

CROWD-AUTHORIZING: HOW KNOWLEDGE SHARING ECONOMY RESHAPES PUBLISHING INDUSTRY

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ABSTRACT

This study focuses on publishing industry in the context of knowledge sharing economy. The way of communication via internet makes it possible and effortless to share experience, knowledge and information with others. This phenomenon is changing and reshaping the value chain of traditional publishing industry, in terms of its content producing, marketing and consuming. In this research, how sharing economy affects publishing industry would be addressed. The methods of multi-case study and in-depth interview would be employed. The in-depth interviews are taken within China Children's Press & Publication Group, Post & Telecom Press, and Foreign Language Teaching & Research Press, which belong to general interest publishing, and educational publishing respectively. How could publishing company or self-publisher adapt to the changing atmosphere would be suggested as well in this research.

Keywords: sharing economy, publishing industry, e-book, business model.

INTRODUCTION

The term of "sharing economy" has gone to public discourse worldwide in the recent decade, and was supported to some extent by US, UK, China, Australia etc. In UK, an independent research team lead by Debbie Wosskow published a report, *Unlocking the Sharing Economy: Independent Review*, suggesting UK government to seize leadership of sharing economy (Wosskow, 2014); Li Keqiang, Premier of the Chinese State Council, claimed in his 2017 Report on the Work of the Government, "We will give our support to the development of a sharing economy and see that resources are used more efficiently and that more people take part and benefit(Li, 2017). "

Airbnb or Uber, as a benchmark of the sharing economy, is focusing on the sharing of accommodation or transportation. The sharing of knowledge, experience and insights is under-estimated. The online Q&A community, such as Quora, Wondir in US, Zhihu(知乎), Wenka(问咖), Fenda(分答) in China, is emerging and attracting users in a

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three years. In China, the year of 2016 is called the the first year of knowledge payment.

What are the reasons why people share online? Clay Shirky believes "cognitive surplus" as the answer (Shirky, 2010). Technically, the low cost of internet access allows users to aggregate collective intellect. Especially with the development of mobile internet, users are able to send and receive information at any time; In society, people are willing to express and communicate via the internet based on "cognitive surplus". Sharing economy emerged from communities and fostered communities correspondingly. To some extent, the internet makes every individual a media source or a unit of a specific experience.

The sharing economy is driven by social capital (Kennedy, 2016). People share their knowledge, experience or insights with friends or strangers on internet in terms of text and pictures. The knowledge sharing economy helps building the function of knowledge diffusion----overlapping the function of publishing industry. Should the publishing industry embrace knowledge sharing economy or regard it as an enemy? At least it is not the best choice to ignore it.

Literature Review

The sharing is not a new idea after the appearance of internet. Instead, it is a concept with long history. Sharing economy seems more than a concept group, which is constituted by several related terms: peer economy, access economy, collaborative economy, we-economy, relationship economy, cooperative economy, grassroots economy or just the new economy. Rachel Botsman is one of the pioneers who coined the term "collaborative consumption". In her works, *What's Mine is Yours: The Rise of Collaborative Consumption*, this new consumer behavior----consumption but not ownership----was tracked and analyzed (Botsman&Rogers, 2010). Rea tried to define the sharing economy based on the internet, and tested her definition by the case of Airbnb, asserted the sharing economy is "an economic system that is material in nature and built on networked peer-to-peer interactions that leverage weak-tie" (Rea, 2015). Sharing economy is kind of hybrid economy, which is related and different with non-market economy and market-based exchange. Collaborative production and consumption are emerging, "collectively produced resources are exchanged through hybrid modes that allow participants to successfully reconcile their diverse socioeconomic interests (Scaraboto, 2015)."

"Sharing economy" as a term is still in dispute. Firstly, the so-called "sharing" is not a process happening among friends, but strangers all over the world connected by internet. People could not "share" substantially without knowing whom you share with. Secondly, most of concepts is descriptive but not summative. A number of scholars give the definition of sharing economy by explaining what is not sharing economy. Thirdly, the sharing economy is too comprehensive to statistical analyze. There is no consensus on whether the model of individual rent from companies and exchange without money belong to sharing economy or not. The boundary-blurring concepts and categories make it relatively difficult to calculate the scale and forecast the trend of sharing economy by data. Lastly, according to Sarah Kessler (2015), real sharing economy is dead because of capital invasion. This new idea morphed into the pure capitalism game finally.

