Selling Participation to Audiences in China

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Abstract:

Media globalization is facilitated by the development of new technologies within a framework of digitization and convergence. Contemporary new media provide networks through which the mingling of media occurs, shaping a "multi-mediacy" age, and a connecting of mediated/mediating venues in a condition of "immediacy". Additionally, the business of communication has evolved from being the "communication of business" to the "business of business". Multi-mediacy and immediacy have generated new avenues of profit from media. The paper will draw on Chitty's theorization on web transactional venues to discuss new ways of farming of revenue from media. Media revenues have in the past and today been drawn from licence fees, media subscriptions and advertising. Today, media networks also sell "participation" to audiences directly by charging for text message voting/gaming, or sell a range of products and services through web-venue based commerce. This paper will undertake case studies to examine the increasing trend of "direct audience payment for participation". The case studies that will be used are (A) the intervention of Chinese Service Providers in reality TV shows and (B) E-commerce on the Internet. Monternet (mo[bile I]nternet) and Linktone are investigated as Service Providers (SPs) and the consumer-to-consumer (C2C) website www.taobao.com is studied compared with Eachnet (eBay in China). The paper will also investigate the influences of "direct audience payment for participation" on the quality of media products and communication flow between media and audience and generally discuss the consequences of the "direct audience payment for participation" from the perspective of communication ethics.

Keywords: Audience; New Technologies; Multi-Mediacy; Chinese Media; Entertainment; Participation; Transaction Venues; Audience Payment for Participation; Media Revenue; Communication Ethics

Résumé:

Dans le cadre de la numérisation et de la convergence, le développement des nouveaux médias génère des réseaux à travers desquels les médias s'entremêlent, façonnant l'âge du multi-médias ainsi que les lieux de médiatisation/médiation dans une condition d'immédiateté. Ces contextes ont généré de nouvelles avenues de profit pour les médias. Cet article se basera sur la théorisation de Chitty sur les lieux transactionnels du web afin de discuter des nouvelles façons de solidifier les revenus des médias. Dans le passé et aujourd'hui, ils se sont basés sur des frais de licence, d'abonnements et de publicité. Aujourd'hui les réseaux médiatiques vendent aussi la "participation" en chargeant les spectateurs pour les votes/jeux par messageries électroniques et vendent des produits et des services à travers le commerce électronique. Cet article mettra en oeuvre des études de cas afin d'examiner la tendance croissante du "payement direct des spectateurs pour la participation". Les études de cas utilisés sont (A) l'intervention des fournisseurs de services chinois des téléréalités et (B) le commerce électronique sur Internet. Monternet (*mo[bile i]Internet*) ainsi que Linkstone seront investigués comme fournisseurs de service et le site web de commerce électronique interconsommateurs (C2C) www.taobao.com est étudié en comparaison avec Eachnet (le site eBay en Chine). Cet article fera aussi l'investigation des influences du "payement direct des spectateurs pour la participation" sur la qualité des produits médiatiques et sur la circulation de la communication et discutera des conséquences de ce payement direct d'une perspective de l'étique communicationnelle.

Mots-clés: Spectateur; Nouvelles Technologies; Multi-média; Médias Chinois; Divertissement; Participation; Lieux Transactionnels; Payement des Spectateurs pour la Participation; Revenu des Médias; Éthique de la Communication

Introduction

Globalization is a phenomenon which melds causes and consequences, time and space. In defining globalization as "the intensification of world-wide social relations" (Giddens, 1990: 64), Giddens reveals the role of media and communication in "linking distant localities" and facilitating the mutual shaping of local happenings and distant events by each other (Ibid). Thompson emphasizes the "growing interconnectedness" (Thompson, 1995: 149) marked by media facilitated interaction and interdependency. Both perspectives indicate the emergence of new mediated/mediating venues bridged by technology, in a condition of "immediacy" and "multi-mediacy"—"instantly linking between media and cultural, economic, political and social domains" (Chitty, 2009: 61-74). Immediacy is the reduction in distance and time between events and media users. Multi-mediacy is the hybridisation of media forms, content and channels as exemplified in mobile telephones linked to studio events. The immediacy and multi-mediacy

bred by technology "tie individuals and institutions into networks that will make real participatory discussion and debate possible across great distances" (Barber, 1984: 274).

Appadurai (1995: 295-310) suggests that technoscapes and mediascapes are just two dimensions in a five dimension non-isomorphic flow structure in the process of globalization. However, it is the development of technology through digitization and convergence that has given media the power of immediacy and multi-mediacy. In an age of the next-generation network (Maeno, 2006), the convergence of media facilitated by technology not only facilitates different platforms to carry similar kinds of services, or consumer devices such as telephone, television and personal computer, to come together (Ludes, 2008: 9); new media and high technology also provide new channels for information, deliberation and participation. They empower people with knowledge and information, and with the ability to communicate their interests and concerns to others. Technology has changed not just the quality of the message, but also the quality of transactions. Transactional quality can range, for instance, from entertainment for a fee, to entertainment in exchange for willingness to be exposed to advertising, to entertainment in exchange for payment for participation.

Previous studies have investigated whether new ICTs (information and communication technologies) facilitate the entertainment function (Dowd, 2007; Keightley, 2003), information-seeking function (Kim, 2008; Kimber & Wyatt-Smith, 2006) and democratic function (Barney, 2000; Pool, 1983; Rasmussen, 2008) of the new media based on new possibilities of interactivity; and the impact to society (Herrmann & Kabel, 1979; Holmes, 2005; Ludes, 2008; McDaniel, 2002; Winston & Winston, 1998) and individuals (O'Riordan & Phillips, 2007; Silverstone, 2005). What is studied in this paper is the technology empowered venues constructed as audience participation arenas and media transactional platforms in China, which finally work as new revenue farming locations of convergent media, and the ethical issues that arise in these contexts.

A commodification of audience participation has added value to the audience as commodity, as advertisers look for audiences that are more engaged. Audiences look for social experience, community, and participation—not just for goods. Responding to Friedman's announcement that "we are finally witnessing the birth of a flat world where equal economic opportunities await the qualified urbanities" (Friedman, 2005), we suggest the establishment of an immediacy and multimediacy transactional venue where abundant opportunities await the willing and able (financially) participants. This paper focuses on direct audience payment for participation in two cases viz. Chinese Service Providers and a Chinese commercial website. The first examines the transactional space of the "extended studio", or studio that includes participating in-house as well as phone-in (voting, calling, texting) participative audiences. The second examines a transactional space where a participative community has been built around web content on a site that includes goods for sale. Both are venues for revenue generating transactions; it is useful to discuss them under a transactional venue framework (Chitty, 2009: 61-74). The paper gives consideration to ethical issues related to direct audience payment for participation in the Chinese context.

Theoretical Framework and Research Methods

Contemporary new media provide networks through which the hybridisation of media forms and venues occurs. We now shop on TV, watch television on our phones and chat on the Internet. It is a convergence carrying the vision that technology leads to a more integrated media and

communication landscape in which "earlier boundaries between telecommunications, broadcasting and computing vanish" (Storsul & Stuedahl, 2007: 12). It is not just the format of communication that has been changed by technology, but a matrix of mediated/mediating venues is constructed, and also, new ways of farming of revenue from multi-mediacy are established. Being venues for image projection, trade and information transfer/exchange, multi-mediacy enables participants to bring themselves into full play in a venue. Media technology changes the illusory "spectator's sense of immediacy" (Harton & Strauss, 1957: 579) into real immediacy, and more personal interaction can be made than parasocial and vicarious interaction.

Communication itself as a process has moved from being one that supported other business processes to being the central process and technology of business. *Table 1* depicts communication as a business as also being reliant on multi-mediacy to achieve a central place as "business of communication" rather than "communication of business" (Chitty, 2002: 1).

