CHINA’S NEW RETAIL BUSINESS MODEL: THE CASE OF SUPER SPECIES

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ABSTRACT

Purpose: The aim of this study is to explore the purpose of investigating the business model of "New Retail" which is crucial for understanding industry innovation, enhancing the customer experience, exploring business model innovation, assessing economic impact, and recognizing global influence.

Theoretical framework: This comprehensive theoretical framework provides the foundation for analyzing the multifaceted dynamics of "New Retail" with the inclusion of value proposition, value network, revenue model, tacit knowledge, and explicit knowledge.

Design/methodology/approach: The research methodology employed in this study encompasses a case study of innovative retail businesses, Super Species. It investigates how these businesses have leveraged technology to enhance customer experiences.

Findings: The study's findings underscore the pivotal role of "New Retail" in reshaping the traditional retail landscape through technology-driven innovations. It elucidates the impact of "New Retail" on industry dynamics and its potential to secure competitive advantages through analyzing the business model.

Research, Practical & Social implications: This research has implications for understanding the transformative power of "New Retail" in the retail industry. It provides insights into consumer expectations, policy influence, and the integration of online and offline retail. Additionally, it highlights the importance of new retail business model and its effects on economic and global dimensions.

Originality/value: The originality of this study lies in its comprehensive examination of "New Retail" as a transformative force in the retail industry. It explores the interplay of digital technologies, consumer behavior, government policies, and innovative business models, shedding light on the unique value proposition and implications of "New Retail."

Keywords: new retail, NRBM, business model innovation, super species.

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O NOVO MODELO DE NEGÓCIOS DE RETALHO DA CHINA: O CASO DAS SUPERESPÉCIES

RESUMO

Objetivo: O objetivo deste estudo é explorar o propósito de investigar o modelo de negócios do “Novo Varejo”, que é crucial para compreender a inovação da indústria, melhorar a experiência do cliente, explorar a inovação do modelo de negócios, avaliar o impacto econômico e reconhecer a influência global.

Enquadramento teórico: Este enquadramento teórico abrangente fornece a base para a análise da dinâmica multifacetada do “Novo Varejo” com a inclusão de proposta de valor, rede de valor, modelo de receita, conhecimento tácito e conhecimento explícito.

Design/metodologia/abordagem: A metodologia de pesquisa empregada neste estudo abrange um estudo de caso de empresas de varejo inovadoras, Super Species. Ele investiga como essas empresas aproveitaram a tecnologia para aprimorar as experiências dos clientes.

Constatações: As conclusões do estudo sublinham o papel fundamental do “Novo Retalho” na remodelação do panorama do retalho tradicional através de inovações impulsionadas pela tecnologia. Elucida o impacto do “Novo Varejo” na dinâmica do setor e seu potencial para garantir vantagens competitivas por meio da análise do modelo de negócios.

Implicações de pesquisa, práticas e sociais: Esta pesquisa tem implicações para a compreensão do poder transformador do “Novo Varejo” no setor varejista. Ele fornece insights sobre as expectativas dos consumidores, a influência das políticas e a integração do varejo online e offline. Além disso, destaca a importância do novo modelo de negócio do retalho e os seus efeitos nas dimensões econômica e global.

Originalidade/valor: A originalidade deste estudo reside na sua análise abrangente do “Novo Varejo” como uma força transformadora no setor varejista. Explora a interação de tecnologias digitais, comportamento do consumidor, políticas governamentais e modelos de negócios inovadores, lançando luz sobre a proposta de valor única e as implicações do “Novo Varejo”.

Palavras-chave: novo varejo, NRBM, inovação em modelo de negócios, superespécies.

1 INTRODUCTION

In recent years, Chinese retail industry has been innovating shopping experiences through the active use of digital technology. Technologies such as QR codes, mobile payments, big data analytics, artificial intelligence, and virtual reality have improved the shopping and payment processes and enhanced interactions between consumers and brands. Changes in consumption have shaped the retail industry’s development. In the era of personalization, consumer subjects, consumption methods, consumption structures, and consumption concepts have undergone disruptive changes, which have significantly impacted the retail industry and triggered a new retail revolution. According to the “Quality Consumption Index Report” released by Ali Research Institute, the proportion of high-end consumption on Alibaba’s retail platform increased significantly in 2016,
reflecting the trend of quality consumption. Future quality consumption also reveals originality, intelligence, green, sophistication, globalization, and experience-oriented trends. And there emerging consumer groups, particularly the middle class and millennials, have higher expectations and interests in not only online but also offline.

On November 11, 2016, furthermore, the General Office of the State Council, PRC, issued the “Opinions on Promoting Innovation and Transformation of Physical Retailing” to encourage the integration of physical and online retail. In practice, with the development of the Internet, numerous traditional retail enterprises have expanded their online sales channels through e-commerce. Corresponding online business channels and platforms are also gradually constructing offline physical stores, interconnecting online services to create a quality consumer market characterized by consumer experience. Some traditional retailers have embraced e-commerce to expand their online channels, while some e-commerce platforms have begun establishing offline stores, focusing on a high-quality consumer experience (Kim et al., 2023). Amazon Go started with a global pilot of unmanned supermarkets. Hema Fresh moved fresh fruits and vegetables into a 30-minute delivery range for community life circles. UNIQLO used VR, AR, IoT, and other technologies to enhance the consumer experience, all of which achieved impressive results in the experimental phase.

