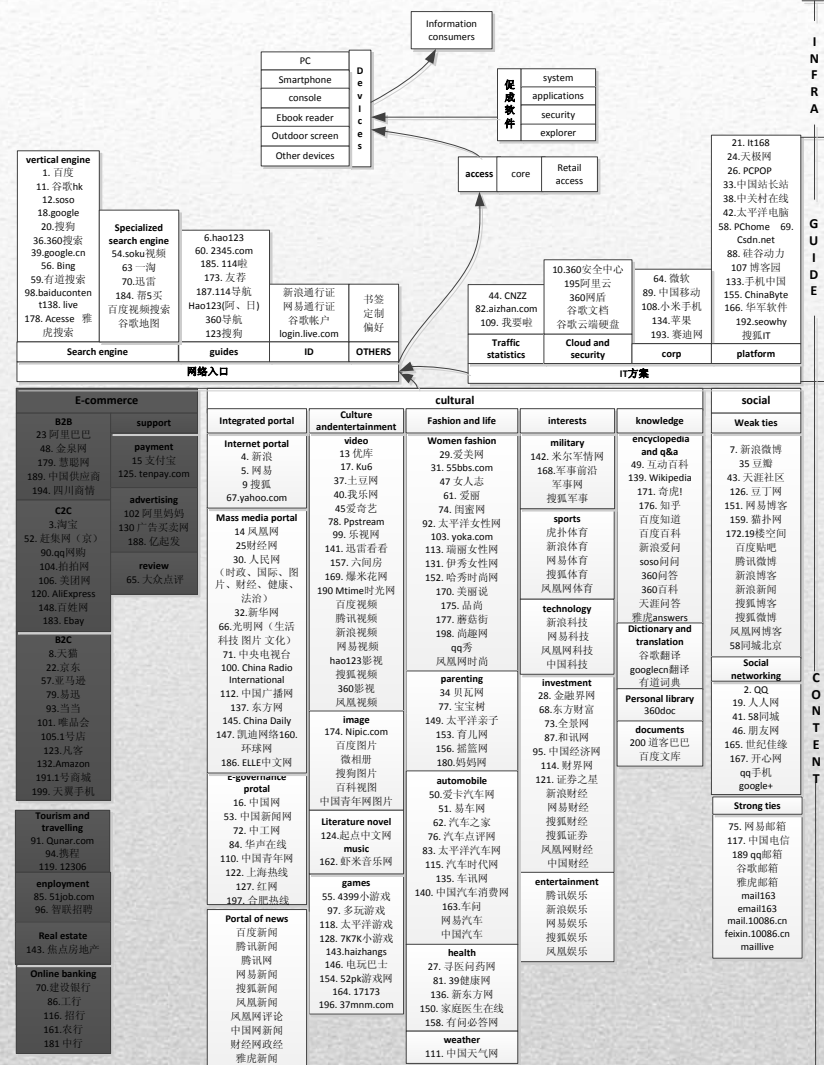


INFRA GUIDE CONTENT

4. E-commerce—the engine of growth model shift

Three periods in China

1. Long catalogue, customized, digitalized transactions, three bottlenecks: payment, logistics and credibility.
2. Emergence of Alibaba, Taobao, 360buy. 360buy and Shunfeng as third resolved the problem of logistics, Alipay and big banks' intervention for payment, reputation and peer review system resolved the difficulty of credibility
3. All chains of business, including transaction, logistics, payment, credibility, planning, design, marketing are transferred massively online.



I N F R A G U I D E C O N T E N T

2012, the business turnout of e-commerce is 162 billion yuan, supporting the transaction of 8100 billion Yuan. Big enterprises B2B account for 28.3%, SME B2B 53.3%, online purchasing 16%, online tourism 2.1%;

Online third party payment 3700 billion, and e-commerce accounts for 60%.

①B2B: around CRM or ERP of big enterprises; Alibaba dominating platform for SME. Trend (O2O)、segmentation、internationalization

②Online purchasing : 360buy industrial chain integrator and coordinator, by negotiation capability in industrial purchasing, and by self built logistic and warehousing. Compress the cost and offer products and services at a competitive price.

