Power interplay and newspaper digitization: Lessons from the Pengpai experiment

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Abstract
This study looks at Pengpai (The Paper), the first news app launched in China by a traditional media organization, in order to understand how media practices in the context of contemporary China have shifted. The case of Pengpai, which was released in July 2014, is not only about economical and technological modernization but also relates to the re-negotiation of the relationship between the state, professionals and the public. Drawing on interviews with journalists, content analysis, a newsroom observation and Pengpai’s coverage of certain events, this research sheds light on the covert power interplay at work in newspaper digitization in China. The ambivalent accomplishment of Pengpai reveals the relationship between the state and journalists as a negotiation process that includes dialogue and conflict.

Keywords
China, digital newspaper, journalism, mobile news, negotiation, power interplay

Introduction
Technological changes over the past two decades have challenged the conventional practices of media practitioners all over the world, and the roles of media organizations and journalists are
being redefined. However, despite the sharp growth of news consumption online, the media’s economy is in critical condition. In China, this is further complicated by the continuing extensive involvement of the political authorities in the process of media digitization. Being entangled in the reality of contemporary China, the digitization of newspapers there does not only depend on technological innovation and journalistic professionalism: it is a multi-directional process with ambivalent outcomes relating to the competition between a wide array of voices, including those of the state, capital, media professionals and the public.

Outside China, studies on the country’s media tend to focus on political issues, and the liberal democratization perspective has always been prominent (Zhao, 2010, p. 574). In general, there is a tendency to highlight issues of censorship and propaganda in Chinese news media (Brady, 2008), and the question of whether China’s media transformation will necessarily lead to a democratic future remains a central framing issue. The conclusions these studies reach are usually presented within a binary framework of either an authoritarian or liberal future for the media in China.

This study adopts a nuanced approach to the digitization of commercial newspapers in China. Digitization is a media convergence process related to the very creation of a new medium, including the restructuring of the media organization, the redefinition of roles and the reshaping of news gathering, editing and publishing practices. This process is a continuous negotiation that involves different forces, which cannot be interpreted within a simple binary framework. Using the example of Pengpai (also known as The Paper), this study examines the complexity of the digitization process in relation to different social and political forces, and demonstrates how digitization shapes Pengpai’s news output.

By power interplay, we refer to a research tradition within media sociology that understands media production as a result of combined social forces. It links news production to questions about order, conflict, identity, stratification, authority, community and power (Waisbord, 2012, p. 1). Journalists and editors are, among other things, individuals with a certain social background. Any media organization is a social institution with routines and values based on corporate objectives and the professional culture of journalism (Domingo, 2008, p. 26). Meanwhile, external social institutions and actors also have a role to play, as does the political and economic context within which media organizations are situated. The key is to understand the journalistic field as a contested territory where different powers compete to exercise their agency simultaneously, and news is the result of continuous negotiation and compromise.

This state of continual contest even applies to digitization. Paterson (2008) proposes to understand new media as a site of ‘societal power struggle’ (p. 4), and it is in this vein that we examine the Pengpai case. The digitization of newspapers in China concerns a competition among different voices, including those of the state, capital, media professionals and the public, each with different goals. This understanding of power interplay echoes C. Huang’s (2007) argument that Chinese media are switching from a control mechanism to one based on negotiation: ‘The term “negotiation” here can be generally understood as a bargaining process during which each party of the game has to more or less consider other player’s interests and possible reaction before making its own decision’ (p. 405).

The corpus for this article consists of 18 semi-structured interviews with journalists to get a first-hand account of their work and opinions, a content analysis of 195 reports to examine to what extent Pengpai integrates multimedia elements, and a newsroom observation in the Visual Centre to witness the daily duties of the Pengpai team and their interactions as professionals as well as communication between news producers via computerized interfaces. Interviews with the journalists bring in the professionals’ own understanding of their daily practices and the profession, while
newsroom observation put the researchers in concrete situations and allow us to have our own account of the actions and relationships. These two sets of data are complementary, as interviews will help us understand the ideological consideration behind daily practices, while observation fills in the blanks in the journalists’ conscious speeches. In addition, the content analysis further enriches the data by examining the result of their work.

