

## Traditional Publishing Enterprises Shift to Digitalization: Basis for Strategic Plan

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**Abstract.** Digital transformation of traditional publishing enterprises in China is the main focus of the study, which aims to provide a comprehensive overview and propose strategic operational plans based on research findings. Through a descriptive research method with a quantitative research design, data was collected from managers across various departments of traditional publishing companies. The survey revealed that most of these enterprises are state-owned, with extensive operating histories and a predominantly domestic market focus. Structural challenges in digital transformation include cultural shifts, leadership adjustments, organizational coordination, and decision-making agility. Facility and resource challenges encompass high investment costs, talent shortages, copyright protection concerns, market fluctuations, and technological adaptation deficits. Systemic challenges involve technological infrastructure upgrades, process reengineering, data management, personnel training, and change management. Moreover, digital technology offers opportunities to enhance operational efficiency, broaden market reach, provide personalized services, and optimize marketing effectiveness, thereby boosting profitability and market competitiveness. Digitalization positively impacts customer satisfaction by improving publication quality, accuracy, cycle times, diversity, and usability. The study concludes with a strategic plan tailored to enhance the digital transformation of traditional publishing enterprises, addressing structural, resource, and process challenges while leveraging digital technology to drive business growth and customer satisfaction.

**Keywords:** Digital transformation; Profitability; State-owned enterprises; Strategic planning; Traditional publishing

## 1. Introduction

In the midst of the information age and the surge of network technology, the publishing sector undergoes profound shifts towards digitization. Digital technology integration in publishing presents evident advantages, notably in digital reading, catering to readers' evolving habits and preferences. Consequently, the global digital publishing industry experiences rapid growth, marking an inevitable trajectory for the future of publishing. As traditional publishing's limitations become increasingly apparent, companies are prioritizing digital transformation to remain competitive (Wang & Zhang, 2020). However, navigating this transition poses a dual challenge and opportunity for industry practitioners. Crafting effective digital transformation strategies necessitates leveraging digital technology as a potent productivity tool to usher in a new era of digital publishing (Li et al., 2019). This endeavor demands exhaustive research into the evolution of digital technology within publishing and the development of transformational plans tailored to the industry's needs, aiming to mitigate risks and foster modern, diversified publishing paradigms. By seamlessly integrating advanced digital tools, traditional publishing can navigate this transformational journey, evolving into sustainable, digitally-enhanced enterprises.

The study on the digital transformation of traditional Chinese publishing enterprises delves into the challenges encountered during this transition and proposes corresponding strategic frameworks. By exploring viable transformational strategies, the research seeks to equip Chinese publishing firms with the necessary tools to embrace digitalization effectively. Through the synthesis of practical experiences and industry insights, the study aims to facilitate the convergence of traditional publishing practices with cutting-edge digital technologies. Ultimately, the goal is to chart a sustainable development path for traditional publishing enterprises in China, where traditional practices harmoniously coexist with digital innovations, ensuring continued relevance and resilience in the evolving publishing landscape.

## 2. Methodology

This study employed a quantitative descriptive research method. It helped researcher identify characteristics in their target market or particular population. These characteristics in the population sample can be identified, observed and

measured to guide decisions. The descriptive research design entails observing and gathering data on a specific topic without attempting to establish cause-and-effect relationships (Chang, 2021).

### 2.1. Sampling Procedure

The study utilized convenient sampling, selecting units for inclusion based on their accessibility to the researcher, including factors like proximity, availability, and willingness to participate. A total of 150 manager-respondents from various publishing enterprises were interviewed, chosen for their roles in departments crucial to digital transformation insights. This approach aims to efficiently gather pertinent data and comprehend the challenges and strategic planning involved in digital transformation within traditional publishing enterprises.

### 2.2. Respondents

The respondents for this study are the managers of publishing enterprises, particularly those from the Information Technology, R&D, finance, and marketing departments. It is believed that these departments within the publishing enterprises can provide necessary data to successfully complete this study.

**Table 1** Distribution of Respondents

Traditional Publishing Enterprises	Total Number of Managers	Sample
People's Education Press	260	50
CITIC Publishing Group	278	50
China Youth Press	82	50
<b>TOTAL</b>	<b>620</b>	<b>150</b>

Table 1 shows the distribution of the respondents.