③Online tourism, holiday solution, 2012, market size 21.19billion Yuan, coordinator of hotels, restaurants, tickets, transport; the manager of mobility

④Online advertising

2012 market size 75.31billion yuan, 60+%are distributed in sectors of search engine and e-commerce.

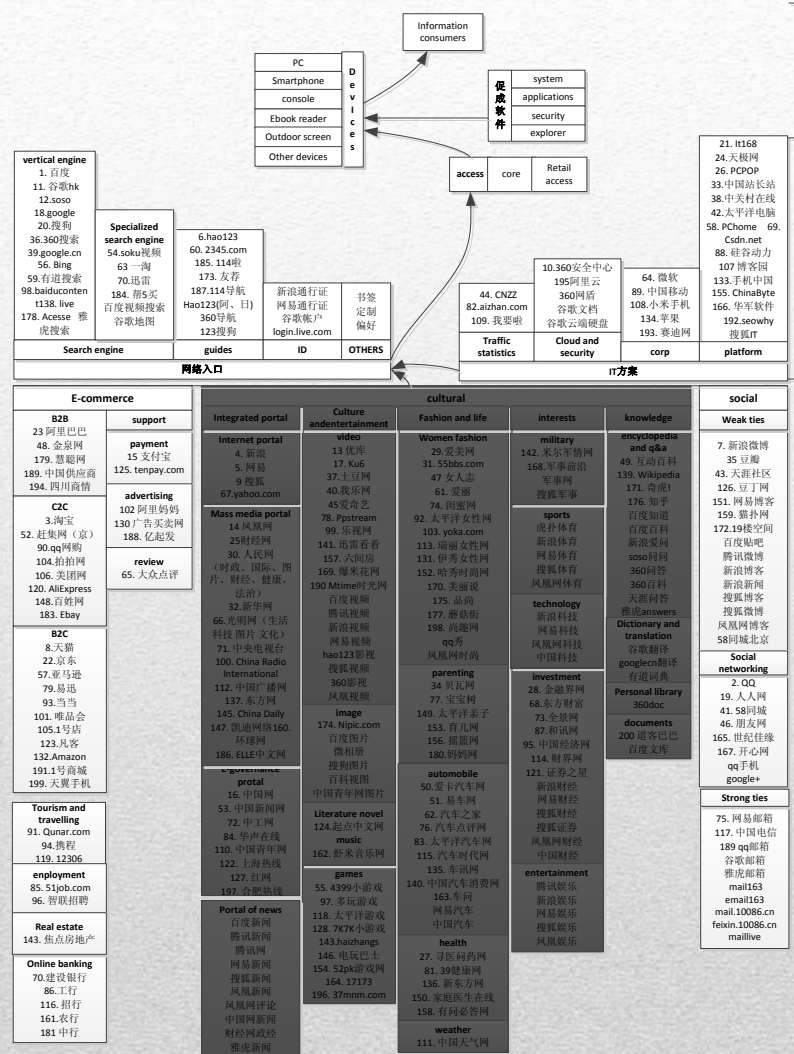
5. Online cultural industries—Free culture

The production, incubation, communication, exhibition, financing, transaction, exportation, events, education, research of culture are partially or entirely transferred to internet, and are becoming free. Three forms

① Composite portals: first internet information service portals, like Sina; second, online version of mass media, such as ifeng; third, portal of e-governance, such as zhonggong; fourth, knowledge portal, such as baidupedia, wenku, Q&A, online dictionary.

② cultural services, according to cultural forms (text, image, music, performance). Online video 9.25billion (2012), advertising accounts for 72.6%; interactive game, payment, 51.8 billion (2012)。