The article starts with a political economic analysis of the circumstances that gave birth to Pengpai, followed by an analysis of its news output and economic situation. This analysis demonstrates that the advent of Pengpai grew from an unlikely encounter between a local commercial newspaper in Shanghai that was facing economic crisis, a group of journalists who wanted to undertake watchdog journalism, and the state’s Cyberspace Administration, which needed to experiment with a new mechanism of control over online space. Two years after its launch, the news-making practice at Pengpai remains close to the ‘we publish-you-read model’, as Boczkowski (2004) puts it, while innovative practices in relation to editing and gatekeeping are being implemented. An upsurge in investigative reporting has been made possible by digitization despite political restrictions. However, Pengpai still faces economic hardships, and is unlikely to become economically independent any time soon.

Certain lessons can be learned from the Pengpai experiment by reviewing the founders’ initiatives and examining their accomplishments after 2 years. To that end, we take into account all the factors that contribute to Pengpai’s power interplay: the economy, policy, technology and journalistic professionalism. This shows that, being entangled in the social reality of contemporary China, the effects of this subtle, and often covert, power interplay are ambivalent.

**Pengpai: an unlikely encounter**

In China, the digitization of newspapers over the past 20 years can be divided into three phases, each marked by a breakthrough in communication technology and a shift in the relationship between media and the state. In the first stage, newspapers that had long survived comfortably on governmental subsidies were primarily concerned with economic profit rather than any fundamental reforms in journalistic practices. As the economic future of online news was unclear, most news websites remained hollow shells, and did not generate any substantial change. In the second stage, with the arrival of smartphones and social media and the growing online community, newspapers began to cooperate with Internet companies more closely. This shift was a market strategy to promote circulation as well as a professional move to test the press censor’s bottom-line and act in spite of political constraints (C. Huang, 2007. p. 406). Most recently, newspapers have again changed their online strategies due to their critical economic situation and the growing interest of authorities in controlling cyberspace. Digitization has thus entered a more complicated phase of media convergence that involves social, political, economic and professional initiatives.

Media-market-state-social negotiations provide the backdrop to the development of Pengpai, which is regarded as the forerunner of newspaper digitization in China, as it is the first digital news media outlet to feature in-house content. Giant Internet companies like Tencent and Sohu have launched their own news apps, but they are not licensed as news media. Therefore, they are not allowed to feature their own news and are supposed to only aggregate and curate content produced by licensed news organizations.

*Dongfang Zaobao* (also known as the *Oriental Morning Post*), a Shanghai commercial newspaper created in 2003 whose readers are young members of social elites launched its digitization project Pengpai on 22 July 2014, with two objectives in mind: developing an influential online
news network and finding a sustainable economic model. The project includes a news app for mobile devices, a newly designed website and official pages on major social media with nationwide coverage. In a symbolic attempt to cut itself off from the declining traditional newspaper, the new project was called Pengpai instead of keeping the newspaper’s name.

Several changes in China’s media landscape contributed to Pengpai’s birth. First, the project was a spontaneous response to the crisis of the newspaper industry. Newspapers in China remained profitable until 2011, when advertising revenue started to drop significantly. In 2012, advertising revenue fell by 7.5% from the previous year (CTR China, 2013). At the Dongfang Zaobao, issue sales had fallen by half since 2007, and the advertising income in 2012 was only half of the amount earned in 2010. By October 2013, the situation of the newspaper industry in Shanghai had become so worrisome that several newspapers, including Fangdichan Shibao, Tiantian Xinbao and Xinmin Wanbao, were closed as a result of the merger between Wenhui-Xinmin United Press Group, who owned the Dongfang Zaobao, and Jiefang Daily Press Group, which formed the new Shanghai United Media Group (SUMG).

Second, the number of Internet users via mobile devices started to grow sharply in 2009. These devices became the first means of access to the Internet in 2012, ahead of laptops and desktops (China Internet Network Information Center [CNNIC], 2013). In early 2013, facing economic crisis and a shift in users’ behaviour, Dongfang Zaobao considered the idea of creating a news app for mobile devices for the first time.

