

Original Paper

How to Explore a Sustainable Profit Model for Self-publishing --Based on the Perspective of New Institutional Economics

Qingran Yang¹

¹ Soochow University, No.1 Shizi Road, Suzhou, Jiangsu, 215006, China

Received: December 5, 2022 Accepted: December 17, 2022 Online Published: December 23, 2022

doi:10.22158/jepf.v9n1p21

URL: <http://dx.doi.org/10.22158/jepf.v9n1p21>

Abstract

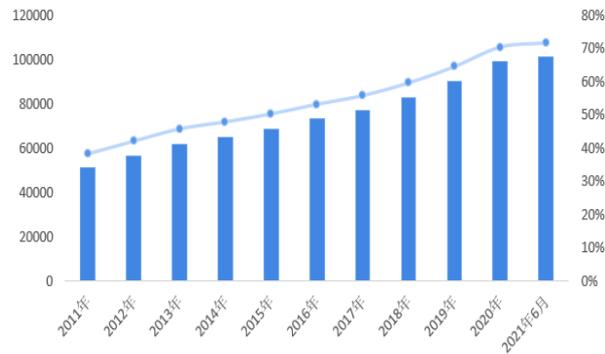
As a new media form in the new era, self-media has been developing rapidly in China. With the globalization of economy, the continuous improvement of technology and the popularization and perfection of mobile Internet technology, the self-media industry is facing great opportunities and challenges. The profitability of self-media is getting richer and richer, and a variety of more systematic profit models are gradually formed, but the overall profitability is not optimistic, which is not unrelated to the high transaction costs and the lack of management system. This paper will explore more sustainable profit models based on the existing profit models of self-media from the perspective of new institutional economics, using transaction costs, contracts, institutional change and other related theories, and give policy recommendations for the problems.

Keywords

Self-publishing, Profit model, Sustainability, New institutional economics

1. Introduction

Since entering the 21st century, the scale of China's Internet has expanded rapidly, and with the enhancement of information technology, network technology and the trend of economic globalization, the Internet penetration rate has exceeded 70% as of mid-2021, and the scale of Chinese Internet users has exceeded 1 billion.

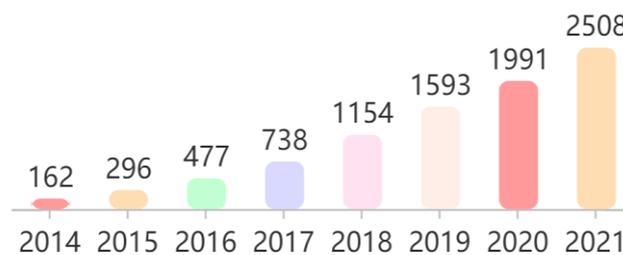


Number of people with Internet access (million) → Internet penetration rate (%)

Figure 1. Size of Internet Users and Internet Penetration Rate in China, 2011-2021

Data source: Foresight Industry Research Institute

The emergence of the Internet has enabled people to achieve a leap forward in information delivery, and traditional media such as newspapers, radio and television are gradually replaced by network technology. Self-media is a new form of media form, it has the characteristics of openness and two-way communication, so that users can get the topics they want to know or interested in anytime and anywhere to exchange and interact, and conveniently provide users with colorful information content. The scale of China's self-media marketing market is expanding at a rapid pace, and the rise of platforms such as Jitterbug, Weibo and Racer has set off a wave of self-media marketing in various industries. As of 2021, the size of China's self-media marketing market has grown from 16.2 billion yuan in 2014 to 250.8 billion yuan, with huge potential for future development.



Unit: billion yuan

Figure 2. China Self-Media Marketing Market Size, 2014-2021

Data source: Foresight Industry Research Institute

However, while self-media is profitable and marketing, it also brings many problems that cannot be ignored. In recent years, the government has introduced a series of policies based on the trend of the self-media industry, aiming to strengthen the control of the self-media platform, severely rectify the improper wind of self-media, and promote the benign and healthy development of the self-media industry such as short videos.