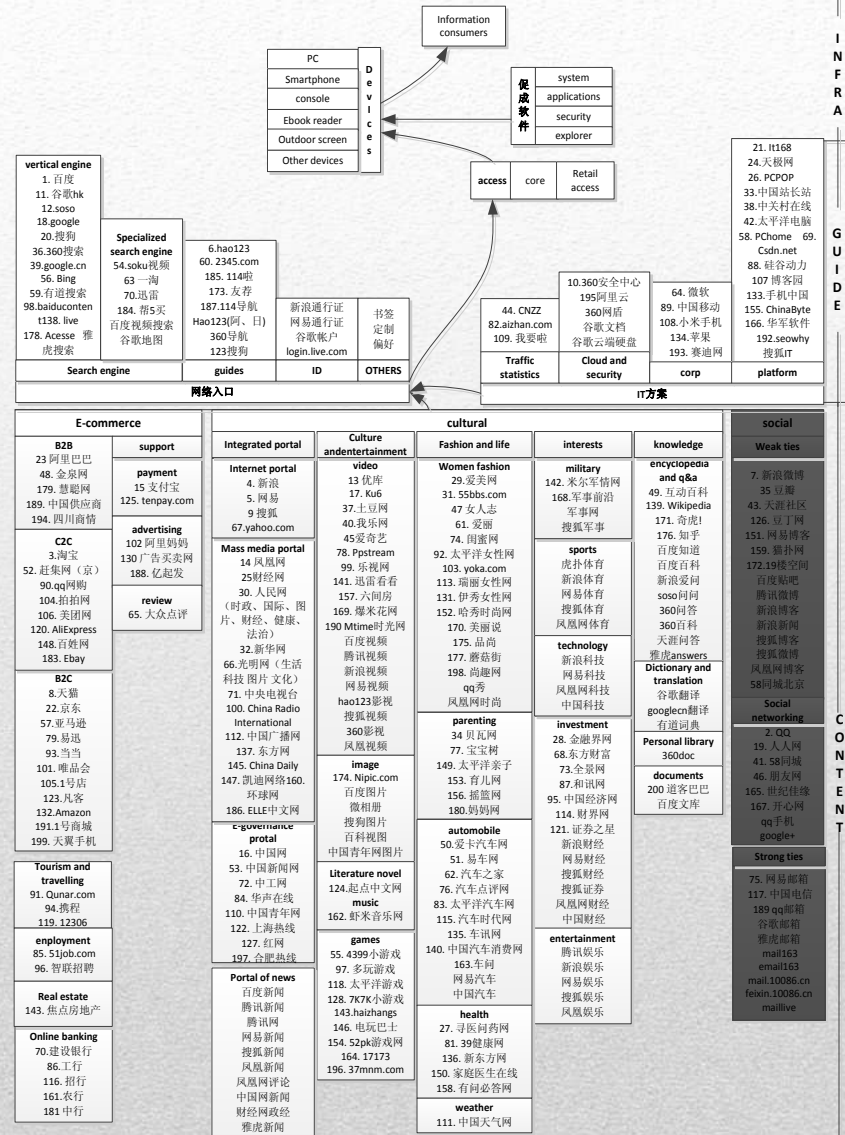
③ cultural services, according to topics. Besides common interests, such as sports, technology, entertainment, China internet uses attach a great importance fashion, automobiles, parenting, investment, which translate the developing period and family structure of China



INFRA GUIDE CONTENT

Social networking — restructuring of relations

- Weak ties, important for information acquiring, personal influence, community organization. Weibo and forum, extending the social capital by confirming virtual identity, strengthening weak ties in real word, and forming weak ties in virtual world.
- Strong ties, based on ways of interaction, affection relation, time consuming. Weixin and etc., constitute the virtual version of real world strong ties, extending the scope of strong ties
- In between, QQ.
- The capability of managing social capital is greatly extended.



Evaluation of Internet information consumption in China (Unit: 100 million Yuan)

	indicator	2012	2011	2010	rate	source	basis
device	Computer sales	22733	21676	18816	20.8%	Department of economy and informatization	Main function of PC is internet.
	Smart phone sales	13718	11653	9817	39.7%	Department of economy and informatization	Data service driving the emerging of smart phone
access	China mobile Data service	1663	1393	1208	37.7%	Annual report	Three access service providers dominating the market
	China telecom Internet access	877	750	640	37%	Annual report	
	China unicom Broadband and data services	446	385	326	36.8%	Annual report	
Enabling software	Data services sales	4285	3028	2129	101.3%	Department of economy and informatization	SaaS
Contents	Internet economy market size	3850	2499	1498	157%	i-research	Estimated by i-research
Total		47572	41384	34434	38.2%	N/A	In total



