

Research on the Characteristics of New Retail Business Model under Internet-Traditional Furniture

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Abstract

Nowadays, with the increasingly fierce competition in the furniture market, marketing has become a necessary weapon for furniture enterprises to win the market. However, the current furniture enterprise marketing methods exist homogenization problem, so innovative marketing model becomes imminent. Under the background of the rapid development of the Internet, it is feasible for furniture enterprises to leverage Internet plus. The demand of consumers is constantly changing. Traditional marketing methods can no longer meet the needs of consumers, and gradually homogeneous products have been separated from the needs of consumers. To change this state, furniture enterprises must change to modern marketing. As we all know, the current Internet plays a very important role in people's lives. In this era, if you don't understand the Internet, it is equivalent to being out of touch with the market, and its products can't be digested by the market naturally. Therefore, learning to use the Internet to do a good job in brand promotion and sales is the change that furniture enterprises must adapt to market demand.

Keywords

Internet; New Retail; Business Model; Impact; Internet-Traditional Furniture.

1. Introduction

With the continuous development of Internet technology and the wide application of mobile Internet technology, the impact of the Internet on human society continues to deepen. The new business model refers to global marketing, that is, Omni-channel and all-contact marketing model, which is a consumer penetration model that takes consumers as the center, takes data as the energy in the whole process, and realizes "all-link", "all-media", "all-data" and "all-channel" marketing methods. The so-called "Internet plus" is to make full use of modern communication technology and Internet platform to optimize and integrate the role of Internet in social resource allocation to the maximum extent, so as to realize the deep integration of Internet and traditional industries. In the retail industry, using big data about consumption can help retail companies better grasp the latest development trends in consumer behavior, so as to achieve more accurate marketing [1].

Taking Buy Together as an example, we can find that the mobile network retail business is developing rapidly. The development time of mobile network retail business in China is

relatively short. Before 2015, it was basically traditional online shopping. After 2015, with the advent of the mobile Internet era, the mobile shopping experience has gradually improved, and the habit of netizens shopping through mobile terminals has begun to take shape. The scale of mobile shopping transactions has grown rapidly, showing explosive growth. In 2019, the total online retail transactions in China were 3.88 billion yuan, of which the online retail sales of mobile terminals reached 2.10 billion yuan, accounting for 54.1% of the total online retail transactions in China. Data show that the traditional PC online shopping market is gradually maturing, and the mobile online shopping is in a rapid growth stage, and the growth rate is obviously faster than the PC online shopping, and the online retail market is gradually shifting to the mobile side. With the change of consumption habits of network users, enterprises continue to exert their strength on the mobile side, and the mobile network retail business has made great progress. According to the statistics of the website of China Economic Development Commission, we can see the development of online retailing in China from 2015 to 2019 as shown in Table 1.

Table 1. China's online retail development data from 2015 to 2019

Statistical year	Total online retail sales (100 million yuan)	Year-on-year increase (100 million yuan)	Increase (%)
2015	7736	2756	55.3
2016	10340	5304	68.6
2017	18500	5460	41.9
2018	28145	9645	49.8
2019	38800	10800	38.6

It can be found from the table that China's retail industry has an increasing trend every year.

2. New Characteristics of China's Retail Industry under the Background of Mobile Internet

2.1. Retail Industry Enters the Era of Consumer Sovereignty

The era of consumer sovereignty initiated by mobile Internet is detonating the third retail revolution. In the traditional retail business model, retail enterprises rely on geographical position to monopolize business and master the information advantage and initiative, and consumers are passive recipients of information. However, with the rapid development of mobile Internet, consumer groups eager for consumption democracy, freedom and equality, and individual consumer groups reflecting sociality, locality and mobility are emerging [2]. Consumers pay more attention to the freedom of obtaining consumption time and space anytime and anywhere. We found after the statistics, as shown in the Figure.

