

Analysis of Economic Benefits of Scenario-based Transformation of Business Models: Taking Suning.com as an Example

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Abstract: With the rapid development of science and technology and economy, the performance of traditional retail enterprises has been declining, and in order to change this unfavorable situation, they have to develop in the field of e-commerce. The O2O model that passes through the online and offline channels is no longer competitive in the market, and now the market is more focused on personalized service that puts the customer in the first place, and Suning.com, as a representative retailer, first put forward the smart retail model. Through the transformation of business model scenario to improve the quality of service, so that users have a better service experience. The transformation of business model scenario makes changes in the economic benefits of the enterprise, and the changes in the economic benefits of the enterprise also reflect the effect of the transformation of business model scenario. In this paper, Suning eBay Group Co. Ltd. is selected as the research object, and the development process of Suning eBay's business model scenario transformation is studied through the economic benefit analysis of Suning eBay's annual reports from 2017 to 2022, so as to analyze the impact of the business model scenario transformation on the enterprise's economic benefits. Through the in-depth analysis of the case, the research conclusions are summarized to provide reference for other retail enterprises.

Keywords: Business Model; Economic Benefits; Suning.Com; Scenario-Based; Smart Retailing

1. Introduction

1.1 Background of the Study

With the rapid advancement of technology and the increasing diversification of consumer needs, traditional business models have gradually failed

to adapt to the ever-changing market environment. As a result, many retailers are looking for an important way to make innovative breakthroughs and sustained development - transforming their business models into scenarios. This transformation is not only a response to changes in the external environment, but also necessary for the internal development of enterprises. Through the construction of scenes closely related to the lives of consumers, products and services can be accurately pushed, thus increasing user stickiness and conversion rate.

In recent years, the rapid development of artificial intelligence, the Internet of Things and other technologies has provided enterprises with new perspective tools and enabled them to better understand consumer demand and market changes. The application of these technologies has driven business model innovation and brought unprecedented development opportunities for enterprises.

1.2 Significance of Studying

In the new era, people's demand for quality of life is gradually improving, which promotes the development of domestic service economy. The rapid changes in the economic environment and the gradual maturation of big data and other technologies drive the progress and development of China's retail industry. Influencing the choice of business model of retail enterprises, if you want to occupy an important position in the retail industry, you must keep pace with the times and improve your own competitiveness, and in the current environment, business model innovation is the most correct choice. How to carry out business model innovation, improve the economic efficiency of enterprises has become the focus of industry development and enterprise competition.

2. Research Status

2.1 Current Status of Domestic Research

The definition of Business Model (Business Model) has always been subject to different opinions and there is no uniformity. There are many different meanings of business model and many different understandings of it. Ming Jinpu and others mentioned that "business model" as a business name has been proposed as early as in the 1950s, and with the market demand becoming clearer and more abundant, it has been accurately defined, and since the 1990s, it has been widely used and disseminated. There are many scholars with different interpretations of its definition, but so far there has been no uniformity [1]. Gao believes that a business model is a way to make money. As long as the way to make money is effective, once it is heavily utilized, it becomes a business model. The way to make money is basically considered by shareholders, followed by operators [2]. Jiang believes that business model is the basic framework that describes the enterprise to create value, deliver value and capture value, while the scenario-based innovation of business model creates the scenario value [3]. Zhu (2022) proposed in his paper that business model is not explained by a simple profit model, operation model, sales model or channel model. The current direction of business model research is formed on the one-sided and localized understanding of the problem, and until now the cause and development path of business model evolution has not been found. Now China's economic growth rate is slowing down, resulting in the compression of the growth space of traditional enterprises, while the economic structure is gradually optimized and upgraded, which promotes the evolution from the producer-dominated position to the consumer-dominated position, and Suning Ebay Group, as a representative of China's new retail enterprises, has developed gradually through the continuous innovation of business models [4]. Chen Yufei mentioned in his paper that in the context of the digital economy, the traditional business model, in order to adapt to the development of the times, is constantly innovating and changing in order to meet the needs of enterprise innovation and development and digital transformation. In the digital economy, business model innovation is a way to reasonably obtain the maximum benefit for enterprises, thus helping them to occupy an important position among many enterprises [5].