The introduction of the relevant policies shows the many shortcomings of the existing profit model of self-media, how to continuously improve and optimize the existing model, how to pursue the maximum profit effect as far as possible while still adhering to the “yellow line”, how to find a more sustainable profit model in the “pan-entertainment” network environment is worth thinking about and exploring. It is worth thinking and exploring how to find a more sustainable profit model in the “pan-entertainment” network environment.

2. Literature Review

The research made on the profit model of self-media is very extensive and the results obtained so far are summarized as follows.

2.1 *The Focus of the Profit Model of Self-media*

Bo (2019) elaborates on the concept and characteristics of “community economy”, and analyzes in depth the “fan crowdfunding model”, “community donation model”, and “self-media alliance model” by dismantling the cases of successful operation of typical WeChat public numbers. By breaking down the successful operation cases of typical WeChat public websites, we analyze three profit models of self-media: “fan crowdfunding model,” “community donation model,” and “self-media alliance model,” and show that the profit of self-media must develop according to the preferences of the community, make timely adjustments according to the market, and change its own principles and thinking. Zhao (2015) argues that the most brilliant means of self-media operation is not the product content itself, but the makers and distributors behind it, whose “charisma” is the surefire way to attract consumers and gain their trust, which is also the most important part of self-media profitability. Liu (2018) discusses the profit model for each platform according to the nature and functions of different self-media platforms, and says that it is important to explore the innovative path with different characteristics according to the “platform”.

2.2 *Different Fields of Self-media Profit Model*

Wang (2018) notes the rise of audio radio in the era of self-media and analyzes the business model of Himalaya FM app as an example, summarizing the “advertising and marketing model,” “content + channel linkage model” The profit model is summarized as “advertising marketing model”, “content+channel linkage model”, “R&D derivative products model and paid listening model”, etc. Chen (2021) takes the rural short video blogger “Huannong Brothers” as an example and explores the reasons and operation mechanism of its popularity from the perspective of self-media operation, suggesting that the profit model of rural short videos can respond to the national call for poverty alleviation and use the advanced technology of the Internet to drive rural economic development, playing a role of small to big. Ding and Li (2021) focus on the mother and child field and explain the profit model of knowledge payment platforms in the mother and child field from the perspective of platforms, explaining “profit source,” “profit point,” “profit leverage,” “profit barrier,” and “profit leverage. He explains the concepts of “profit source,” “profit point,” “profit leverage,” “profit barrier,”

and so on, and analyzes a complete profit model. Xu (2022) combines his experience in different photography platforms to compare “community profit model”, “content profit model”, “brand profit model” and “traffic profit model”. He emphasizes that in the Internet era, we should not only focus on image processing, but also learn to promote and market our products through various self-media in order to keep the gold from being buried.

2.3 The Problem of Improper Profits Faced by the Self-media

2.3.1 Profit Infringement Problem

In the era of self-media, various wonderful original works have sprung up and entered the public’s view, but at the same time, many infringement problems have arisen. Wei (2022) explores the problem of copyright infringement in the environment of self-media profitability, and severely criticizes the infringement of profitability such as “copy-washing” and “unauthorized reprinting”, while pointing out that due to the lack of regulatory control and the low awareness of the public to respect originality, it becomes difficult to defend rights. At the same time, he pointed out that the lack of regulatory control and the low awareness of the public to respect originality make it difficult to defend rights. Zhou (2022) also classifies the infringement behaviors of self-media profit, such as “covert tampering” infringement, and makes suggestions mainly from the perspective of legal system, calling on relevant departments to improve regulations, build a complete online copyright system, and strengthen the awareness of original copyright owners to defend their rights.

