

The Impact and Countermeasure of Internet Economic Form on Business Circle Format

——A Case Study of Nanjing East Road, Shanghai

Bowen Qi

College of architecture & urban planning, Tongji University, Shanghai, China

Abstract: This paper aims at the impact of network business format on the real business format in CBD area of Nanjing East Road, Shanghai under the situation of Internet economy. The environment and orientation of this business circle are analyzed, and the problems and contradictions of the business format in this region are put forward. Combining with the concept of RBD, the reform countermeasures for the commercial format of this region is put forward in this paper.

Keywords: Internet Economy, Central Business District (CBD), Recreational Business District (RBD), Data Analysis

INTRODUCTION

Now days, with the rapid development of Internet economy in the world, e-commerce has risen rapidly. Enterprises all over the world can communicate and trade through Internet. The Internet has weaved bridges that closely link each country in the world, and the development of the Internet economy has also affected our daily life. Internet technology has brought new changes to people's lives, promoted the optimization and upgrading of economic consumption structure, which can bring new experiences to more consumers. [Nagano, *et. al.*, 2018] With the rapid development of Internet economy and the increasing demand for its own market, the development of Internet economy is leaping forward and complementary to the economic development of other countries in the world. Generally speaking, the integration of traditional industrial economy and Internet economy has resulted in many new industries, which has laid a good foundation for promoting the economic development of our country. Since the rapid development of Internet in 2008, the real store economy had gradually produced better economic benefits based on Internet economy by 2017. According to China Internet Report (2017), in 2016, China's digital economy had exceeded 22.58 trillion yuan, accounting for 30.3% of GDP, leaping to the second place in the world. At this time, the Internet economy represented by the digital economy has been in a booming state. Over the past 30 years, although China's economy has been developed at a high speed, which is the world's largest manufacturing country and the world's largest trading country, however the manufacturing industry is still at the low end of the industrial chain, thus it can not be really a "smart manufacturing" country. Internet technology has injected new vitality into China, enabling the traditional manufacturing industry to

realize corner overtaking. Therefore, China has come to the forefront of the world in the construction of Internet infrastructure, technology introduction, updating and promotion. However, in the process of enjoying the convenience brought by the Internet, the traditional business format has also been received the biggest impact ever. In response to the new situation, major department stores and the media have expressed their concerns. Taking Baili Group for example, it says that traditional department stores are currently saturated. In the case of serious homogenization of brands and intensified competition in the same industry, traditional department stores are not only under the strong impact of e-commerce, but also face the intensification of multi-format competition and the "cold current" of soaring operating costs such as manpower and rent and other costs. [Frishammar, *et. al.*, 2019] In addition, with the improvement of consumption level, consumers' shopping habits have changed, who tend to diversify their shopping experience. In a public statement, Pacific Department Store pointed out that compared with traditional department stores, the Internet can save manpower, improve efficiency and save physical store space. While traditional department stores can not reflect the advantages of the information society, which will result in its survival crisis. The most obvious drawback is that they can not establish timely and effective links between business production information and customer demand information. Xinhua News Agency also said in media: department stores can not compete with e-commerce in unit price even if it can make "72 changes". With the increasing oversupply of stores, department stores that only provide venues and services may be forced out of the historical arena. At present, many department stores have been to "fitting rooms". Among ten customers,

at least one customer is "fitting family", who may be even a "copying number family".

This paper discusses the development of Internet economy and its specific impact on the development of business circle in China. Taking the adjustment of business circle in Nanjing East Road in Shanghai as an example, it points out the existing contradictions and offers the specific suggestions and opinions.

ENVIRONMENT AND ORIENTATION OF NANJING EAST ROAD BUSINESS CIRCLE

Nanjing Road, also known as Garden Lane, is dominated by mobile vendors. Before World War I, the hotels and shopping malls on Nanjing Road were almost exclusively owned by foreign businessmen.