Liu mentioned in his paper that Suning.com's online business has been developed for nearly ten years, although the user's stickiness is still not optimistic. In recent years, Suning.com has continued to expand its business scope, but the development speed of online and offline is not consistent. It is proposed that Suning.com should seize the timeliness of the information age, realize the integration of online and offline, and obtain more traffic in order to meet consumer demand. In addition, the rapid development of offline stores should be accompanied by strengthening services, improving after-sales, increasing user stickiness, and realizing multiple sales [6]. Cai and others proposed that when the enterprise portrays the user's needs, it can be analyzed with the help of digital technology based on a number of factors, such as the user's preferences, habits, occupation, income and so on. It can be more in line with the personalized needs of the user, closer to each other, and achieve the transformation of "enterprise-centered" to customer demand-oriented. Enterprise products or services can no longer be a single function, should be comprehensive development. The user's emotional experience needs more attention from the enterprise, and pay more attention to the user in the use of the product or accept the psychological feeling of the service [7]. Shu Lihua also proposed in the paper that the transformation of the business model scenario can further bring the distance between enterprises and consumers, which is conducive to meeting the personalized needs of consumers and promoting the development of enterprises. It also said that now many of the management has not realized the importance of business model scenario to the development of enterprises, resulting in scenario elements in the enterprise operation mechanism is not clear enough, embedded degree is not deep enough. The integration of the two is not high, and the cooperation has not reached a high level of advantage, which seriously affects the further development of the enterprise and makes it difficult to meet the consumer's experience needs [8]. Jiang believes that the relationship between profit model and economic efficiency is closely linked and mutually supportive. By skillfully combining and efficiently configuring various profitability elements, coordination and integration within and outside the market can be achieved, so as to enhance the overall

operational efficiency. On this basis, a rationalized strategic layout is formulated, aiming to achieve a win-win situation for both economic efficiency and profit model, and then achieve the goal of maximizing the economic scale. This process embodies the concept of mutual benefit and win-win situation for both parties, which is the key to the sustainable development of enterprises and the enhancement of market competitiveness [9].

2.2 Current Status of Foreign Research

Timmers Is the first to define the business model. In the context of the Internet, the business model is a complex concept, which is a system process composed of the elements of product flow, service flow and information flow [10]. Janrattana Believe that the key to new retail business model innovation is to rearrange the process and apply the new process to the scene [11]. Talaga On the basis of consumers' consumption expectations, the new retail business model elements and scene elements are integrated to form scenario-based value, so that retail is no longer limited to functional value, but pays more attention to efficiency, emotion and experience value [12].

2.3 Literature Review

By systematically combing the current status of domestic and international research, we find that scholars hold their own unique insights on the issue of business model, and generally believe that business model is a complex concept that covers many elements and has rich connotations. Especially in the field of new retail, if enterprises want to realize sustained and steady development, they can't just be satisfied with the combination of online and offline. This single business model can no longer meet the diversified needs of today's market.

New retail enterprises should more deeply understand and adapt to the actual needs of users, and provide personalized experiences for different consumers through accurate market positioning and meticulous user analysis. In this process, scenario-based marketing strategy is particularly important. By building vivid and realistic shopping scenes, enterprises can better guide consumers into the shopping state and stimulate their desire to buy, thus realizing sales growth and brand value enhancement.

Therefore, new retail enterprises should actively

explore and innovate the business model, the integration of online and offline, personalized experience and scenario-based marketing and other aspects of the organic combination, to form a unique competitive advantage, laying a solid foundation for the long-term development of enterprises.

3. Research Methods

3.1 Case analysis method

This paper selects Suning.com, which is developing in the field of intelligent retailing, as the research object and analyzes it specifically. The study of its business model after the transformation of the scene on the economic benefits of enterprises, from the company's official website, annual report and other official news to find data, and synthesize the relevant conclusions, and then for the enterprise would like to dedicate my opinion.

3.2 Literature and Data Research Method

Through extensive review of authoritative channels such as China Knowledge Network, this article has studied the literature and materials on business models, their influencing factors, and scenario-based transformation at home and abroad in various aspects. By carefully combing these research results, the article can comprehensively understand the research background of business model scenarioization and its significance in practical application, which lays a solid theoretical foundation for the in-depth study of this article. At the same time, these researches also provide rich materials and references for this article, which enables the article to explore the related issues of environmental protection input and its economic benefits in a more in-depth and systematic way, and provides theoretical support and practical guidance for the sustainable development of enterprises.