The third change is related to the growing eagerness of Chinese authorities to regain control of cyberspace. In 20 June 2008, during a visit at People’s Daily, former president Hu Jintao declared, ‘We must enhance the construction of mainstream media and new media’. Although he did not specify any course of action, the authorities’ desire to absorb the Internet into the established media system was obvious. The interdependence between traditional media and online social networks had attracted greater attention from Chinese authorities since 2009. They began to enforce stricter control on online communication after the wave of public criticism on social media triggered by the Wenzhou train accident on 23 July 2011. On 19 August 2013, Hu’s successor Xi Jinping further indicated that traditional media should accelerate the pace of media convergence in order to ‘occupy the commanding heights of information and communication’ and to ‘establish a line of strong online armies’ (Ni, 2013). Cyberspace was deemed to be a new ideological battleground over which the party would like to take control (Yin & Liu, 2014, p. 563).

In this political context, Dongfang Zaobao’s initiative of creating a new digital platform came precisely at a time when the newly formed Cyberspace Administration was looking for allies. Dongfang Zaobao submitted a proposal to the SUMG, which forwarded it to the Shanghai Municipality and the Cyberspace Administration in Beijing. In early 2014, a deal was sealed between Dongfang Zaobao and the Cyberspace Administration based on their mutual interest in building an influential digital news media organization. The Cyberspace Administration would benefit from the expertise of the journalists to experiment with new strategies to gain control over online spaces and to deliver its message to a wider public. In return, it co-invested in the project with SUMG with some 100 million RMB for a 2-year development plan. Most importantly, a certain degree of political leeway was offered. Not only was Pengpai allowed to become a national media outlet, but it was also granted increased editorial autonomy in order to encourage innovation and attract users.

For the journalists of Pengpai, the engagement of the Cyberspace Administration involved certain compromises in its news selection. For example, news about President Xi had to appear
in a headline every day and the head of the party and state could never be the target of any critical reporting.

But on the other side, the substantial funding provided by the Cyberspace Administration relieved Pengpai from economic pressure for at least 2 years, so the newsroom could engage in journalistic transformation without worrying about profits. More importantly, the relaxation in censorship gave Pengpai broader leeway in reporting, and the journalists took it as an opportunity to practice investigation and cover political news. The newsroom established a strategy of providing in-depth news about current events and politics and exploring the use of video separately from the newspaper’s textual practices. In addition, the campaign organized by Xi Jinping against corruption was seen as an opportunity to generate investigative reports that could meet both the public’s and the state’s expectations under the political slogan of ‘tiger hunting’.

One of Pengpai’s editors acknowledges that

We have noticed a need of the public for in-depth and political news. People want not only to be informed about an event, but also to know why it happened, what are the nuances and the consequences, and what are the different opinions. There is a need for different voices. Also, there are many speculations about social and political events online, but the information cannot be verified. Someone has to provide credible information, and we want to play that role.

To conclude, the advent of Pengpai began with an unlikely encounter between a local commercial newspaper in Shanghai that was facing economic decline, a group of journalists who wanted to undertake professional journalism, and the state’s Cyberspace Administration, which needed to experiment with a new mechanism of control over online space. As one editor notes, ‘Pengpai is a result of a particular moment in history; it would not be possible to launch something similar today’. The justification for this particular moment lies in the fact that the new Chinese president and the newly set up Cyberspace Administration were in 2013–2014 in urgent need of putting their communication strategy to work. Two years later, at the time of this study, that particular moment had passed. The Xi Jinping administration is now less in need of allies in media circles. Therefore, the feeling prevails among the Pengpai journalists that they could not get the same attention from the authorities if they tried to submit their project to the Cyberspace Administration now.

Two years after the launch, what are Pengpai’s achievements? To answer this question, the rest of the article examines three aspects of Pengpai: its use of digital technologies, its investigative reporting and its economic performance.

A new media?

Pengpai is an online news outlet, founded by a newspaper, the aim of which is to make full use of digital technology in the production of news and to re-adapt to the multimedia and mobile environment. In order to understand to what extent it fulfils those tasks and integrates multimedia elements – such as hyperlinks, video, data visualization, interactivity and so on – in the reporting, a content analysis and a newsroom observation were conducted. For the content analysis, two groups of news published from 10 March to 25 March 2016, on the front page, were studied: the Top 10 most popular news stories and the featured news headlining each section page and displayed in slides on the mobile application. Samples were collected between 9:00 and 10:00 a.m. (Beijing time) each day. Among the 195 articles examined, 66 were republished from other media outlets or institution
websites. The newsroom observation took place in the Visual Centre between 18 January and 4 March 2016, for a total of 155 hours.