At the 2016 Alibaba Apsara Conference, Jack Ma also stated that “In the next 10 or 20 years, there will be no such thing as e-commerce but only new retail, which means that online, offline, and offline logistics must be combined to create a true new retail.” The initiatives of a few Chinese e-commerce giants and traditional retailers to go online have given birth to a new type of retail business called “New Retail”, which integrates online and offline sales to provide consumers with more convenient and personalized shopping experiences. Hereupon, the research and exploration of the concept of “new retail” have emerged recently, and it is Alibaba Group's strategy to innovate consumer experiences and integrate online and offline retail sales. This concept represents efforts to enhance consumer services by merging traditional retail businesses with digital technology. New Retail involves integrating online e-commerce with offline retail stores and leveraging technologies such as data analytics, artificial intelligence (AI), and the Internet of Things (IoT) to provide a better customer experience. The theory of online transformation is the main concern in transforming the traditional retail industry.
"New Retail" plays a pivotal role in innovating the traditional retail industry through digital and data technologies. Researching it helps in understanding industry innovation and securing sustained competitiveness. While originating in China, "New Retail" has global implications for the retail industry. Researching it allows for the identification of international competition and collaboration opportunities. Furthermore, "New Retail" itself represents a form of business model innovation. It introduces new revenue models, supply chain strategies, and data utilization methods. Researching this helps in understanding the principles and successful cases of business model innovation. Therefore, studying the business model of "New Retail" is crucial for understanding industry innovation, enhancing the customer experience, exploring business model innovation, assessing economic impact, and recognizing global influence. Therefore, this study seeks to explore China's New Retail Business Model (hereafter NRBM) through analysis of the fastest growing Super Species in China.

2 LITERATURE BACKGROUND

2.1 ‘NEW RETAIL’ STRATEGY

China's New Retail strategy, primarily championed by Alibaba Group, is a transformative approach that reimagines the traditional retail industry through digital and data-driven innovation. New retail is a conceptual expression of a new type of retail format that differs from traditional and e-commerce retail. Jack Ma proposed the concept of new retail at the 2016 Alibaba Apsara Conference. Prior to this, China e-commerce leaders—such as JD’s CEO Liu Qiangdong and Tencent’s CEO Ma Huateng—also had similar definitions of new retail (Lingyu et al., 2019). The concept of "New Retail" in e-commerce involves establishing a physical offline channel and seamlessly integrating it with the online retail channel (Wang and Ng, 2020). It has had a significant impact on both the domestic and international retail and e-commerce industries. It emphasizes enhancing the competitiveness of retail businesses and innovating the customer experience. This innovative strategy has transformed the retail landscape in China and beyond.

Wang et al. (2020) classified the new retail model as an e-commerce model with business-to-customer (B2C) and online-to-offline (O2O) interactions; they argued that the new retail model is an upgraded version of the O2O model. Lu and Fang (2019) stated that e-commerce in the new retail era has overcome the prevalent impediments and
achieved online and offline integration, providing new solutions to the traditional retail industry’s pain points and emphasizing the integration of logistics and supply chains in new retail. Wang and Ng (2017) summarized new retail into the following three main modes: (1) integrating online and offline logistics, (2) achieving a consumption scenario, and (3) creating a “new retail” platform. Simultaneously, in any retailing context, the prediction of the relationship between variables is affected by co-variate technology (Paul & Rosenbaum, 2019). Moreover, researchers have indicated that new retail innovation relies on the advanced technologies of the fourth industrial revolution, such as big data, artificial intelligence, and cloud computing.

Based on the above definitions, we conclude that new retail has three characteristics. The first is consumer-centered. Both traditional and new retail have the three elements of “people, goods, and the marketplace,” but their focus differs. The former pays significant attention to the “marketplace,” carefully selecting its location and designing its layout, but pays limited attention to consumers and commodities. On the contrary, the logic of new retailing is improving its efficiency from the consumer’s standpoint, placing the consumer at the center of all operations. For example, in the production and R&D of goods, the C2M model based on customer demand realizes the reverse traction of consumption on production.

The second is omni-channels. New retail provides consumers with convenience in terms of time, place, and shopping methods—such that consumers are no longer constrained by factors such as time, space, and media in the purchase process; new retails allows consumers to use various Internet tools to obtain transaction information and, ultimately, complete the consumption behavior.

The third is digitization—the most important transformation and breakthrough in the retail industry and new retail’s future. The new retail industry differs from previous changes in the retail industry. The deep integration of data and business logic realizes the reverse traction of consumption on production change and drives the traditional retail industry. With the realization of “consumer digitization, terminal channel digitization, and marketing digitization,” retail enterprises’ competitiveness no longer pertains to price, products, and marketing, but to customer insight and the ability to analyze data. Table 2 summarizes the three retail models’ modes and characteristics.
Table 1 – Comparing characteristics of new retail, e-commerce and traditional retail

<table>
<thead>
<tr>
<th>Category</th>
<th>New Retail</th>
<th>E-commerce</th>
<th>Traditional Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping form</td>
<td>Self-service supermarket, experimental marketing, VR/AR, big data, cloud warehouse</td>
<td>Taobao, JD, etc. (C2C or B2C e-commerce platform)</td>
<td>Meituan, Dazhongdianping, etc. (O2O e-commerce platform)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Shopping centers, supermarkets, CVS, warehouse stores, department stores, etc.</td>
</tr>
<tr>
<td>Brick-and-mortar stores</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Online stores</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Channels</td>
<td>Online &amp; offline (strong)</td>
<td>Online &amp; offline (weak)</td>
<td>Offline</td>
</tr>
<tr>
<td>Starting point</td>
<td>Consumer</td>
<td>Product or service</td>
<td>Product or service</td>
</tr>
<tr>
<td>Core driver</td>
<td>Big data</td>
<td>Manager</td>
<td>Manager</td>
</tr>
<tr>
<td>Degree of intelligence</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Consumer experience</td>
<td>Strong</td>
<td>Medium</td>
<td>Weak</td>
</tr>
<tr>
<td>Consumption patterns</td>
<td>Personalized page distribution or production, offline scene experience, mobile payment, new logistics (pick-up in-store)</td>
<td>Browse product details on the website, pay online or cash on delivery, and receive items through express/logistics; browse product details online, pay online and receive information vouchers, pick up goods in offline stores or enjoy services</td>
<td>Browse and try products at brick-and-mortar stores, pay in cash, and pick up goods on-site</td>
</tr>
<tr>
<td></td>
<td>Only relying on pictures and information description; products cannot be guaranteed, and logistics are slow, O2O cannot solve the consumer demands of experiential consumption, customized services, and cost-effective consumption</td>
<td>Single channel, rigid structure, expensive operating cost, serious homogeneity</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors’ Elaboration