Sharing economy is observed from perspectives of economics, sociology, law and management perspectives by a number of scholars. According to Kennedy, sharing economy falls into three divisions: sharing as an economy driven by social capital, sharing as a mode of scaled distribution, and sharing as a site of social intensification (Kennedy, 2016). Legal scholars Kassan & Orsit (2016) argued there are four levels of sharing economy: Level 1 is building relationship for casual, spontaneous, and one-time transactions; Level 2 is building agreements; Level 3 is building organizations; and Level 4 is building larger-scale infrastructure. These four levels are viewed as taking place simultaneously rather than stages in a progression. Albinsson & Yasanthi (2012) claimed three categories of sharing economy: The first category is a sharing product service system such as Rent-a-Toy; The second one includes redistribution markets like eBay; The third one is collaborative lifestyle, which includes the share and exchange of less tangible assets such as time, space, skill and money. However, with the evolution of the sharing model, there is a new category emerging apart from the aforementioned three categories. The sharing of knowledge, experience or insights should be added as the fourth category: people share intangible assets or produce intelligent content collaboratively, in order to satisfy their desire of expression or get financial paid in various ways.

The fourth category of the sharing economy is changing and reshaping the publishing industry. In the traditional sense, publishing----the occupation or activity of preparing and issuing books, journals, and other material for sale (Oxford Dictionary, 2017) ----normally means one authoritative writers are invited to create systematic content to educate or entertain readers. If there is more than one author, they are supposed to discuss and cooperate on the co-authored book. The readers only can give their feedback after the publishing procession, and exert influence on the authors. Thanks to the knowledge from the sharing economy, prospective authors are united in a virtual community to produce content with their collective intelligence, the content is competitive or complementary, and reader could access the content and give their feedback to change the content anytime, even in the process of writing. Matzler& et al. (2015) claim companies could benefit from the sharing economy trend by creating new approaches to defining and distributing offerings, for instance, to support users' collaborative consumption, or align with collaborative consumption to target new customers.

Accordingly, the value chain and business models are reshaped by knowledge from the sharing economy. A value chain is a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market (Porter, 1985). The notion of the business model is now widely accepted, a business model can be said to provide a comprehensive description of a business, including its structure, relationship among structural elements, and its response to the world (Applegate, 2001). Chesbrough (2010) puts it in simpler terms, describing it in terms of "how a business will make money and remain profitable across time". Osterwalder and Pigneur (2013) suggest that a business model is the rationale of how an organization creates, delivers and captures value. This paper will adopt Chesbrough's paradigm (2003) of the business model, "Articulates the value proposition; Identifies a market segment; Defines the structure of the firm's value chain; Specifies the revenue generation mechanisms; Describes the position of the firm within the value network; Formulates the competitive strategy". According to

Alexander Osterwalder & Yves Pigneur (2010), nine building blocks could be provided to explain a business model: Customer Segments, Value Proposition, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships and Cost Structure. The nine building blocks are employed to analyze the different patterns of a publishing business model. The new challenges knowledge sharing economy brought to the current legal system, copyright of the content creators, and rights of consumers and distributors should be taken into consideration.

There are two important research questions that should be addressed: the first, is there any new trends that the knowledge sharing economy brings to the publishing industry, especially to digital publishing industry. The second, how does the knowledge sharing economy reshape the value chain and business model of the publishing industry?

Method

In-depth interview

In order to explore the attitude towards the knowledge sharing economy, an in-depth interview is employed to study. Three of "Top 10 digital publishing houses benchmark" (SAPPRFT, 2013) in China the publishing companies that were chosen: China Children's Press & Publication Group(CCPPG), Post & Telecom Press (PT Press), and Foreign Language Teaching & Research Press(FLTRP), these belong to general interest publishing, STM (science, technology and medical) publishing and educational publishing respectively.

As an important player in general interest publishing arena, China Children's Press & Publication Group was restructured in 2000, which is the largest publisher of children's books and journals in the publishing field in China. This group owns 5 newspapers and 11 journals, publishing 1500 titles and issuing 120 million items on average each year (CCPPG, 2017). Its digital content products are newspaper & journal database, online reading community.

Post & Telecom Press, a publishing house governed by (the) Ministry of Industry and Information Technology, was founded in 1953. Most of its publications lie into (the) STM category. In the past three years, 3352 new titles were issued averagely on every year. The market share of science books ranks first in China. Post & Telecom Press produces more than 1000 internet publication titles (PT Press,2017).

