



# Innovation and Sustainable Development of News Business Models in the Digital Age

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DOI: 10.32629/asc.v5i4.2669

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**Abstract:** Commercial development is the lifeblood of the survival and growth of traditional news media. In the digital age, internet platform giants have significantly eroded advertising shares and seized resources, while self-media has entered the fray lightly armed. The news industry's business models face enormous challenges and urgently need further reform and innovation to achieve healthy and sustainable development. This paper explores paths of innovation in news business models in the digital age, such as content payment, "information + social," "information + comprehensive services," and industrial cross-border integration. It proposes strategies for sustainable development: "leveraging strengths and avoiding weaknesses, leading innovation to create a diversified 'news + business' model, balancing long-term and short-term gains, and implementing scientifically secure cooperation."

**Keywords:** news business models; innovation; sustainable development; digital age

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## 1. Introduction

In the digital age, the predominantly advertising-based business model has become unsustainable. Traditional news media are forced to face the difficult challenge of transformation and upgrading, urgently needing to find new economic growth points. From practices both domestically and abroad, the two main approaches currently are paywalls and subscription models. The New York Times has over 7 million paid users, while Caixin Media has nearly a million paid users. For traditional news organizations, continuous production of specialized, high-value news that users fully appreciate is essential for gaining their willingness to pay. Some news organizations are beginning to explore business models that integrate with other industries, such as news + community/social/group, by building user communities to increase user stickiness. Although not directly monetizable, this approach can prepare for future profit development. Another example is models like news + film or internet video, news + e-commerce, which extend the news business model chain and expand new ecological platforms. Additionally, some organizations are committed to public welfare or public service reporting, taking on public social responsibility and promoting their own development through crowdfunding, public welfare funds, and other business methods, which is also worth considering. In summary, in the digital age, it has become an important industry topic for news organizations to base themselves on their own endowments and further explore paths of innovation and sustainable development in news business models. This study holds certain value.

## 2. The Necessity of Innovation and Development of News Business Models in the Digital Age

In the digital age, traditional news organizations face existential challenges. In May 2023, the once-prominent "South-east Express" ceased publication, and over the past few years, more than 100 traditional news media outlets in China have closed. News media serve as witnesses and lookouts of the era, gazing into the future while also needing to introspect on their own survival. Deep and meticulous reflection and planning on their own business models are necessary; only by surviving can they develop and fulfill their responsibilities and missions. In the tide of the internet, traditional news organizations are reshaping their landscape, with emerging formats constantly emerging. The traditional content production and monetization channels are gradually diminishing, especially traditional advertising revenues, which have been heavily consumed by platform giants, almost halved. Exploring new business models and profit realization strategies, promoting the integration of news with more industries and fields in the digital age, innovating business models, and creating a new media ecological landscape have become the inevitable path for numerous news organizations.

### 3. Reflections on Innovative Paths of Development in News Business Models in the Digital Age

#### 3.1 Paywall Model

In the digital age, traditional advertising revenues are collapsing. Charging users directly for news content has become an important channel for news organizations to monetize quickly. For example, users pay subscription fees, membership fees, or fees for individual articles or videos. However, the nature of news itself determines the drawbacks of this business model, namely, news itself is not protected by copyright, lacks sufficient attractiveness to users, and its intrinsic value may not support user payments. Nonetheless, it's important to recognize that the internet provides a vast amount of information, making it difficult to distinguish truth from falsehood and offering low-value density, thus increasing the cost for users to obtain information. Therefore, for news organizations, the key lies in helping users extract, filter, and provide valuable information content, along with offering exclusive perspectives through analysis and commentary. Furthermore, exploring the provision of more functionalities and services to users to generate consumer stickiness is essential. Currently, many news websites and social platforms have successively launched knowledge-based services such as paid news reading and consultations, achieving expected economic benefits and social value. For instance, Caixin.com has introduced paid content such as Caixin Tong and Data Tong, establishing a paywall. For specific users, these services offer high value density and an excellent reading experience. Compared to individual information retrieval which addresses time costs and reduces information redundancy, in fact, it even boosts returns. Therefore, users are willing to pay for these purchases. Large news organizations such as ThePaper.cn and Southern Weekly have also launched paid service projects tailored to specific groups, such as the "Southern Weekly Academy" knowledge payment platform, where users can read a certain number of news and comments for free, with payment required for exceeding the limit. ThePaper.cn, on the other hand, leans towards launching knowledge payment products with a focus on high-quality content. For example, "Fei Yong's 'Diamond Sutra' Spiritual Class" and audio novels like "The Little Prince" have received good feedback. "Sanlian Life Weekly" has also launched a basic mobile knowledge payment platform, offering single-article purchases and two membership modes: digital publication members and knowledge members. "Sanlian Life Weekly" focuses on audio novels as its core product, aiming to comprehensively enhance the user reading experience.