From the summary of the three retail models presented in Table 1, we can infer that the traditional retail model relies predominantly on physical stores to operate—with serious homogeneity—a relatively small management structure (Sreenath et al., 2022), and a relatively single channel. However, this method has several drawbacks. The e-commerce model relies predominantly on the Internet and online stores to conduct transactions; however, there are various problems, such as poor consumption experience, poor product quality, slow logistics, and the inability to meet high-end consumer demand. Therefore, both models have shortcomings.

Compared to the aforementioned two traditional models, the new retail has more significant advantages because, in this model, the price-performance ratio is better; the channel capacity is stronger; the membership, products, and services management is more comprehensive; the logistics speed is more efficient; the users have a better consumption experience.
experience; and the operation management is more systematic and scientific. Thus, evidently, new retail is an emerging business model innovation of the traditional retail industry that transcends the e-commerce model. The traditional retail industry’s transformation into new retail entails not only simple cooperation with e-commerce and the establishment of online sales channels, but also completes the integration of online and offline transformation.

2.2 BUSINESS ENVIRONMENT AND BUSINESS MODEL INNOVATION

A retailer’s value creation for its customers and market appropriation is articulated in detail in its retail business model. Scholars have defined innovation in retail as a change in one or more elements of a business model, and changes in individual elements can be system-wide because of the dependencies among them. Additionally, retailers’ motivation to innovate their business models can arise from both internal and external drivers (Reinartz et al., 2011; Sorescu et al., 2011; Kim, 2016; Tucci, 2022; Angelito et al., 2023).

Lehoux et al. (2014) highlighted that several start-ups face multiple obstacles when commercializing their new technologies, such as insufficient resources and integration capabilities, lack of relevant professionals, and the complex environment in which they survive. Xerox is a well-known manufacturer of digital and information technology. Its research institutes have designed the most advanced graphical interface operating systems. However, due to the absence of a suitable business model, the technology was commercialized by Apple and became a foundation for Apple’s achievements. Baden-Fuller and Haefliger (2013) pointed out that a good business model can also help companies find appropriate technologies, rationally allocate major resources and capabilities, and integrate them into products and services, thus helping them reduce waste in R&D (Lehoux et al., 2014).

Assume that business model innovation provides an important platform for applying new technologies for companies in the face of a new technological environment (Kim & Kim, 2023). In that case, the transformation of business models will involve reconstructing the internal operating system and external value network relationships (Amit & Zott, 2001). Numerous new technologies’ emergence and application have changed the business model’s elements, improved its efficiency and novelty, and enabled it to be innovative. Generally, the application of new technologies will face challenges,
such as insufficient corporate resource capabilities and changes in external value networks. A suitable business model is required to commercialize new technology. Technological innovation has enabled the business model by affecting all its elements.

Innovation in a business model is inseparable from the enterprise’s knowledge and learning abilities. Sosna et al. (2010) claimed that business model innovation in enterprises is a continuous learning process for organizations and individuals. Wu et al., (2019) studied the antecedents of business models and proposed that business model innovation is affected by internal factors, such as management cognition and organizational activities. Retailers are at a risk of not innovating their business models because of the cognitive disincentives for innovation (Chesbrough, 2010). The current business model’s success may reduce managers’ perception of the need for innovation and, therefore, make them resist changing the current value-creation path and model. (Debruyne et al., 2010; Grewal et al., 2011) Osterwalder et al. (2005) explained the path of knowledge-driven business model innovation more specifically. This study subdivides the innovation process of business models into understanding and sharing, analyzing, managing, prospects, and patenting business models, and highlights the importance of knowledge in the cognitive process of business models.

In addition to technology and knowledge elements, some scholars have argued that organizational form change is not merely the result of business model innovation, but that organizational structure and institutional innovation itself are also an important part of business model innovation. For example, Giesen et al. (2010) suggested that changing the structure of the firm and its role in the value chain, and redefining organizational boundaries, are important ways for corporations to rely on organizational innovation and, thereby, achieve business model innovation. Thus, we realize the importance of internal environmental factors as tacit knowledge for business model innovation. Overall, a company’s internal environmental elements, including management cognition, corporate culture, and organizational structure, affect business model innovation.

3 RESEARCH DESIGN

3.1 CASE STUDY: SUPER SPECIES OPERATED BY YONGHUI SUPERSTORE

According to Yin (2017), three categories of case studies—namely, exploratory, descriptive, and explanatory—exist. Ever since Alibaba proposed the new retail concept, the new retail industry’s development has remained in its infancy, and the transformation
of traditional retail companies into new retail continues prevailing in the groping stage. This study follows Yin’s (2017) recommendations and uses a case study method to gain a deeper understanding of traditional retail companies using new retail transformation strategies. Yonghui Superstore Co., Ltd. is a large-scale group enterprise with retail as its core business, modern logistics as its support, modern agriculture and food industry as its wings, and industrial development as its foundation. Unlike foreign supermarkets that entered China—such as Walmart and Costco—and other local Chinese brands, Yonghui has adopted a differentiation strategy to gain advantages since its establishment in 2001. From the business model’s perspective, Yonghui relied on its unique fresh food business model to achieve success. Taking 2015 as the time node, Yonghui received an investment of 4.3 billion RMB from JD.com, transferred 10% of its equity, and started its new retail transformation strategy. Further, in 2017, Tencent spent 4.2 billion RMB on buying a 5% stake in Yonghui. With the help of e-commerce’s capital investment and mature online platform, Yonghui subsequently launched a fresh supermarket called Super Species (超级物种). Super Species is based on offline supermarkets and has introduced a New NRBM, which reflects its unique nature. In the post-COVID-19 era, how Yonghui’s new retail transformation strategy will further enhance its dynamic responsibility to respond better to changes in market demand and consumer behavior is worthy of observation and research.

