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Internet-Point of Penetration to Successful Business Development

Fang Xiang¹, Fang Jingxuan²

¹International Business School, University of International Business and Economics, Beijing, China

²Beijing 101 School, Beijing, China

Email address

fxdirection@sina.com (Fang Xiang), joannafjx@sina.com (Fang Jingxuan)

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Abstract

The paper analyzes the affected parameters in general basic business model. Internet becomes one of most important tools for business increasing and marketing with its users fast growing. Successful business development will be related to internet tightly in current time. The relevant contents discussion will be good to successful business development.

1. Introduction

To all kinds of business, profit, revenue and customers will become ever-lasting theme. However, what will affect these parameters to describe business seems more important in business. With the huge and rapid growth on internet today, to some extent, the users relevant to internet represent business new growth and development. Since these users will generate some customers-one of key parameters of business, furthermore lead to more revenue, we need to spend time to do analysis and research on internet related. The vendors or business sellers who get advantages on internet will win in competition easily in future. Internet will become point of penetration to successful business development.

2. General Business Model Analysis

In order to develop business very well, the business model analysis is needed. And the business model should be a general mode in various kinds business.

2.1. General Business Model Pattern

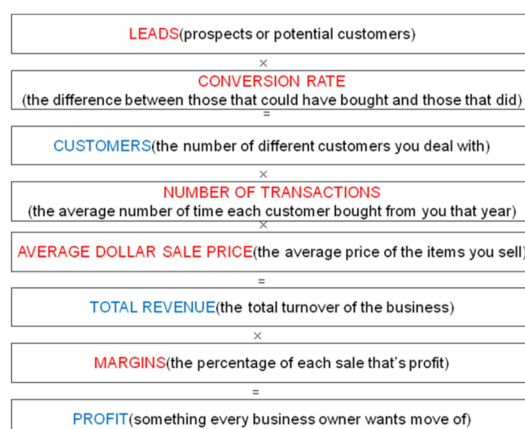


Fig. 1. General business model pattern

Brad Sugars in his Instant Leads summarizes the general business model pattern. It is showed as figure 1.

2.2. Explanation to General Business Model

We can give some explanation to general business model based on Brad Sugars analysis.^[1]

2.2.1. The Parameters to Describe General Business Model

More customers, more revenues and more profits are parameters to measure business commonly in our society today. However, if we analyze from figure 1 carefully, it is easy to find that these key parameters-customers, revenue and profit do not exist in isolation. These parameters are only results that those factors affect them.

2.2.2. The Factors to Affect General Business Model Result

Figure 1 has showed some factors effect to us. If we want to get more customers in business, we should increase both business leads and conversion rate. More leads, more potential customers and prospects in business. Conversion rate reflects the capability that we transfer potential business customers to definite purchasing customers. And the final number of customer is decided by both leads and conversion rate.

The revenue amount is relevant to purchasing customers. However, the turnover will be affected by each customer purchasing times in a period like a year and each time purchasing price. So the total revenue will be based on

customer number and will be affected by number of transactions and selling price.

To the profit, it is easily understood that will be decided by margin percentage.

So we can easily find though business results could be described by customers, revenue and profit, the root factors include leads, conversion rate, number of transactions, average selling price and margin.

3. Internet Contributes Very Much to Successful Business Development

Today internet user number is growing rapidly. Internet is affecting our business greatly and changing the weight portion in our business. And successful business development will be connected with the sustained impact trend of internet in the future. Here the relevant internet data of China will be analyzed as below.

3.1. Internet is Playing Very Important Part in Business Development

3.1.1. Fast Growing on Internet Users Leads to More Business Potential and Development

At the end of 2014, global internet users surpassed 3 billion. And in China the number touched 632 million as figure 2 showed.^{[2][3][4]}