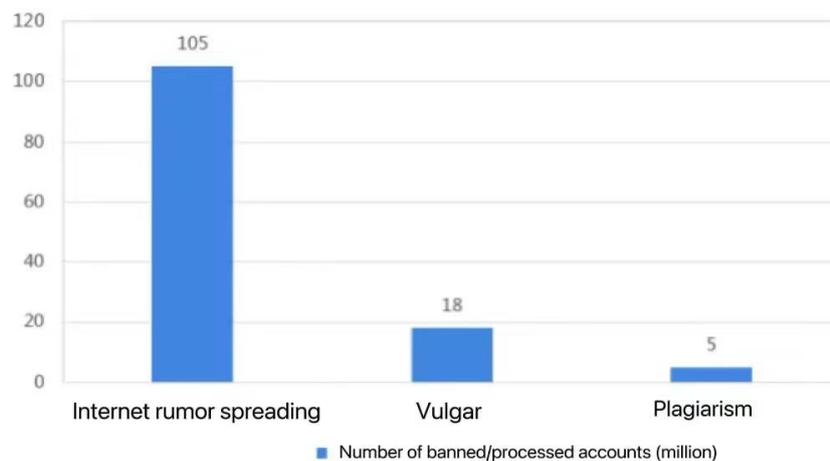


Figure 3. WeChat Self-publishing Consolidation in 2018

Data source: Foresight Industry Research Institute

2.3.2 Problem of Profitability Against Virtue

Because of the “zero threshold” characteristic of self-media profit, many ethical issues are also triggered. Xing (2019) sees many ethical shortcomings in the business model of self-media operations, such as data-only theory, malicious public opinion creation, content falsification and other behaviors that corrupt the social atmosphere, and says that it is necessary to build a reasonable business

evaluation mechanism to avoid “flow is king”, “data is king” and other overly utilitarian values. The government should build a reasonable business evaluation mechanism and avoid the overly utilitarian values of “traffic is king” and “data is king”. Regarding citizens’ privacy, Zeng (2016) points out that the phenomenon of stealing others’ privacy and putting it on self-media for profit is common, and that “self-media people” must adhere to the moral bottom line and abide by laws and regulations while following the trend, and refrain from doing anything for the sake of traffic, money and fame.

2.4 Relevant Empirical Analysis

2.4.1 Analysis of Factors Influencing Online Shopping Decisions

Ji et al. (2015) made 774 questionnaires, based on trust theory and perceived risk theory, and constructed a conceptual model of the influence of self-media on consumers’ online shopping decisions using TAM and IDT integrated models to make an empirical study, and concluded that factors such as past consumption, judgment of the usefulness of online shopping and its convenience, compatibility, and consumer trust all have different.

2.4.2 The Impact of “Three Agricultural” Self-media on Rural Revitalization

Chen (2020) and others selected the data of the “three rural” channel on the Racer platform from 2017 to 2018, and adopted the entropy-weighted TOPSIS method to weight the indicators of rural revitalization, and then conducted empirical evidence. The results showed that the regression results of the “three rural” self-media variable were significantly positive at the 5% level, and the “three rural” self-media promoted rural revitalization and accelerated the process of poverty eradication. Li (2021) empirically investigated the factors influencing consumer information adoption based on the basic model of self-media profitability, and concluded that the entertainment, trust and advertising of the information would have a positive attitude toward information adoption.

Previous research has been made in various aspects, but there is still room for further research. Based on this, this paper will conduct an innovative exploration from the perspective of new institutional economics, mainly from the following aspects: first, using transaction cost theory to discuss a more promising profit model; second, using contract theory to analyze the principal-agent problem of the profit model; third, using institutional change theory to study the creation and reform ideas of the self-media system.

3. Overview of Theoretical Foundations

3.1 Transaction Cost Theory

According to the understanding of “transaction” by scholars such as Commons and Williamson and the interpretation of “cost” in Western economics, “transaction cost” can be defined as the various monetary and non-monetary costs incurred in the legal transfer or tangible transfer. Transaction costs can be defined as the various pecuniary and non-pecuniary costs incurred when a transfer occurs in the legal or tangible sense. The new institutional economics classifies transaction costs into three categories, as shown in the following table.