#### 3.2 "Information + Social" Model

The "Information + Social" model can be divided into "News + Social" and "Knowledge + Social" categories. Social aspects include communities, groups, and social platforms. Communities focus on providing more lifestyle knowledge services, while groups serve as platforms, similar to fan communities. Social platforms emphasize communication software functionalities. The monetization capability of the "Information + Social" business model is not as direct as content payment, but it enhances the brand value of news, increases user stickiness, and provides more opportunities for news organizations to monetize other content. Examples of "News + Social" include Beijing Youth Daily's OK Home Community comprehensive service platform and People's Daily's "Haike News" providing social services. "Knowledge + Social" primarily relies on news organizations' own platform carriers to offer users more knowledge and skills. This business model leverages user groups and fan communities, invites celebrities, influencers, etc., through various online and offline activities to continuously build user stickiness, develop peripheral products, and achieve brand enhancement. For example, Luo Ji Siwei sells "Lucky Bags" and Himalaya organizes meetups.

#### 3.3 "Information + Comprehensive Services" Model

In the digital wave, many mainstream media and news organizations have launched various information service projects to enhance monetization capabilities. Firstly, "Information + Think Tanks": Major news organizations, including newspaper or broadcasting groups with high credibility and large information volume, are prerequisites for providing think tank services. They can establish industry-specific think tanks based on news and information data they possess, achieving both economic and social benefits. Examples include Xinhua News Agency's establishment of the Outlook Think Tank, People's Daily's launch of the People's Think Tank, and Southern Newspaper Group's establishment of the Southern Public Opinion Data Research Institute, all of which have achieved stable income and monetization. Secondly, "Information + Government Affairs/Civil Affairs": Currently, many mainstream news organizations are strengthening cooperation with government departments, leveraging their significant influence to provide relevant government services to the public. Government departments that are part of these platforms pay certain fees to news media. For example, Hunan Daily Newspaper Group's "New Hunan" client covers various government service matters. Some news organizations also provide services such as water, electricity, roads, gas, and heating to the public, such as Yangtze Cloud Media Group's "Yangtze Cloud Mobile Government

New Media Platform”, providing 152 types of livelihood services. Thirdly, “News + Film/Video” model: Many mainstream communication and news organizations are entering the film and video industry to explore more commercial monetization opportunities. For instance, Jiangsu Broadcasting Corporation has invested in Xingfu Blue Sea Films, focusing on producing a large number of web series and gaining certain profits. Hunan Satellite TV produces its own TV dramas and directly earns revenue through selling rights or implementing exclusive broadcasting rights, thereby attracting higher advertising revenue.

### **3.4 Industrial Cross-Border Models**

The preceding three types of business models mainly focus on generating income within the news industry itself and its adjacent sectors. Cross-industry integration to derive benefits from other industries is also an important model. First is the integration with e-commerce models. Many news organizations establish their own e-commerce platforms or collaborate with established platforms, leveraging their own reputation to attract traffic and engage in activities like live streaming sales and online shopping, thereby converting traffic into revenue. For instance, Shanghai Media Group’s “Oriental Shopping” has become China’s largest TV shopping service provider. Second is integration with industries such as real estate, healthcare, and elderly care. Some mainstream news organizations utilize their influence to invest in real estate, healthcare, and elderly care industries, realizing investment returns. For example, Hunan Daily Group established a construction group to invest in real estate, leasing and selling commercial and residential properties. Fuzhou Daily ventured into the community elderly care industry. This model entails high risk and high returns. Third is the integration with text services and cultural creativity industries. Mainstream news organizations utilize their intellectual capabilities, IP resources, and cultural endowments to further extend the industrial chain. They provide users with cultural creativity, manuscript services, develop cultural and creative products, digital collections, and organize exhibitions to achieve diversified profitability and monetization. For example, Jiangsu Broadcasting Corporation established a creative studio focusing on local cultural artifacts like folding fans and tea sets, and organizing cultural exhibitions, achieving good economic benefits. Fourth is financial capital operations. Financial operations are relatively risky and aggressive models within traditional news organization business models, requiring a certain scale and strength. For example, Hunan Broadcasting System and Zhejiang Daily conduct capital operations through methods like listing. Additionally, many news organizations raise operational funds through crowdfunding or financing. For instance, the American news platform Civil raised initial funds through crowdfunding, and the Berkeley website launched a financing channel. The Guardian introduced a cooperative membership system, allowing audiences to become shareholders. The US nonprofit organization ProPublica operates a charity fund system, among others.