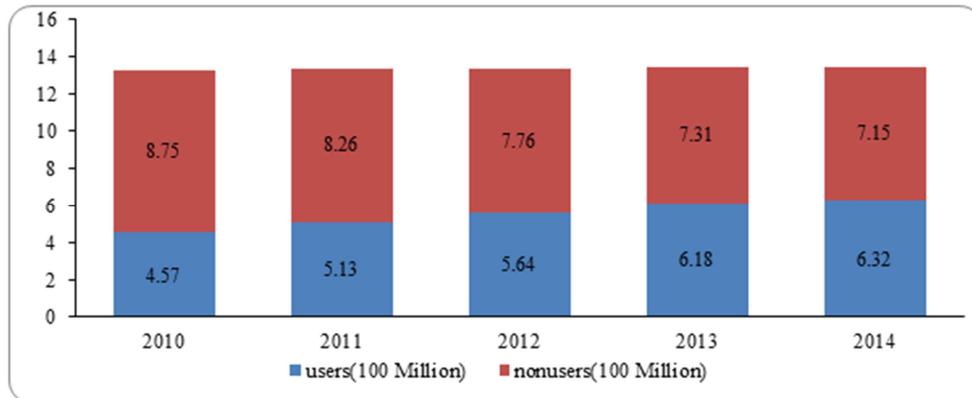


Fig. 2. China internet user situation

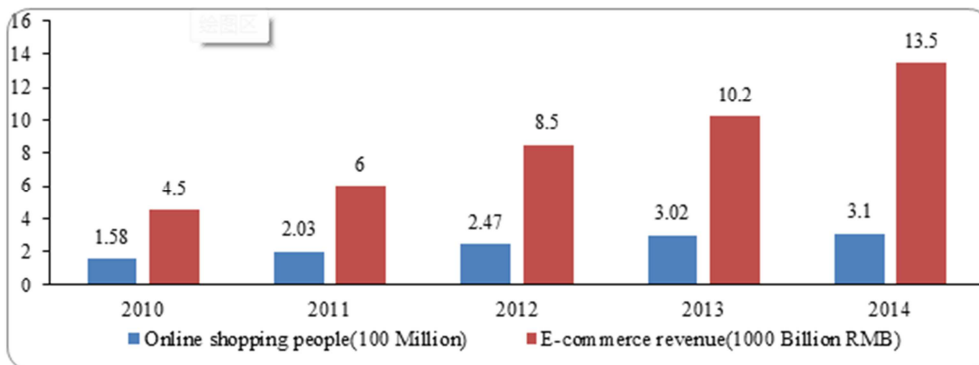


Fig. 3. China E-commerce revenue

It is showed that internet is widely used in China. In 2010, China internet penetration rate is 34.3%. In 2014, the number grows to 46.9%. With the fast growing of both internet access and users, it is easily to enlarge leads to various kinds business and strengthening the potential customer base in general business model. Based on it, successful business development could be expected.

The E-commerce revenue growth trend displays it very well as figure 3.

During 2010 to 2014 period, online shopping people in China grew from 158 million to 310 million. The growth rate is roughly 100%. However, the E-commerce revenue that they generated was increased from 4500 billion RMB to 13500 RMB. The growth rate is 200%. The data showed internet is tightly related to business development in China.

3.1.2. Internet Also Affects Other Factors of General Business Model

With the internet leads base increase, marketing and promotion tools could be implemented. Since marketing tools can be easily and efficiently used through internet, it will be good to the conversion rate improvement in general business model.

Comparing to traditional selling tools, internet now becomes a simple and comfortable platform to do business and marketing promotion. Product introduction and promotion could be showed perfectly through internet and computer screen. Customers needn't arrive at the exchanging site. Depending on computer and network, customers almost could exchange at home, office and everywhere. Since it is very convenient, the number of transactions could be improved easily in general business model. Because of the same reason, with the exchanging and marketing expense decrease, it will also be good to improve average selling price.

Since the internet used, whether buyers or sellers could save much cost on physical store, employee and rent for the house etc. This definitely could lead to the margin improvement in general business model.

So the internet plays a very important part in successful business development.

3.2. Many Things Could be Done Through Internet to Successful Business Development

The fact is that internet penetration grows very fast now especially with mobile internet application. Many things could be done in successful business development. Here we will use the data and situation of China to show it.

3.2.1. Internet Business Development has Great Potential

From figure 3 above, the E-commerce revenue in 2014 is nearly 14000 billion RMB. This is a very huge market. And the year of year growth rate which hitting 30% roughly will attract many enterprises. Alibaba which is the biggest internet company in China had gone to IPO in New York on September

19, 2014. On same day Alibaba ranked No. 2 largest internet company. ^[5] On November 11, 2014 1688.com revenue is nearly 10 billion USD. These data display that the internet will deeply influence us whether in daily life or business development in future.

3.2.2. Leads and Potential Customer Management

Customer relationship management or CRM is widely used in business management. In general business model, we can use 1 to 1 management method and try our best to meet customer need. ^[6] However, with huge number of customers and different needs at internet time, it is really a problem we need to solve. Recently the CRM solution based on sales cloud of salesforce.com had made great progress in this area. Over 100,000 enterprises select this CRM solution to manage their customers and business development.

3.2.3. To improve Business Management Through Internet

In general business model, MBO or management by objective method is often used. When setting up business objective, SMART method is often used. The objective is specific, measurable, achievable, relevant and time setting. ^[7] But based on the characteristics of internet, business management whatever selling process, marketing, product, SCM and service etc should be improved. Now with the Cloud technology application, more and more vendors and business partners use the relevant solution from like IBM which is cloud platform customers service solution supplier to analyze customers' activities and intents in digital. For example, through internet data, the customer habit and intent could be recognized and analyzed. Through internet, the relevant ads and marketing tools could be displayed to special customer. And the willing to purchase could be improved through this kind of special information delivered. Thus the customers could be served more efficiently and effectively. It will lead to better business result directly.