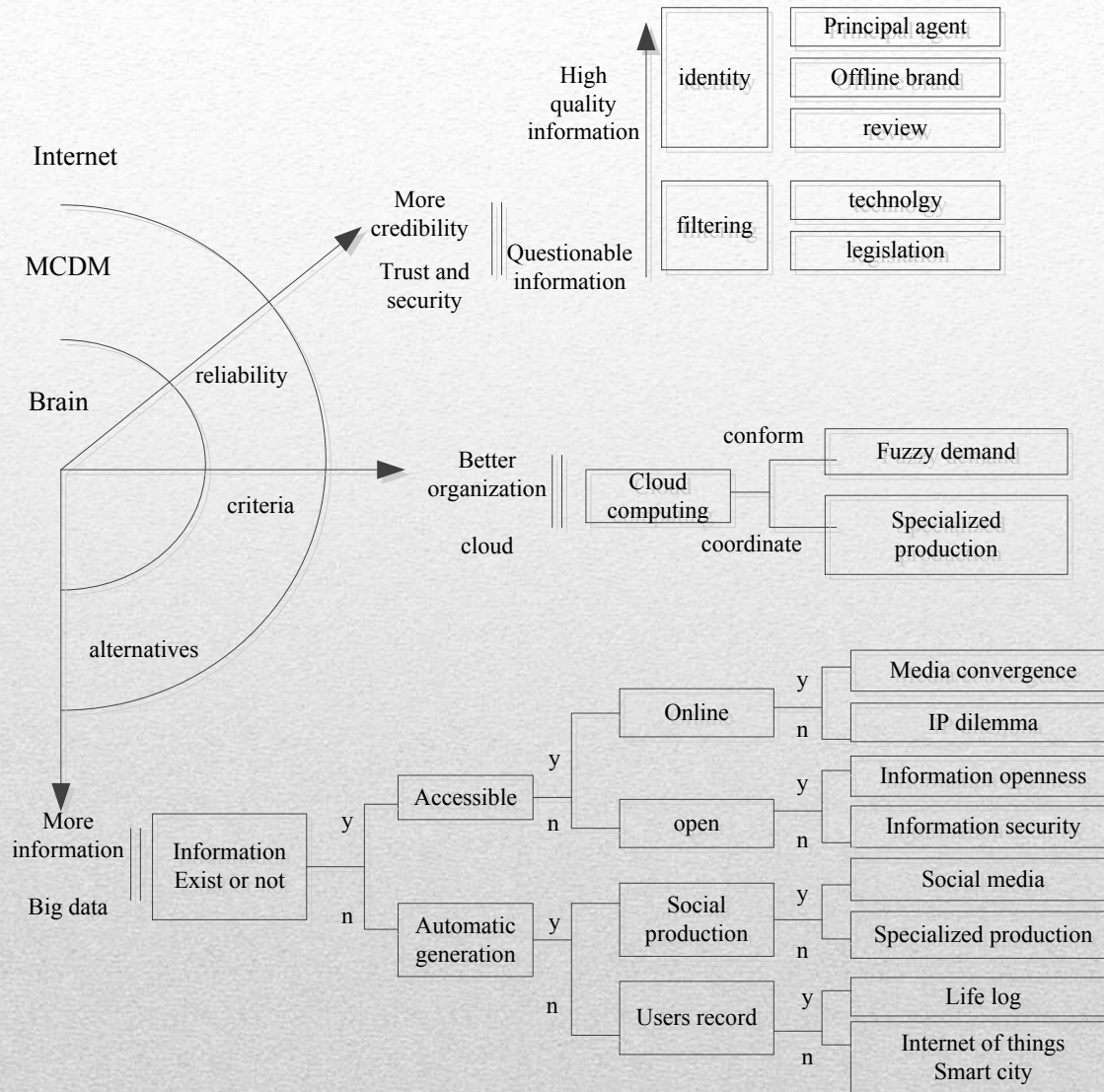
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3. Drivers of further expansion



1. Internet big data: from local to global

1) Smart city

2) Social networking and user generated contents

Co-building Wikipedia, create knowledge and its system

Exhibition, communication data, RENREN

Sharing, Youku, share videos, images, knowledge and etc.

