

2019 China Online Literature Report :

Online literature witnesses double-digit growth

2019年中国网络文学市场报告：网文市场两位数增长

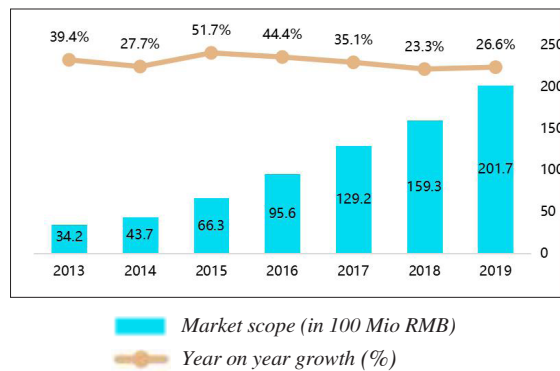
By Xiao Dong

On September 4, the China Audio-video and Digital Publishing Association released the 2019 China Online Literature Development Report at the fourth "Online literature+" conference. According to the report, the market scale of online literature will reach 20.17 billion yuan in 2019, with a year-on-year growth of 26.6%.

Since 2013, the market scale of the online literature industry has been rising steadily. In 2015, revenue reached its highest growth rate; in 2019, revenue reached 20.17 billion yuan, this amounts to an increase of 26.6% compared with the year before, although subscription revenue has declined in comparison. Paid for content is still heavily reliant on two factors: the type of subject matter and quality of content.

Revenues generated from rights licensing accounted for 28.9%. Apparent key factors to ensure stable growth were the development of copyright cooperation, as well as a continuous improvement of the commercial value of high-quality content in its various forms, such as the adaptation of online literary works into film and TV series, online drama and games. Users' reading experience has seen further improvement, with AI technology maturing and intelligent speakers and color ink screens making notable appearances. Business models that operate on a combination of different services, as well as the advance of live streaming and short videos increase content visibility and provide for further enrichment of it. The number of online literature works saw a steady growth in 2019, reaching 25.901 million. On average, the time it took to create a work was close to one year, with subject matter of the "urban fiction" genre generating the largest number of clicks. The number of new IP adaptations reached 9,656, and it is especially realistic themes that are popular subject matter when it comes to the adaptation of online literature. There

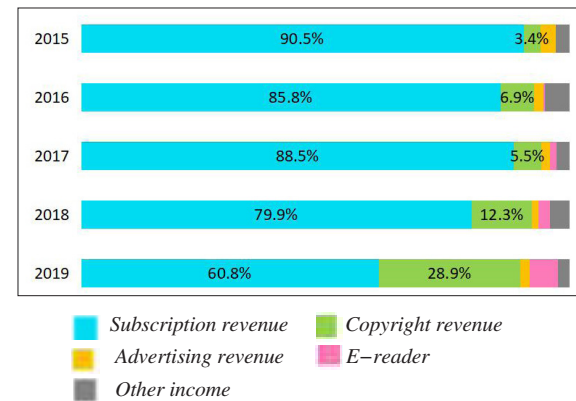
Chart 1: Market scope of the Online literature industry 2013-2019



are 19.36 million authors of online literature in China, out of which 770,000 are contracted writers. The number of female authors of online literature has seen a rapid increase, their level of education being mainly university undergraduate and junior college and they are most often based in second and third tier cities. As far as the age structure of the authors is concerned, 44.6% of them were born in the 1990s, with new writers gradually becoming the main force. Companies have been actively searching out topics that are "realistic", and high quality writing in this respect has emerged in large numbers.