**A media still close to the ‘we-publish-you-read’ model**

At first glance, website and mobile contents are identical for all users: Pengpai does not customize the front page according to each user’s viewing history or geographic location. Written articles and photos are the primary components of news stories. Audio is not found, while video does appear as a supplement to a written story, but only occasionally.

**Hypertext.** Hypertext is generally understood as a computer-based non-linear group of texts that are linked together with hyperlinks (Steensen, 2011, p. 313). A unique feature of online journalism, hyperlinks are commonly employed to link to complementary sources to a news story, and to other stories in a related topic. There are multiple advantages over print journalism, such as no space limitation, no definitive deadline, direct access to sources, offering multiple perspectives, giving context, personalized paths of news perception and reading, and simultaneous targeting of different groups of readers (Steensen, 2011).

Regarding Pengpai’s news output, hypertext is never inserted in the reporting. There are no links to external sources, even when the news is initially produced and published elsewhere. In-site links do appear, and they are used in two ways: to link to other related news stories at the bottom of the page and to link to Interview (Wenba in Chinese), a Q&A section where a specialist is invited to answer questions in relation to an ongoing news event. In the sample, 22 out of 195 articles contained links to Interview.

**Data visualization.** Data visualization refers to the use of verbal and visual techniques to make data or information more comprehensible and memorable for the audiences (Frost & Sturt, 2015, p. 40). It has become a common storytelling strategy in online journalism. Using design, large amounts of data are selected, organized and represented in a way that is both attractive and easy to understand.

In the case of Pengpai, reports rarely involve large amounts of data. Only three articles contained original data and little design effort was put into visualizing and clarifying the data. For example, in an article from 11 March 2016 about the increase of monthly loans in the first 2 months of a year over the past 7 years, only a simple table was provided.1 In another report about the vaccine scandal on 20 March 2016, information about more than 300 people who were involved was released but only as a list.2

**Audio and video.** No audio reporting whatsoever was found. Even in the videos, natural sounds are only used as an instrument for attracting an audience, not as a source of information. In the Panoramic Scene Channel, it is disconcerting for the viewer to face panoramic 4K images in silence.

Although the use of video is highly prioritized, the frequency of video production at Pengpai is low. Video elements were only found in 19 out of 195 reports, and, except in two reports, video was provided only as a supplement to a written story. Most importantly, 10 videos among the 19 were produced by other media organizations, such as video websites and television channels, meaning the number of original reports is even lower. There is a section called Quick View (Kuaikan) for photo and video news, but it is not easy to find on the website or the app. For example, in the mobile app, it is Option 22 under the section Current Events, which is the very
last one. And even then, that section does not include a systematic and comprehensive compen-
dium of video productions.

The Visual Centre is responsible for video production. Although it has recruited new members,
very few of them have the working experience in television. This is a deliberate choice, as Pengpai is
reluctant to take in TV journalists. An editor at the Visual Centre sums up their view of TV journalists:
‘They are accustomed to working with a big budget and a large team, each person performing specific
roles. TV reporters do not have the journalistic quality that we require’. Training programmes have
been offered to journalists and multiple trial projects have been launched, but these processes have
only one goal: to make text reporters acquire new technical competences. The inverse process – train-
ing camera operators or photographers in reporting – has not yet been considered.

Furthermore, Pengpai shows a low degree of integration between video production and the
main newsroom. Not only are they located on different floors of the same building, but each unit
also has its own daily assignments of news to gather, report and publish. Although the text reports
or text and picture reports have a well-consolidated workflow, producing a report in video and in
text simultaneously on a day-to-day basis is unusual. The most common situation is that after a
good text-based news story is finished and ready to publish, the Visual Centre receives a proposal
to make a video version of the same report. At that point, the news gathering process is already
finished and the opportunity to record events and interviews has been missed.

Interactivity. Interactivity examines to what extent users are allowed to exert their power in the
production of news. Although the interaction between newsroom and audience has existed since
the early days of journalism (e.g. reader’s mail and audience research), the potential of online plat-
forms to foster interactivity is unprecedented. Early studies show that news sites are becoming
more and more interactive by allowing users to contribute to the content production in different
ways, as well as by adjusting news output according to web analytics (Steensen, 2011).

