

Business Model Innovation of China's Third Party Shopping Guide Platform

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Abstract. In the constantly changing Internet era, China's e-commerce industry is booming, online shopping channels are also constantly amplified. In the face of fierce competition, the third party shopping guide platform business model innovation is imperative. This paper focuses on the third party shopping guide platform business model innovation research, the paper comprehensively describes the business model development course and the definitions, classification, business model innovation theory, the latest research results, the development of domestic third party shopping platform and existing problems by integrating and sorting out the existing literature. Based on the relevant theory, put forward the domestic third party shopping guide platform business model innovation strategy.

1. Introduction

In the constantly changing Internet era, China's e-commerce industry is booming, online shopping channels are also constantly amplified. Faced with numerous types of channels, consumers often do not know how to choose the B2C platform to get the most cost-effective, the third party shopping guide platform thus came into being. Third party shopping guide platform first appeared in foreign countries, such as Fatwallet, Ebates etc.

The current business model subject of China's third party shopping guide website is to reach a strategic cooperation relationship with various types of electronic business platform. Part of selling profit of B2C businesses will be paid to the third party shopping guide website as a return; and third party shopping guide website will use part of it in the form of virtual currency return to the consumer, in order to achieve tripartite altogether wins. However, the reproducibility of this business model makes the same type of platform springing up, in order to reap market share, some companies maliciously reduce profit margins, making the development prospects of the industry is bleak.

This paper analyzes the current development and problems of the third party shopping guide platform in China, discusses the innovation strategy of the third party shopping guide platform business model, and provides the reference for the enterprise practice.

2. Theoretical Basis

2.1 Business Model and Innovation

Although the business model has become a customary term, but different scholars have different understanding of the business model, there is no unified theory of its definition. Existing definitions can be broadly divided into three categories: value, profit, and operation.

Value category believes that the core of the business model is to create value for customers, and reap the benefits. Wang and Dong (2012) believe that the concept of "value" was gradually added to the key elements of the business model theory after 2005. Value creation and competitive advantage has become the core decision variables of business model. Shafer etc. (2005) [10] think that it is the potential logic and strategy choice for enterprises to realize value creation and value acquisition in the value network. Teece (2010) [5] believes that the nature of the business model is to deliver value to customers, get value from customers.

Profit category defines business model as the profit model of the enterprise. Stewart and Zhao (2000) [6] believe that business model is the logic of enterprises to obtain and create profits. Afuah and Tucci (2000)[1] described as the logical statement of enterprises to obtain and maintain its continued revenue streams.

Morris etc. (2005) [9] describe the business model as a structural setting. The focus is on the internal process and basic structure design, so that enterprises can create value through the structure of the system. Osterwalder etc. (2005) [2] proposed business model is a kind of tool, intended to explain the business logic, describing the customer value, the internal structure of the company and other elements which can achieve the creation, marketing and delivering value and generate sustainable profitable revenue.

About the innovation of business model, most scholars have made a deep discussion on the concept of business model innovation from the perspective of strategy, business model and technology innovation.

Markides (2006) [3] believe that business model innovation is by introducing a new profit model, breaking the existing rules, creating a new profit rule.

Zott and Amit (2010) [4] believe that business model innovation is to set the new operating systems through the reorganization of resources and partners or improve the current operating system. Xie (2012) believes that the essence can be divided into two major categories of business innovation and basic innovation. It often exist organizational innovation, technological innovation and product innovation in the process.

Chesbrough (2006) [7] believes that business model innovation is the process of establishing a heuristic logic to link the technology to its potential economic value.

2.2 Third Party Shopping Guide Platform

The third party shopping platform, also known as social e-commerce based on third party, the platform independent in the existing e-commerce platform, usually build vertical communities based on a region, industry or interest, targeted to provide shopping guide and other services and independent maintain the user system. Xin (2011) [8] found that the current cooperation model between the third-party shopping guide platform and B2C business is that consumers from the platform entrance into the corresponding electricity supplier website, the website will pay to the platform a certain commission based on the purchase of the consumer; at the same time, the platform will share a part of the commission to the consumers. Yang (2011) [11] believes that the third party shopping guide platform profit model mainly is channel marketing, through cooperation with major electronic business platform to become the promotion of major electronic business platform

3. Analysis of the Development Status of the Third Party Shopping Guide Platform in China

3.1 Advantages and Disadvantages

The prosperity and development of the online shopping business makes the connection link becomes more and more important, thus directly contributed to the rapid growth of third party shopping platform. Persuaded the all kinds of electronic business website, and attracted a large number of consumers through this platform for online shopping.