3.3 Case Introduction

3.3.1 E-tailing transformation stage

Since its successful listing in 2004, Suning.com has established its own brand, and the physical and professional retail is deeply loved by the public. With the development of e-commerce, Suning realized the future development trend of online retail and began the construction of network platform. In 2010, Suning's online mall

was officially launched, entering the B2C field of e-commerce and building the first e-commerce online shopping platform in China. Due to the rapid development of the Internet, offline retail is not as good as before, and Suning.com began to pay attention to the integrated development of online and offline. In order to realize retail transformation, Suning acquired B2C platforms for mothers and infants, such as "Red Children" in 2012, which was the first acquisition of Suning in the e-commerce field, which partially expanded the business category of the company.

3.3.2 The O2O transition stage

In the O2O transformation stage, Suning.com's development path can be described as dramatic. In this stage, Suning Ebay not only successfully realized the transformation from traditional to Internet retailing, but also stabilized its position in the fierce market competition, laying a solid foundation for future sustainable development. Suning.com has adopted a one-piece, two-wing Internet retailing strategy in its O2O transformation phase. The so-called "one", that is, the Internet retail as the main body, the online and offline advantageous resources for the depth of integration. The "two wings" refers to the open platform and intelligent logistics, through the open platform to attract more partners to build an ecosystem; through the intelligent logistics to improve distribution efficiency and optimize the consumer experience. The implementation of this strategy has enabled Suning.com to achieve remarkable results in the field of O2O. The company began to enter the mid-term of new retail transformation in 2013 and has accelerated its corporate retail development and expanded the map of its strategic retail layout. In addition, Suning.com changed its name and proposed a "one body, two wings" Internet retail layout, achieving success in pioneering the O2O model, implementing the same products and prices both online and offline, and realizing the integration of online and offline. In addition, the company also broadened its marketing field by acquiring PPTV and utilizing its online resources to attract traffic. Suning.com has gained more high-quality commodity resources in the O2O transformation stage by establishing close cooperative relationships with suppliers, and has also gained greater advantages in price and promotion. It also pays great attention to technological innovation and talent training. In 2014,

Suning.com actively promoted the integration of various retail channels and supply chains, and ensured the smooth transition of the enterprise to the O2O model. In the midst of the transformation of new retail, Suning.com insists on taking the two-line integration development strategy and laying out omni-channel marketing to provide consumers with a one-stop shopping experience.

3.3.3 Intelligent retail transformation stage

At the stage of smart retail transformation, Suning.com deeply recognizes the importance of digital transformation. With the rapid development of science and technology and the constant change of consumer demand, the traditional retail model has been difficult to meet market demand. Suning.com has realized accurate insight and rapid response to consumer demand through the application of advanced technologies such as big data and artificial intelligence. It has also strengthened its cooperation with the supply chain, optimized supply chain management, and improved operational efficiency and service quality. It has strengthened brand building and marketing innovation to attract more consumers' attention and trust, and carried out a variety of marketing activities to stimulate consumers' desire to buy and improve sales performance. Suning.com also pays special attention to improving the user experience, optimizing its shopping process, improving the quality of after-sales service and other ways to improve a more comfortable shopping environment for consumers. The user-centered philosophy has allowed Suning to stand out in a fiercely competitive environment. Overall, the smart retail transformation stage is a time full of challenges and opportunities for Suning.com. Through digital transformation, the integration of online and offline, brand building and other measures, Suning.com has successfully realized the transformation from traditional retail to smart retail. This transformation has enhanced Suning.com's market competitiveness. Suning.com adheres to the business philosophy of innovation-driven and user-oriented, and constantly promotes the development of smart retailing to create a scenario-based retail model. Both the online platform and offline stores are committed to providing consumers with an immersive shopping experience and better quality services to meet the diversified needs of consumers.