Regarding Pengpai, sharing behaviour is promoted in the traditional way. At the bottom of each
page, one finds the ‘like’ button, the ‘share’ option and the comment box. The average number of
comments on a news story is 110, while the most commented-on story has 1040. However, although
the comment section is publicly visible, only registered users can publish one. More interactivity
occurred in the Interview section, where users are able to have a conversation with an expert in
relation to a news event. There is no sign of user-generated content, such as photos or footage, in
the news, and web traffic is monitored closely. Analytics are communicated weekly with the jour-
nalists, and editorial adjustments are made accordingly. For example, the Interview section was
created after seeing users’ enthusiasm in response to guest columnists, and it drives a considerable
part of the traffic to Pengpai. Some subsections with low numbers were reformed or even closed.
As described by one journalist, ‘we are entering a culture of evaluation by numbers’.

To conclude, it is fair to say that Pengpai is still a news organization close to the ‘we-publish-
you-read’ model, as Boczkowski (2004, p. 206) puts it, because the extent to which the potential of
digital technologies is used in news-making is limited. Pengpai invites the audience to use its ser-
dices mainly as an e-reader, occasionally as a video player, but never as an audio player. As one
editor explained, ‘we are not geeks’, referring to the print background of most journalists. But
when asked whether Pengpai is still a traditional media outlet with a digital facade, he answered
by questioning the meaning of new media: ‘Everyone talked about new media, but nobody knows
the definition. I am a bit sick of hearing that, but I know that we need to produce more video, and
be more interactive with our readers’. Another journalist admits that more training programmes are
needed in order to produce the kind of information that is better suited for mobile platforms.
Renewed practices in editing, training and gatekeeping

Despite Pengpai’s limitations in the use of digital technologies in news reporting, some achievements are worth mentioning, like the Panoramic Scene Channel (Quanjing Xianchang), in which content is offered in 360° images. This channel offers a completely new narrative, full of labels, layers and hyperlinks, which is only possible in a digital environment. Pengpai has also proved to be effective in video reporting for some breaking news stories, such as the Tianjin explosion on 12 August 2015. International media, including the Guardian and Le Monde, on 13 August 2015, republished some of its video. Most importantly, the Pengpai newsroom has proved to be innovative in editing, training and gatekeeping practices.

If mobile news has changed the rituals of news consumption (Peters, 2012, p. 696), it is no surprise that it has also altered the rituals of news production. At Pengpai, social networking has become an important tool of communication among co-workers. For example, news producers, although they have daily face-to-face contact in the newsroom, prefer to move their news meetings and gatekeeping processes to a WeChat list discussion. When scrutinizing one editor’s list, she explains, ‘I have 146 groups, 49 out of 146 are work lists. Not all are active. Some are temporary, hence around 14 are really active’. In another example, when a field reporter with no audio-visual experience intended to use her mobile phone to conduct an interview, WeChat became a platform for on-site training. In order to set up the interview, she sends a picture to the newsroom to show the frame of the interview. Instantly, the picture is cropped and sent back with the corrected framing. This is only one of many training and gatekeeping practices that take place through a WeChat discussion.

Rules are put in place to regulate news meetings on WeChat. For example, participants are required to use text messages instead of voice recordings, so the communications can serve as searchable records for future references. Consequentially, the news meetings never end.

Meanwhile, mobile devices such as smartphones and tablets play an indispensable role in the newsroom. Video journalists and photographers use their mobile devices as a pivotal and evolving toolbox, as they constantly seek as many solutions as possible to improve their capacity to record and transmit and to explore the device’s potentialities and constraints. For news producers, one limitation of smartphones is the small screen size and its ability to deploy video reports.

An upsurge in investigative reporting

Since the beginning, Pengpai has stuck to a strategy of providing serious, in-depth reporting about current events. The first influential news story came shortly after the launch. An investigative piece about judicial misconduct in Anhui Province went online on 22 July 2014. Eight hours later, the Anhui High People’s Court pledged to re-open the case. On 21 January 2015, Pengpai revealed a scandal at Nehe Prison, in the northern province of Heilongjiang, where a prisoner had committed multiple crimes including fraud, blackmail and sexual harassment with the assistance of police officers while in prison. The article went viral online and the public was outraged. The next day, a provincial investigation started as a response to public pressure; the day after, CCTV, China’s primary mainstream television channel, followed up on the story. Meanwhile, Pengpai continued to expose the dark history of Nehe Prison and to question local authorities over the next week. The chaos ended with the launch of a full investigation by the Chinese Prime Court into the prison system. Most recently, Pengpai also revealed a scandal involving poorly transported vaccines in Shandong Province on 18 March 2016. With such influential news stories, Pengpai has made a name for itself in investigative reporting nationwide.
Supervision by public opinion versus watchdog journalism

