

Research on Paradigm Transformation and Strategic Reconstruction of Traditional Advertising Industry in the New Media Era

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Abstract. Nowadays, the new media is having a rapid development, which has profoundly changed the traditional advertising industry. This disruption necessitates strategic reinvention in traditional advertising to address evolving market demands. This study discusses the importance and approaches for the transformation of the traditional advertising industry in the new media era. We analyze present situation, the facing challenges, and the potential strategies for adaptation of the traditional advertising, using the ways of case studies and literature analysis. It can be concluded that traditional advertising must integrate technologies such as AI and AR/VR, implement cross-platform strategies, and align with consumer values like sustainability and cost-effectiveness to regain market relevance. The transformation requires striking a balance between digital innovation and traditional strengths in creative storytelling. Future research could extend into cross-cultural adaptation studies.

Keywords: New media, traditional advertising, paradigm shift, strategic reconstruction, digital transformation.

1. Introduction

The emergence of new media has fundamentally transformed advertising paradigms, as social media platforms and search engines now dominate consumer engagement channels. Chen demonstrates that traditional advertising efficacy has significantly declined owing to fragmented audience attention and obsolete performance metrics [1], while Muala emphasizes on the cost-effectiveness of the media advertisement, whose return on investment is 30% higher than that of traditional media [2]. Despite these transformative shifts, systematic research on traditional advertising's adaptive strategies remains underdeveloped. Take Li as an example, who pointed out that there is still a blank in strategic frameworks for legacy ad agencies transitioning to digital-first models [3]. This study aims to fill the blank by synthesizing empirical data and case studies. This study has three main questions to solve: What's the present situation of the advertising industry with the influence of the new media? What are the challenges the traditional advertisements are facing? What are the approaches of transformation? We use qualitative methods, including case studies of successful transitions and analysis of industry reports. By proposing achievable solutions, this research helps

traditional advertisements to deal with digital transformation, and enriches academic discourse on media evolution at the same time. Previous works offer theoretical models, but they are lack of empirical validation, and study seeks to fill the blank.

2. Current state of the advertising industry in the new media era

The advertising industry is undergoing a seismic shift toward new media platforms, with digital channels now dominating market share. Taking China as an example, it is reported that the revenue of internet advertising in China has reached 1.15 trillion yuan, accounting for 86.5% of the total advertising industry's income, and has become the main driving force in the industry's development. Among them, the income of short video advertisement takes the largest proportion of 42%, followed by social advertising and programmatic advertising [4]. New media advertising offers distinct competitive advantages: precision targeting algorithms [5], real-time performance analytics, and significantly lower customer acquisition costs. Studies by Gu show that 78% of marketers choose social media ads at first [6]. There is no doubt that new media such as short videos and online communication platforms has become the core driving force of the advertising development.

This paradigm shift stems from new media's inherent competitive advantages in audience engagement and behavioral targeting. Using the methods of schemas and heuristics, it can easily simplify the decisions of the audience. For example, Douyin, a famous Chinese short video platform, can push trending contents using availability heuristics, thus reducing cognitive load for users. In addition, as the advertisement market shows network externalities, platforms like WeChat gain values when more users join in, forming a winner-takes-all dynamic [7]. These technological and structural advantages explain new media advertising's exponential growth trajectory.

This transformation signals not just a technological evolution but a fundamental redefinition of advertising paradigms. As artificial intelligence and big data analytics become increasingly sophisticated, we can anticipate even greater personalization and automation in new media advertising. However, this rapid growth also presents challenges including privacy concerns, ad fatigue, and the need for regulatory frameworks. The industry must strike a delicate balance between leveraging cutting-edge technologies and maintaining consumer trust. Future success will belong to advertisers who can effectively integrate new media's precision targeting with compelling storytelling, while navigating the ethical implications of data-driven marketing. Ultimately, the advertising landscape will continue to evolve, but the centrality of new media platforms appears irreversible in our increasingly digital world.

3. Challenges facing traditional advertising

With the grandeur of new media advertising, conversely, traditional advertising now occupies a disadvantaged position, as it grapples with multifaceted challenges.

The primary challenge involves motivational influence. During the dissemination of the advertisement, cognitive dissonance may occur when the information of the traditional advertisements conflict with the audience's values [8]. As a result, the users can feel uncomfortable, so they will do something that can eliminate their discomfort as fast as possible, like skipping the advertisement or, even worse, denigrating the advertisement and brand itself. While the new media advertisements can decrease this possibility by engaging with the audience to fulfil their needs, the inflexibility of the traditional advertising makes it harder to suit the audience's taste, and it has less chance to prove its feasibility and success.