Table 1. Classification of Transaction Costs

Total transaction costs of a country (or region)		
Market transaction costs	Management transaction costs	Political transaction costs
Cost in the whole process of completing market transactions	Expenses arising from internal transactions of the organization	Cost of providing public goods through collective action
Pre transaction search and information costs	Costs of establishing, maintaining or changing the organizational design	Costs of establishing, maintaining and changing formal and informal political organizations in the system
Bargaining and decision-making costs in transactions	Cost of organization and operation	Cost of regime operation
Post transaction supervision and enforcement costs		Negotiation cost

3.2 Contract Theory

This paper mainly applies the principal-agent problem in contract theory. The principal-agent relationship is formed at the time of transaction between two parties, which is a contractual relationship. In this relationship, it is not uncommon for agents to fail to comply with the contract, fail to maximize the interests of the principal, or even cause a loss of their interests, and the specific agency problems are shown in the following table.

Table 2. Agency Issues

Reasons for agency problems	agency cost
Information Asymmetry	Supervision expenditure of the client
Moral hazard, that is, the agent acts against the client by taking advantage of the client's difficulties in observation and supervision	Inconsistent interests between the principal and the agent
Adverse selection, that is, the agent uses the asymmetry of prior information to make a decision that is unfavorable to the principal	Residual loss

3.3 Theory of Institutional Change

Whereas Commons defines institutions as the control of collective action over individual action, North emphasizes the role of institutions in constraining individual behavior. Since institutions constrain more than individuals, the full definition of institutions is a set of formal or informal codes of behavior that

bind individuals and organizations.

Institutional change refers to the process of discarding or changing the original rules in order to achieve a set goal in the long-term practice of a society or organization. North has a relatively complete theoretical system for the theory of institutional change, whose core content includes four aspects of the subject, motive, mode and path of institutional change, as shown in the following table.

Table 3. North's System of Institutional Change Theory

The subject of institutional change	As long as the unit that can have an impact on institutional change, no matter the size and strength of its influence, no matter the government, organization or individual, it can be called the subject of institutional change. In general, the government is a primary action group, while the relatively disadvantaged society and individuals are secondary action groups
Motivation of institutional change	The reason why institutional change can occur is because of the unbalanced conditions. The forces that promote institutional change may come from external driving forces, or may be endogenous forces. Institutional change is possible only when benefits exceed costs
Ways of institutional change	The way in which institutional change can be divided into different types from different angles is not the only way. It can be slow and gradual change or intense and radical change; It can be mandatory changes under government directives or induced changes under the catalysis of interests
The path of institutional change	Institutional change does not happen suddenly, but gradually transits from one kind of institutional equilibrium to another. In this process, the path does not change independently, but relies on the old system for slow change based on path dependence

Four, the new institutional economics perspective of the self-media profit model to explore - Jie Yin net red live with goods as an example

Live-streaming with goods, as an important channel for self-media profit, is getting bigger and bigger, and the system of operation is getting better and better. It mainly shows and explains information for consumers by means of online live broadcast by weblebrities on platforms such as Jitterbug, thus attracting consumers to buy goods, which belongs to transactions in online platforms. In this paper, we analyze the advantages and disadvantages of its business model from the perspective of new institutional economics, taking Jieyin's live weblebrity broadcast with goods as an example.

3.4 Exploration Based on Transaction Cost Theory

3.4.1 Profit Model for Reducing Market-based Transaction Costs

First of all, before the transaction, compared to the traditional procedure of searching, browsing and screening in Taobao, Jindo and other platforms, Jitterbug's big data can use the user's search records and voice listening and other functions to accurately grasp their preferences and preferences. When

users watch short videos, Jitterbug will push relevant products, which greatly saves users' time in searching for product information and saves sellers' costs in locating and searching for consumer groups.

Secondly, Jitterbug often adopts promotional means such as "limited time purchase", "buy one get more free" and "order coupons" to attract users. The purpose of "low price and high volume" is to reduce consumers' willingness to bargain, so that they can quickly make decisions and place orders to buy.

After the transaction is over, Jitterbug, as a third-party platform for the transaction, can supervise the whole process of the transaction between the two parties, such as following up the process of shipping, receiving or returning the goods. In addition, there will be a professional team behind the weblebrity. The weblebrity itself only needs to promote the goods and enhance its own fame in the short video platform, and more complicated matters will be left to the team to execute. Compared with carrying goods alone, it obviously reduces the cost of the weblebrities themselves.