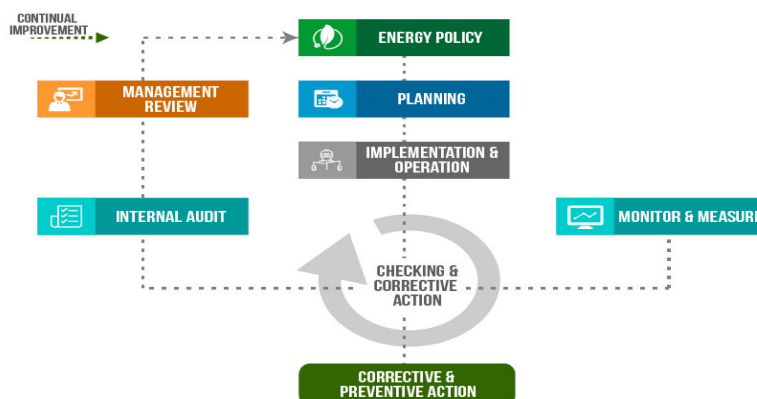


Fig 1. New characteristics of China's retail industry under the background of mobile Internet

2.2. Evolution of Retail Industry from Multi-channel to Omni-channel

The retail business model in the Internet age adopts online and offline Multi-channel model, but there are some problems such as scattered channel resources, increased management costs, vicious competition within channels and so on, which lead to the decline of channel operation efficiency. The Omni-channel trend is mainly reflected in "convenience" and "community". Online channels provide great convenience to consumers because of mobile Internet technology, while offline channels narrow the gap with consumers because of "community". Physical stores such as offline channel monopoly and discount, online channel official website and APP Mall have formed the organic link and integration of Multi-channel operation in the mobile Internet era, which fully embodies the diversified integration of O2O online and offline channels. As this Omni-channel model meets consumers' demand for online migration, brands and physical retailers are undergoing online transformation. The boundaries between online and offline began to blur, and channels changed from supply chain, products and services, price changes and so on. From competition to collaboration, meet customers' comprehensive experience needs such as personalized shopping and social entertainment [3].