3.2 DATA COLLECTION AND ANALYSIS

Referring to Yin’s (2017) suggestions, to improve the study’s construct validity and reliability and complete the triangulation of evidence, we utilized multiple sources of evidence, including documentation, archival records, and unstructured interviews (Suhartono et al., . Considering that Yonghui Superstore was listed on the Shanghai Stock Exchange in 2010, we visited Yonghui’s official website to obtain annual financial reports, announcements, and conference reports after 2015, as well as relevant news and interview records. Moreover, we visited several authoritative research websites—such as iyiou.com, iiMedia.cn, and iresearch.cn—to retrieve relevant reports as materials for qualitative research. Furthermore, considering the fieldwork materials’ importance, the researcher contacted the managers of the Yonghui Super Species for permission and cooperation in an interview. The interview followed a semi-structured design. Prior to the interview, the researcher prepared the research questions in advance and simplified the
questions to reduce the interviewee’s obstacles and confusion in understanding the questions. After the interviewee answered the pre-prepared questions, the researcher conducted in-depth interviews on related topics.

According to Dey (1993), this study followed the four steps of qualitative data analysis sequentially, as follows:

1. Compiling: The first step involves data collection. We imported the collected data into NVivo12, a qualitative analysis tool, and created a text database.
2. Describing: The second step is a detailed and extensive description of the phenomenon under investigation. We collected field interview materials by entering the field and conducting semi-structured interviews and participant observations. This step complements and further investigates the material related to topic under investigation.
3. Classifying: The classification here should not be misinterpreted to mean that we classify people by gender, skin color, or such attributes. The classification should be understood as categorization, which simply indicates organizing and arranging data according to different topics. We coded all the qualitative data in NVivo12 by assigning the data fragments on different topics into different nodes and placing the related nodes into larger category nodes to create a hierarchical structure.
4. Connecting: However, the classification is unlikely to provide a more complex description of the phenomena under investigation; therefore, connecting the relationships between different nodes through a linking step is an important step after classification. Based on the constructed theoretical model, we developed a model by analyzing the actual data and presenting the relationships between the nodes.

3.3 CONCEPTUAL MODEL

As most companies have only a broad and ambiguous business concept, even company staff can map out different business models based on their understanding of the concept, which is a significant barrier to business model innovation. According to Osterwalder et al. (2005), the steps of business model innovation can primarily be summarized as explicitly constructing the business model, exploring the implicitly relevant elements of the business model, and then integrating innovative ideas and
constructing a new business model. Zhang et al., (2015) classified business model tacit knowledge into industry categories, external environment, technology, and other factors. They considered the external environment’s significant role in business model innovation. However, considering the impact of the internal environment and technological innovation on the business model, corporate culture is relied on to make the business model work efficiently, improve product quality, and reduce costs (Srinivasan & Kurey, 2014).

Nonaka et al. (2000) proposed a SECI knowledge transformation model, positing that knowledge creation is a dynamic process of continuous interaction, learning, value addition, and feedback among individuals and between individuals and organizations—through which tacit and explicit knowledge is transformed in organizations and individuals, thus promoting the continuous accumulation and creation of organizational knowledge. Based on the SECI model (Nonaka and Takeuchi, 1995), Mariama et al., (2018) combined the knowledge management SECI model with the business model to propose the business–SECI model, which divides the process of business model innovation into the following four components: The first step, socialization, changes the goals and value proposition of business activities according to the changes in customer needs caused by industry, policy, technology, economy, and other factors. This is the process through which tacit knowledge is transformed into explicit knowledge. The second step, externalization, emphasizes innovative changes in the theme of value networks. This is an application of explicit knowledge. The third step, consolidation, analyzes the business model’s performance to discover the firm’s core competencies. It is the process of transforming explicit knowledge into tacit knowledge. Finally, the fourth step, internalization, represents the incentive for participants to remain in the system of trading activities by opening new markets, offering new products, and so on.

The above discussion clarifies that explicit and tacit knowledge in a business model interact with each other and contribute to the business model’s innovation. By contrast) according to Osterwalder et al (2005), business model innovation is achieved through changes in the business model’s components. Thus, this study proposes that the interaction between the explicit and tacit knowledge components of a business model contributes to the model’s innovation. This study derives a conceptual model of innovation in the NRBM.
4 CASE ANALYSIS

4.1 YONGHUI SUPERSTORE AND SUPER SPECIES

The analysis and discussion of the results should characterize the context of the research, either through the description of the environment, conjuncture or economic sector. Present the development of the research. Structuring subsections in the sense of “responding” to the objectives to which the work proposes. It can be structured in subsections in order to respond to the objectives to which the work proposes.

Yonghui Superstore Co., Ltd., which has a history of 19 years, was officially established in 2011 in Fuzhou, China. At that time, Walmart and other foreign supermarkets moved into Fuzhou and suppressed local retail supermarkets using their capital, sophisticated technology, relatively mature management concepts, capabilities, and relatively large scale. However, foreign-funded retail entrepreneurs find it challenging to compete in the fresh food market because of the lack of local information and inconvenient product supply. Therefore, Yonghui Supermarket uses this as an entry point, relying on local talent and information resources to grasp local fresh food information supply channels, opening-up the fresh food market, and embarking on a unique and differentiated operation. Subsequently, the company participated in the Fuzhou Municipal Government’s plan to replace the original Chinese vegetable market...
with a supermarket. This move established Yonghui Supermarket’s reputation as a fresh food supermarket to a wide consumer base.