3.4 Suning.com Business Model Scene Transformation Economic Benefit Analysis

3.4.1 Profitability analysis

As shown in Figure 1, Suning.com's return on net assets is 16.47% in 2018, compared with the return on net assets of 5.34% in 2017, there is a significant increase in return on net assets, which indicates that the profitability is performing well. It can be seen that the online business has brought economic benefits to the company under the influence of scenario-based transformation. The return on net assets, net sales margin and gross sales margin decreased year by year from 2019 to 2022, and the return on net assets and net sales margin are negative

from 2020 onwards. Since 2019, due to the impact of the epidemic, the revenue of offline stores declined, the physical stores stage of business and door-to-door installation type of business also gradually declined, while the proportion of online services increased. Meanwhile the implementation of the expansion strategy to expand market share led to an increase in operating costs. This resulted in operating income in 2019 being 24.2 billion yuan more than operating income in 2018, but net income in 2019 was 3.32 billion yuan less than in 2018. Net sales margin also showed a downward trend with the decrease in total sales. As shown in Table 1.

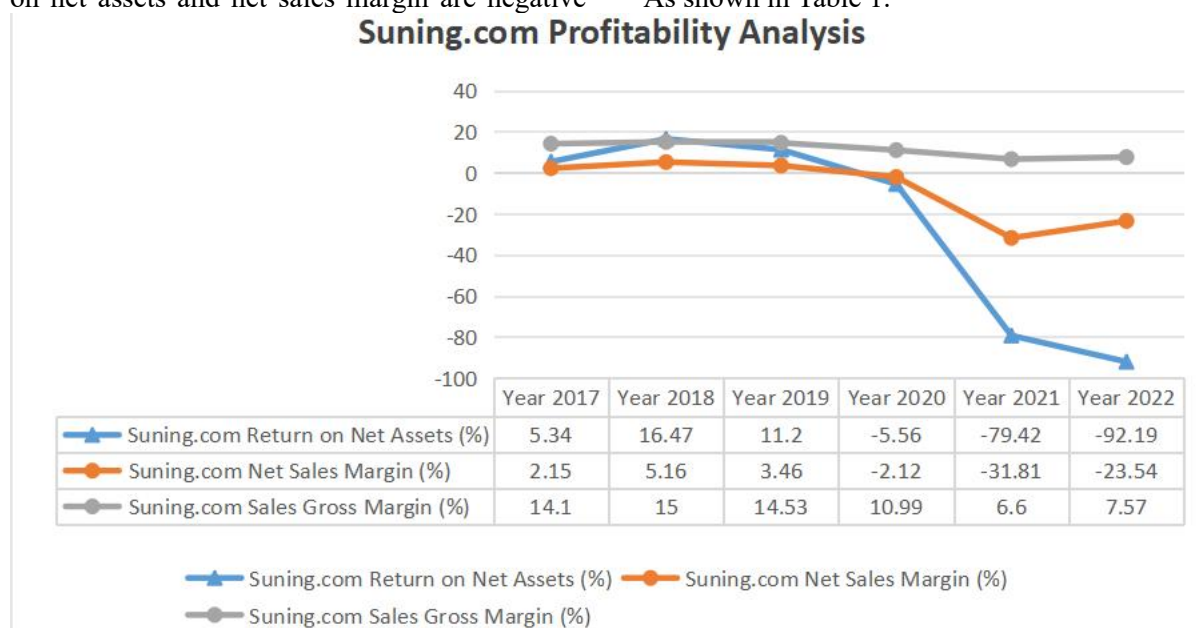


Figure 1 Suning.com Profitability Analysis
Table 1. Suning.com Revenue and Net Income 2017-2022

	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
Operating income (billions of dollars)	1879	2450	2692	2523	1389	713.7
Net profit (billions of dollars)	40.5	126.4	93.2	-53.58	-441.8	-168

3.4.2 Operation capacity analysis

From Figure 2, it can be understood that the accounts receivable turnover ratio of Suning.com is decreasing continuously, especially the most significant decline during 2017 and 2018, from 106.04 times of accounts receivable turnover ratio in 2017 to 53.9 times of accounts receivable turnover ratio in 2018, a decline of 52.14 times. During the period of business model scenario, each retailer showed a different downward trend. Due to the transformation of the business model, the scale of the enterprise is expanding, which directly leads to the increase of receivables and accounts

receivable. In 2019, affected by the epidemic, Suning.com relaxed its accounts receivable strategy in order to ensure the dealings with suppliers. This measure has reduced Suning.com's accounts receivable turnover rate, but in the long run, it has a contributing effect on the sustainable development of the enterprise and increases market competitiveness.