3.4.2 A Profitable Model for Reducing Managed Transaction Costs

Generally speaking, net celebrities will choose to sign up with a company after they have accumulated a certain level of fame, and the company's operation mechanism is the key to reducing the transaction costs of net celebrity management. The companies contracted by the weblebrities are often very familiar with the business model of live-streaming, and the team with higher professionalism can customize personalized merchandising programs and market for the weblebrities according to their "persona" shown in the network, saving the weblebrities' personal long starting and "detour" costs. This saves netizens from the long start-up and "detour" costs.

Williamson has suggested that improving the organizational form of a business can effectively reduce transaction costs. Jitterbug live-streaming mainly includes makeup, photography, editing and other parts, and each part of the team has a clear division of labor. Netizens are able to maintain instant communication with each part of the staff and make adjustments and optimization at any time according to the live broadcast, and this flexible model can reduce the cost of running the organization.

3.4.3 Profitability Models that Reduce Government-type Transaction Costs

With the rise of the Jitterbug industry, there are more and more companies signing up to work with netizens, and it has even become an industry with a complete industrial chain. For the healthy development of the industry and its effective control, the government will consider setting up organizations, or adding or subtracting functions of related departments, thus incurring political costs. In recent years, many companies have chosen to try to establish cooperation with the government, for example, to indirectly promote Chinese culture by packaging a positive image of Netflix and bringing goods together with cultural and creative products full of national style. On the one hand, such a model allows the government to have a deeper understanding of the industry, which facilitates the government to set up and improve the organization more effectively; on the other hand, by communicating and negotiating with the government to reduce conflicts, it can reduce the number of times of being

interviewed after problems arise and lower the cost of negotiations.

3.5 Exploration Based on Contract Theory

As with physical transactions, there is a principal-agent relationship in transactions on self-publishing platforms. In the transaction of Jitterbug live-streaming with goods, the user is the principal and the operator is the agent. Since there is information asymmetry between the two parties and the two parties have different interest goals, the interests of the principal are easily compromised, and there are huge problems in this regard with Jitterbug live banding.

A common phenomenon is that there is a world of difference between the goods recommended by weblebrities in their live broadcasts and the goods that users get after purchase. Merchants will use excessive beauty and deliberate editing to exaggerate the efficacy of the products for the sake of sales, hiding the real quality of the products and interfering with the users' judgment. At the same time, some weblebrities, for the sake of traffic and eye-candy, make vulgar acts such as "rubbish" when carrying goods, which has a negative impact on the values of young users. These are improper behaviors that violate the "contract" formed between the two sides of the transaction.

3.6 Exploration Based on the Theory of Institutional Change

The openness and anonymity of the self-media platform have facilitated the dissemination of information, but the phenomena of false advertising, malicious defamation, and online infringement have also become increasingly serious. As the primary action group of institutional change, the government has been continuously following up the latest ecology of self-media and making timely guidance and reform, the specific process of institutional change is shown as follows.

Table 4. Important Institutional Changes in China's Short-form Video Industry as of 2022

Release time	Issued by	Policy name	Main contents	Policy type
2022.04	Central Network Information Office	Notice of "Qinglang Rectifying Disorder in the Field of Online Live Broadcasting and Short Video	Focus on the chaos of various online live broadcast on and short video industries, analyze the underlying causes, and focus on solving the prominent problems such as poor information content, dysfunctional operation, and inadequate recharge and reward. With the focus on rectifying the disorder of illegal and illegal content such as "color, ugliness, oddity, fake, vulgar and gambling" as the starting point, further standardize the functions of key links, and strictly deal with prominent problems such as functional anomie, "online popularity disorder", reward loss, illegal profit making and malicious marketing.	Normative