Yonghui Super Stores has attained its current success because it is skilled at seizing opportunities and capturing the target customers to foster enterprise development. With their strategy rooted in industrial development, retailing, and modern logistics, the Yonghui supermarket has developed into a large conglomerate and become among the first retail enterprises in mainland China to introduce fresh agricultural products into modern supermarkets, and among the top 500 enterprises in China. Examining the factors that led Yonghui Superstore to develop from a small and medium fresh supermarket to a large chain supermarket—having a network throughout mainland China and competing with numerous large foreign supermarkets—is important.

With these changes in the industry, traditional retail began transforming. In 2015, when performance did not meet expectations, Yonghui began facilitating transformations related to the supply chain, physical stores, and organizational structure, along with other reforms. The original entity of fresh food management evolved into a comprehensive business model driven by the four major businesses of “cloud superstores, cloud ventures, cloud business, and cloud finance,” and the integrated development of online and offline services. The name “cloud,” indicates it could be related to the Internet, big data, and other technologies. This is also at the core of new retail. Currently, there are three segments of the Yonghui Superstore Group in the Yonghui Superstore ecosystem, including cloud business, cloud supermarket, and cloud finance layouts. The Cloud Ventures segment, which includes new retail innovation formats, such as Super Species, was converted from a holding company to an associate in December 2018. In terms of performance, the group generated an operating revenue of nearly RMB 85 billion and a net profit of RMB 1.5 billion in 2019. Table 2 elucidates the history of Yonghui Super Stores.

Table 2 – Yonghui’s History

<table>
<thead>
<tr>
<th>Time</th>
<th>Important Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Yonghui spun off Yonghui Cloud Ventures</td>
</tr>
<tr>
<td>2017</td>
<td>Tencent invested in Yonghui Cloud Ventures</td>
</tr>
<tr>
<td>2015</td>
<td>JD invested RMB 4.31 billion in Yonghui Supermarket</td>
</tr>
<tr>
<td>2010</td>
<td>Yonghui was listed on the SSE</td>
</tr>
<tr>
<td>2001</td>
<td>Official establishment</td>
</tr>
</tbody>
</table>

Source: Authors’ Elaboration
Super Species’ first store was opened in Fuzhou on January 1, 2017, which was a critical step in the development of Yonghui’s new retail business. Yonghui launched it for the middle- and high-end consumer groups, which predominantly combined high-end supermarket products with fresh food services. It focuses on the integration of food and beverage stores with shopping malls. For example, “Box beef Workshop” provides beef processing catering services, “Boston lobster Workshop” provides seafood processing catering services, and so on. On-site processing allows consumers to experience the high-end quality of products and services in brick-and-mortar stores.

The superspecies model is a deep integration of restaurants and supermarkets. It focuses on the integration of fresh products and food processing. The supermarket itself has 1,000 SKUs (Stock Keeping Units) but is also integrated into the food and beverage department, creating different food function sections—including salmon workshops, bolon workshops, box beef workshops, and eight other species. Different zones target the corresponding high-end consumers. Based on the fresh products provided by the supermarket, a comfortable space for shopping and food services is created to meet consumers’ demand for diversified shopping services, food services, and shopping interactions.

4.2 ANALYZING SUPER SPECIES’ EXPLICIT KNOWLEDGE

A clear, unique, and distinct value proposition is a prerequisite for business model innovation (Teece, 2010). If an enterprise intends to survive and develop in the fierce market competition, first, it must define its value proposition, which primarily answers the following three questions: Who are your customers? What do your clients need? What product and service types are offered? Regarding target customers, Yonghui Super Species predominantly targets the 80s and 90s consumer groups, which exhibit huge consumption potential. On the one hand, their consumption concept, ability, and willingness are higher than those of other consumer groups, and they are more willing to try new consumption methods, improve consumption quality, and are less sensitive to price. A product’s freshness is directly linked to its quality. The efficient delivery service of 30-minute delivery within a 3-kilometer radius fully reflects Super Species’ high service standards. Super Species uses the resource platform of the Yonghui Superstore to deploy rapidly in first-tier cities and expand to second- and third-tier cities. Brick-and-mortar stores use the “supermarket + restaurant” model, allowing consumers to buy and
eat instantly, while online cold chain logistics technology is adopted to deliver fresh products in 30 minutes within 3 km, thus ensuring the products’ freshness.

As a traditional retailer, Yonghui Superstore cooperates with JD in the field of O2O, realizing the complementary advantages and resources of both sides, and conducting business docking in supply chain management. Tencent has invested in the Yonghui Superstore to aid Super Species’ development and rapidly enter the new retail market with the huge flow of Tencent’s WeChat social network. The Yonghui Super Species’ business process is diversified in terms of online ordering, payment, distribution, and delivery. Consumers can place orders not only through the Yonghui Life app but also through the WeChat and Eleme apps, and the payment methods support not only Alipay but also WeChat and bank cards. After the payment, various consumption methods are provided—including store pick-up and delivery; moreover, Super Species can distribute goods across large warehouses or transfer goods from nearby stores. To improve delivery efficiency, Yonghui built its own community partner teams and cooperated with Eleme.com to provide a 30-minute rapid delivery service. Finally, using big data to dig deeply into customers’ demands, Yonghui developed and designed new products according to customers’ needs, implemented product customization, and realized C2B+OEM management. Figure 2 presents the business system framework for Super Species. Fresh products are perishable and difficult to preserve; have high standards for transportation, inventory, and display; and demand every link in the supply chain.

Figure 2 – Business System of Super Species

Source: Authors’ Elaboration
Relying on the Yonghui Superstore’s strong supply chain, Super Species promotes direct purchase from the origin, shortens intermediate links, and reduces purchasing expenses. Furthermore, it invests in building a “food safety cloud” and cold chain logistics to reduce fresh produce’s loss rate. Yonghui’s core idea of building a strong supply chain is commodity-oriented. Compared to other retailers that expand horizontally when faced with omni-channel, the Yonghui Superstore integrates vertically along the supply chain. Indubitably, this initiative is also a response to the retail industry’s change and development in new retail’s context, thus helping enterprises transform and upgrade.