#### 2.2.1 Research Site

The study focused solely on traditional publishing companies located in Beijing, China, the nation's political, economic, and cultural hub. With over 400 out of 500 publishing enterprises headquartered there, Beijing's concentrated presence of publishing companies made it an ideal location for researching the digital transformation of China's traditional publishing industry.

## 3. Results and Discussion

### 3.1. Profile of the Traditional Publishing Enterprises in China

### 3.1.1. Form of Business

The majority of publishing enterprises in China are state-owned, as evidenced by data from the China Publishing Association and the State Administration of Press and Publication. This dominance extends to large cultural industry groups like China Culture Group, reflecting the significant role of state-owned enterprises in the country's publishing sector (Chen, 2023).

### 3.1.2. Years in Operation

Most traditional publishing enterprises in China have been operating for over 20 years, indicating their longstanding presence in the industry. As digitalization becomes prevalent, these enterprises are gradually adapting to new technologies and integrating digital practices into their operations (Ge, 2020).

### 3.1.3. Products/ Services

Traditional Chinese publishing enterprises offer a variety of products and services, including book publishing, journal publishing, newspaper publishing, and electronic publication publishing. Despite their expertise in traditional printing, these enterprises are compelled to adapt to market changes and embrace new technologies to remain competitive in the industry.

### 3.1.4. Number of Employees

Traditional Chinese publishing enterprises employ a significant number of people, with statistics indicating over 128,000 individuals working in the journal and book publishing industries combined. However, with the advent of digitalization, these enterprises face challenges in deciding how to adapt, as they may need to reduce their workforce and provide training to employees to familiarize them with new technologies (Geng, 2018).

### 3.1.5. Existing Markets

Traditional Chinese publishing enterprises traditionally target domestic and select foreign markets like the USA, Germany, Australia, and others. However, with the onset of digitalization, there's a significant opportunity for expansion into a broader international market, potentially attracting more customers and facilitating increased business transactions due to the accessibility provided by new technologies (He, 2014).

### 3.1.6. Asset Size as of 2022

Traditional publishing enterprises in China possessed substantial assets, likely exceeding RMB 10 billion in 2022, as indicated by the RMB 2384 billion asset value of Chinese publishing enterprises in 2021. These assets include traditional machinery used in printing and other processes, which could potentially be repurposed for digitalization efforts in the future (He et al., 2010).

### 3.1.7. Investments Made

Traditional publishing enterprises required investments exceeding RMB 50 billion, as indicated by the approximately RMB 1747.9 billion invested in the publishing industry according to the National Press and Publication Administration's statistics. This substantial investment covers the acquisition of new machinery and equipment necessary for the transition to digitalization within publishing enterprises.

### 3.1.6. Innovation Introduced

Over 90% of respondents perceive innovation to have begun between 2000 and 2010, marking the gradual onset of digital transformation within traditional Chinese publishing enterprises. This transformation encompasses various initiatives such as e-books, online sales, data-driven publishing, blockchain technology, and digital printing, aligning with China's shift towards digital publishing as outlined in policies like the "Eleventh Five Year Plan" and "Several Opinions on Accelerating the Development of China's Digital Publishing Industry" issued in 2006 and 2010 respectively, accelerating the digital publishing transformation.

## *3.2 The traditional operations of publishing enterprises in China*

### 3.2.1 Structure

**Table 2 Structure**

Structure	Frequency	Percentage
Traditional vertical structure	150	100.00%
Modern flat structure	41	27.33%
Hybrid structure	29	19.33%

\*\*\*Multiple responses

All respondents unanimously agree that traditional Chinese publishing enterprises predominantly utilize traditional vertical structures, with a minority indicating the presence of modern flat or mixed structures. Traditional vertical

structures are characterized by hierarchical departments, while modern flat structures emphasize specialization and clear objectives, and mixed structures integrate the advantages of both, enhancing operational efficiency and resource allocation (Su, 2022).

### 3.2.2 Facilities and other resources

**Table 3** Facilities and other resources

Facilities and other resources	Frequency	Percentage
Printing facilities	15	10.00%
Editing and production team	150	100.00%
Library and Database	92	61.33%
Distribution and sales channels	136	90.67%
Marketing and promotional resources	136	90.67%
Authors and Content Resources	121	80.67%
Measure for protection of intellectual property rights	126	84.00%
Warehousing and logistics	91	60.67%
Technical support and digital transformation	107	71.33%
Financial and Human Resource Management	122	81.33%
Others	-	-

\*\*\*Multiple responses

The majority of respondents recognize various facilities and resources owned by traditional publishing enterprises, including editing and production teams, distribution channels, and marketing resources, among others. However, only a small percentage acknowledge the significance of printing facilities, with most publishing companies having divested from them according to research findings.