Foreign Language Teaching & Research Press was found(ed) in 1979 by the Beijing Foreign Studies University, focusing on foreign language teaching in all disciplines (FLTRP, 2017). FLTRP currently is the largest foreign languages publisher and university press in China, ranking 3rd in sales turnover among all the publishing houses in China. The publications range from academic and educational works, to humanities and social sciences. The formats of FLTRP products have extended from print to digital and mobile, trying to provide all-round educational solutions for individual readers.

Case study

A case study is a report about a person, group, or situation that has been studied (Mills&etc., 2010). Case study about a group describes the behavior of the group as a whole, not the behavior of each individual in the group. In this study, several books and the management of publishing houses would be compared and analyzed.

Findings

New trend of crowd-authoring

Thanks to the knowledge sharing economy, how a publishing house to make a contract with authors is changing gradually. Some specific factors are detected and analyzed from the in-depth interviews with insiders from three publishing houses in China.

PT Press, focusing on STM publishing career, issued an announcement How to become an original author in its online community, "If there is something more beneficial than reading a book, that is writing a book...Once upon a time, it is a magnificent feat to complete a IT technology book, now its halo is fading slowly and honorably."

These words disclose a truth, writers should not be occupational necessarily, if only they are professional in some fields. The potential readers of this post are professionals or college students, they are not professional writers. We can find a great number of works are compiled and edited in this cooperative way. In December 2016, the campaign of "Leyi (enjoying translating) Open Book Project" landed on PT Press. Its slogan is "dismiss the content worth translating, and enjoy it ". To prospective writers/translators, the process is as following:

Claim an original book----Claim a chapter you are going to translate----contribute a file----proofread

The participants could be translators, proofreaders, project manager or just advisers. This process is mostly self-organized on PT Press platform. The books like Think Python: How to Think Like a Computer Scientist, The Architecture of Open Source Applications are two of these cases.

Foreign Language Teaching & Research Press (FLTRP), the largest foreign languages publishing house in China, had launched similar projects to seek potential writers. On April 22nd, 2016, the year of four hundredth anniversary of the birth of Shakespeare, FLTRP raised "Cannot help reading Shakespeare: Chinese translation collection", combining with CRI (China Radio International) NEWSPlus and British Council. FLTRP invited anyone to translate the classic plays or sonnets by Shakespeare into modern Chinese. the winning Chinese translation would be compiled into books to get published. Besides that, there are more cases of new co-authoring model, for instance, collecting excellent translation of illustrative sentences when dictionaries are edited. The translation could be presented in officially-published dictionaries as well if it meets standard.

When it comes to the general interest publishing category, it is more comprehensive in China. At least two dimensions have been discovered: internet literature publishing and traditional general interest publishing, the former always only has a virtual format and the latter is both virtual and physical. Internet literature publishing, including self-publishing, has cultivated a number of fans and developed its unique profit model in the last decade. According to Bowker, a ProQuest affiliate based in the US, most of potential self-publishers prefer to publish novels, especially romantic novels. Most of cyber writers are not full-time authors, but professionals in other field. Such as one popular online novel about forensics, the author's full-time job is forensic doctor.

Travel books, a typical case of co-authoring, could be found in traditional general interest publishing houses. Take Greece the UGC (users-generated content) travel book as example, the photograph on the cover is taken by one traveler, the content about local sighting scenes is from another, the information of accommodations is from a third. These authors don't know each other, what they contribute for this book is only their own parts. Nevertheless, there is an exception from the trend of crowd-authoring according to interview. In an in-depth interview with CCPPG, for the sake of children's inability to choose books by themselves, the role of gate-keeping of a publishing house is more critical. CCPPG only opens the pre-publishing process to readers, few works from unprofessional writers could get published.

The role of authors from different publishing categories are changing slowly:

Table 1 The role of non-occupational author in traditional economy vs.in sharing economy

publishing category	The role of non-occupational author in traditional economy	The role of non-occupational author in sharing economy
STM publishing	Complementary Content provider	Participate of interest group
Educational publishing	Potential author	Reader & discussant
General interest publishing	Feedback provider & adviser	Self-publisher

Above all, the new trend of crowd-authoring with special features could be deduced. Firstly, the trend of non-occupational but professional could be seen obviously. There is tremendous UGC in the publishing industry, among which professional-generated content(PGC) occupies more than a half. Secondly, self-organizing of authors is practical and popular in the publishing process. Thirdly, the motivation for writers to express, communicate and entertain themselves are stronger than financial benefit or social status.

The change of value chain and business model

In China, publishing houses were once the monopoly of knowledge diffusion. Publishing houses are responsible for deciding what and how readers get access to knowledge. Thanks to the knowledge sharing economy, the dominance of publishing house gives way to the users. The technology's evolution of internet and social media creates power shift from marketers to consumers (Labrecque. &etc., 2013).