Table 1: **Business of Business**
Adapted from Chitty (2002: 1)

Non-central	*Central*
Communication of business as a business	Business of communication as the central concern of business
Advertising	Production and distribution of computer hardware and software
Financial reporting	
Marketing	Internet business
Public relations	Media shares
Research	Telecommunication shares

While engaging in communication of business as a business, the revenue of the vast majority of media is based largely on advertising income, and partly on pay services or subscription/license fees. The product-driven model of media economics focuses on the quality of media products in order to "sell products to audiences", therefore to accumulate viewers/readers for the purpose of audience commodification (selling audiences to advertisers). As quoted by Keleman: "The task of those who program television is to capture the public's attention and to hold it long enough to advertise a product" (2001: 169). In a convergent and competitive media environment, production and content ideas are judged by audience appeal and potential for cross-marketing. The traditional and conservative media economy pattern, taking television industry as an example, relies mainly on advertising. But advertising on TV follows the pattern of AIDM (Attention, Interest, Desire, Memory) rather than A (Action).[1] The shift from audiences to consumers is not achieved during the process of watching TV, and not even achieved in the immediate aftermath of watching TV. There is a long time-space distance between media watching and the act of purchase, except in the case of TV shopping; media have served historically as communication channels on the margins of the world of business.

Telecommunication/broadcasting/computer convergence enables communication to flourish as the "business of business". The broadcasting institutions immerse themselves into the prevailing market economy and moving from "workshop" to "outlets". The emergence of

integrated broadband system in China (OuYang, 2003: 97) of converged broadcasting, telecommunication and the Internet is not just an improvement of technology or a simple combination of different media, it is a vigorous network constructed by connate components, in complete interplay, facilitating two-way communication and interactivity, and providing expanded opportunities for farming revenues as stakeholders. There are new institutional alliances lying behind the technological convergences which characterize the new media hybrids (Hayward & Wollen, 1993: 4). Digitization breaches through old media boundaries and constructs a matrix of "transactional venues" by integrating them anew (Chitty, 2009: 61-74). Chitty makes seven propositions about transactional venues exemplified by webs:

> Features in transactional venues resonate with features from physical space-time; transactional venues are striated to varying degrees; transactional venues are socially constructed and socially experienced; hybridity is a process; a major transaction in a venue is the production of hybridity, the generation of transduction; the construction of media architecture follows readings of constructions of social organization; and ontographical constructs are useful heuristics for the analysis of media architecture of an organization.
>
> (Ibid: 63-64)

The integrated media have made an evolutionary leap, as "transactional venues", by becoming channels of communication and distribution simultaneously (Baker, 2003), which shrinks the distances between consumers' AIDM and A (action); therefore media successfully extend their revenue patterns by selling directly to audiences.

This paper adopts, therefore, the approach of media economics to analyze the economically implemented and socially integrated technologies to reflect upon the new forms of media economy based on the establishment of media "transactional venues", and the ethical concerns on "economy-oriented" participation. Both empirical and speculative methods are applied to map the panoramic view of the shift of media from "communication of business as a business" to "business of communication as the central concern of business" with a focus on audience participation. The two case studies, examining the increasing trend of "direct sale to audiences" as socially constructed and experienced experiences, with a focus on media in China, are discussed below.

The Case Study of Chinese Service Providers

To comprehend the changes and possibilities that media digitization and convergence generate, the most significant cases that one might select are the Chinese Service Providers.[2] The involvement of SPs not only adds values to telecommunication operators, but also contributes to the construction of venues for the interplay of audiences (consumer), media (content provider), SP and wireless telecommunication operators.

Monternet[3] (Mo[bile I]nternet) is the unified national brand belonging to CSCC[4]. The claim is that it "changes your mobile phone into a powerful, integrated information terminal instead of an ordinary communication tool" (Monternet services, 2008). It is a business based on CSCC's mobile and Internet platforms, and with the help of service providers it supplies mobile users different kinds of wireless data and value added voice services[5]. As a carrier of data businesses, Monternet enables SPs to commercially launch their products through the platform;

at the same time, mobile interaction "expands the range of ways in which interaction with television can be achieved" (Spurgeon & Goggin, 2007: 325). SPs work as an agent to build up an information circuit between audiences and TV programs, and thus the intermarriage among different media is realized.

The first successful case of an interactive TV program characterized by audience participation through mobile is "Super 6+1" in CCTV-2. Launched in October 2003, it was promptly ranked among the top rated programs on Channel 2. Besides its program strategy of promoting grassroots heroes, its most significant characteristic is its solicitation of audience interaction in "recommending and choosing the heroes". The scheme of the game show is that three grassroots contestants recommended by the audience receive performance training for 6 days, and perform like super stars on a glittering stage on the 7th day. The audience votes on-the-spot to select one of the three contestants to be the "Super Star" of the show.

Figure 1: **The transactional venue of "Super 6+1"**
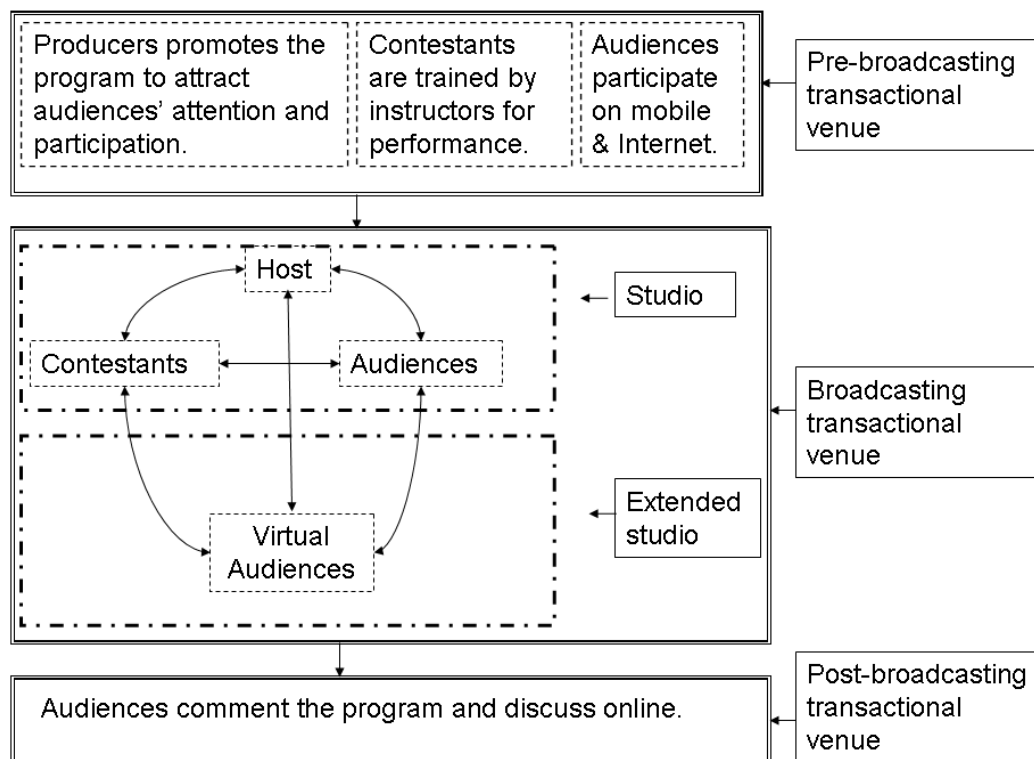
Apart from the interactions between contestants and the host, contestants and training instructors, contestants and studio audiences, and the host and studio audiences, there are interactions between the host and virtual audiences, and also between studio and virtual audiences. The studio is the primary venue for interaction from the perspective of the host and studio audience, but the venue of communication is extended with the aid of telecommunications. Members of the virtual audience are encouraged to express their wishes by sending SMS text messages to a set number. Ten (the original number being six) "messagers" (message senders) are chosen randomly in each episode. The chosen messagers are reached by the host by telephone from the set, and during the call the participant talks about his/her wish, chooses a "golden egg" (earlier there were golden and silver eggs) that is displayed on the set, and selects a member of the studio

audience as his/her surrogate. The surrogate steps onto the stage to kick the chosen "egg" on behalf of the messager. If golden trifles scatter out of the egg, the participant's wish will be fulfilled and the surrogate rewarded. The participant receives a souvenir if the wrong egg is chosen.