Two sources of income prevail for Super Species. The first is selling at a premium price. Premium goods originate from private labels and foreign brands. Super Species maintains a self-managed model, grouping different self-managed restaurant brands into each Super Species store. The second type of service involves customizing and performing high-end catering for the consumer and charging a fee for processing accordingly. In terms of cost structure, new fresh retail supermarkets are essentially the same. First, regarding store costs, Super Species’ integration of warehouse and store models brings huge costs, including leasing and store renovation costs. The second is the cost of purchasing and distributing goods. Most imported fresh products are purchased and supplied directly from their place of origin and transported through the cold chain to stores. The third factor is labor costs.

4.3 ANALYSIS OF SUPER SPECIES’ TACIT KNOWLEDGE

Yonghui Superstore has established a modern corporate management system, which predominantly refers to the characteristic “partnership system” and inherits the corporate culture of the mentor system, which is the product of this system and corporate culture. In 2015, Yonghui Superstore vigorously implemented internal management structure reform, changing the original nine-layer pyramid-shaped management structure to a four-layer open-platform structure, advocating simplicity, efficiency, and flatness (See Figure 3).

A partnership system motivates employees and provides them with positive benefits. In the case of profits, a bonus mechanism is implemented to effectively enhance employee initiative. The partnership system predominantly adopts the “review + horse racing” mechanism. The horseracing mechanism mainly refers to the division of a large team into small teams of six people for ensuring full competition, to participate in the
performance assessment ranking, rewards, and punishment. The review mechanism suggests that the partners achieve a high degree of independent accounting, self-management, and self-determination by conducting statistical analysis and inventories of the previous month’s business situation and dynamically making competitive plans for the following month according to the actual situation. This helps develop the employees’ business mindset.

![Figure 3 – Yonghui Super Store’s Management Structure](image)

Information technology’s enhancing knowledge and rapid development in the 21st century, which was originally a single information-processing aid, has now become a basic technological necessity for the development of various industries. People have generally realized the real-time communication facilitated by information technology. Big data processing technology has gradually matured, and the rapid development of third-party logistics technology and various modes of transportation has brought countries closer together. Fresh food e-commerce’s requirements for technology are mainly reflected in the construction of supply chain systems and information technology.

Regarding the supply chain, China’s infrastructure has been improving, the logistics industry has been developing rapidly, and cold chain logistics technology is maturing; thus, Super Species has developed a strong logistics system by relying on Yonghui’s resource platform and integrating cold chain logistics technology based on IoT. Regarding information technology, with the development of big data and cloud
computing, Yonghui cooperates with JD and Tencent to realize the exchange of advantageous resources, and simultaneously, builds its own online platform to realize the comprehensive integration of online and offline services.

A strong market economy is an important foundation and guarantee for the development of new e-commerce. According to the National Bureau of Statistics, in 2019, the total retail sales of consumer goods was RMB 4116.49 billion, up 8% from the previous year, and down 1% from the previous year. From 2015 to 2018, the market size of China’s fresh e-commerce market has been expanding every year; in 2018, the market size was about RMB 242.4 billion. Owing to the entry of e-commerce entities, such as Alibaba, JD, and Tencent, competition in the fresh e-commerce market has become increasingly fierce, and the early small and medium-sized fresh e-commerce merchants had to withdraw from the fresh market. Additionally, the entry of e-commerce giants has also gradually improved cold chain logistics; consequently, the supply chain’s procurement and warehousing aspects have been consistently optimized and upgraded, thus ensuring the entry of fresh e-commerce market into a new era.

5 FINDINGS
5.1 INNER MECHANISMS OF SUPER SPECIES’ NRBM

Super Species is a continuation of Yonghui’s values of prioritizing consumers and food safety. However, the new retail business of Yonghui Super Species’ target customers are concentrated in China’s 80s and 90s, as well as in the middle- and high-income groups. Compared with traditional retail businesses, which focus on price, Super Species is more interested in improving product quality and customer experience. These aspects’ development relies on the parent company’s large resource platform. Yonghui’s integrated and shared organizational culture plays a decisive role in value networks’ expansion and stability. Super Species adopts the new model of “supermarket + restaurant” with the Internet based on the parent company’s industry-leading ability in the traditional supermarket business, and introduces 10 cooperative catering brands into its stores. Regarding suppliers, Super Species has a vegetable supply base and cooperates with Dammam International to develop overseas procurement and direct supply. In terms of online business, Yonghui cooperated with Tencent and JD to connect with Yonghui’s relatively weak e-commerce business. Yonghui’s flat organizational structure has greatly improved its operational efficiency, and the organizational reform implemented in 2015
reshaped Yonghui into an open ecological platform. The platform contains three business segments—namely, core business, innovation business, and industrial chain business, which corresponds to the public livelihood, medium- and high-end production, and resource segments, respectively. Business integration extends procurement advantages, reduces labor costs, and significantly improves operational efficiency. Stores are replicated and expanded at a low cost, precipitating a strong scale effect and an increased bargaining power. These are all due to the “partnership system,” which provides the ability to execute and innovate.

E-commerce’s development, 5G technology’s emergence, and increasing smartphone performance have made mobile shopping a new consumer trend and greatly enhanced consumer experience. Super Species’ online businesses have also developed rapidly against this background. Further, the “food safety net” and the whole cold chain logistics developed by IoT and cloud computing technologies meet consumers’ demand for food safety. The strategic cooperation between JD and Yonghui helped Yonghui enter the online platform and connect JD Delivery Service to Yonghui’s national store network, which solved the problem of last-mile home delivery. Technological innovation is the supply chain system’s foundation, and the cold chain logistics system significantly reduces the cost of loss in circulation and consumption, as well as guaranteeing products’ extreme freshness and preventing pollution. Technology sharing with value network members strengthen the entire ecosystem network’s stability. Big data, cloud computing, and other technologies are used to perform digital transformation; build a digital center; optimize online order fulfillment’s efficiency; use intelligent site selection to expand new stores; and achieve a seamless connection between the planning, procurement, delivery, and marketing aspects of the supply chain. The cold chain logistics system built by cold chain technology and IoT significantly reduces the loss and operating costs of fresh produce, making the online business of fresh produce profitable.