According to the 2020 China Online Literature Overseas Exports Report published at the same time by iResearch, the overseas market scale of China's online literature has reached 460 million yuan in 2019, and the number of overseas users of Chinese online literature stands at 31.935 million. Southeast Asia and the European and US region are the major geographical areas, with more than 40 "Belt and Road Initiative" countries and regions covered. Looking at the different types of export, online literature has made a case for itself by acting as a sort of incubator for works of high quality, actively searching for effective

Chart 2: Revenue structure 2015-2019



methods of overseas expansion. There are three notable ways of export: translation, direct export and adaptation. Of these, translation is the most widely used method, accounting for 72%. The majority of users can be profiled as middle-aged, mainly reading on mobile devices. They tend to read for comparatively short spans of time, but are nonetheless avid readers. Quality of translation has emerged as the most important challenge as far as the reading experience is concerned.

In the future, apart from expansion achieved via translation, other types of export of online literature will evolve such as the export of technology for content creation, nurturing authors of original content overseas, helping China's online literature to be present on a wider level via multiple channels. The subject matter of exported content will see a rise in variety, promoting the development of the whole IP industry chain. As for translation technology, AI translation will continue to improve and there will be a variety of languages into which content is translated.

(Translated by Leonie Weidel)

Circle marketing: Jingdong's multi-tier strategy for book development

京东打造多圈层营销 促进图书多领域发展

By Liu Ting

Books of the future will surely be divided into different circles. Creating, publishing and distributing books in the future will mean that we have to first think about how to put them into the right "circles", specifying their community, objectives, channels and services. In a few words, we summed up how to improve "circle marketing": exposure, surprise, creative production, concentration and intimacy. Other than that, there also needs to be a "halo" - books have to come with their own circle of light. This "halo" refers to a number of things, primarily: content well done; secondly, copywriting, as the production of copywriting has to add to the light that the book shines by itself. After that, the next issue to look at is volume - the amount of traffic that can be generated. At present, this is mainly created by crossover marketing, IP marketing, hunger marketing, event marketing, word of mouth, emotional marketing, interactive marketing (also known as trigger-based or event-driven marketing), viral marketing, social marketing, CPM cards and so forth.

As for the second half of 2020, we have made out the four following trends. The first trend is product differentiation; the second will be "new products, old products turning red again". What does it mean to be turning red, or popular again? By now, the book industry has been developing for many years.

There are a number of books that did not attract wide attention when they were published originally, albeit their potential. To promote these types of books is a trend we will see in the future. The third trend we can make out is the use of KOL and KOC (Key opinion consumer). The fourth trend is promotion for impulse purchases. Discount rates now already stand at 50%, so should we really continue down this road? The answer is Yes, but the question is How. In advertising, there is a type of marketing called impulse marketing. That is to say, during a certain period of time, advertisement and publicity has to be frequent, and the product cycle of books is certainly a longer one than that for food stuffs, so this is what we call impulse promotion and marketing.

The process of managing fans and creating a sense of scarcity or products having sold out. There is one more very important issue within circle business, which is the attention attached to fans and maintaining them. Whether it is on WeChat or Weibo, all of the efforts that have been undertaken by publishing houses, even down to every single book that is sold - this was done for the users. When these users enter the own domains of the publishing house, it is imperative to treat them with kindness.

The process to create very successful products first involves exploring its selling points, in accordance with its content, to seek its selling

points from a marketing perspective with a view to the specific needs of the market and the audience, so as to achieve user penetration. Secondly, the marketing plan has to be finalized, again that means that it has to correspond with the selling points of the product, circle customers, deriving new and creative marketing ideas, taking control of the timing and rhythm of promotional activities, linking an overview of all resources with the control of tempo and timing. Thirdly, the resources of all parties have to be integrated, sorting out the resources according to the timing of marketing activities, combining the power of different resources, maximizing traffic, to achieve strength at last. As for the overall marketing strategy of highly successful products, what comes first is that the product must be of excellent quality, starting with the content, delineating user groups, seizing the market. Secondly, it should fit with the timing and rhythm of the platform, accurately grasp its characteristics, meet users' demand, maximize transformation, and give users a high-quality price experience. Finally, to offer a diverse marketing plan, marketing strategies have to be specified for different levels and stages, keeping up with specific points of interest of the market and achieving innovative marketing through a variety of different channels and means.

(Translated by Leonie Weidel)