These investigative reports evidence a role for journalism called ‘supervision by public opinion’ or ‘supervision by the media’ (yulun jiandu) that has become popular in China since the 1990s (D. Huang, 2011, p. 106). This Chinese expression of the function of media mimics the idea of watchdog journalism in the Western context, but they are hardly the same thing. Although they ‘both emphasize the media’s representation of the public, and both aim to check the government’s exercise of authority’, they do not enjoy the same degree of autonomy and independence from the government (D. Huang, 2011; Tong, 2012). Yulun jiandu doesn’t oppose central authorities, but it serves as a tool for journalists to report on local authorities. Investigation is permitted and even encouraged by the central authorities as long as the media do not touch certain topics, including central policies and leaders, political and religious dissents, and Tibet’s independence movement. Meanwhile, as local authorities typically control local media, criticism of local authorities is usually not viable (D. Huang, 2011, p. 112). Therefore, in order to maximize their opportunities for criticism, journalists have developed a tactic called yidi jiandu, or ‘Muckraking Outside the Home Base’, as D. Huang (2011) puts it. Doing yidi jiandu allows media to conduct investigation and to build up their audience and economic incomes without offending the local authorities with which they are affiliated. In effect, media outlets often choose to conduct investigations into cases in another locality to avoid direct conflict with the local authorities that supervise them. That is the case for Pengpai as well, as all of its successful investigative reports appear to concern places outside Shanghai.

Pengpai’s failure to investigate a stampede that happened in Shanghai on New Year’s Eve of 2015, resulting in 36 deaths, demonstrates such constraints. The incident provoked public rage against the municipality’s problematic organization and emergency management, but an order from the Shanghai Municipal Information Office banned all local media from publishing any form of criticism. As a result, Pengpai was only able to report on the government’s positive efforts, to provide updates on casualties and to write personal profiles of the victims. In this event, Caixin, a Beijing-based commercial media outlet, produced the best investigative report.

In fact, the practice of yidi jiandu was popular among commercial media in the 1990s and 2000s, but restricted as local authorities pressured the central state to rein it in. However, the transition from Dongfang Zaobao into Pengpai opened a new window for journalists to practice investigative reporting, thanks to the cooperation with the Cyberspace Administration, offering a certain degree of protection against local authorities. Further help was provided by the party’s re-strategized propaganda practices, allowing new space for criticisms to open up. However, the situation became more critical later in 2015, when stricter media control policies came into force. Meanwhile, the growing fame of Pengpai has drawn increased attention from the state, which has begun to enforce more censorship. ‘Our growing influence comes with more control. In a way, we are victims of our own success’, says an editor.

The setback of the report on the Three Gorges Dam marked a turning point, as Pengpai tried to extend its investigative work from a role of yidi jiandu to actual independent watchdog journalism. On 21 July 2015, Pengpai published an inquiry into the environmental and societal consequences of the construction of the Three Gorges Dam (Sanxia in Chinese), a report on which a group of journalists had been working for almost a year. The article drew great public attention for its critical content and was widely circulated online. Seven hours after the story went online, it was withdrawn under order from the Cyberspace Administration. For Pengpai to publish this report was risky as it touched on a sensitive national issue without prior approval from the central authorities.
For the Cyberspace Administration, it proved that the political loyalty of *Pengpai*’s journalists could not be fully trusted. Interestingly, instead of disciplining its journalists, *Pengpai* rewarded them with a significant financial bonus. A notice of the newsroom wall reads, ‘20,000 RMB bonus for the special report about Sanxia published on July 21, 2015, which had a remarkable social echo’. The withdrawal of the report and the reward in the newsroom neatly illustrate the conflict between two different understandings of watchdog journalism.