### 3.2.3 Systems and Processes

**Table 15** Systems and Processes

Systems and Processes	Frequency	Percentage
Traditional manual processes	150	100.00%
System integration	34	22.67%
Data driven process	18	12.00%
Others	-	-

\*\*\*Multiple response

Traditional publishing enterprises in China predominantly rely on traditional manual processes, but a minority have started adopting system integration and data-driven approaches, indicating a slow pace of digital transformation in their systems and processes. However, advancements in digital technology have enabled more efficient editing, typesetting, and sales management, prompting some publishing companies to integrate information systems and utilize data analysis to better understand market trends and reader preferences (Wang, 2023).

### *3.3 Challenges met in relation to the shift to digitalization*

#### 3.3.1 Structure

The digital transformation of traditional publishing enterprises in China encounters organizational challenges including cultural transformation, leadership adjustment, organizational coordination, and rapid decision-making, as indicated by the weighted mean analysis. These challenges stem from conservative cultures, traditional management methods, departmental barriers, and slow decision-making processes within traditional publishing companies. To overcome these challenges and facilitate digital transformation, enterprises must focus on improving employee awareness, cultivating digital leadership, enhancing organizational coordination, and establishing flexible decision-making mechanisms.

#### 3.3.2 Facilities and other resources

The digital transformation of traditional publishing enterprises in China encounters challenges including high investment costs, talent shortages, content copyright protection issues, market changes, intensified competition, and technological adaptation difficulties. Enterprises must address these challenges by managing investment costs effectively, enhancing talent acquisition and training, strengthening copyright protection measures, adapting to market dynamics, and improving technological capabilities to ensure the smooth progress of digital transformation. These challenges highlight the need for comprehensive strategies and proactive measures to navigate the evolving landscape of digital publishing.

#### 3.3.3 Systems and Processes

The digital transformation of traditional publishing enterprises in China encounters challenges in upgrading technological infrastructure, process

reengineering, data management, personnel training, change management, and leadership. These challenges underscore the importance of comprehensive strategies and effective leadership in navigating the complexities of digital transformation.

### *3.4 The Effects of Digitalization from Traditional Publishing Enterprises to Digitalization*

#### 3.4.1 Benefits to operational performance

Digitalization positively impacts traditional Chinese publishing enterprises by enhancing operational efficiency through automation and digital tools, expanding market coverage via online distribution channels, and offering personalized services based on reader preferences. Additionally, digital publishing improves marketing effectiveness by enabling precise targeting and data-driven strategies, ultimately enhancing profitability and market competitiveness for these enterprises.

#### 3.4.2 Customer satisfaction

Digitalization positively affects traditional Chinese publishing enterprises by enhancing the quality and accuracy of publications, shortening publication cycles, and increasing the quantity and diversity of publications. Additionally, digital publishing improves the usability of publications, making them more accessible and convenient for customers to access and use, ultimately leading to higher customer satisfaction.

### *3.5 Proposed Strategic Operations Plan as a result of the study*

Traditional publishing companies face challenges in cultural transformation, leadership adjustment, organizational coordination, and rapid decision-making during their digital transformation. Thus, a proposed strategic plan was made by the researcher as an output based on the findings of the study.

## **4. Conclusions**

Traditional publishing enterprises in China, primarily state-owned and operating for over 20 years, face numerous challenges in their digital transformation journey, including cultural transformation, leadership adjustment, organizational coordination, quick decision-making, high investment costs, talent shortages, content copyright and protection issues, market changes and intensified competition, and technical adaptation



difficulties. While the researcher strongly agrees with addressing cultural transformation, high investment costs, technological infrastructure and infrastructure upgrades, and change management and leadership, they also agree with the need to tackle leadership adjustment, organizational coordination, quick decision-making, talent shortages, content copyright and protection challenges, market changes and intensified competition, technical adaptation difficulties, process reengineering and integration, data management and security, and personnel training and adaptation.

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