2021.12	China Audio Program Association	Network Visual Service Content	Detailed Rules of Short Video on the Internet (2021)	Article 21 of the Detailed Rules requires that short video programs shall not cut or adapt various audio-visual programs and clips such as films, TV dramas and online TV dramas without authorization.	Normati ve class
2021.08	General Office of the State Council	Further Strengthening the Protection of Intangible Cultural Heritage	Opinions on Further Strengthening the Protection of Intangible Cultural Heritage	We launched excellent works such as film and television plays, documentaries, publicity films, stage plays, short videos, etc., with the main content of spreading China's intangible cultural heritage to the outside world. We will exchange advanced experience in the protection of intangible cultural heritage through Chinese and foreign cultural exchanges and other forms.	Support Class
2020.09	General Office of the State Council	Accelerating the Development of New Consumption with New Business Types and Models	Opinions on Accelerating the Development of New Consumption with New Business Types and Models	Under the condition of normalized epidemic prevention and control, in order to make up for new consumption weaknesses, take the new business form and new mode as the guide, update the short videos of application scenarios, better audio-visual experience, and new high-tech video formats, and form a diversified business model.	instructi ve
2019.01	China Audio Program Association National Copyright	Network Visual Service Network Video Platform	Management Specification for Network Short Video Platform	There are 20 constructive requirements for the general specification, account management, content management and technical management specification that the platform should comply with.	Normati ve
2018.07	Administration Internet information office Ministry Industry Information Technology, Ministry of Public Security	Special Action to Combat Internet Infringement and Piracy	Special Action to Combat Internet Infringement and Piracy	Focusing on the field of frequent network infringement, taking the field of frequent network infringement as the key target, and taking the investigation and handling of cases as an important starting point, through centralized rectification and guidance, we have effectively applied various measures such as classified supervision, interview rectification, administrative punishment, and criminal crackdown to centrally rectify the situation of frequent infringement and piracy in the fields of network reprinting, short video, animation, and so on.	Normati ve

Source: Foresight Industry Research Institute

It can be seen that the process of institutional change in the profit model of self-media is complex and dynamic. From the perspective of the subjects of institutional change, in addition to the government and other national political organizations, the major platforms themselves are also paying attention to timely adjustment of the system. For example, in February 2022, Racer revised its “Rules for the Implementation of the [Release of Prohibited Information]”, adding new regulations on the punishment of “false propaganda” and increasing the penalty for non-compliant businesses. In May of the same year, Jitterbug officially released the “2022 Jitterbug Live Streaming Organization Management Regulations” to severely regulate live streaming organizations that violate social order and morals, corrupt social morale and violate the law, and improve the rules and regulations of Jitterbug Live Streaming.

From the motive of system change, there are both external and endogenous factors in the change of profit model of self-media, among which the external factors mainly come from the influence of the new crown epidemic. In the context of normalized prevention and control, e-commerce has become the most popular consumption method for users, which deserves to be supported by a complete and nationally appropriate institutional system. As for the endogenous factors, due to the long-term problems of low threshold and serious homogenization of self-media profitability, the corresponding system is bound to change one after another as time goes by.

In terms of the way the system changes, there are both incremental changes when the development is benign and coercive changes by the government when problems arise. In a particular period of time, the interests of the catalyst, but also to produce induced change. From the perspective of the path, each reform of the profit model of self-media is not a total overthrow, but a slow downward implementation and advancement based on the strengths and weaknesses of the original system.

4. Policy Recommendations

In this paper, against the background of the popularity of self-media, combined with the knowledge of the new institutional economics, we focus on analyzing the business model of Jitterbug live-streaming with goods, and the main conclusion we get is that certain current profit models of self-media can achieve the reduction of various transaction costs, but they are also hindered by the agency problem, which makes it difficult to achieve long-term sustainable development. At the same time, the institutional change of the profit model of self-media is not an overnight process, but needs to be completed gradually under the regulation of internal and external factors.

Based on the above analysis, the following policy recommendations are made for the profitability of self-published media.