3) lifelog and data mining

Economic individual , purchasing behavior, surfing preference, decision model, Taobao, Jingdong

Cultural individual, Google , Baidu, by ID, accumulated surfing, searching, downloading, discussing information

Life of individual, narratives, Weibo, weixin,qq, provide tremendous chatting opinion, contact, sharing record

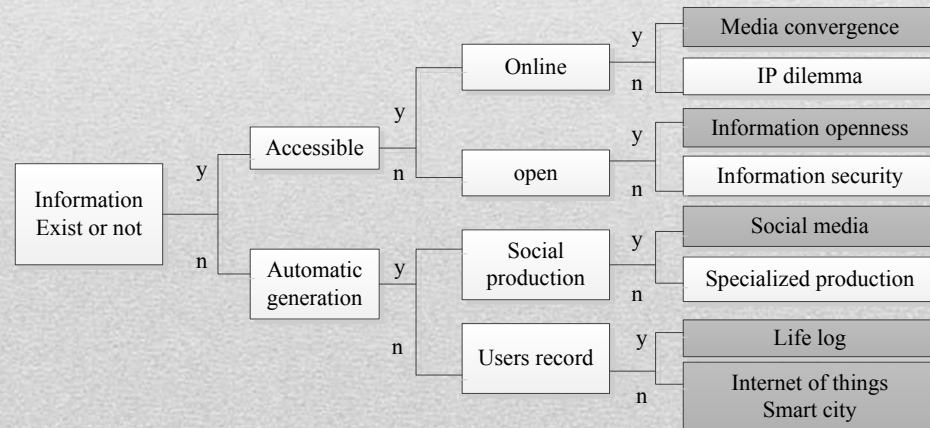
Spatial individual, personal mobility, by mobile, camera, and etc.