In the market system, the value chain of producing a book or digital content is presented as follows:



In knowledge sharing economy, it turns into:



Take Fitness the e-book as an example. Fitness is a systematical responding collections to questions about body building. In the traditional publishing houses dominate age, editors would define and make contract with an authoritative creator, control the content with the purpose of making a commercial success. While in virtual Q&A community Zhihu, the authority of an author is accumulated by answering related questions, and judged by users' comments and rankings.

For start-up publishing houses, the knowledge sharing is an important trend which could make them advantageous: It hasn't been so easy to find an appropriate writer to produce a book. For established publishing houses, they should adapt to this trend and try to find creative ways to attract readers. In the sharing economy, the importance of platform is prior to capital.

Table 2 Publishing business model blocks in traditional economy vs. in sharing economy

	Publishing business model blocks in traditional economy	Publishing business model blocks in sharing economy
Customer Segments	outsiders	insiders
Value Proposition	Help authors to polish a book	Align with users to unit a book
Channels	Physical or e-commercial book store	Virtual community
Customer Relationships	Indirect connections	Direct connections
Revenue Streams	Whole selling	Segment selling
Key Resources	Distributing sellers	Opinion leaders
Key Activities	Complete books	Build platforms
Key Partnerships	authors	users
Cost Structure	Copyright cost	Platform cost

Customer Segments: The age of publishing houses as almost the only way to connect the writers and readers has gone. It is more frequently seen that writers and readers belong to the same community.

Value Proposition: One of the most important tasks of a publishing house is to add value to the author's draft. With respect to comprehensive content produced by weak-tied authors, how to align them to produce a structured book is the value proposition.

Channels: The channels are changing from stores (physical and virtual) into online community, in sake of the digital format and segmented content.

Customer Relationships: To acquire and retain customers only can be via distributors in the past. Customer relationship is in a sense the relationship between publishing houses and distributors. Now It is possible for publishing houses to build direct connections with terminal customers.

Revenue Streams: The pattern to make profits for a publishing house is from Simplification to complication. Segmented content, value-added content, paid by the third party are three frequently seen approaches.

Key Resources: In the past distributing sellers are key resource to make profit for publishing houses, although authors and marketers are important too. However, the distributors are losing its appealing slowly, the role of opinion leaders in online communities is becoming critical.

Key Activities: Complete and polish books for the sake of publishing is the key activity. nevertheless, to build a friendly platform on which users get access to generate content is more crucial.

Key Partnerships: The key partnership is changing from with authors into with users. Generally, authors and readers are overlapped.

Cost Structure: The most expensive activity is changing from paying the authors as a copyright fee to building a platform and then merging the various platforms.

Discussions

The knowledge sharing economy forces us to think again what is a book, what is the function of publishing and corresponding problems.

Kevin Kelly, co-founder of *Wired* magazine, wondered the similar question from view of technology: What is book? What does a book look like when it combines with IT(Kelly, 2013)? In the knowledge sharing economy, everyone could be an author and reader at the same time. A book is not a material concept, it is a content construction, an approach to communicate.

Just as a frequent quotation of McLuhan, the medium is the message. The change of book format brings new connections between writers and readers, new approaches to diffusion of innovations. Given the function of publishing is knowledge/information diffusion and communion, is there still a necessity of the existence of publishing house in knowledge sharing economy? In the in-depth interviews with three publishing houses, there is a consensus on the value of publishing house: adding value to content. They consider the value of experienced editors is almost the value of publishing house itself.

Nevertheless, there is still something more a publishing house could do:

The first, cross-subsidence pricing strategy. By consciously selling a product at a discount or even at a loss, so as to achieve the purpose of promoting more profitable products. When profitability is the only measure to decide what books to get published, there must be some books of high spiritual value couldn't be put on the market. Through cross-subsidence, a publishing house could make profit as a whole with some products maintain small niches.

The second, building an intensive platform. A platform should provide a place where authors and readers communicate with each other. Editors play as role of nodal position, defining market needs and controlling content. A publishing house could generate economies of scale if given such a platform.

Copyright protection and management is another critical issue yet to be solved. When sharing becomes a trend, why or why not to protect copyright is a suspending problem. An increasing number of scholars assert copyright system of Gutenberg era is not suitable to digital age any longer, regarding free speech and social welfare. A brand-new digital right protection system should be developed, such as versioning, differential pricing strategy depends on digital versions.

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