

Research on Operation Mode and Optimization of Residential Economy under Digital Economy

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Abstract

In recent years, the digital economy is expanding year by year with the speed of continuous improvement, and the optimization of its industrial chain has gradually become the focus of academic research. Compared with traditional economy, residential economy has substantial breakthrough and innovation. From the perspective of industrial chain, this paper observes and studies residential economy, and evaluates the operation mode of residential economy based on the main economic formats of industrial chain. Taking the logistics industry as an example, this paper evaluates the residential economy from the aspects of profitability, development speed, entry barriers and exit barriers, and gives solutions to a series of problems.

Keywords

Digital Economy; Residential Economy; Industrial Chain; Logistics.

1. Introduction

In 2020, the new crown epidemic has had an impact on the world economy. For consumption, most of the demand does not disappear there, and it will naturally be released after the epidemic is over. Some consumption has changed form, from offline to online, and this has triggered the rapid development of the residential economy. At present, the rapid development of high-tech information technology has fundamentally changed the way of connecting people's relationships. People have turned from offline intensive consumption and production to distributed and individualized online activities [1]. As of the end of 2020, the total value of the core industries of my country's digital economy accounted for 7.8% of GDP, and the development momentum is high.

The digital economy is an emerging economic model that uses high-tech information technology to digitize information and optimize the overall economic structure through a series of economic activities. The high development, high tolerance, and high innovation of the digital economy make it a new economic model. The form of high-quality growth. The residential economy stems from changes in the development needs of modern human society. People are unwilling to work, eat and other activities through too much space for action, resulting in a large number of industries suitable for the development of the residential economy.

In China, the full coverage of communication circuits and logistics industries, and the rapid development of E-commerce platforms have laid a solid foundation for the residential economy. Affected by the epidemic, people live at home for a long time, which is consistent with residents' increasing demand for residential economy [2]. The online economy, such as the takeaway industry and online shopping, has gradually developed into an important economic model in response to objective influences. It can be seen that under the overall economic environment, economic formats such as online shopping, pan-entertainment, fresh food E-commerce, online medical care, online education, and online office have developed rapidly, which offset the adverse effects of the epidemic to a certain extent. on economic. On the basis of the rapid

development of the residential economy, major industries began to explore business transformation and technological innovation in line with the development model, which to a certain extent enabled China's stagnant economic development to gain vitality during the epidemic, and all industries have also gained new Development opportunities. From the data above, from 2015 to 2020, my country's express delivery business revenue will increase from 276.96 billion yuan to 879.54 billion yuan, an average annual growth rate of 15% to 20%. At the beginning of 2020, the number of users of Kwai Fu and Tik Tok has already surpassed iQIYI and Tencent Video. In addition, the residential economy affects urban traffic and urban morphology. Changes in shopping malls' consumption advantages have made people tend to focus on consumption in commercial areas.

With the transformation of the economic model of the residential economy, people tend to work, consume and play at home, which has eased the strained urban traffic pressure to a certain extent. The form of some cities will also be changed in the future, and transportation location factors will also change with economic development.

2. The Main Types of Residential Economy

At present, the main economic formats of the residential economy can be roughly divided into five types: E-commerce shopping, online office, online education, pan-entertainment industry, and online medical care.

2.1. E-commerce Shopping

E-commerce refers to activities and related services that conduct online transactions through the Internet and other online communication media, with electronic payment as the core. E-commerce shopping includes mainstream platforms such as Pinduoduo, Taobao, and JD. At the same time, due to the epidemic situation, it is difficult to buy fresh ingredients at home. Fresh food E-commerce represented by Hema Fresh has developed rapidly. Data shows that in May 2020, online shopping (including E-commerce and takeaway) as a whole recovered to the same level. Hema Shengxian, Taoxianda, JingdongDaojia, Dingdong Maicai and other platforms developed rapidly during the epidemic through contactless order delivery, and customer stickiness continued to increase. The number of active users increased by 21.9% over the same period [3].

2.2. Online Office

Online office uses various network platforms to enable employees of enterprises to communicate with customers without leaving home, realize real-time communication of information, improve office efficiency, and at the same time drive the speed of information dissemination between industries. Online office uses a number of powerful and reliable online office tools such as Alibaba's DingTalk, ByteDanceFeishu, XiaoyuYilian, Tencent's Tencent Meeting, etc., and quickly moved to China during the epidemic. universal. The number of online office users and the length of time experienced a blowout after the resumption of production and work, and the user usage remained stable after the increase.

2.3. Online Education

Online education is a method of learning online through Internet technology. It is recognized and concerned by educators and learners of all ages for its advantages in space, time, convenience for students to check and fill vacancies, and personalized education. Data show that the online education market has reached 453.8 billion yuan in 2020, and at the same time, online education users have shown a large-scale increase in radiation. In June 2020, the number of mobile online education users reached 377 million, accounting for 40.4% of mobile Internet users.