Moreover, the traditional advertisement has other disadvantages. For instance, making a traditional advertisement has a high fixed cost compared to a new media one. New media advertisements can use some low-cost ways, such as finding video makers to publicize, while making a traditional advertisement needs more efforts. To make matters worse, high fixed cost usually can't yield high returns. Lacking the viral potential inherent to new media formats, traditional ads often demonstrate suboptimal performance metrics, and that's how the economic barrier is formed, making the traditional advertisements harder to survive.

These compounding challenges create an existential crisis for traditional advertising, yet also reveal strategic pivot points. The industry must reconceptualize its value proposition by leveraging its residual strengths - brand authority and production quality - while adopting hybrid distribution models. Emerging technologies like AR-enhanced print ads or programmatic outdoor displays demonstrate how traditional formats can integrate digital interactivity. However, such transformations require substantial upfront investments and organizational restructuring, presenting a paradox where the solution necessitates resources diminished by the very problem it addresses. Ultimately, survival may depend on strategic alliances with new media platforms, creating symbiotic ecosystems where traditional storytelling converges with digital precision targeting. This evolutionary path, though fraught with implementation hurdles, offers a viable route for traditional advertising to reclaim relevance in the attention economy.

4. Transformation pathways

Traditional advertising urgently requires innovative transformation to remain competitive. We will find out several approaches through those examples we are going to mention.

Firstly, the traditional advertising should have more participation of the users through user-generated content (UGC) and social interaction. For example, Volvo shared many real cases of accidents happened on their users, mentioning that many of them survived from the accident and chose Volvo again the next time, applying social learning theory to show its safety [9]. This UGC strategy amplified brand visibility while boosting ad credibility through social proof.

Secondly, the modernization of traditional advertising can't leave the support of technology, especially artificial intelligence (AI) and big data analytics. Coca-Cola's 'Share a Coke' campaign employed AI-driven consumer data analysis to personalize bottles with regionally popular names, achieving precision marketing. Furthermore, programmatic advertising optimizes advertising efficiency through real-time bidding (RTB) technology, reducing information asymmetry and ensuring Pareto optimal allocation of advertising resources. AI can also be used for sentiment analysis, helping brands adjust ad content in real-time to match audience sentiment [10].

Thirdly, traditional advertisements should break the single-media limitations adopting cross-platform strategies. For instance, Dongchedi, a Chinese automotive trading website, allows users to preview the actual appearance and interior of the vehicles with different colors using augmented reality (AR), changing ads from passive displays into interactive experiences, which enhances engagement and makes the way from ad exposure to purchase shorter. Apart from that, other technologies such as virtual reality (VR) and Metaverse also provides various possibilities for advertising.

Last but not least, consumer values critically determine ad acceptance. With growing values of consumers to save money, advertisements should show their products are affordable. KFC's Crazy Thursday, for example, offers discount every Thursday, so the customer will have a chance to have a cheaper meal. Luckin, the Chinese chain coffee store, gives out discount coupons, so customers can have a cup of coffee by paying just 9.9 yuan. Meanwhile, there is also growing awareness of

environmental issues, so brands must show sustainable development during their messaging. Patagonia’s “Don’t Buy This Jacket”, for instance, emphasize environmental responsibility by promoting reducing consumption, successfully shaping a responsible brand image. These approaches use self-perception theory, encouraging consumers to reflect on their behavior and strengthening emotional connections with the brand.

These case studies conclusively demonstrate that the transformation of traditional advertising requires various approaches, including social influence, technological combination, cross-platform strategies and value-driven messaging. By combining modern digital tools with consumer behavior theories, traditional advertising can not only adapt to the new media environment but also redefine its competitive edge in the evolving market.

5. Conclusion

This study systematically examines the imperative for traditional advertising to evolve in the new media era, identifying four key transformation pathways. First, user engagement through UGC and social interaction enhances authenticity, as demonstrated by Volvo’s safety testimonials leveraging social learning theory. Second, technological integration, including AI-driven personalization (e.g., Coca-Cola’s “Share a Coke”) and AR/VR applications (e.g., Dongchedi’s interactive car previews), improves targeting precision and consumer immersion. Third, cross-platform strategies bridge offline and digital touchpoints, exemplified by KFC’s “Crazy Thursday” campaign, which combines in-store promotions with viral social media engagement. Finally, value alignment with consumer priorities—such as sustainability (Patagonia) and affordability (Luckin Coffee)—strengthens brand relevance through self-perception theory. These approaches collectively address traditional advertising’s declining efficacy by merging its storytelling strengths with new media’s data-driven capabilities, suggesting a hybrid model where creativity and technology coexist synergistically.

However, this research has limitations, including a geographic bias toward Chinese and Western cases, which may limit generalizability to emerging markets. Additionally, studies predominantly assess short-term campaign metrics, overlooking long-term brand equity effects. Future research should expand into cross-cultural comparisons and develop frameworks for ethical data usage in personalized advertising. By addressing these gaps, the industry can foster more inclusive and sustainable advertising evolution.

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