The current cooperation mode of third party shopping guide platform and e-commerce platform, enterprise separate electronic business platform and small and medium individual businesses can be divided into three ways. First, the third party shopping platform reached a strategic partnership with Taobao, lynx, through the relevant science and technology to record consumer shopping situation in Taobao, Lynx, through the volume to decide the rebate amount. Second, the third party shopping platform set different specifications and different visibility of advertising. Major e-commerce enterprises according to their own needs to buy advertising, and e-commerce businesses pay marketing costs to third-party shopping platform through click rate and traffic amount and other network data, Alimama is the typical example. Third, leading Internet companies like BAT developed their own diversified business, make consumers can be shopping in the mall through an account,

provided convenience which the other third party shopping guide platform temporarily cannot give to create their own advantage.

3.2 Opportunities and Threats

At present, the measures in order to attract consumers taken by China's third party shopping guide platform are also rich and varied. The most direct form for consumers is cash or red envelope; secondly there is a virtual currency, such as set points treasure, F coins, etc. besides there are goods within the platform. At the same time, these "rebate" are likely to have restricted, the most common limitation is available only if the consumption reach a certain amount, indirectly enhance the use of platform and the sales of electricity supplier site, shoot two hawks with one arrow. And it has also become an important factor to decide the third major shopping guide platform competition success or failure. The numbers of "rebate" channels which meet consumer demand directly determine the consumer choice situation about third-party shopping guide platform.

In addition to the resource capacity of the third party shopping guide platform and the number of rebate channels, industry competitors will also focus on the details of the service. It provides order inquiry, order details and the other detailed reports in the personal center, brought a lot of convenience for consumers. In order to make consumers can purchase their favorite goods in a limited commodity, providing a short message to remind. For the safety of consumers shopping, it has strict audit of the cooperative businesses, and ask group-buying and travel websites promise 72 hours unconditional refund, also charged a certain margin, provided a solid guarantee for consumers' online shopping.

The major platform via their existing users to introduce incentive system, means that a consumer introduces another consumer to register this platform can obtain certain concessions. Preferential forms are diverse, thus continue to attract more consumers to their platform by word of mouth.

4. The Problems Existing in the Development of the Third Party Shopping Guide Platform in China

4.1 Achieve a Breakthrough of the New Enterprise

Leading Internet companies, such as Tencent, stationed in the field of third party shopping guide also increased the intensity of competition in the industry. The reason is that these companies have a huge number of users, and its brand effect is also very impressive. For companies just entering this field, consumers will have resistance to the new on-line project. However, this need business give a push to the project sales. From 0 to 1 is always a difficult process, but from 1 to 100 it is becoming easier. How to break the zero point is a key problem to be faced by the new enterprise.

For new businesses, the "rebate" channel is also very difficult to break through. Consumers' preference for the rebate channel directly affects the choice of platform. Due to the different needs of each consumer, how to rational develop the "rebate" channel through the market investigation is a key problem for the third party shopping guide platform. However, the real question is how to achieve cooperation with a large number of electronic business platforms to solve this problem, and the cost to solve this problem whether it can be subjected.

4.2 The Innovation of Enterprise

At present, the commodity quality of the electronic business platform is different. However, the satisfaction of consumers to buy goods directly affects the development of the third party shopping guide website. Third party shopping guide website as a product promotion and marketing side, how to perfectly connect n the partners and consumers is the problem required to think at this stage.

In the era of ever-changing Internet technology, buying behavior and psychological needs of users of third-party shopping guide platform is constantly changing. Survival and development of any third party shopping guide platform must have its own unique, replicable business models will inevitably lead to the elimination of platform. Therefore, how to innovate on the existing basis, to carry out the reform, the unique core competitiveness of enterprises is a very critical problem.

4.3 The Rebate Period Is Too Long

In general, consumers need to pay the regular price of goods. In the use of the third party shopping guide platform, the rebate information can be recorded after the confirm receipt. However, the rebate funds generally require a month to a few months of the cycle to return to the consumer's account. The length of the cycle depends on two factors: return cycle and the time required to communicate and the exchange of data between the third party shopping guide platform and vendors. The rebate period is too long will have a negative impact on consumer loyalty; it is not conducive to the sound development of third-party shopping guide platform.

4.4 Businesses Took the Opportunity to Raise Prices

Large B2C website general operational norms, the price is relatively transparent, and it will not raise prices in advance for the immediate petty profits to influence the reputation of the site. In contrast, small businesses often use consumer shopping psychological activities and raise prices, the rebate amount allows consumers to focus in the price required to pay after the rebate, thus ignoring the regular price of goods. Consumers may buy goods after the price increase in advance and then get rebate, so that consumers do not buy the most cost-effective product, may spend unnecessary funds. What is more, some medium and small businesses will use the third party shopping guide platform to sell poor quality and high price goods. In fact, the third party shopping platform is difficult to audit commodity prices released by the numerous medium and small businesses. If such problems are not to be resolved, it will inevitably lead to a third-party shopping guide platform lost trust and loyalty among consumers.