The realization of live broadcasting involving off-site audiences is facilitated by Monternet. Monternet provides a set dial-up number for "Super 6+1", and audiences send text messages to the number provided to participate in the game show. Audiences actually take part in "a lucky draw" by sending messages, and at the same time they draw themselves into the game show. The alliance forged between CCTV-2 and Monternet creates a transactional venue which resonates with the hybrid nature of space-time. At the venue the studio and virtual audiences participate in the game show simultaneously, and the studio exists as the "base camp of the carnival" (Miao & Wang, 2005) while the calls to message senders are semiotic boundary extensions. In fact the hybrid nature of the interaction questions the dichotomous language of studio and virtual. There is a single transactional venue experienced by the studio and virtual audiences. However there are political economic differences between the studio and virtual audiences.

The significance of applying SMS to the game show is not to inspire audiences to participate; it is to create a venue for recruiting "mobile" audiences, and more importantly, these audience members are the ones who pay to play the lucky draw in the carnival. The SMS venue is for purposes of revenue generation. The studio audiences contribute no revenue directly to the program, but they do contribute as extras. As trained and untrained studio performers, they function as the "bait", displaying their excited responses via television and thus attracting the virtual audience. The external audience members pay to share the players' studio presence. Monternet plays three roles in the program: 1. it serves as the communication platform to allow members of the external audience to participate by messaging; 2. it serves as the venue-construction platform, extending the studio to the television audience; 3. it serves as the revenue-generating platform. Each SMS text message sent to the show's dial-up number costs 1 RMB yuan, which is 5 or 6 times the normal SMS price. The SMS text message revenue is divided between Monternet and the TV station. Some popular programs actually profit more from the revenue generated through SMS participation than from advertising.

At the initial stages Monternet performed the function of both a telecom operator and service provider; but later, more and more professional SPs jumped into the pool and Monternet assumed the role of the CSCC's executive, cooperating with the professional SPs. Professional SPs teamed up with different telecom operators[6] to make sure audiences using different telecom networks were fully covered.

An emblematic case of massive audience participation in a TV program is associated with Linktone Ltd.[7] Hunan Satellite TV originally launched the reality TV show "Happy China's Super Girls" in May 2004. This program reproduces the format of American Idol and advertises "Sing What You Want" to attract young female amateur singers to compete for popularity. The annual half-year long competition was held between 2004 and 2006 with "annual participation of 400 thousand people and a maximum 10% audience share" (Super girls, sing what you want, 2007). The popularity of the program "demonstrated the need for China Central Television to reassert its authority in popular programming" (Keane, Fung & Moran, 2007).

The program enjoyed huge success, and Linktone played an important role in inspiring audience participation and generating revenue. "Linktone provided wireless services in cooperation with the producers of Super Girl, including voting, music downloads, ringtones and

news alerts, through a robust and highly scalable technology platform" (Partnerships of linktone). Besides SMS participation, audience members were also inspired to subscribe to a "information kit" about the program for a regular monthly payment. Linktone's partnership with Hunan Satellite Television resulted in the most successful television event in Chinese history, and the pattern of cooperation has been emulated by many other TV stations in China.

The show of "Super Girls" reshaped successfully the relationship between Chinese television and viewers. The audiences participated in the show as "advocacy groups" who named themselves after a "snack food"[8] (Zhong & Wang, 2006: 24). They build up different communities online and remained in close contact with each other via Internet and mobile phones in order to share all manner of information about their favourite contestants. They also organized activities to support their idols, and most importantly, they voted for their idols. The program introduced mobile voting in China. Audiences were endowed with decisive power. The vote each contestant received from the audiences was the only factor determining her fate in the show.

According to the report of CVSC-SOFRES Media (CSM), "Super Girl 2005" attracted an audience of 400 million, about 150 thousand contestants and about 54 million votes. The revenue of mobile voting was more than 60 million RMB yuan, and Linktone as SP shares ¥ 30 million, telecom operators received ¥ 9 million and Hunan Satellite TV as content provider received more than ¥ 30 million (Sui, 2006). The financial report of Linktone reveal that in 2005 over 60% of the revenue was from SMS (service to "Super Girl 2005" was only part of Linktone's SMS business) and its gross margin had climbed to USD 44 million (Linktone report, 2006).

Figure 2: **Gross margin of Linktone from 2000 to 2005**
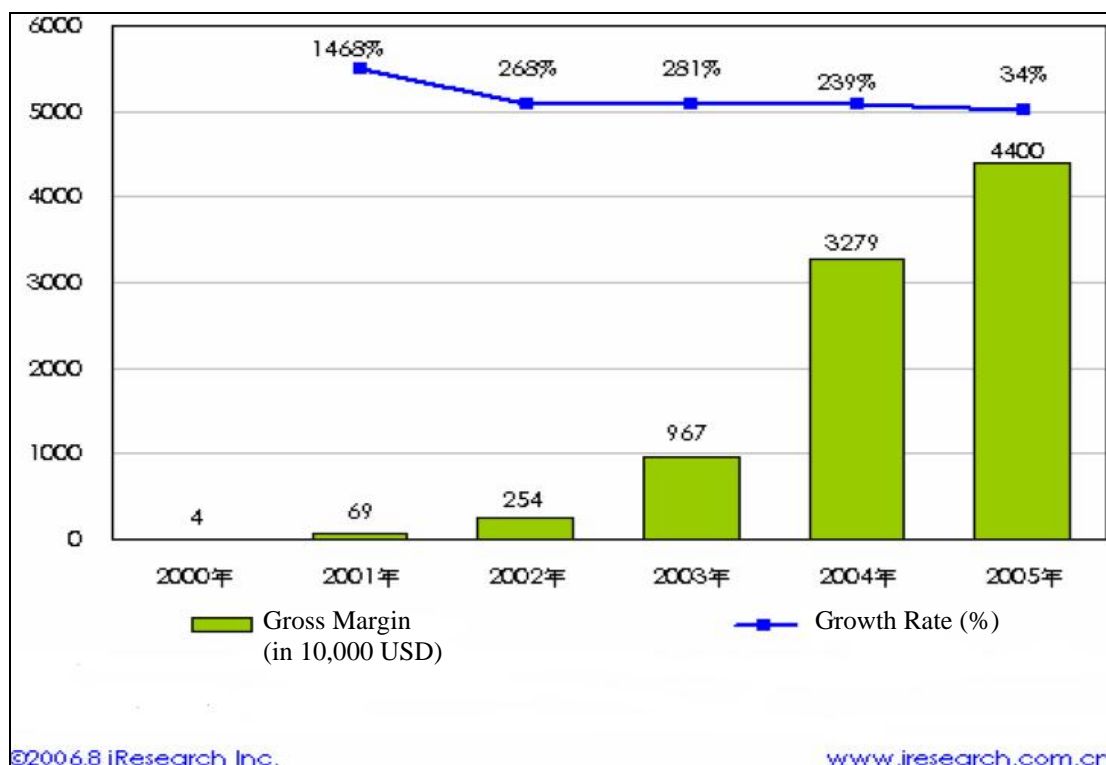
The analysis of the intervention of service providers (based on the platform of telecom operators) in the relationship between Chinese TV program and audiences demonstrates that multi-mediacy (exemplified as an integrated TV, mobile and Internet venue in the cases above) created a mediated/mediating venue in a condition of immediacy. The venue facilitated the TV audiences' participation in programs via mobile phone. By sending SMS in order to participate, audience members purchase their entitlement to a modicum of free speech.