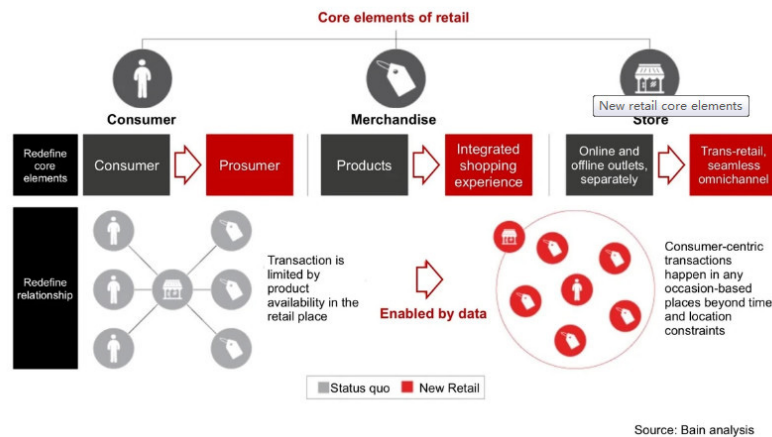


Fig 2. Introduction of new retail and new business model

2.3. Business Collaboration has become a New Trend in the Development of Retail Business

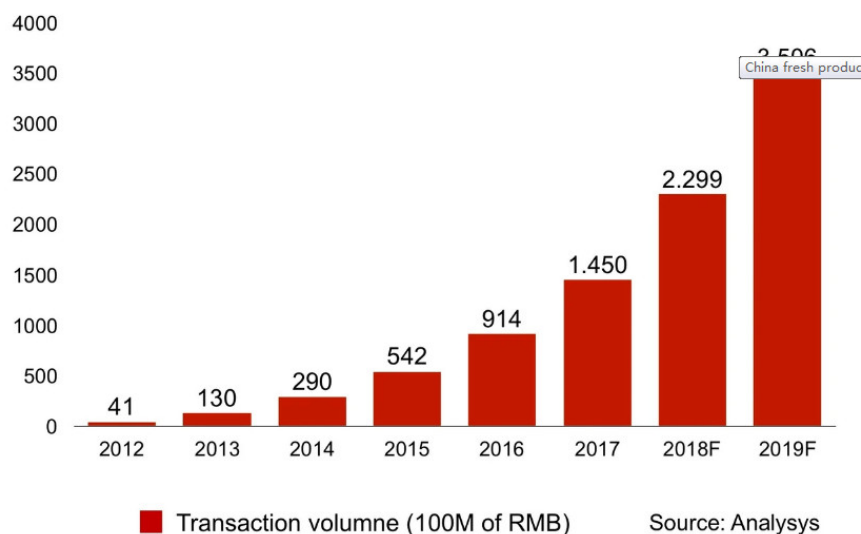


Fig 3. Sales statistics of new retail and new business models in China market from 2012 to 2019

Under the background of mobile Internet, multi-format business collaboration has increasingly become the mainstream trend of retail business development. The experience, timeliness and participation of consumption require the retail business model to provide consumers with comprehensive supporting products and services at a faster speed and in a better way. Establish a more harmonious relationship between supply, production and marketing, focus on the relationship between retail formats and the coordination among various departments of enterprises, form a close and smooth supply chain, industrial chain and value chain, and improve the efficiency of retail business model. In the era of integration and development of mobile Internet plus, the business entities in the retail industry chain and value chain are no longer a single closed company, but must be closely connected with the market through the Internet, communicate flexibly with suppliers and consumers at any time, and create value together.

3. "Goods + Services", the Foundation of Business Model

3.1. Current Situation of Market Scale

In recent years, China's furniture market has been continuously upgraded, and the development of characteristic furniture industry has brought new economic growth points to regional agricultural development. By 2020, the total scale of furniture market economy is 200 billion yuan, and the comprehensive economic benefits reach 128 billion yuan

3.2. Marketing Status

1. The Internet infrastructure has been continuously strengthened

By the end of 2019, China's Internet penetration rate was 79%, and the number of Internet users reached 890 million. The rapid development of the Internet provided basic conditions for the marketing of traditional furniture. With the strengthening of the construction of Internet facilities, China's traditional furniture enterprises can have more access to the Internet marketing platform, laying a foundation for opening Internet marketing channels

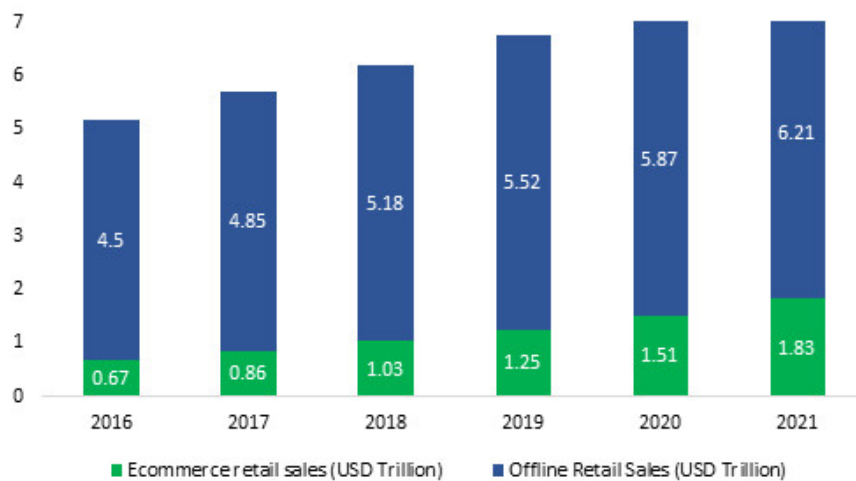
Table 2. Table on the Growth of Internet Basic Resources in China

Project	Quantity
4G telephone subscribers	750 million households
Broadband subscriber	680 million households
Cumulative Internet traffic	100 billion GB
5G telephone users	210 million
5G base station	250 million

Source: State Internet Information Office of the People's Republic of China

2. Elements of Omni-channel Business Model of Retail Enterprises in the Internet Age

In the Internet age, consumers' shopping behavior has shown personalized, customized, interactive and Multi-channel shopping methods. Whether retailers can respond to this, optimize channel cost structure, innovate outdated business model, establish new game rules and create new profit model from the strategic height of channel integration will be the key to their future success or failure.