4.1 Focus on User Experience and Participation to Enhance User Stickiness

As the agent’s party, the businessman of self-promotion should improve their own quality, focus on long-term profitability, and try to make up for the negative impact caused by information asymmetry with the principal. First, you can do a good job of analyzing and investigating users and product

characteristics before the release of new products, and have a certain understanding of users' psychological expectations; second, track the experience and feedback of users who have purchased the products for a long time, so as to obtain the direction of optimizing and improving the products on the one hand, and obtain the satisfaction of users with the after-sales service of the products on the other hand, so as to accumulate word-of-mouth and regular customer resources.

4.2 Pay Attention to the Quality of Content to Ensure Originality

Self-media profits should be based on the concept of "content is king", focusing on the quality of the product itself, using "originality" to attract people's attention and bring brand effect for themselves. In order to achieve this goal, businesses should focus on the innovation of product development technology, avoiding the homogenization of similar products, and strive to explore their own unique features and competitive advantages. On the other hand, innovation can be made in the way of publicity. For example, the Shake Yin popular umbrella advertising, with the whole silence of the person with the goods only do action, not only to avoid the flowery words of advertising is boring, but also more realistic show the function and quality of the umbrella, let people bright.

4.3 Profound Grasp of the Operating Mechanism, Bottom-up to Promote System Change

From the history of previous institutional changes, after the disadvantages of the profit model of self-publishing became apparent, top-down governmental changes of compulsory regulation type were predominant. This obviously increases the workload of the government and increases political transaction costs. In fact, self-media platforms can consider setting up a special "mechanism design department" to firstly investigate the problems of their profit models for internal improvement, and if necessary, take the initiative to report the situation truthfully and seek help from the government; secondly, mechanism designers can spontaneously propose reforms to the government after finding institutional innovation points that are conducive to the sustainable development of profit models. Secondly, when the mechanism designers find out the institutional innovations that are conducive to the sustainable development of the profit model, they can spontaneously propose reforms to the government to effectively promote and accelerate the process of institutional change.

References

- Bo, X. M. (2019). Analysis of profit model of WeChat self-media from the perspective of social economy. *Taxation*, 13(27), 228+231.
- Chen, W. (2021). An analysis of the development and profit model changes of rural self-media short videos. *Audiovisual*, 2021(01), 127-128.
- Chen, X. Y., Sun, S. Q., He, C. Z., & Lin, Q. C. (2020). The impact of "three rural" self-media on rural revitalization--an empirical study based on the data of seven provinces' Racer self-media. *Modern Business*, 2020(31), 96-98.
- Ding, Y. X., & Li, J. M. (2021). Research on the profit model of mother and infant self-media in the context of knowledge payment. *Fortune Times*, 2021(02), 20-21.

- Ji, T. T., Yang, Y. W., & Ma, X. L. (2015). An empirical analysis of the influence of self-media on consumers' online shopping decisions. *Business Economics Research*, 2015(29), 63-65.
- Li, Q. (2021). *Research on the factors influencing consumer information adoption behavior in self-media marketing*. Jilin University.
- Liu, X. (2018). Exploring the profit model of self-media. *Journalism Research Guide*, 9(09), 93+138.
- Wang, X. Y. (2018). *Research on the profit model of audiobooks in the era of self-media*. Guangxi University.
- Wei, M.-Y., Gao, Y., & Zhang, X.-R. (2022). Study on the infringement problem and copyright protection of self-media works. *Journal of Business and Economics*, 2022(04), 66-68.
- Xing, C. (2019). *Research on ethical issues in the commercial operation of self-media*. Shenyang Normal University.
- Xu, N. (2022). Analysis of the profit model of photography self-media in the image era. *Journalism Research Guide*, 13(14), 236-238.
- Zeng, W. T. (2016). Self-media and the ethical and moral battle of privacy exposure. *Journalism Research Guide*, 7(24), 70-71.
- Zhao, L. X. (2015). Analysis of the profit model of "charismatic" self-media. *Modern audiovisual*, 2015(04), 75-77.
- Zhou, Y. (2022). Analysis of the pattern, regulation review and optimization strategy of copyright infringement in the self-media network. *Hunan Forum*, 35(01), 77-86.