4.5 Commodity Quality Is Different

Third party shopping guide platform tend to gather a large number of electricity supplier resources, and the quality of the electricity supplier is different, so the quality of its goods is difficult to be guaranteed. There is a big lack in the quality audit of the current third party shopping guide platform. Is to eliminate the sale of non-official electricity suppliers of goods, or to audit quality in the choice of business cooperation? This is the existing problems of the third party shopping guide platform.

5. The Innovation Strategy of the Business Model of the Third Party Shopping Guide Platform in China

5.1 The Innovation Strategy of Value Orientation

The innovation strategy of orientation just as its name implies, is the value of the third party shopping guide platform to re positioning. With the continuous improvement of living standards, the consumer's choice becomes more and more, while the price sensitivity is getting lower and lower. Thus, the third party shopping guide platform can be turned from sales to recommendations, the same as from the shopping guide to the consultant, so professional, dedicated, caring and personalized consumer advice makes consumers have a better use experience, At the same time this is conducive to improve user stickiness, as well as lay the foundation for repeated purchases of consumers for the third party shopping guide platform. Perhaps in the near future, rebates or other preferential conditions will become a thing of no great importance, while meeting the needs of consumers and the advice is the important basis for the consumers to consider the choice of which a third party shopping guide platform.

5.2 Product Portfolio Differentiation Strategy

At moment, the third party shopping guide platform does not have their own goods, purely to promote, marketing other electronic business platform for the source of earnings. This operating model can be highly reproduced, and even some platforms in order to win traffic by lower prices and vicious competition. In order to retain consumers, the business model innovation of the third party shopping guide platform is required to take a differentiated strategy, and reach a consensus with the electricity suppliers, then design a unique which cannot be copied. In addition, the differentiation strategy will be used not only in the existing products, but will also develop other areas of specialty goods.

5.3 Hunger Marketing Strategy

Hunger marketing is a kind of marketing based on consumer behavior. Consumers usually have a great interest in a limited amount of goods. As a result, it is more appropriate to adopt a hunger marketing strategy for the best products, which not only stimulates the desire to buy, but also makes consumers who the purchase of goods get the maximum discount, at the same time, the electricity business platform and businesses have harvested flow and sales. Although the discount is very large, as the limited number of goods, thus, whether it is for the third party shopping guide platform or electronic business platform, as well as businesses or consumers, hunger marketing strategy is the best choice.

5.4 Focus on the Implicit Demand for Advertising

The third party shopping guide website is not only a sales platform, but also a drainage platform, which are of great commercial value for the type of the user's purchase of goods, prices, etc. The third party shopping guide platform enhances their visibility and sales platform as well as the characteristics of consumer buying behavior. Thus, the third party shopping guide platform should be more concerned about the existing basis of the implicit demand for advertising, for example, the type of consumers to buy goods, preferences, prices and other information. Based on the information, most of electronic business platform and businesses can be make oriented marketing to get more sales according to different types of consumer. For the third party shopping guide platform, the implementation of differentiation strategy is more intimate for each consumer to recommend the most suitable products, making the platform better and faster development, which makes it stand out in the fierce competition.

5.5 Community Marketing Strategy

Taking the rebate network as an example, the reason why the rebate network can stand out among the many similar enterprises lies in that the rebate network pay more attention to consumer's behavior and psychology. The rebate network has established with cooked rice drying single, Q & A cooked rice, tattle of cooked rice, worth buying and user feedback of the four major sections of the cooked rice commune, which reflect the highly interactive between the rebate nets and consumers in as well as the positive feedback mechanism. For cooked rice drying single, consumers have made publicity indirectly for rebate network in the cooked rice by sunning single, and users also can get coupons, reaching a win-win situation. For the Q & A cooked rice, solving the various problems encountered in the use of the user in the process in a timely manner, at the same time, the solution of the problem is shared with other users, which have realized the effective sharing of information resources. Cooked rice Zatan quite as a social community, let users communicate with each other and improve the rebate network flow value and consumer loyalty, which have enhanced the customer loyalty greatly.

6. Conclusion

This paper focuses on the third party shopping guide platform business model innovation research, the paper comprehensively describes the business model development course and the definitions, classification, business model innovation theory, the latest research results, the development of domestic third party shopping platform and existing problems by integrating and sorting out the existing literature. Based on the relevant theory, put forward the domestic third party shopping guide platform business model innovation strategy.

This paper argues that: (1) The definition of business model can be roughly divided into three kinds of definition of value, profit and operation. (2) Business model innovation is based on the background of the age of the Internet, from the three aspects of business model, namely strategic perspective, the perspective of business model and technology innovation perspective to carry on the thorough transformation, finally makes the enterprise obtain sustainable competitive advantage. (3) The third party shopping guide platform business model innovation can take a new value orientation strategy, homogeneity differentiation strategy, hunger marketing strategy, and focus on the needs of advertising and community marketing strategy.

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