**The tablecloth**

Every morning in the *Pengpai* Visual Centre, a corner of the newsroom is stacked with fresh copies of the *Dongfang Zaobao*. The print newspaper does not produce its own content anymore; instead, a small team of news producers feeds the paper reports taken from *Pengpai*. Journalists no longer pay attention to the news printed in the paper, and the paper only becomes useful at noon, when it is spread out as a tablecloth for lunch.

However, the print newspaper has developed a new role when it comes to the publication of special, sensitive reports. Journalists noticed that once a story was censored on *Pengpai* and on the website, it simply disappeared without leaving any trace. But if the report is published in the paper, it will survive and be archived in a library for future reference by historians.

An investigative report about coal industry policy in the far north of China demonstrates this strategy well. The article covers the budget cuts and the social outcome of the policy. The newsroom planned to run this story simultaneously on *Pengpai* and in print in *Dongfang Zaobao*. However, right before publication, a restriction arrived from the central authority. As a result, two articles were released only in *Dongfang Zaobao* on 8 March 2016: a 4-page-long one entitled ‘Coal: A Chinese Story’, and a 6-page-long one under the headline ‘The Winter of Shuangyashan’.

How is it possible for such a sensitive report to be published by *Dongfang Zaobao* while it is impossible for *Pengpai*? The answer is that as it is a national outlet with wider exposure, *Pengpai* is closely monitored by the central authorities, subject to a higher level of censorship, than its print counterpart, *Dongfang Zaobao*, which is still a provincial newspaper with limited distribution in Shanghai. In this case, journalists took advantage of a loophole in the censorship regime to act beyond its limits.

**The critical economy**

*Pengpai* was launched at a moment when the old economic model of the newspaper business was on its way out, and a new one was desperately needed. One of the founders’ initial expectations was to benefit from substantial funding for innovation and to come up with a sustainable model in 2 years. However, despite growth in the number of users and in advertising income, *Pengpai*’s economic future is still uncertain.

Thus far, *Pengpai* remains a free digital newspaper and advertising is its major source of revenue. This makes the size and quality of the audience crucial. According to *Pengpai*, the app had reached one million Daily Active Users (DAU) by 1 March 2016, a fourfold increase from October 2014, compared to the circulation of *Dongfang Zaobao* at the time (around 100,000 copies), that represents a huge increase in the readership. Also, the readership is no longer limited to Shanghai, but has become national: 14% of the readers are in Beijing, 15% in Zhejiang and Jiangsu provinces, 12% in Shanghai and 11% in Guangzhou province. Accordingly, monthly advertising income is on the rise, growing from 1–2 million RMB per month in 2014 to 5–6 million RMB in 2015. In
2015, annual advertising income reached 60 million RMB. The average price for an ad increased by over 20% between 2014 and 2015, bringing the cost of publishing an ad on the app’s main page for 24 hours up to 300,000 RMB.

However, these positive trends are shadowed by the fact that this income covers only roughly half of Pengpai’s yearly expenses, and around one-quarter of the users who downloaded the app are inactive (i.e. they have not registered any activity for at least 1 month). According to the product manager, the number of DAU should at least double in order to boost advertising revenue.

In late 2015, as the 2-year investment plan was approaching its end, the lack of income led to increased pressure in the newsroom. Although other newspapers in the same group have adopted a payable model, this is not an option for Pengpai: ‘People are used to access the news on the Internet without paying. Also, our information is not original enough’. Meanwhile, Pengpai started to negotiate deals with Internet companies like Tencent: they are allowed to aggregate Pengpai’s news in exchange for fees of 1–2 million RMB per year. The company has also sought to commercialize its technological know-how, for instance, in HTML5 programming, by producing animation for external clients.

Such solutions will hardly be sufficient to generate enough income and it is unlikely that Pengpai can become economically independent any time soon. This means the outlet is not likely to survive without public subsidies, which will further complicate its relationship with the state.

Conclusion: lessons from the experiment

In a matter of 2 years, Pengpai has become a popular national digital news outlet among a middle-aged, educated and urban public. Its readership is four times larger than the former Dongfang Zaobao, and it has been vocal in the coverage of several major events. Undeniably, the digitization process has helped the newsroom gain influence. Although Pengpai is still very much rooted in print practices, new forms of training and trial projects have emerged. Additionally, the outlet’s journalists’ technological lead and know-how provide them with a bargaining power to uphold their journalistic ambition. The outlet’s journalists have also been offered an opportunity to practice extra-provincial media supervision on a large scale. We can conclude that the technological transition has given Pengpai an opportunity to upgrade the social impact of the medium, to experiment with new formats and contents, and to push the limits of investigative journalism.