The transactional venue is more profitable to TV because it privileges communication as the central concern of its own business, rather than using communication to support the business of others. Besides counting on the revenue of advertising, TV now conducts, as its own business, direct sale to audiences. In terms of being a transactional venue, TV functions as a supermarket, selling participation, as a good, to consumers (audiences). There are choices of goods (different kinds of participation) in the market and all of these are packaged elaborately and deliberately (various forms of programs). Consumers (audiences) deposit at the bank (telecom operators) and use their debit card (mobile phone) to pay a cashier (service providers). In this manner do media operate their own communication businesses.

Selling participation to audiences needs to be preceded by the establishment of the appropriate transactional venue; the time is ripe for such a construction in China. Firstly technological advancement ensures the possibility of multi-mediacy. Secondly the population of telecom subscribers is large enough to be a source of participants. There were 461 million telecom subscribers in 2006, and the number may increase to 700 million in 2010 (Wireless market report, 2007). Thirdly the telecom subscribers have grown used to value-added services. There were 370 million subscribers paying for value-added service in 2006 with an estimated number of 650 million in 2010. The market share of China wireless value-added service was 120 billion RMB yuan in 2006 with a prediction of 208 billion RMB yuan in the year 2010 (Ibid). Lastly the subjective consciousness of audiences and their willingness to participate have the effect of stimulating new patterns of TV programs.

Chinese audiences paying for participation in TV programs deserve media ethical consideration. Firstly, applying SMS-enable interactivity in television formats could be understood as a step towards media liberalization although it overstates "individual consumer agency in the commercial cross-media context" (Spurgeon & Goggin, 2007: 318). It liberates the "passive couch potato" into judges, voters, and message creators, but it is still far from being characterized as media democracy and freedom of speech. Audience members are able to air their opinions on payment in a kind of "pay for your say" deal. The content of the "say" is not what one would associate with the public sphere, so while there is a modality of participation in all of this, it is apolitical participation. Secondly, it raises questions about media social responsibilities. Taking the "information kit" subscription as an example: the SPs acquire audience members' mobile numbers when the latter send SMS to the programs, and then SPs transmit the SMS advertisement of "information kit" relating to the program to audience members' mobiles, and a free trial is provided for a one or two days. The trial is an ensnarement for the unwary: After the trial the monthly subscription contract is automatically bound to the audience member's mobile if the audience doesn't call to cancel the service after the free trial. The cancellation procedure is often cumbersome and time consuming. The pursuit of maximum profit drives media to reduce ethical standards to the terms of contracts. Should there be a different kind of social contract between media and the public?

The value of audiences is redefined by media while selling participation to them. In traditional studio-based broadcasting, the target audiences for advertisers are judged by

purchasing power, needs and wants, as potential consumers. In broadcasting as a transaction, within the particular transactional venue of an extended studio space, participation is reduced to a commodity that sells at 1 yuan per shot and is sold directly to audiences available in the extended studios. The task of media shifts from distinguishing and attracting target audiences based on information needs, to stimulating audiences indiscriminately to purchase units of participation. In making audiences pay willingly and immediately, the programs "weaken the educational function, avoid attention to profound problems, promote pan-entertainment and highlight amusement without ideological and aesthetical concerns, and encourage hedonism" (Zheng, 2006: 77-83). The sacrifice of program quality for trivialized participation couched in stimulation erodes the capacity of media to be a public good.

The Case Study of the E-commerce Site (www.taobao.com)

The web as a transactional space allows the presentation and projection of organizational and individual self as well as tangible entities in the networked world. It is a plexus of venues extending the local physical time-space (Chitty, 2009: 61), therefore it is an extension of real-world society, where social factors are still in play (Chen, Zhang, Yuan & Huang, 2007: 98). E-commerce sites are "socially constructed and socially experienced" (Chitty, 2009: 63) virtual business centers accommodating shops, goods, vendors, consumers, and business deals. At transactional venues, as extension of tangible business centers, commodities are presented symbolically (images and texts describing commodities representing the tangible goods stored in warehouses in the physical world), while real purchases of real goods can be made.

E-commerce sites extend commodity transactions from the physical world to web-based world, but they do not extend or duplicate normal business simply because of the character of the "online system quality and service" (Chen, Zhang, Yuan & Huang, 2007: 91) that influences business deals directly. Trust, functionality, and interactivity are parts of the web-based deals. E-commerce operators sell not only platforms and services, but also participation. The brief discussion of a study conducted on Taobao, that follows, exemplifies the above statement.

Taobao[9] has broken Eachnet's[10] three years' virtual monopoly of the online auctions market dramatically and swiftly by offering completely free services. Eachnet's market share has dwindled to less than 30%. The situation did not improve after Eachnet cut out most of its fees in 2005 in order to remain competitive. The report of iResearch Consulting Group shows a further increase of Taobao's market share.

The success of Taobao is cultivated by the maturity of Chinese online-shopping business. According to iResearch, there are 43.1 million online shopping customers in China up to the end of 2006, which makes up to 31,200 million RMB yuan business transactions. In 2007 the market transaction rises to 56,100 million RMB, 128,180 million RMB in 2008, and 103,460 million RMB in the first half of the year 2009 (Online shopping report, 2008; 2009).
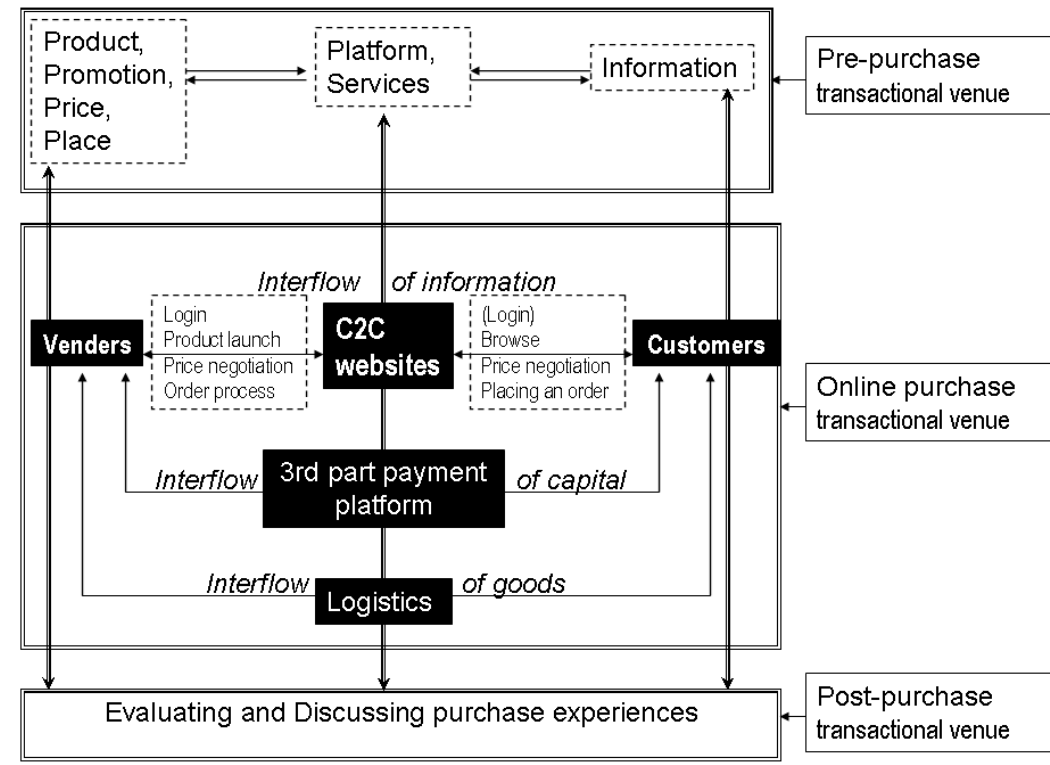
***Figure 3:* Market share of China C2C E-commerce (2007-Q3)**
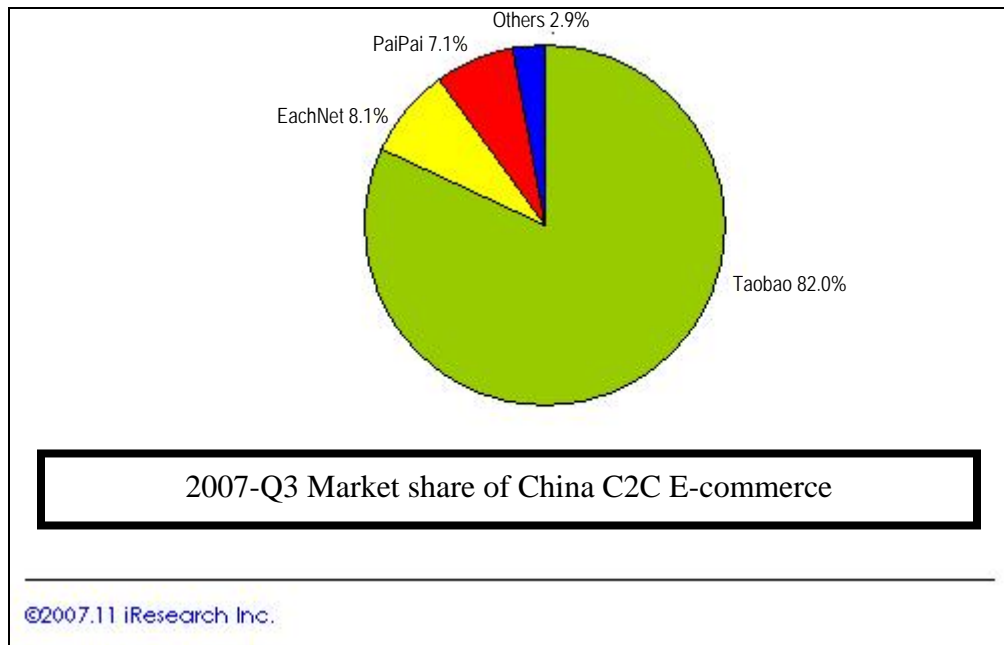
The prosperity of Chinese E-commerce offers equal opportunities to all business operators but Taobao has established overwhelming superiority over others. Some credit goes to transactional venue construction. Taobao takes the advantage of boarding on a giant Internet business "aircraft carrier"—Alibaba Group. The integrated Internet business platform including B2B (Alibaba), B2C (Taobso Mall), C2C (Taobao), online payment pathway and credit guarantee system (Alipay), portal site and search engine (China Yahoo!), classification information service (Koubei), enterprise-scale business software (Alisoft), and web advertising distribution (alimama).[11] The full play of technology created an electronic "transactional venue" as an ideal business world for Alibaba group:

> China Yahoo! influences users on their consumption propensity and habits; then the users come to Taobao to satisfy theirs needs; Alibaba serves as commodity supply; and the search engine of China Yahoo! successfully leads users to Taobao and Alibaba. Alipay guarantees fair, quick and easy online trade, while Alisoft helps with management and marketing.
>
> (Zhao, 2009: 15)

Figure 4: **The Transactional Venue of C2C Websites**

Product, Promotion, Price, Place ⟷ Platform, Services ⟷ Information — Pre-purchase transactional venue

Interflow | *of information*

Venders — Login / Product launch / Price negotiation / Order process — C2C websites — (Login) / Browse / Price negotiation / Placing an order — Customers — Online purchase transactional venue

Interflow 3rd part payment platform *of capital*

Interflow Logistics *of goods*

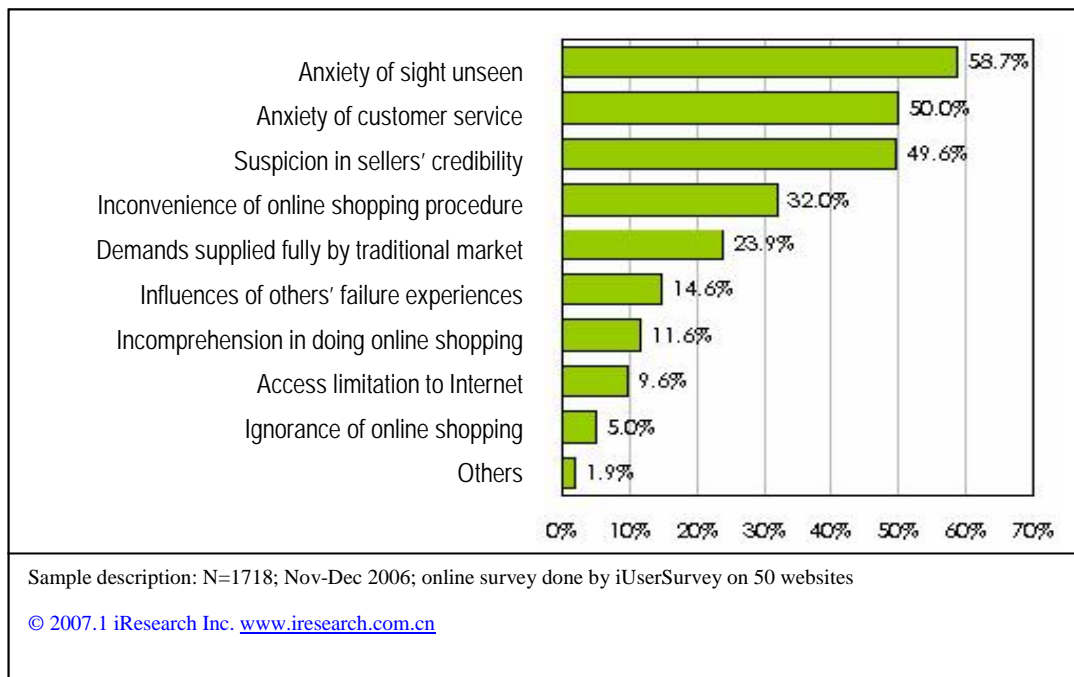Evaluating and Discussing purchase experiences — Post-purchase transactional venue

The figure above shows that the transactional venues for C2C E-commerce should be understood under the framework of an integrated time/space of pre-purchase, purchase, and post-purchase. Taobao not only builds an excellent online purchase transactional venue by merging technology, service, and management, but also makes efforts to build up pre- and post-purchase transactional venues. The logical connections between use satisfaction and post-purchase behaviour (Dabholkar, Shepherd & Thorpe, 2000), between trust-based relationship in the virtual communities and consumer's intention to get information and purchase decision (Lu, Zhao & Wang, 2009) have been proved. While Yanhong Li, CEO of Baidu.com, emphasized that information seekers and community seekers would be reliable underpinnings of C2C E-commerce (Xu, 2007), Taobao has already applied this concept into its business.

Taobao has a clear vision of the C2C market in China. Being a young and experience-seeking market, it offers a social environment where customers' loyalty to a vendor can be built more easily by the vendor's social relation management service than the transaction service (Chen, Zhang, Yuan & Huang, 2007: 86). Taobao's emotion-oriented online community affects consumers' purchase decisions and increases their willingness to engage in Taobao (Lu, Wang, Yu & Wu, 2009: 156). It has been verified that Taobao sellers tended to maintain stabilized transaction volumes while market growth slowed (Li, Li & Lin, 2008).

Online shopping is a socially constructed experience that should not be viewed purely as electronic commerce distinct from real life, but at the same time its intangibility deserves attention. Studies reveal C2C consumers' concerns about poor quality, slow shipping, seller withdrawal, fraud, poor communications, misunderstanding, and non-paying bidders (MacInnes, Li & Yurcik, 2005). The factors hindering Chinese Internet users from online shopping are investigated and shown below.