After World War I, Chinese businessmen invested in large companies to run global department stores. In 1949, the Municipal Department Store was established (Now it is the First Department Store of Shanghai). In the 1990s, with the reform and opening up policy, it gradually developed to middle and high-grade department store.

Nowadays, mobile phones are the necessities of everybody's life. At the same time, according to the source of mobile phone numbers, it is also very convenient to count the consumption composition of the region. This study combines the mobile phone base station statistics of a mobile communication operator in China. (Shown in Fig.1) [Wang, *et. al.*, 2015]



Fig.1. Distribution Chart of Mobile Communication Terminal Equipment of Communication Base Station on Nanjing East Road

In addition, the smaller gap between the number of workdays and weekends, the less affected by the factor of distance, the weaker relationship between consumer behavior and vacation, indicating that most

consumers are conducting leisure shopping behavior, experiencing the humanistic atmosphere of Nanjing Road.

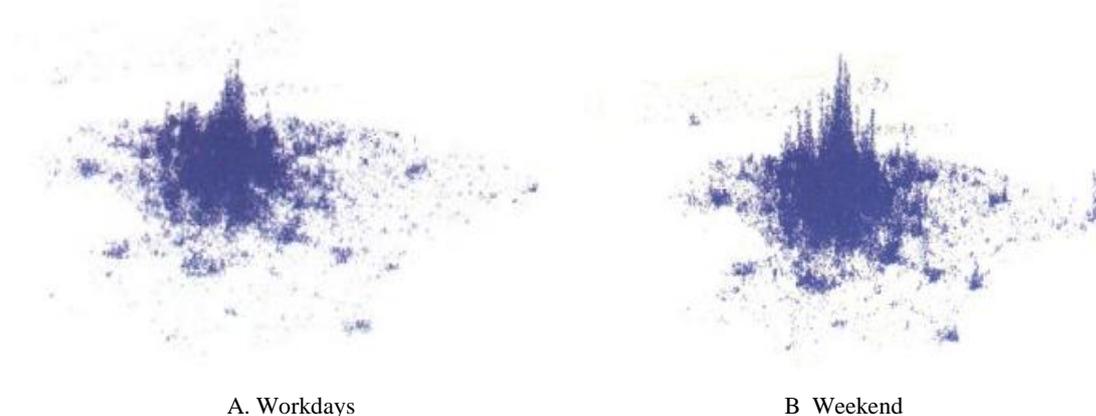


Fig.2. Spatial distribution map of communication terminal equipment between working day and weekend on Nanjing East Road

From the point of view of consumer's residence, Shanghai urban accounts for 28.3%, suburbs account for 27.2%, outside the city accounts for 44.5%. It can be seen that Nanjing East Road is the place where "foreigners prefer to buy things" as mentioned by "old Shanghai", and it also attracts the consumption and recreational activities of citizens in the city. Overseas passenger flow accounts for 71.7% of Nanjing East Road, which is similar to the old concept that "70% of Nanjing East Road passenger flow is foreigners". It can be seen that the business circle of Nanjing East Road is a gathering place for

tourists, and its consumption power is not high, the main consumers are tourists from other places.

THE DILEMMA OF NANJING EAST ROAD

According to the above, we can see that there are two different groups of customers in the business circle of Nanjing East Road at the same time. Simply satisfying either side will result in exclusion to the other side. Specific demand differences can be shown in Table 1.

Table 1. Demand Differences between Tourists and Residents

	Tourist	Resident
Shopping demand	Local (Cultural Products) Scarcity (Imported goods) Rationality (Non-scenic style) Accessibility (Chief and clear)	Benefits (Discount points) Service (Home-to-home service) Experience (Online linkage)
Leisure demand	Shanghai regional culture Business atmosphere Local customs and practices	Interesting Noble and graceful Down to earth Service

Therefore, it has a long history of commercial culture, the process of commerce turning to leisure is slower than the change of the overall consumption pattern. After observation, it is found that only less than 10% of the visitors actually pass through the door and enter the department store. Among 100 visitors that were surveyed, only three people had brought goods. What makes traditional department stores more embarrassing is that among the relatively common shopping bags, Forever 21, Uniqlo, Zara, Li Ning and Lao Miao Gold have got the highest "appearance rate", while there are few shopping bags are the bags of department stores. It can be seen that the traditional product structure, such as physical stores, telecommunication operation, both have undergone the course of changes of Internet. Under the influence of Internet technology, Internet websites such as Jingdong, Tencent and various e-commerce websites have sprung up. The online finance, products and payment services provided by internet websites have changed the structure of traditional commodities at different stages.