3.4.3 Solvency analysis

As can be seen from Figure 3, the gearing ratio of Suning.com is increasing continuously from 2017 to 2022, although the sudden epidemic at the end of 2019 does not affect the gearing ratio in 2020 is 0.56% higher than the gearing ratio in

2019, and the increase in 2021 reaches 18.06%. Through the analysis, it is known that Suning Epidemic issued additional bonds to borrow money, which increased the gearing ratio. Current ratio and quick ratio is an important indicator to measure the short-term debt repayment of enterprises, Suning.com current ratio and quick ratio are first higher and then lower, rising from 2017 to 2018, indicating that Suning.com scene transformation short-term debt repayment ability and liquidity has been improved, but since 2019, it has been declining, and the decline in 2019 is the most significant, which is not only the impact of the epidemic

also Because of the merger and acquisition of Carrefour by Suning.com, a large amount of borrowing was generated, resulting in a decline in solvency. However, comparing the Gome retail without transformation, it can be seen that the current ratio of Gome retail has been lower than that of Suning.com and has been decreasing year by year, and the short-term debt servicing pressure has been increasing year by year, and the comparative analysis can be obtained, and the transformation of the scenario has a certain effect on the improvement of the short-term debt servicing capacity of Suning.com.

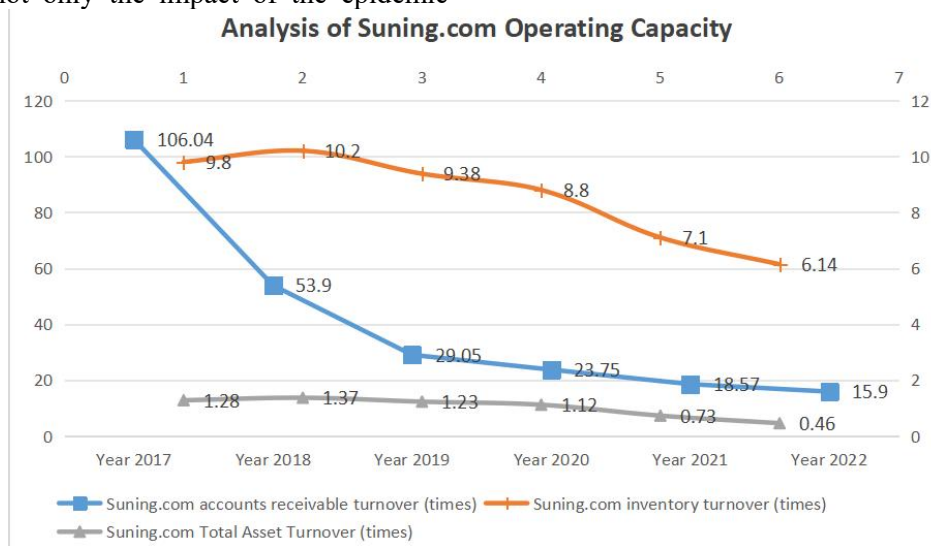


Figure 2. Analysis of Suning.com Operating Capacity

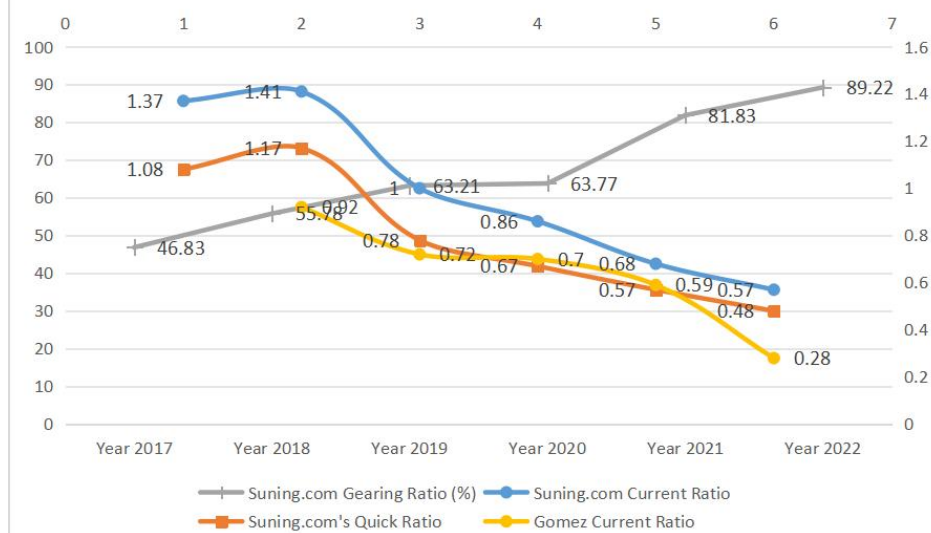


Figure 3. Suning.com Solvency Analysis

3.4.4 Development capacity analysis

As can be seen from Figure 4, before the outbreak of the epidemic, the total assets of Suning.com were increasing. In 2017, the transformation of Suning.com's scenario led to

the rising trend of the enterprise's receivable assets and inventory goods, etc. After realizing the strengthening of the O2O operation, the multiline linkage method made the sales of the enterprise rise, and the rise of the main business

