

10.18686/frim.v2i2.3992

New Business Models in the Digital Economy

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Abstract: This paper firstly clarifies the definition of new business model in the context of digital economy based on the research background, and on this basis analyses the business models in the context of digital economy and lists several common new business models in the context of digital economy. Secondly, this paper takes the retail industry as an example, analyses the original business model of a retail enterprise and the new business model after the transformation through the digital business model, and compares the impact of the new business model on the enterprise. Finally, the paper summaries the above and draws conclusions. Enterprises through digital tools for business model change, so that enterprises can better adapt to the current economic and social and thus obtain sustainable development.

Keywords: New Business Models; Business model change; Digital Economics

1. Introduction

At present, with the continuous development and progress of science and technology, the original economic society is stepping into the digital economy and society, and the new generation of information technology, such as big data, cloud computing and the Internet of Things, is the key to open the digital economy and society. Therefore, how to change the business model under the digital economy, how to make enterprises get more development in the era of digital economy, so that enterprises can better adapt to the era of digital economy, has been an important issue that business managers should think about. Compared with the traditional economy, the digital economy is characterised by high interactivity, border lessness and uncertainty, which brings new challenges and opportunities for traditional enterprises to transform in the new era of digital economy.

2. New Business Models and Case Analysis

2.1 New Business Models

Regarding the concept of business model, scholars at home and abroad have not yet formed a unified concept. According to Tong Yaxin^[1], “From the perspective of the nature of business model, adopting the perspective of management, business model is essentially a transaction mechanism designed and implemented by an enterprise to maximise its own value.” According to Amit^[2], “Business model is the continuous design and modification of the transaction mechanism by the enterprise in order to take advantage of the market opportunity, which ultimately enhances the value of the enterprise.” According to Wei Wei^[3] and Zhu Wuxiang^[4] “Business model exists prior to the overall strategy of the enterprise, and is essentially a transaction structure, including the specific content of the transaction, the subject object, the pricing method and other stakeholders.” Based on this, this paper defines a new business model as one that is based on digital tools and methods to promote sustainable growth and economic benefits, and to promote internal transformation to adapt the company to the characteristics of digital development, thus ensuring sustainable growth. Table 1 shows several new business models that already exist.

Table 1 Several common new business models

Model name	Brief description
Pure e-commerce model	The company only relies on the Internet to sell goods and has no physical stores
Online + offline (O2O) business model	Sell goods online and provide after-sales service offline ^[5]
Third-party platform business model	The company provides third-party services for sales and transactions
Omni-channel business model	Use multiple channels to sell at the same time, including physical stores, online stores, mobile terminals, etc.
Leverage customer data	Create new value by collecting customer data and preparing it in a beneficial way for internal use or interested third parties.
User designed	In user manufacturing, customers are both manufacturers and consumers. Create a win-win situation.

2.2 Case analysis

2.2.1 Company Introduction

In 2012, in the face of development difficulties Haier chose to change its business model and enter a period of network transformation. Haier used the emerging Internet technology as a strong technical support to promote the normal operation of the new consumer-centred business model and achieved relatively good results. Table 2 shows the comparison of Haier's old and new business models.

Table 2 Comparison of Haier's old and new business models

Item	Original business model	New business model
Customer segments	Mass market	Mass market + Customized market
Value propositions	"Haier, made in the world"	"Haier, made by the Internet"
Customer relationship	Offline store service	Personal support + Value co-creation
Channels	Shop	Website, app, comments, shop
Revenue streams	Product sales	Product sales Service sales

2.2.2 Haier's reasons for generating business model changes

The digital economy is driving business change. With the expansion of Internet shops, the industry is highly competitive, and the brick-and-mortar model is experiencing challenges.² Costs continue to rise. Products are sold through brick-and-mortar shops, which require a large amount of capital to prepare inventory to ensure the normal supply of enterprise products.^[6] ³. The original investment structure cannot meet the demand. The original investment structure is asset-heavy operation orientated and inefficient. The new business model is user demand orientated and has significantly improved efficiency.

2.2.3 Results of Haier's adoption of a new business model

Steady growth in the scale of investment. Under the requirements of the new business model whether it is the reconstruction of the traditional supply chain and the construction of the cloud platform or the positioning of consumers and the comprehensiveness of product types, all put forward high requirements for Haier's capital investment. With the steady progress of the new business model, Haier has accelerated the pace of internal and external mergers and acquisitions in the industry to internally build Internet factories, externally establish a smart life system, and improve the downstream link of the channel's business intelligence. 2. Concentration and diversification develop together. Acquisition of overseas assets in cash, wholly owned acquisition of all shares of Singapore Investment Holdings Limited, integration of production, manufacturing and sales into a listed company, establishment of scientific R&D centers at home and abroad, and improvement of the level of mass customization.³ Promotion of platform construction. Under the new business model, accelerate the promotion of mass customization production, establish a resource platform for module vendors, modules to directly meet the personalized needs of consumers, and enhance the user's sense of participation in the whole process.⁴ Improve the user experience. Under the new business model, more emphasis on the user's sense of consumer experience, user-centered, from pre-sale, sale, and after-sale links to provide consumers with a comprehensive and convenient shopping experience.

2.2.4 Suggestion

The rapid development of the digital economy in the traditional manufacturing market has brought a huge impact at the same time, but also for traditional manufacturing enterprises to achieve breakthroughs in long-term development provides an opportunity. Traditional manufacturing enterprises should grasp the opportunity for change, take Internet technology as the technical support, promote the realization of a new consumer-centric business model, improve mass customization services, accelerate the intelligent transformation of the channel integrated business, and enhance user participation in the whole process of experience.

Digital technology represented by big data can provide great convenience for enterprises, and the most accurate marketing strategy can be provided for enterprises through effective analysis of commodities. Commodity analysis established on the basis of probability, so that enterprises have a more scientific prediction of the effectiveness of the location and combination of commodities, so that they can provide a combination of customer satisfaction strategy or product, through the collection and analysis of big data on the user's data, decision makers are able to make better decisions to reduce costs at the same time, it can be effective in ensuring that consumers love the product.

Of course, enterprises should not blindly carry out the change of digital business model in isolation from their own conditions, and they should choose the appropriate business model according to their own conditions, to avoid the loss of the enterprise.

3. Conclusion

New business models can enable enterprises to develop further. Unlike the traditional business model, the new business model can en-

able enterprises to better locate consumer groups, understand market demand and consumer preferences, so that they can provide products that make consumers more satisfied. In addition, the use of Internet technology, enterprises can maintain close contact with customers, so that enterprises better understand their own shortcomings, which is conducive to the sustainable development of enterprises. New business models can drive changes in corporate investment strategies. As in the case of the investment direction of the case company, under the new business model, the enterprise focuses on the improvement of R&D technology and diversified investment. In the early stage of the operation of the new business model, the promotion of the various investment initiatives needs to invest a lot of money, and the development of the construction is still immature, there is a transition pain period, the market share will be lost. However, with the further promotion of the new business model, the development of investment projects becomes more and more perfect, and the market share of enterprises will gradually increase in the transformation period.

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