NANJING EAST ROAD'S TRANSITION FROM CBD TO RBD

CBD is the abbreviation of Central Business Districts, which is translated by domestic experts as "Central Business District". In 1923, the concept of CBD was proposed by E. W. Burgess, a representative of Chicago School of Urban Spatial Structure. Based on Chicago, he generalized the concentric circle model of urban macro-spatial

structure. The urban spatial structure is divided into five circles. The center is the core area of urban geography and function, namely, the central business district. It is the core part of the city including department stores and other stores, offices, entertainment places, public buildings and other facilities. RBD is the abbreviation of Recreational Business Districts. Many domestic scholars have translated it into "Recreational Business District", which is also used in this paper. The concept of RBD was first proposed by American scholars C. Stansfield & J. E. Rickert in 1970, when they studied the problem of shopping in tourist areas. When they studied a resort town, they found that tourism-related businesses were clustered in areas where resorts were relatively concentrated. So the similar areas can be called as RBD. The so-called RBD is to meet the needs of seasonal urban tourists, in a certain area, it concentrates on the districts of hotels, entertainment, novelty stores and gift shops. Subsequently, many foreign scholars have introduced this concept into the study of tourist reception sites. In 1975, V. Taylor took East London, South Africa as an example, defined the 50% block tourist reception service area as RBD. In 1990, Meyer Arendt applied the concept of RBD to the case study of coastal resorts in Mexico Gulf.

Next, let's take a look at another data. The following is a comparison map of Nanjing East Road and Xiantiandi in CBD based on a Food Ordering (reservation) Website. shown in Fig.3.