Figure 5: **Obstacles to Online Shopping for Chinese Internet Users (2006)**

Obstacle	Percentage
Anxiety of sight unseen	58.7%
Anxiety of customer service	50.0%
Suspicion in sellers' credibility	49.6%
Inconvenience of online shopping procedure	32.0%
Demands supplied fully by traditional market	23.9%
Influences of others' failure experiences	14.6%
Incomprehension in doing online shopping	11.6%
Access limitation to Internet	9.6%
Ignorance of online shopping	5.0%
Others	1.9%

Sample description: N=1718; Nov-Dec 2006; online survey done by iUserSurvey on 50 websites

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In order to clear away the obstacles and attract and retain consumers, Taobao has spared no effort in cultivating the atmosphere of "real society" and building trust among visitors to the site. It has initiated the use of secure e-payment tool "Alipay"[12], which is the third-party credit intermediary system. It has also initiated an instant communication tool "Taobao Wang Wang" (Ali Wang Wang) and verification of seller and buyer's ID. Taobao's top management executives, including Yun Ma and Tongyu Sun, "directly chat with customers through forums and online Message" (Chen, Zhang, Yuan & Huang, 2007: 94).

The most significant factor leading to Taobao's success is the construction of an online community through its website. According to Yun Ma's business strategy, a successful Internet business must possess three factors: team, technology and concept. Ma's "concept" is embodied in his famous description of the relationship between Taobao and Eachnet: "Taobao should never focus on the competition with rivals, but the improvement of customer experiences". "eBay is a shark in the ocean while Taobao is an alligator in Yangzi River. There is no chance for the alligator to win if it fights with the shark in the ocean, so, we must lead the shark to the river" (Zhu, 2008). Taobao identifies that engendering community is the best way to inspire participation and to ensure continuation of revenue streams. Taobao makes "online community" as the river.

Community is a network for consumers to exchange product-related information and create relationships between the customers and the company or brand (Winer, 2001). The foundation of building online community is the fact that "people shop online with the desire of getting to know fellow shoppers and to share information about purchases. Regular participants have loyalty to their online community at C2C websites" (Online shopping report, 2008: 7). "Internet users now actively search for information. The mature, educated and experienced users favor accessing to information in their online communities" (Ibid). An interview with a Taobao

user also exemplified the point: "I have four years' shopping experience in Taobao. I use Alipay which is trustworthy. Normally I will check sellers' reliability first before a deal, and the best way is to trace his dealing history from other users. People who shop online are very friendly and helpful, whenever I post an inquiry people with relevant experience or knowledge will kindly response. Of course I will do the same thing if I log into the community. All these years I have been buying birthday presents for my family from Taobao, and I am satisfied with all the deals I made so far, both quality and price."[13]

The comparative study of community construction between Taobao and Eachnet reveals the connection between Taobao's booming community and its market scale. The content analysis was done on May 24th, 2008 to identify the most popular topics related to "house decoration".

Table 2: **Content Analysis on Community Participation of Taobao and Eachnet**

	Taobao	*Eachnet*
Topic of the sample	Perfect 45m^2 room of a single woman	Single girl's classical design of the apartment
Author--Uploaded by	qiuxiangming168	michelle_id
Time--Uploaded on	05-07-2008	23-04-2008
Contents	1985 words; 8 pictures	236 words; 11 pictures
Replies	195 person-times	23 person-times
Browsed by	6410 person-times	945 person-times
Pages	13	3
Participations on 3 web pages (Pages 1, 7, and 13 of Taobao are studied in balance with Eachnet's 3 pages)	Reply: 44 ▪ 31 comments on content ▪ 18 emotion expresses ▪ 4 recommendations according to comments ▪ 1 self recommendation (seller)	Reply: 21 ▪ 10 comments on content ▪ 7 emotion expresses ▪ 8 recommendations according to comments ▪ 4 self recommendations (seller)

The content analysis shows the differences between participation under similar themes in two communities. The participation in Taobao's community is 7 times more active than that in Eachnet and the replies show real involvement rather than mere "advertising". Other than the quality and quantity of participation there are no significant differences between Taobao and Eachnet in terms of online shopping environments. Eachnet follows Taobao offering free services, Paypal, instant communication tools and online community. The disparity exists between different understandings of the business pattern of C2C E-commerce. Eachnet (owned by eBay) sells service or value-added service while Taobao sells participation, and this finally leads to pay services—in 2007, Taobao had a growth rate of 59.2% in registered users, and 39.4% increase of pay users.

Ethics play a main role in online community construction. Each seller, buyer or purchase in Taobao is scored according to "honesty and credibility", which is a reference for further online businesses. Penalty systems are introduced in Taobao to warn, punish or expel the misbehaving shopkeepers, but still criticism has been laid at the door of online trading venues that they are not always as rigorous about ensuring that pirated material is not offered on its site (Taobao sued for bootleg book sales, 2009). Taobao states that regular checks on fake products have been conducted and that customers are requested to report any fakes that they detect (Wang, 2009).

Discussion

The development of media technology makes immediacy and multi-mediacy possible. Adopting new business strategies with full use of technology brings media industry into the centre of business that establishes the media transactional venues. Media transactional venues connect distant audiences/consumers, scale up audience/consumer participation, and facilitate direct "sale" by media to audiences/consumers. Audiences/consumers participate, enjoy participating, and pay for participating. Media transactional venues boost the media economy in both scale and scope, transforming the media revenue model from relying on license/connection fee, content/copy sale, advertising, and added-value services to direct sale to audience/consumer adhered to audience /consumer participation.

The cases studied above share the following common characteristics. Firstly technology-facilitated transactional venues are constructed in order to extend the business in scale and scope. Service providers ally with TV broadcasting to form extended studios via SMS, and C2C websites associate/develop search engines, payment systems, communication tools and virtual communities to extend their venue scope covering pre-, post- and online purchase.

Secondly multi-communicational paths are introduced to stimulate interactivities and audience/consumer participation, and virtual communities are formed. TV audiences access programs and other audience members via telephone, mobile and Internet, while C2C customers use computers and telephones (mobile and fixed) employing search engines, instant messaging and forums to acquire and share information. Active virtual communities propel audiences/consumers to remain loyal to content/service providers.

Thirdly instant payment systems are introduced. TV audiences pay via handsets and C2C customers pay online through secured third-party payment system. The handy and immediate payment systems ensure the commodification of participation.

Fourthly a new revenue stream has been developed and the business of communication moves to the centre of business. TV programs receive a share of the SMS revenue, and C2C websites benefit from value-added services. The revenue is derived from audience/consumers' payment for participation.

Lastly, ethical problems occur with the commodification of participation. In order to stimulate interaction and participation, entertaining, rather vulgar and somewhat demagogical contents are produced on screen, and fake, shoddy and pirated goods are displayed in C2C web shops.

Media transactional venues also shape how audiences consume media contents. Audience members can become more engaged and active in facilitative venues. They participate in media's pre-production, production, distribution, and post distribution by "search" and "sharing" spontaneously, and some will act to "voice" their opinions or "buy" goods/opportunities. Rather than seeing in this the emergence of a "public sphere" (Butsch, 2007; Dahlgren, 1995) or

"audience democracy" (Barber, 1984; Barney, 2000; Livingstone & Lunt, 1994), it is more pertinent to understand it as the generation of "a new revenue stream" (Spurgeon & Goggin, 2007: 323) in which all interests in the multi-media service value chain could share.