4) media convergence and digitalized data

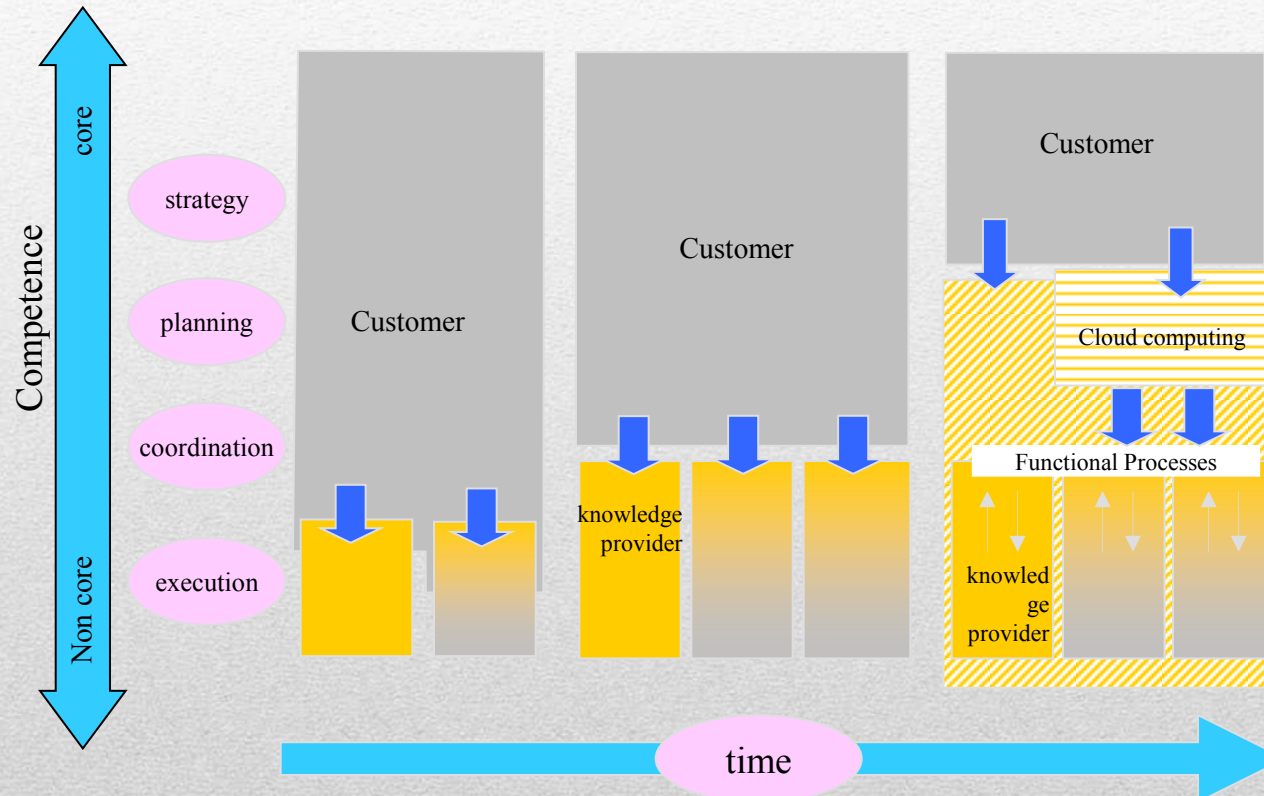
Mass media, newspaper, TV, books

Face to face communication, MIT Open course, creative commons

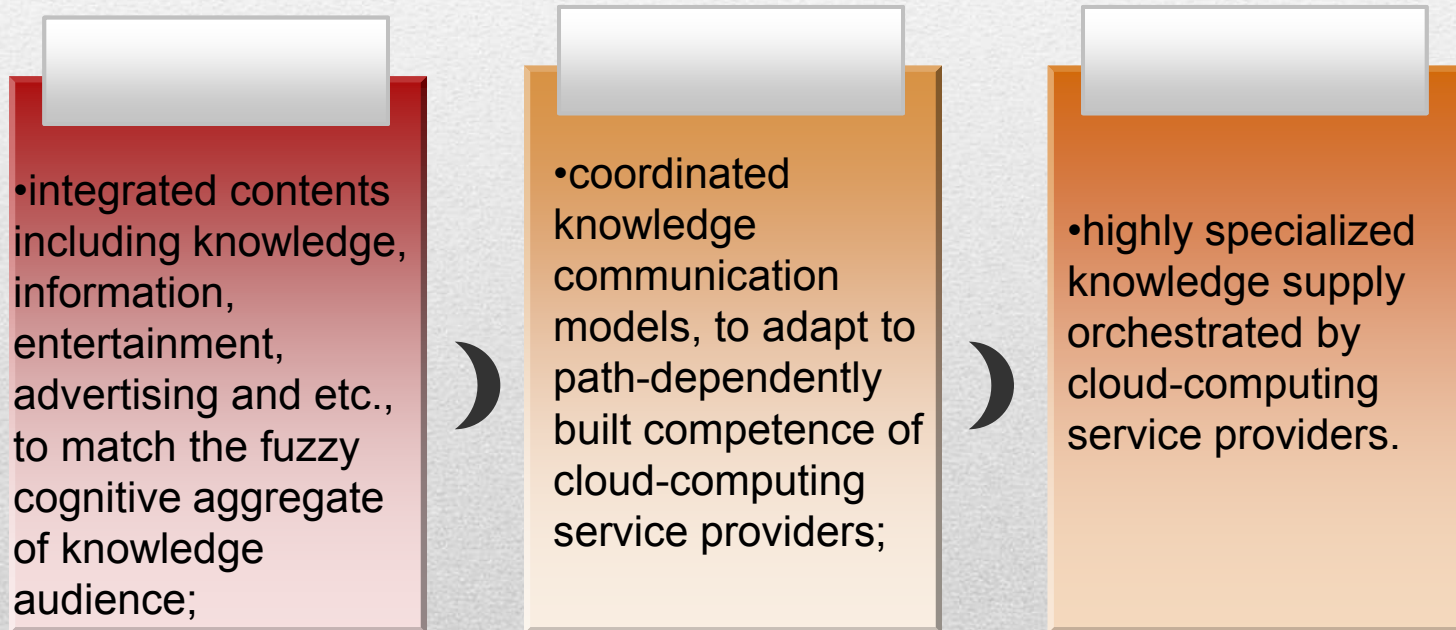
5) information openness and demand for public data