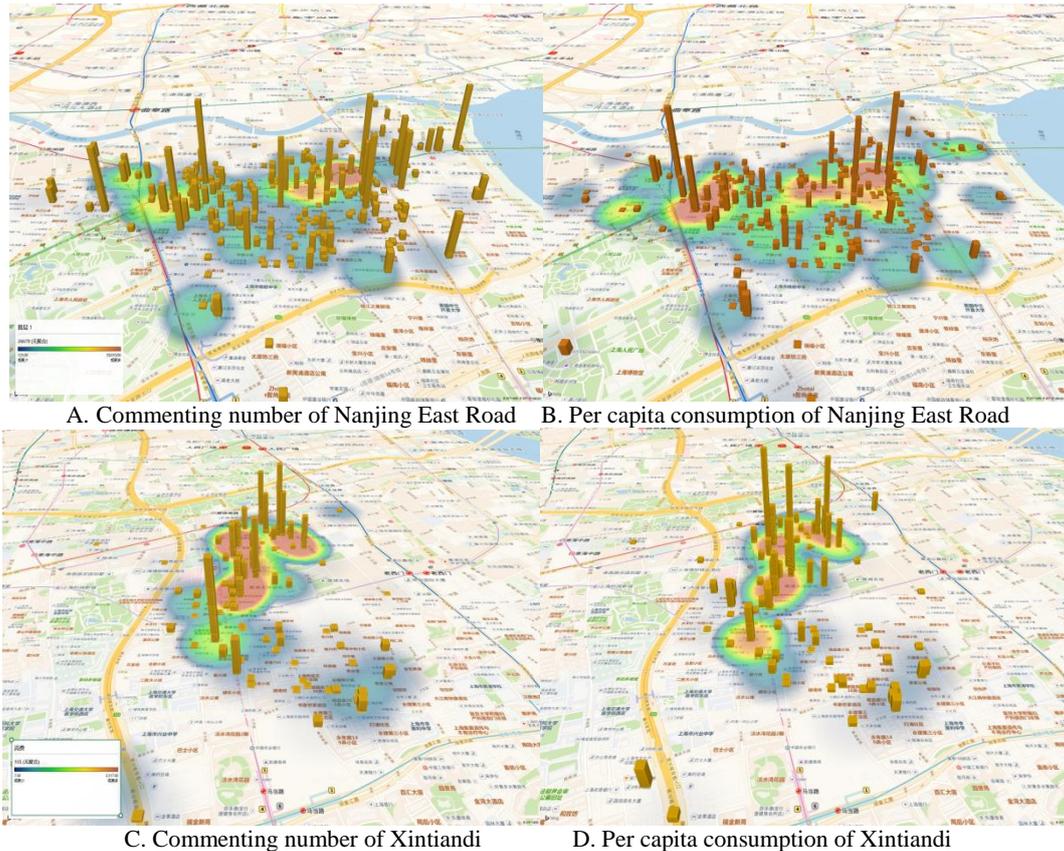


Fig.3 Comparison on Comments and Consumer Numbers between Nanjing East Road and Xintiandi Network Food Ordering

From the above discussion, we can see that the willingness to comment on the life class consumption of Xintiandi is significantly lower than that of Nanjing East Road. It is more suitable for RBD situation with leisure tourism as the core. Typical RBD is based on tourist attractions as the core attraction, namely, taking tourist attractions as the center, while other commercial and entertainment facilities are generated according to it. It has at least the following characteristics: 1. Location's uncertainty. Because the location of tourism attractions is uncertain, the location of RBD attached to tourism attractions should be irregular. Natural landscapes are mostly located in remote areas, while the cultural landscape is mostly located in the downtown area of the city. Therefore, its location is uncertain. It can be the bustling area of big cities, such as Town God's Temple of Shanghai, Qinhuai River of Nanjing, and Qin Tai Road of Chengdu. It can also be the service center of Kling town in Mount Lu scenic area or Jiuzhaigou entrance. In short, the location of RBD depends on the location of the tourist spots. 2. Seasonal variation of human flow. Seasonal variation of human flow is a common feature of tourist attractions. In contrast, the seasonality of natural scenic spots is more obvious than that of cultural scenic spots; the seasonality of scenic spots in less developed areas is more obvious than that in the developed areas. 3. The correlation between commodities and tourist attractions. Unlike

the resident-oriented business district, the commodities and services of RBD are related to the characteristics of tourism resources, which should be tourist-oriented. Therefore, the commodities of RBD should reflect the resource characteristics of the tourist destination, meanwhile the service facilities should have local characteristics, which can show the local cultural and natural features. 4. Uniqueness of spatial distribution. Business activities such as shopping in scenic spots are differentiated and extended from tourist activities such as sightseeing. Most of the core attractions of tourist areas are natural or cultural attractions (not excluding some areas, which core is shopping, such as Paris, Hong Kong and so on). The spatial and temporal distribution and shopping behavior of tourist shoppers are different from those of ordinary shoppers, so the distribution of RBD should also be unique.

CONCLUSION

In the current Internet economic situation, the traditional business format has been unable to adapt to the new consumer demand. In order to survive the traditional business, it is necessary to introduce new business format in leisure and entertainment field, as well as the catering and life service programs. CBD should take retail and tourism into account when it meets the needs of urban business activities. The planning and construction of Nanjing East Road

should be based on modernization and standardization. The construction of RBD in this region should be centered on the development of tourism. First of all, the needs of foreign tourists, such as food, accommodation, transportation, travel, shopping and entertainment should be taken into account. The planning and construction of this area should be consistent with the theme of the tourist attractions of this area, so as to make it become a natural continuation part of the scenic spots, meeting the new needs of new environment.

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