There is a swift transformation of the audience media consumption pattern from AIDMA to AIDSAS.[14]

Figure 6: **Media Transactional Venue and Audience/Consumer Participation**
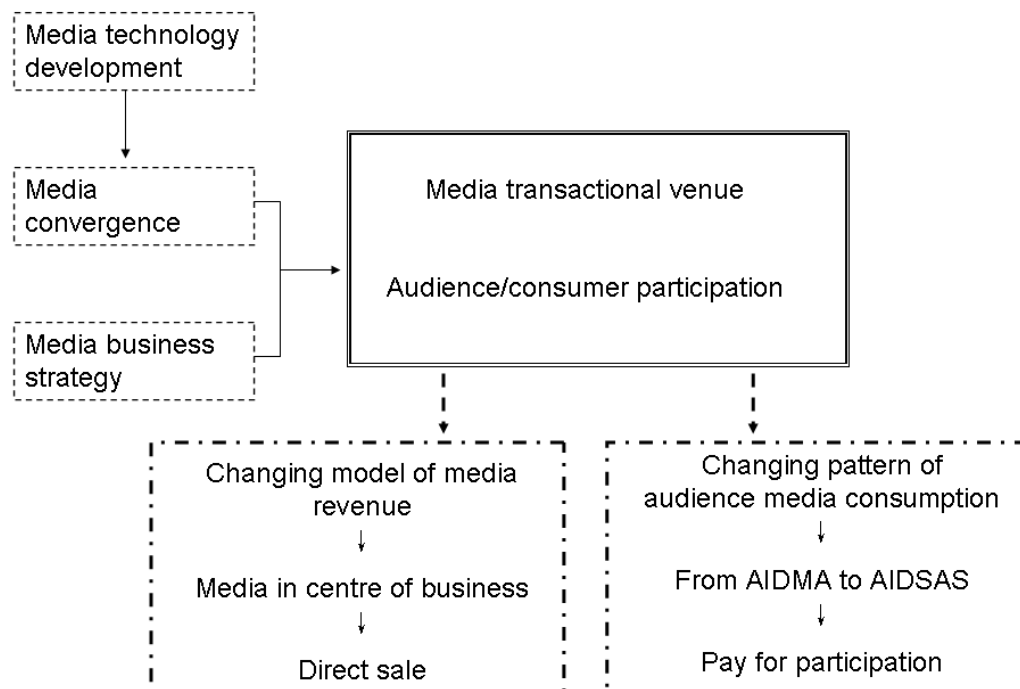

The changing pattern of audience consumption runs parallel with the changing model of media revenue, and both of these are supported by technology and audience participation. Media production focuses on contents inspiring audience participation and the transactional venues make different ways of participation and payment to media possible. The constructed media transactional venue allows for an elastic audience to participate in media activities, and erases the distance between consumers' desires and purchasing practices—allowing audience members to purchase opportunities to participate or purchase products on e-C2C websites. Media transactional venues facilitate audience's S-activities—to search for and share information before/after their payment for participation. Audience/consumer "search" more than "share" before action (in this case, participation), and "share" more than "search" after action, which reveals the relationship between information and decision making.

The existence of media transactional venues encourages "active" audiences. In traditional AIDMA model, audience first experiences "Attention" and "Interest" at the recognition stage, then moves to "Desire" and "Memory" at the emotional stage, and long after that, probably take an "Action" belonging to the behavioral stage. "Action" here mainly means purchasing of advertised goods. In media transactional venues, audience members continue to retain their "Attention", "Interest" and "Desire" at recognition and emotional stages, but "Memory" is not a

"must", since the immediacy and multi-mediacy of media leads audience members directly to the behavioral stage through participation via "Search", "Action" and "Sharing". The expansion of behavioral stage and deduction of cognition and emotional stages illustrate the "activation" of audience.

Figure 7: **The AIDSAS Model of Audience/Consumer's Media Consumption**
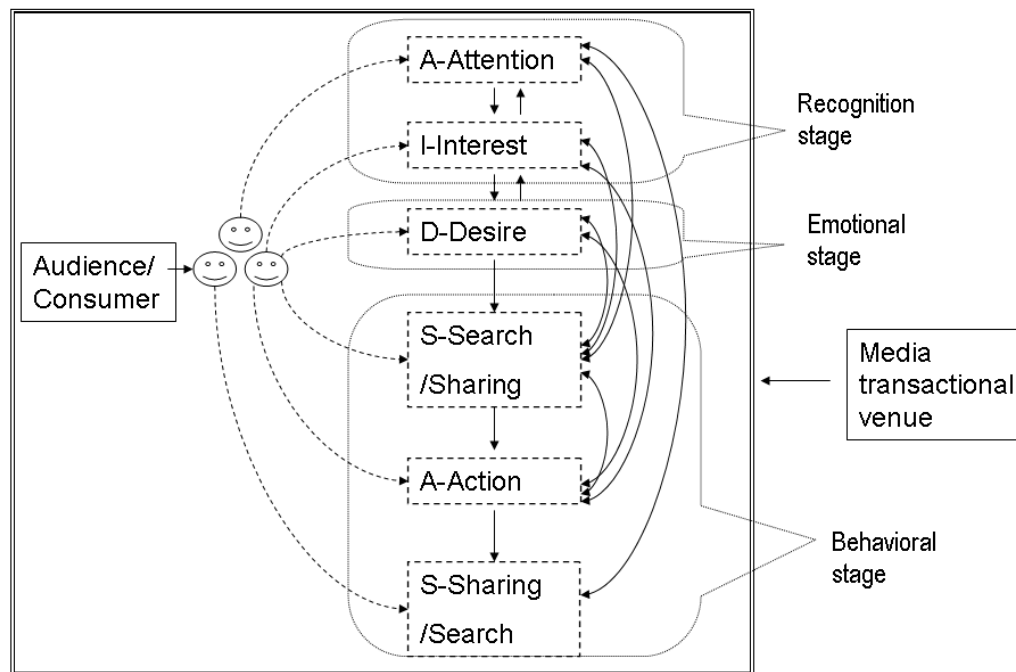
Along with the development of media technology, the transactional venue should be understood as a heterogeneous space, one with uneven development, always under construction and never complete. "Transactional venues, virtual or otherwise, are linked in a transactional plexus related to production, reproduction, exchange, individuation and transduction" (Chitty, 2009: 65). Technology offers a collection of tools that facilitate two- or multi-way communications for relationship building (Yoon, Choi & Sohn, 2008) and permit participation to be designed, assembled, delivered and experienced socially.

The impact of digitalization and the realization of the prospects of media convergence are developing in parallel with the transformation of media economy and audience participation. Media institutions and audiences take full advantage of the character of multi-mediacy and immediacy. The distinction between in-house and external audiences disappears in the experiencing of mediated events as in the case of Super Girl. Mobile and Internet users shop online and indulge in a social shopping experience, apart from exchanging yuan for goods. In both instances the transactions are not just limited to the exchange of money for goods. Participation, either in the form of audience interaction or social interaction while shopping, invests these transactional spaces with the participation of audiences blur the borders of media and create a venue in which media operates communication as business where consumers could engage socially, participate, much like in a shopping mall.

The change deserves ethical consideration since it has impact on audiences, involve conscious choice of means and ends, and can be judged by standards of right and wrong. (Johannesen, 2007: 1) The impression of conversational interaction and direct participation facilitated by interactive techniques such as consultation and registration are in fact substitutes for it (Spurgeon & Goggin, 2007: 325). Audience participation based on a technology-facilitated media transactional venue is constructed following profit-oriented media strategies. Technologies are not amoral or value free since they "provide powerful resources for potential manipulation of the public" (Arneson, 2007: 77). The audience members are not actually offered "freedom of speech" in the political sense, but rather a "channel to express" on condition of registration, payment or potential payment. However, the nature of the program as profit-making entertainment is not in any way hidden from the potential audience.

Chinese media in the past have sought to follow a development-oriented model based on socialist social responsibility and led by the Communist Party. Since the economic and social reforms were initiated and especially after a market economy was introduced in the 1990s, the "social structure, daily life, culture, and moral and ethical standards" (Zheng, 2006: 38) have dramatically changed in China. This therefore causes the shifts of social standards and lots of problems emerge in the society such as "disregarding moral, being unconcerned, valuing egoism, and social corruption" (Zheng, 2006: 38). Media ethics are products of such a social environment and they work in concert with it. The programs discussed above are largely outside the development-oriented political sphere under the purview of the Communist Party. Neither do they represent the development of a western-style public sphere. At the same time, as in the west, entertainment programs such as these actually detract from the development or expansion of a mediated public sphere.

Ethics is concerned with how one should live one's life. Ethical communication requires critical reflection about one's communication with others before, during, and after the communicative exchange (Arneson, 2007: xv). Applying the guideline to media, they should examine not only "how to", but also how they "ought to" employ various communication methods and appeals (Ibid: 2-3); the audience should enjoy their "freedom of pay-per-participation" as well as their ethical responsibility in exercising that freedom, which could be obtained via improving media literacy.