A study on the retail industry in Europe and the United States found that in foreign countries, fresh food products are provided on a large scale by a few dominant supermarkets, with a market share of approximately 30%; meanwhile, in China, no dominant companies exist in the fresh food market, and the competitive environment is loose and chaotic. Since Jack Ma proposed “new retail” in 2016, Alibaba has pioneered in entering new retail with its fresh food business, which has been well received by consumers, to improve the consumer experience. Super Species is a product in
competition with Hema Fresh. With the advantages of Yonghui’s fresh food business, it provides customers with reasonable prices, fresh products, and a diversified shopping experience.

With the increase in the number of players in the circuit and expansion of the layout of the dominant companies, competition in the new fresh food retail industry will continue escalating, while also accelerating the existing industry structure’s reshuffling. As the most important component of the fresh food business, supply chain management is key to facilitating a breakthrough in the chaos. In 2018, China issued several policies to encourage agricultural e-commerce development while strategically promoting fresh food imports and exports. The Belt and Road Policy and establishment of an FTA promoted cross-border fresh food e-commerce. Yonghui joined strategic partners, such as the Zhongbai Group and Red Flag Chain, to conduct joint-scale procurement and reached procurement agreements with several multinational suppliers at the 2019 CIIE (China International Import EXPO).

Since the reform and opening-up, China’s economy has been growing at a desirable pace, even during periods of national policy adjustment. The annual GDP growth rate has been significant; moreover, consumer goods’ retail sales account for an increasing proportion of the total GDP. The number of middle-class households in China has reached 200 million. According to the 2018 data, the number of online shoppers has reached 600 million. The percentage of online fresh food purchases made more than once per week reached 63.8% in Yonghui. This provided a solid user base for Yonghui Super Species’ online business. Further, the revenue model has transformed from a single offline store sales revenue to multiple revenue sources—including offline sales revenue, online sales revenue, and merchant service fees.

5.2 RELATIONSHIPS BETWEEN EXPLICIT AND TACIT KNOWLEDGE OF NRBM

After analyzing the relationship between NRBMs’ explicit and tacit knowledge, this study counts the items in the interview data and secondary data codes regarding the relationship between the elements through Nvivo12 (See Appendix A and B), and compares the number of items with their average level; that is, if the number of items characterizing a relationship is not less than the average proportion of the total number of items in the group, the relationship is strong; if the number of items is less than the average proportion but greater than one-third of the average proportion, the relationship is
considered weak; if the number of items is less than one-third of the average proportion, the relationship is considered unrelated.

This study included 151 items regarding the relationship between explicit and tacit business models; thus, the relationship was strong if the proportion of items was greater than or equal to 1/8.39 (11.92%); there was no relationship if it was less than 1/25.17 (3.97%), and a weak relationship was noted if it lied between the two. The specific analysis proceeds as follows:

5.3 VALUE PROPOSITION AND BUSINESS MODEL TACIT KNOWLEDGE

Yonghui’s emphasis on food safety and its advantages in the fresh food industry has become a prerequisite for Super Species to pursue the ultimate consumer experience and product quality. Compressing the fresh food distribution cycle from weekly to daily significantly improves the product and service quality (See Table 4).

• **Finding 1-1:** The value proposition of the NRBM’s explicit knowledge is weakly influenced by the internal environment.

The cold chain logistics system based on IoT technology provides technical support to ensure fresh and safe products, reflecting the enterprise’s value proposition. The distribution system—in cooperation with Jingdong and the delivery platform—is a prerequisite for completing the three-kilometer delivery within 30 minutes. Moreover, hardware technologies, such as electronic tags, have become standard equipment for Super Species. This increases user interaction and improves the user’s experience.

• **Finding 1-2:** The value proposition of the NRBM’s explicit knowledge is weakly influenced by technological innovation.

After Alibaba opened the new retail track in 2016, the first layout was started with Hema Fresh. Later, JD’s 7 Fresh and Suning’s Sushengxian also joined the competition. As a fresh food giant in China’s traditional retail industry, Yonghui Supermarket has repositioned its market direction and consumer demand, laying out Super Species to meet the rising demand for product quality and service in China.

• **Finding 1-3:** The value proposition of the NRBM’s explicit knowledge is weakly influenced by the external environment.
Table 3 – Tacit knowledge of business models influencing value propositions

<table>
<thead>
<tr>
<th>Relationship between elements</th>
<th>Number of rows</th>
<th>Relationship strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Environment → Value Proposition</td>
<td>16 (10.60%)</td>
<td>Weak</td>
</tr>
<tr>
<td>Technological Innovation → Value Proposition</td>
<td>15 (9.93%)</td>
<td>Weak</td>
</tr>
<tr>
<td>External Environment → Value Proposition</td>
<td>11 (7.28%)</td>
<td>Weak</td>
</tr>
</tbody>
</table>

Source: Authors’ Elaboration

5.4 VALUE NETWORKS AND BUSINESS MODEL TACIT KNOWLEDGE

Zhang Xuansong—the co-founder of Yonghui—one once stated that the core position of Yonghui’s development is not as a predator but as the guardian of the industry ecology. Yonghui’s integrative and collaborative development mindset enables not only the vertically transformation of the relationship between retailers and suppliers but also facilitates win-win cooperation agreements with competitors (See Table 5).