Source: PWC

Fig 4. Analysis and Comparison of Traditional Offline Sales Model and Online New Retail New Business Model

Osterwalder's business model is the model adopted by many multinational companies around the world. "Based on value proposition, it covers the design process of operation models such as resources and processes, and the profit model involving revenue and cost." This paper divides the business model into nine modules: value proposition, key business, core resources, important partners, cost structure, customer relationship, channel acquisition, customer segmentation and revenue sources. On this basis, the system is created and designed to realize a powerful new business model, which in turn revitalizes the enterprise. In the business model framework diagram (Figure 5), value proposition is the core provision of retail companies to business partners and target customers; Key businesses, resources and important partners reflect the level of enterprise management structure, and retail companies use key businesses and core resources to cooperate with strategic partners to provide value services to customers; Customer relationships, segmentation, and channels reflect the company's customer interface, which is the target customers who accept the company's value proposition. Retail companies build relationships with customers through segmentation and provide customers through different channels. Output value; Cost structure and revenue sources reflect the financial performance of enterprises [6], so we can analyze Taobao's commercial sales structure. The company's sales analysis in Internet mode is shown in Figure 5 below.

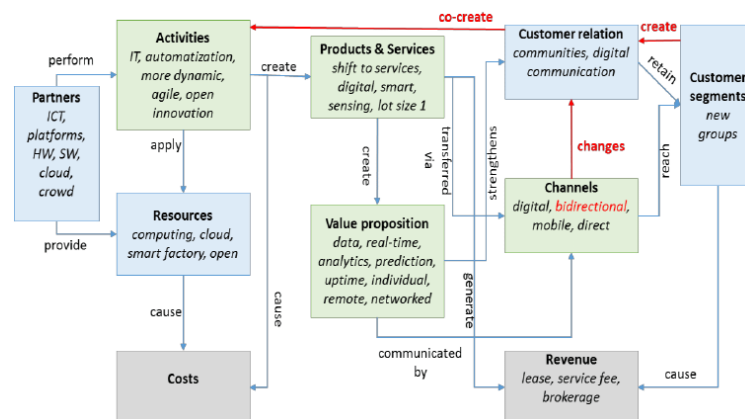


Fig 5. Model framework

4. Conclusion

There is no fixed paradigm for business model construction, and the effectiveness of retail business model under the background of mobile Internet has yet to be tested by practice. In recent years, the road of traditional furniture marketing has become narrower and narrower, especially many traditional furniture enterprises have embarked on the road of Internet. In the eyes of all, embracing Internet plus seems to have become the main choice for furniture enterprises to break through the predicament. In the development of mobile Internet, the solidification of innovative thinking and the lack of innovative culture of enterprises may make the innovation power of retail business model slightly insufficient and hinder the innovation of retail business model. Internet is bringing profound changes to the furniture industry. If furniture enterprises can make good use of the Internet, it will have an important impact on whether furniture enterprises can maintain competitiveness in the future.

In fact, "Internet plus" is the choice of the times, while Internet marketing is the choice of furniture enterprises. Only by walking in the forefront of the times, constantly absorbing modern nutrients, and integrating traditional marketing concepts into modern marketing methods, can more consumers come into contact with their own furniture brands and products in a wider range. Only in this way can furniture enterprises get the consumption demand of consumers in the current market faster.

In a word, in the era of mobile Internet, retail business opportunities and challenges coexist. Retail business can only follow the trend and change in time. According to the advantages and development characteristics of mobile Internet, we can leverage government policy support, mobile technology, big data technology and network information technology. Developing and choosing a suitable business model is the fundamental idea of retail business model innovation.

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