3.2.4. Great Relevant Business Opportunities

According to the data of China, current China E-commerce yearly revenue is roughly 14000 billion RMB. If 1% service charge could be executed, only this business will be 140 billion RMB or nearly 24 billion dollars yearly not alone other business. So it is a big and with fast growing potential market. Future successful business development must be relevant to internet.

In China, internet retail business was quite small with revenue often 100-dollar below in past. But now many big amount commodities like cars, house and etc. is starting to exchange through internet. Now the government is setting the suitable rules for internet. These rules including anti-counterfeit, fake-blowing and benefit protection of end users are being implemented in China. More and more offline internet customers are changed to do online internet business. The successful business development through internet will have big potential in China indeed.

4. Internet on Mobile Shows Much Room to Successful Business Development

Today with the mobile phone widely used in China, the mobile internet user number is also increasing very fast. With more and more mobile internet application, another business reform is coming.

4.1. Mobile Internet Users Growing Rapidly in Past Several Years

According to the data of China State Industrial and Information Ministry, the mobile internet user number grows from 302 million in 2010 to 875 million in 2014. The situation is showed in figure 4. ^{[8][9][10]}

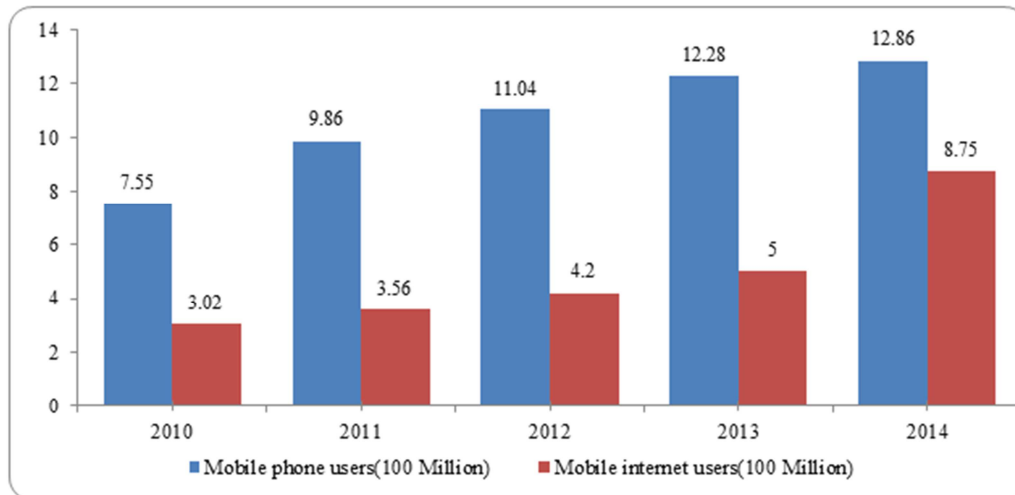


Fig. 4. China Mobile Internet Users Situation

4.2. More and More Business Could be Done Through Mobile Internet

As figure 4 data showed, roughly 65% Chinese use mobile internet. A great of business opportunities will be generated based on mobile internet.

4.2.1. Financial Business Could be Done Through Mobile Internet

In China, many banks start to encourage customers use mobile bank function like saving, transferring and payment etc. For example, in order to encourage customers use mobile payment and transfer account, CITIC will exempt the customers handling expense of using mobile bank if they could download APP and finish registration before the time deadline.

4.2.2. Mobile Internet Can be Used in Entertainment and Transportation

Recently many kinds of entertainment business like restaurant and cinema are touched by mobile internet in China. The customers could order seat and finish payment through the internet on mobile.

In transportation business like train and air plane, the customers could download the relevant APP and finish order seat, purchase ticket and call relevant shuttle services and etc.

4.2.3. Mobile Internet Also Can be Used in Health Business

There are many people in China. Currently population of China has surpassed 1.35 billion. The health service is a big

problem in China.

Now with the mobile phone widely used, the relevant mobile internet could be very helpful on improving health service. The patients could download the relevant APP. They could select the hospitals, doctors and experts through mobile internet. They also could finish registration based on it. The payment could be done through Alipay. These applications will lead to more business opportunities.

In summary, more and more internet opportunities are coming whether based on mobile internet or traditional internet. Successful business development will be definitely affected by internet.

5. Summary

In conclusion, internet is changing a lot to our world. Internet gives us a wide, efficient and productive platform in both business and daily life. To most businesses, the development of business will be relevant to internet today. Internet will play very important part to successful business development. Internet should be focused to our both business and daily life today and future.

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