There is no single meta-ethical or meta-philosophical approach to thinking about communication ethics (Arneson, 2007: 10). Communication ethics in China must consider significant players—the Communist Party and government. The Chinese ruling establishment takes the "moral responsibility to choose intentionally and voluntarily oughtness in values" (Jensen, 1997: 178) and significantly affects Chinese media and audiences. The new policy applied to "Super Girls 2009" includes inhibiting mobile and Internet voting, proscribing indecent judges, and avoiding prime time. The government's involvement in communication ethics is a temporary expedient before a balanced "oughtness" constructed between media and audience, but the overwhelming influence may also influence the development of an autonomous communication ethics in the future.

Conclusion

Media globalization is facilitated by development of new technologies within a framework of digitization and convergence. Multi-mediacy and immediacy facilitated by technology enable integrated media to form a transactional venue and with the benefit of it the business of

communication becomes the central concern of business. We have drawn on a theory of media transactional venues (Chitty 2009) to discuss particular media transactional venues in China that farm revenues, reflecting on ethical issues that have arisen.

The first case is about the establishment of a virtual studio venue which changes the function of TV programs. By allying with SPs, Television extends itself from TV screen to an extensive time/space and turns the programs into carnivals. Audiences participate in programs by sending SMS or voting. Programs are no longer a "ribbon" to bind audience members and "sell them to advertisers", but seductive "wrappers" to package the true product, viz. participation, in order to sell it directly to audiences. Telecom operators and service providers contribute in venue construction and business transaction. Units of participations are sold to audiences in attractive packs, with affordable price tags, employing convenient methods. Selling participation directly to audiences brings media profits, but it is based on the sacrifice of media quality and social responsibility. In order to attract the most participation, entertainment is over-emphasized and ethical standards of media are de-emphasized.

The construction of a virtual studio venue also alters the operation of C2C E-commerce. The second case notes that merely selling services to Internet users is insufficient in relation to the goal of maintaining market share. The distinct outcomes of consumer participation in virtual communities and online purchase at Taobao and Eachnet illuminate the important role of online social relation in electronic markets. Taobao construct a transactional venue covers the entire E-commerce experience cycle including pre-, post- and online purchase. Taobao's search engine and emotion-oriented online community affects consumers' purchase decisions and increases their willingness to engage in Taobao. Online communities flourish on web venues and the real business of C2C E-commerce is to sell participation. Taobao's success is achieved by online community construction. Ethical concerns and efforts to build trust among online communities are introduced.

Audiences are transformed into active consumers populating hybrid studio-virtual venues. The immediacy of the venue eliminates the necessity of "memory" from the behavior pattern of AIDMA and changes it into AIDSAS. The consumption pattern of "Attention, Interest, Desire, Search/Sharing, Action and Sharing/Search" characterizes participation of audiences in the multi-mediacy age. Audiences search and share information and meanwhile their participation is processed into "products" by media and resold to audiences.

The pre-reform socialist 'spiritualism' that informed a developmental Party-directed media has been replaced, in relation to these entertainment programs, with rather hedonistic values. Participation is trivialized and the informational role of the media diminished. Emerging communication ethics relating to selling participation to audiences in China bear the characteristics of government intervention. This feature may be understood as a temporary expedient before a mature autonomous ethical system is constructed, but the overpowering influence may also discourage the media and audience from self reflection and improvement. The establishment of a balanced ethical environment relies on a harmonious interplay among government, media and audience members.

Notes

1   AIDMA (Attention, Interest, Desire, Memory, Action) model, developed by Merrill Devoe in 1956, referred to the importance of different psychological sequences in constructing advertisements.

2   Service provider, abbreviated as SP, usually refers to the entity provide value-added services to telecommunication operators in China. The primary services include SMS (short message service), MMS (multimedia messaging service), WAP (wireless application protocol), CRBT (caller ring back tone), IVR (interactive voice recognition) and so on. The services are provided to end users through telecommunication networks. The allocation of profits between telecom operators and SPs follow the ratio from 15%: 85% to 50%: 50% depending on SP's profitability.

3   [Monternet](#) is the unified national brand of mobile data application services launched by CMCC. It serves as a bridge between the terminal and Internet to allow mobile phone customers make the most of the opportunities the Internet offers.

4   CSCC (China Mobile Communications Corporation, China Mobile for short) was officially established on April 20th, 2000. It has a registered capital of 51.8 billion RMB yuan and assets of over 400 billion RMB yuan. Currently, in terms of its market value, China Mobile limited is the largest among all the overseas listed Chinese companies and among all the telecom carriers in Asia. It ranks the first in the world in terms of the network scale and the customer base.

5   The data businesses mainly include SMS, WAP, CRBT (Color Ring), MMS and others. Data products such as "Java Applications", IVR, PIM and others are also developed. Voice value added services include caller identity display, caller restrictions, call waiting, call forwarding, call holding, voice mail, conference calls and others.

6   The other two main telecom operators in China are China Unicom and China Telecom. Their executive brands to cooperate with SPs are Uni-Info (http://www.myuni.com.cn) and ChinaVNET (http://www.vnet.cn/default.aspx).

7   Headquartered in Shanghai, Linktone Ltd. is a leading provider of wireless value-added services to mobile users in China. Working in close partnership with Chinese mobile operators—China Mobile and China Unicom—Linktone provides a diverse portfolio of wireless content and applications, with a particular focus on media, entertainment and communications. Through alliances with international branded content partners such as Turner Cartoon Networks, Star TV and Sony Music, the company develops, aggregates and distributes innovative and engaging products for its growing user communities. Website: http://english.linktone.com/.

8   The popular contestants are addressed by pet names and their fans name themselves as "Yu-Mi (corn seeds)", "Liang-Fen (bean jelly)", "He-Fan (box meal)", "Bi-Mi (pen fancier)" and so on. These nicknames partially and phonetically embody the names of their favorite contestants, and phonetically and semantically are sourced from the English word "fan" or Chinese word "Mi".

9   Taobao operates an online shopping marketplace for consumers in China under the name "Taobao". With a registered user base of approximately 39.9 million as of June 30, 2007,

Taobao facilitates transactions between individual consumers and a wide range of sellers including individuals and retailers. Sellers may post new and used goods for sale on the Taobao marketplace either through a fixed price or negotiated sale or by auction. Consumers may search, shop and transact with sellers on the Taobao marketplace. Alibaba Group founded Taobao, headquartered in Hangzhou, in 2003. (adapted from http://azja.biznes.net/blogposts/view/12082-Alibaba-Group--Alibaba-com-Taobao-com-Yahoo-cn-----.html).

10   Eachnet was founded in August 1999 in Shanghai. It is the first online auction system in China. In 2003 eBay purchased the company for $180 million.

11   The business of Alibaba group:

B2B business—Alibaba, founded in 1999, 75% share owned by Alibaba group.
C2C business—Taobao, founded in May, 2003, 100% share.
Third-party payment platform—Alipay, founded in October 2003, 100% share.
Portal and search engine—China Yahoo, bought from Yahoo in 2005, changed the title into China Yahoo from Yahoo China since May 2007, 100% share.
Business classification information service—Koubei, originally founded in 2004, bought in October 2006, 53% share.
Enterprise-scale business software service—Alisoft, founded in January 2007, 100% share.
Internet advertising distribution service—alimama, founded in August 2007, 100% share.
B2C business—Taobaomall, fouded in April 2008, 100% share.

12   Alipay was launched one year earlier than the similar tool PayPal of eBay EachNet.

13   The interviewee is a 45 years old male, educated, immigrated to Australia from China in 2006. The interview was conducted in English.

14   AISAS model is proposed by Denstu and presented in: Maeno, K. (2006). Changes in services by communications-broadcast convergence solutions. *NEC Technical Journal*, *1*(2), 41-45.

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