For the Cyberspace Administration, Pengpai is the first step in a process of modernizing the traditional media that could enable the Communist Party to build ‘a line of strong online armies’, as anticipated by President Xi. When the practice of investigative reporting doesn’t align with party propaganda, censorship can always intervene. At the very least, Pengpai has built a strong credibility in the eyes of the public, which helps to deliver political messages to a broader audience more effectively.

Meanwhile, it could hardly be said that Pengpai conquered ‘the commanding heights of information and communication’, which is the ultimate goal of the Internet-oriented media reform agenda. Pengpai is no rival to the news apps managed by Internet companies like Tencent and Sohu, even though the latter are not allowed to produce news themselves. Pengpai’s one million DAU are hardly comparable to Tencent News’ dozens of millions. Pengpai may rank first among the traditional-commercial-media-run digital news services, but it is only a second-tier player in the digital news market as a whole.
Furthermore, as Pengpai has become more influential, stricter censorship has been enforced in the newsroom. In order to explain how the ‘place is becoming smaller’, an editor recalls an example:

When Xi Jinping went to the USA at the end of September 2015, we could echo opinions from the American media. But when he visited Britain in October 2015, we were forbidden to quote the British press even though nobody could say that Xi Jinping’s visit to London was a state secret.

Excessive pressure from censorship is one of the reasons why some journalists left Pengpai in the spring of 2016, including most of its founder figures, those who led the former Dongfang Zaobao since 2003 and who were instrumental in launching the digital service in 2014. They joined Lishipin (Pear Video) an online video site launched, 2 November 2016, with funds notably from China Media Capital, a publicly supported venture capital firm. Privately, they admit that they are fed up by propaganda: ‘Xi Jinping on the front page every day, that makes no sense!’

More importantly, Pengpai’s achievement is overshadowed by its uncertain economic future. Its own revenue remains insufficient to guarantee its long-term survival. The media’s financial balance can only be reached with the support from public subsidies (Shanghai Municipality or Cyberspace Administration) or from the Shanghai United Press Group. Although economic hardship is a plight common to all online newspapers, it is more critical for the Chinese media. If its financial problems remain unresolved, the digitization of a traditional media might lead to greater dependence on state funding, and accordingly to less autonomy in reporting. Building on the profitable commercial newspapers industry in the 1990s and 2000s, the ‘commercial-propagandist’ model of Chinese journalism, as Yuezhi Zhao (2008) puts it, was called into question when newspapers started to lose impact and revenue since 2010. Although digitization was considered a way to break the audience and financial deadlock for traditional media, it seems to be unable to restore profitability and reporting ambition.

The case of Pengpai speaks volumes about the dynamic combination of political, economic and professional powers that is and will likely continue to be the social reality for media in China. Political control over the media is an undeniable fact, but it has become increasingly difficult in the context of accelerated market reforms, technological change and global reintegration. While Chinese society has been engaged in a process of global reintegration since the 2000s, one must make sense of China’s media dynamic as being a ‘mutual constitution between the communication system, the Party-state, the Chinese society and deepening market reforms’ (Zhao, 2008). This dynamic is a result of multiple factors: the strong motivation of the authorities, the critical economic situation of newspapers, the needs of the online public and the journalists’ growing sense of professionalism. As described by one of Pengpai’s editors, ‘Making news in China is a non-stop game between players with no definitive winner and loser’.

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Notes
1. See: Chen (2016).
2. See: Dazhong Net (2016).
3. See: Pengpai (2015a).
4. See: Pengpai (2015b).
5. Owned by Tencent, one of the biggest Chinese online media companies, WeChat started as a mobile text and voice messaging communication service. Broadcasting and sharing services were added later. Currently, it is the most popular social network in China with more than 800 million Daily Active Users (DAU).
6. ’Supervision by public opinion’ is an official Chinese Communist Party policy since 1987. See Ziyang (1987, pp. 34-49).
7. The Dongfang Zaobao stopped publication on 1 January 2017.
8. These journalists are leaving the news media sector and consequently are losing their press cards as Internet firms are not allowed to produce news themselves.
9. According to the concept forged by Zhao (2008).

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