income was remarkable. The growth rate of the main business income during the period of 2017-2018 was increased from 26.48% to 30.35%, an increase of 3.87%. Through the comparison of other retail enterprises, the analysis concludes that the transformation of scenarios has led to the elevated profitability of the enterprise, which has brought economic benefits to the enterprise. The growth rate of the main business income of Suning.com from 2018 to 2022 is decreasing continuously, and the outbreak of the epidemic at the end of 2019 has led to the decline in the growth rate of the main business income from 30.35% to 9.91%, and 2020 has been affected by the epidemic, and the rate of revenue from main business decreased to -6.29%, the epidemic affects people to go out and spend money, which affects the turnover of the stores. The growth rate of main business income of many retail companies is decreasing. Compared with other retail companies, Suning.com's growth rate of income from main business decreased less.

The growth rate of total assets is the ratio of net profit to total assets, which is an important indicator of the expansion speed of a company's scale, and it reflects the growth of the company's

asset scale in a certain period of time. The growth rate of Suning.com's total assets during the period of 2017-2018 increased from 14.66% to 26.83%, an increase of 12.17%. It shows that the total assets are expanding, the scale of financial products is increasing, and the industrial layout is expanding and increasing in variety. The combination of online and offline model has led to an increase in the sales scale of the enterprise, showing excellent development ability. The growth rate of total assets of Suning.com decreased from 26.83% in 2018 to 18.74% in 2019, and in 2019, Suning Gold Service and Suning Small Store were no longer included in the scope of the consolidated statement, and the size of the assets was reduced. The growth rate of total assets in 2020 was -10.46%, and after analyzing the situation, it can be seen that Suning.com is affected by the epidemic and the new income standard resulting in the reduction of the business, and the reduction of total assets. Relatively speaking, Suning's development ability is good, and the growth rate of total assets can be seen by the growth rate of total assets, which shows the significant changes of the business after the transformation of scenario.