2.4. Digital Entertainment

Digital entertainment digitalizes entertainment projects such as games, literature, and film and television, and disseminates information at low cost through mobile internet, greatly increasing the proportion of people's cultural and entertainment life. People can read, listen to songs, watch movies and play games without being restricted by time and place. With the continuous development of digital entertainment and continuous production of entertainment content, the scale of the digital entertainment industry will steadily grow and become an important part of the economic system [4].

2.5. Online Medical

Online medical care is patient-centered, and hospitals provide them with select high-quality doctors, so that they have greater power to choose, which helps the society to allocate medical resources rationally. With the development of the integration of Internet technology and medical treatment, Internet medical treatment in public hospitals has greatly improved the efficiency of medical services and brought a new look to the traditional medical treatment model. Especially during the prevention and control of the new crown pneumonia epidemic, online medical treatment has greatly reduced the flow of personnel and provided patients with a more convenient medical experience. With the introduction of a series of national policies, Internet medical services in public hospitals have gradually stepped onto the right track.

3. The Main Operating Mode of the Residential Economy Industry

The main operating modes of the residential economy industry can be roughly divided into the following two categories: "C2M" mode and "B2C" mode.

3.1. "C2M" Mode

The C2M model refers to the direct connection between users and manufacturers, that is, the direct connection between consumers and factories. This is the main operating mode of E-commerce shopping today. Under the C2M model, the factory directly receives personal orders from consumers through the platform, and then designs, purchases raw materials, processes and produces according to requirements, and then delivers products to consumers through a nationwide logistics network. At this stage, in order to reduce their own costs and increase their own profits, E-commerce companies have begun to transform into a "C2M" model. The "C2M" model cuts down all the cost-loss links such as inventory, logistics, sales and distribution, and reduces all unnecessary costs including inventory. Manufacturers use extremely low logistics costs to allow users to buy at a lower price. To products of the same quality. Because of crossing the link between middlemen and brand, the brand effect of merchants cannot be well expanded [5]. However, by combining the quality of the product with the brand through live broadcast, the consumption scene and the platform effect are deeply integrated. The "C2M" model will provide more traffic to manufacturers with strong supply chain capabilities, and continuously improve the brand effect and marketing conversion rate of the merchants. Help it expand its market share and become a popular brand.

3.2. "B2C" Mode

The "B2C" model refers to business-to-customer, that is, content producers export their products to users through online platforms. Users receive the content output by the producer on the platform and bring traffic to the platform by themselves. Content producers and platforms then realize profit through monetization methods such as knowledge payment and acceptance of advertisements. Online education and digital entertainment are about attracting audiences through high-quality content or services of content creators, packaging themselves into hot spots one after another, and gaining attention and popularity. High-quality content also

makes viewers happy to pay. Platforms and content creators gain traffic and money, and audiences gain knowledge or happiness. The advantage of the "B2C" model lies in reducing the cost of information transmission and communication. Content producers have greatly increased the profitability of enterprises through the low-cost and high-yield output method of the Internet. At the same time, with high-frequency interactions with users, companies can always perceive user experience, thereby optimizing customer relationships and enhancing corporate image.

4. The Main Industrial Economic Indicators of the Residential Economy

As an important part of the residential economy, the development of the logistics industry determines whether the supply and demand chain of the residential economy in the industry chain is safe, reliable, independent and controllable, and whether it can effectively promote the virtuous cycle of the residential economy and future economic development. Here we take the logistics industry as an example to introduce the profitability, growth rate, entry barriers, and exit mechanisms of the logistics industry, and analyze its current operating mode and development.

4.1. Profitability

The market concentration of the logistics industry is low, and there is no unified standard profit model. Nowadays, mainstream profit models include the coolie service model of transportation and warehousing, the overall third-party logistics outsourcing model, and the crowdsourcing supply chain service model. The current express companies mainly use price competition to quickly gain market share. The larger the market share, the larger the economies of scale, the lower the operating cost of the enterprise, and the more profitable the enterprise. Data show that from 2015 to 2020, my country's express delivery business revenue will increase from 276.96 billion yuan to 879.54 billion yuan, an average annual growth rate of 15% to 20%. It can be seen that the logistics industry is still in a period of rapid revenue growth, and the logistics market is still in a period of rapid growth. In the initial stage, the future development trend is good.