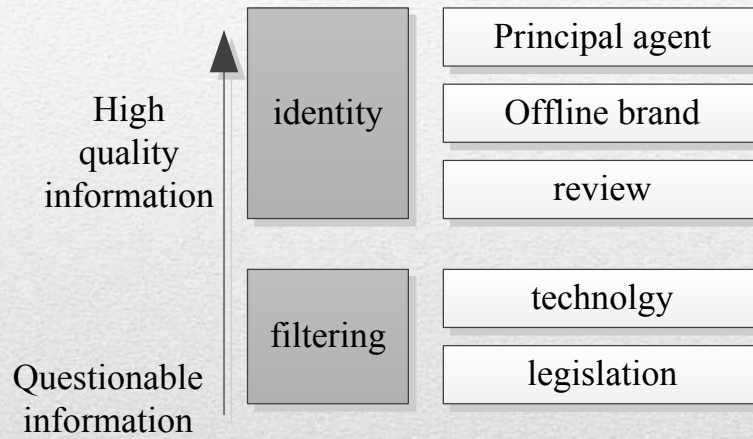
2. From chaos to order: cloud computing



The emergence of cloud computing model results from the fact that ever-increasing coordination capability, thanks to ever-evolving information systems, could finally support more and more specialized labor division in knowledge production, so knowledge producers have the possibility to concentrate more on their core competitiveness and leave the orchestration function to cloud computing service providers.



3. From risk to trust



1). Institutional arrangement **for filtering**

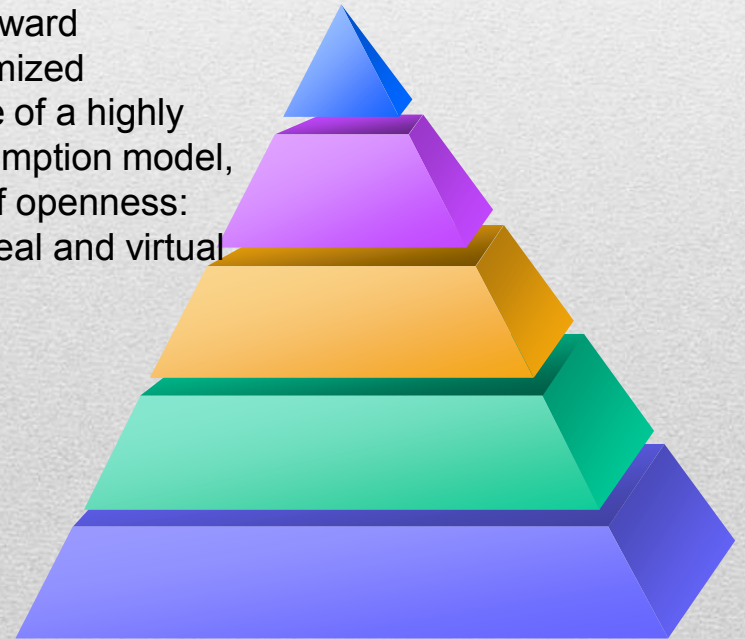
- ① Cyber security technology。 LazyTruth、 Truthy or TEASE, help to identify and evaluation credibility of online information
- ② National legislation, how to implant real world law to virtual world without devastating the anonym system, to resolve the problem of wildfire, how to use limited police force to counter massively existing misdemeanor behaviors.
- ③ global coordination。 Ideal model , but as different stakeholders are often in conflict in international affairs, the choice of authority will surely be controversial

2) **identity and information quality**

- 1. Principal-agent relation, with the internet brand, like Google and Baidu, using them as personal gatekeeper for hard and soft criteria filtering, ranking and integrating
 - 2. Offline reputation system. By media convergence, using the gatekeeping system in real world
 - 3. Internet review system, opinion leader, Dianping, the information, especially negative one, becomes the reference of information quality disclosure.
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Conclusion

Internet emerged as the predominant platform of information consumption. Users build or reconfigure their economic, cultural and social capitals by consuming internet information, a process which generates tremendous economic benefits in sectors such as electronic products, software service, internet access service, e-commerce, cultural industries, social networking, and marks a major impact on economic growth model transformation, consumer welfare, social organization and cultural participation. Big data, cloud computing, cyber security and trust building will further push forward information consumption, by introducing more information, optimized organization, and better reliability. To encourage the emergence of a highly efficient, trustworthy, compatible and resilient information consumption model, strategies and policies should embrace at least three aspects of openness: coordination of fragmented regulatory bodies, convergence of real and virtual worlds, and readiness to rising technological trends.



•Further research

Test of hypotheses by choices of real world applications of internet communication

Different authorities for different contents and media, cultural information industries, commerce, propaganda, telecommunication, media, education, technology。

Thank You!

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