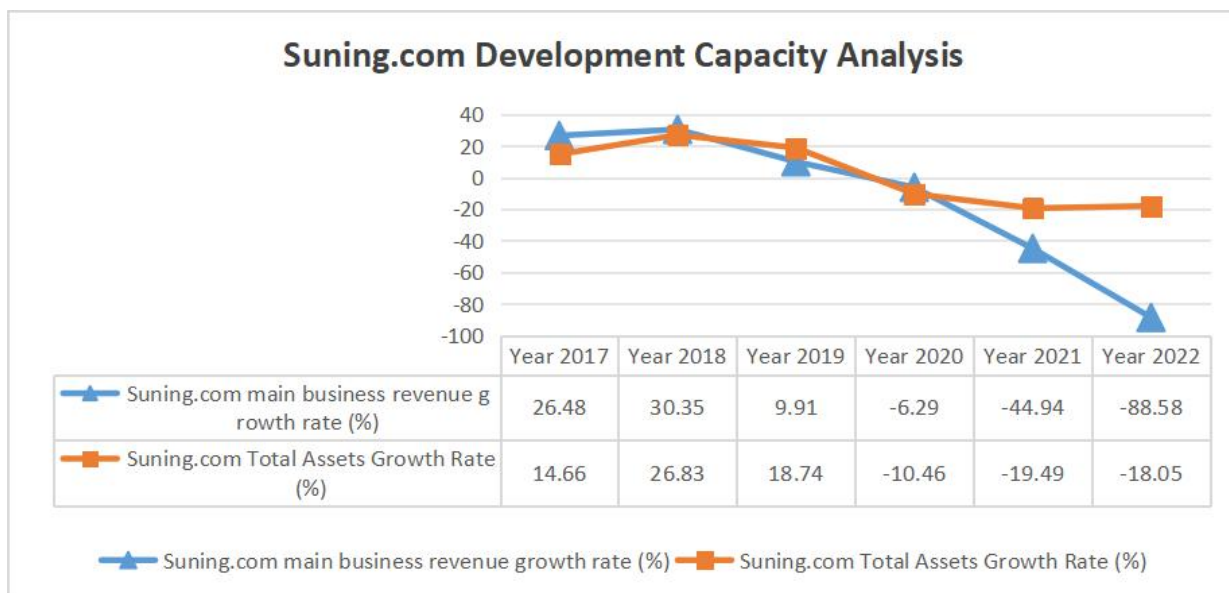


Figure 4 Suning.com Development Capacity Analysis

4. Conclusions

4.1 Research Conclusion

With the rapid development of the digital economy, traditional retail enterprises gradually fail to keep up with the pace of development, and

many retail enterprises have begun the field of e-commerce in order to meet the needs of consumers and the future development of enterprises. But the dividends of e-commerce platforms have been saturated, and many enterprises have increased costs and reduced revenues in order to survive. Traditional

enterprises have begun a new retail approach combining online and offline. This paper takes Suning Ebay as the object of research, Suning Ebay integrates the major scenes online and offline, and drives consumer shopping with scenarios. This paper derives the impact of the transformation of the business model scenario on economic efficiency through the analysis of its financial performance, and it uses the data of Suning Ebay from 2017 to 2022 to carry out financial analysis of Suning Ebay from the horizontal and vertical directions, and through the study, this paper draws the following conclusions:

4.1.1 Expansion is too fast and costs increase

Suning is faced with the impact of high costs, lacks competitive advantages in the retail industry, and cannot blindly expand the scale of enterprises. The fast expansion speed will lead to an increase in costs, while the operating income does not increase.

4.1.2 Poor inventory management, poor management level of accounts receivable

The total asset turnover rate and inventory turnover rate continue to decline, a large number of loans make the receivables turnover rate decline greatly, and Suning easy shopping flow system needs to be optimized.

4.1.3 Unstable development strategy and insufficient ability to withstand risks

The value brought by the business model transformation to the enterprise is only reflected in 2018, and the deviation of the subsequent development direction and strategy leads to the poor economic benefits of Suning.com and the reduction of its ability to resist risks.

4.2 Experience Enlightenment

4.2.1 Slow down the expansion speed and strengthen the cost control

Enterprises should give full play to the advantages of the combination of online and offline, accelerate the integration of online and offline, optimize the supply chain, and achieve product differentiation. Reduce some unnecessary advertising and publicity expenses offline, and play the necessary publicity expenses to publicize the products, not just to create the popularity of the enterprise. Close some of the less profitable stores to reduce the cost of expenditure. Suning E-commerce should be clear about its positioning, not to ignore the ability or indicators, which leads to a decline in competitiveness and is not conducive to the long-term development of the enterprise.

4.2.2 Optimize the logistics system and improve inventory management

Suning.com should continue to promote the intelligent logistics system, improve the enterprise logistics and warehousing system based on the five elements of price, time, quantity, location and quality. Use digitalization to create a suitable logistics system, such as through big data to understand the customer's consumption preferences, reach sales agreements with product suppliers, and produce and process products according to customer preferences. With the gradual development of the retail industry, there will be more and more online markets, and Suning.com should expand the distribution range of logistics. Improve inventory and accounts receivable management

4.2.3 Strengthen the internal risk management and adjust the development strategy

Suning.com should strengthen the management of internal risk, continue to promote the construction of scene, realize the integration of two lines, and create a more comprehensive intelligent sales model. Pay attention to the personalized needs of consumers and provide consumers with better quality and more professional services. Improve the economic efficiency of the enterprise.

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