## **4. Sustainable Development Paths for Digital Era News Business Models**

### **4.1 Fully Exploit Own Advantages, Capitalize on Strengths, and Strengthen Content Payment**

For traditional news organizations, especially mainstream ones, it’s crucial to fully leverage their brand, reputation, and societal credibility. Utilizing brand endorsement, they should expand and extend their industrial chains. They should deepen high-quality content production, creating more original and high-value products to enhance the core competitiveness of content payment. Combining their inherent advantages, they should develop product models that are difficult for others to replicate, offering unique innovative solutions to minimize homogeneous competition. Utilizing big data systems, they should focus on user preferences, segmenting markets accurately, and delivering precise recommendations to enhance competitiveness. For instance, Mango TV focuses on urban female positioning, producing “Half of a Beautiful Youth,” which resonates with core user groups and achieves good commercial results. Tailoring appropriate content payment strategies based on user profiles is essential. On one hand, they should improve the quality of paid content; on the other hand, they should lower users’ psychological thresholds for paying, converting free users into paying customers. Southern People Weekly specializes in business and financial news, with 99% of its content freely accessible while charging for only 1%, garnering significant user attention.

### **4.2 Lead Innovation and Create Diversified “News + Business” Models**

In many ways, leadership implies innovation, while following implies imitation. In the digital era, particularly in the forefront of news business models, news organizations must boldly lead, reform, innovate, and dare to experiment rather than blindly follow trends. They should innovate further based on their actual conditions in “news + business” models, leading diversification in the market. They can explore various fields including but not limited to e-commerce, live-streaming sales, cultural creativity, business think tanks, financial information, public opinion monitoring, video production, digital marketing, brand building, IP incubation, and even public administration. By creating a “news + business” model matrix, they can provide differentiated and customized services according to market demands, establishing a multi-dimensional ser-

vice system to deliver greater and superior value services to customers. This approach drives comprehensive transformation and upgrade of existing business models, continuously enhancing the hematopoietic function and core competitiveness of new mainstream news organizations, achieving high-quality commercial development.

#### **4.3 Balancing Long-Term and Short-Term Gains, Implementing Scientific and Safe Cooperation**

Addressing the survival issue of news organizations through business model solutions requires balancing the relationship between short-term gains and long-term benefits. This prevents shortsightedness and potential losses from small gains. It's essential to scientifically plan and deploy development strategies. While ensuring that short-term gains cover operational development, setting scientific medium and long-term development plans is crucial. Harmonizing relations between the short-term, medium-term, and long-term aligns short-term business actions with long-term development plans, achieving integrated and healthy development. In terms of cross-industry development and cooperation, adherence to scientific, safe, and appropriate principles is key. Collaboration with leading industry enterprises and experienced companies allows mutual learning and risk reduction. Cooperation with emerging partners should also be considered. For more radical and higher-risk projects, collaborating with well-known upstream and downstream companies in the industry chain helps mitigate risks. For closely related business sectors, exploring partnerships with promising and creative emerging enterprises enhances vitality.

### **5. Conclusion**

In the digital age, traditional news organizations must further enhance their reform and innovation in business models, striving to generate economic vitality and realize value from a news-centered perspective. For news organizations, it's essential not to prioritize commercial interests at the expense of journalistic integrity nor rigidly confine business within the realm of news. Instead, integrating the two organically is crucial for mutual enhancement and compatibility. The goal is to construct a favorable pattern for sustainable development through reform and innovation in business models.

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