4.2. Market Growth

After my country's reform and opening up to the WTO, China's logistics industry has developed rapidly. The total amount of social logistics has increased from 23.3 trillion yuan in 2002 to 300.1 trillion yuan in 2020, and the proportion of total social logistics costs in GDP has dropped from 18.9% in 2002 to 14.7% in 2020. The number of employees in the logistics industry has increased, from more than 20 million in 2000 to 51.91 million in 2020. In 2020, 83.4 billion parcels will be delivered, accounting for more than 60% of the global express delivery business. These figures show that China has become a world logistics power and a global supply chain hub. China's logistics industry has now formed a new industrial pattern of "1+8+n" of "a rookie backbone network + China Post and 7 listed express delivery companies + n logistics ecological enterprises". The comprehensive coverage of China's logistics industry has closely linked people's lives and has become increasingly inseparable. In the future, with the rapid update and iteration of various intelligent technologies, the logistics industry chain will realize mechanical intelligence.

4.3. Barriers to Entry

(1) Absolute cost barriers. The situation in which potential companies entering or just entering the market pay more than the current companies in the market. In general, the formation of absolute cost barriers depends on the advantages of existing enterprises in product update, service promotion, and resource utilization [6]. The low market concentration of the logistics

industry allows companies with economies of scale to have an advantage in cost. For new companies that have just entered the market, their scale is far from reaching economies of scale. Therefore, for start-ups, high costs in the start-up period are inevitable, and long-term technological innovation and capital accumulation are a necessary step.

(2) Barriers to economies of scale. Economies of scale refer to a state in which the marginal cost of enterprise investment will decrease as the scale of the enterprise grows, and the unit cost of each product will also decrease. Nowadays, although my country's logistics enterprises continue to develop and their turnover continues to increase, compared with the national and even global markets, my country's enterprises are still in the predicament of small scale and low service levels. The main body of my country's logistics market is still small and medium-sized enterprises with insufficient assets to achieve economies of scale.

4.4. Exit Barriers

(1) Sunk costs. Asset specificity is the main factor influencing the company's sunk costs. The logistics industry has a strong asset specificity because of the equipment used in its logistics work, such as warehouses and professional logistics equipment. Because of their strong specificity, these devices are difficult to sell at a reasonable price when the company exits the market. This leads to higher sunk costs when logistics companies exit the market, forming exit barriers [7].

(2) Default costs. Enterprises exiting the logistics market will have default costs, which will affect the business decisions of potential entrants. The cost of breach of contract mainly includes two aspects: one is that the termination of the business will cause some unexpired contracts to become invalid, and thus bear the cost of breach of contract; the other is the cost of terminating the labor contract with the employee.

5. Suggestions

5.1. Government Perspective

The rapid development of the residential economy and the spread of coverage have shown strong industrial vitality. Relying on the development of the Internet, the residential economy has derived different industries, both a new industry and a transformation of the original industry, such as the fresh food E-commerce industry. Hema Shengxian, MeituanYoujia, JingdongDaojia, Taoxianda, etc.; Mooc, Xuetong, etc. for online education; DingTalk for online office, Tencent meetings, etc. It can be seen from the coverage of the residential economy It is very extensive. From the government's point of view, it is necessary to regulate the market system of the residential economy industry, introduce relevant industrial preferential policies, actively guide the diversification of the residential economy industry, support the formation of in-depth integration of local enterprises, and establish more sound market structure and a better market atmosphere are not only conducive to the development of the residential economy industry itself, but also conducive to strengthening the economic resilience of the market, developing the local economy, and stimulating the prosperity of the local native industries.

5.2. Industry Perspective

From the perspective of the development of the residential economy industry, local industries should actively explore ways to integrate with the residential economy, and use the rapid development of the Internet to free ride. For example, local supermarkets, department stores, etc. can use the Internet platform to publish products information, through the huge passenger flow of the platform to achieve profits, can reduce the consumption of human and material costs. Develop the foundation for the development of residential economy-logistics is the fundamental way of development. The concept of "residential" is closely related to "logistics".

Without logistics, there would be no development of homes, and without the Internet, there would be no prosperity of residential economy. Therefore, the construction of the logistics industry is a good medicine to improve the efficiency of the residential economy industry and optimize the experience of the residential economy. The way of logistics optimization management is to classify goods by category and use codes to replace the name, category and other information of the goods, which greatly improves the efficiency of enterprises in handling goods in and out of the warehouse. As the industry continues to deepen, companies must increase investment in all aspects, especially for emerging technologies that can improve efficiency, which is conducive to strengthening their market competitiveness.

The logistics industry is greatly affected by the effects of scale. It is extremely important to increase the concentration of the logistics industry, expand the scale of enterprises, and give play to the effects of economies of scale. In addition, the logistics industry should improve the necessary efficiency and rules and regulations for employees in the industry when working at home, so that the logistics industry and consumers should be closely connected, and information transmission should be more convenient and faster. Enterprises in the logistics industry need to avoid reduced efficiency due to insufficient coordination, and achieve a clear and orderly division of labor.

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