- **Finding 2-1**: The value network of the NRBM’s explicit knowledge is strongly influenced by the internal environment.

Based on IoT, cloud computing, big data, and other emerging technologies, Yonghui’s cold chain logistics and data center allow partners to become their own users and helps improve their operation efficiency. Yonghui uses logistics technology services to form a virtuous circle of value networks with suppliers.

- **Finding 2-2**: The value network of the NRBM’s explicit knowledge is weakly influenced by technological innovation.

Faced with the Internet economy’s impact, Yonghui took the initiative to create an online layout on the premise of stabilizing physical offline stores, expanding its value network system, and having more partners and sales channels. The logistics policy implemented in China lends policy support for Yonghui to build a better logistics system.

- **Finding 2-3**: The value network of the NRBM’s explicit knowledge is weakly influenced by the firm’s external environment.

Table 4 – Tacit knowledge of business models influencing value networks

<table>
<thead>
<tr>
<th>Relationship between elements</th>
<th>Number of rows</th>
<th>Relationship strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Environment → Value Network</td>
<td>20 (13.24%)</td>
<td>Strong</td>
</tr>
<tr>
<td>Technological Innovation → Value Network</td>
<td>10 (6.62%)</td>
<td>Weak</td>
</tr>
<tr>
<td>External Environment → Value Network</td>
<td>12 (7.95%)</td>
<td>Weak</td>
</tr>
</tbody>
</table>

Source: Authors’ Elaboration
5.5 REVENUE MODEL AND BUSINESS MODEL TACIT KNOWLEDGE

Yonghui’s flat organizational structure integrates the procurement, operation, and promotion of online and offline channels, and its scale effect reduces procurement costs. Integration improves efficiency, reduces labor costs, and enables online and offline sales at the same price, thereby establishing a central kitchen, promoting direct procurement from the source, shortening the supply chain, and reducing procurement costs.

- **Finding 3-1**: The revenue model of the business model’s explicit knowledge is weakly influenced by the internal environment.

Yonghui’s big-data site selection helps maximize a single store’s passenger flow. The full digitalization of store operations improves labor efficiency and reduces labor costs. The cold chain logistics system reduces product spoilage and loss during transportation. All these technological innovations have—to some extent—increased revenue and reduced costs.

- **Finding 3-2**: The revenue model of the NRBM’s explicit knowledge is weakly influenced by technological innovation.

China’s economy is growing rapidly and the proportion of urban residents’ consumption is increasing. E-commerce’s continuous development has stimulated an increasing proportion of online shopping. However, the traditional retail industry has been impacted by online shopping platforms. With China’s strong support for the traditional retail industry’s transformation and development, Yonghui actively seeks to transform and upgrade, thus completing the transformation from a single offline channel to online as well as offline omni-channel development. Its revenue structure has been transformed from a single offline sales revenue to an online and offline co-development.

- **Finding 3-3**: The revenue model of the NRBM’s explicit knowledge is strongly influenced by the external environment.

<table>
<thead>
<tr>
<th>Relationship between elements</th>
<th>Number of rows</th>
<th>Relationship strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Environment → Revenue Model</td>
<td>15 (9.93%)</td>
<td>Weak</td>
</tr>
<tr>
<td>Technological Innovation → Revenue Model</td>
<td>13 (8.61%)</td>
<td>Weak</td>
</tr>
<tr>
<td>External Environment → Revenue Model</td>
<td>8 (5.30%)</td>
<td>Weak</td>
</tr>
</tbody>
</table>

Source: Authors’ Elaboration
5.6 INTERNAL ENVIRONMENT AND BUSINESS MODEL EXPLICIT KNOWLEDGE

Table 4-5 depicts that a firm’s internal environment is not influenced by the explicit knowledge of its business model. In a given period, the internal organizational culture, organizational structure, and managerial perceptions are relatively constant. However, when the turnaround is large, the internal environment can change. Yonghui’s organizational structure did not change significantly until 2015; however, when facing e-commerce’s impact, competitors imposed significant pressure on it, thereby changing its internal organizational structure from a pyramid structure to an open platform structure.

- **Finding 4-1:** The internal environment of the NRBM’s tacit knowledge is not influenced by the value proposition.
- **Finding 4-2:** The internal environment of the NRBM’s tacit knowledge is not influenced by the value network.
- **Finding 4-3:** The internal environment of the NRBM’s tacit knowledge is not influenced by the revenue model.
- **Finding 4-4:** The internal environment of the NRBM’s tacit knowledge is influenced by the external environment.

<table>
<thead>
<tr>
<th>Relationship between elements</th>
<th>Number of rows</th>
<th>Relationship strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Proposition → Internal Environment</td>
<td>0 (0.00%)</td>
<td>None</td>
</tr>
<tr>
<td>Value Network → Internal Environment</td>
<td>0 (0.00%)</td>
<td>None</td>
</tr>
<tr>
<td>Revenue Model → Internal Environment</td>
<td>2 (1.34%)</td>
<td>None</td>
</tr>
</tbody>
</table>

Source: Authors’ Elaboration

5.7 TECHNOLOGICAL INNOVATION AND BUSINESS MODEL EXPLICIT KNOWLEDGE

Yonghui’s technological innovation drives changes in the value proposition and profitability model; however, the new value proposition and profitability model will not affect technological innovation in the short term.

- **Finding 5-1:** The technological innovation of the NRBM’s tacit knowledge is not influenced by the value proposition.
- **Finding 5-2:** The technological Innovation of the NRBM’s tacit knowledge is not influenced by the revenue model.
Technological innovation plays a crucial role in promoting the improvement of a company’s products and services; most of a company’s technological innovation is influenced by the joint effect of its internal and external environments. Initially, as a traditional retailer, Yonghui exhibited relatively weak technological development. Therefore, Yonghui more frequently acquired emerging technologies—such as big data, IoT, and cloud computing—from external sources, and integrated them within the company to better utilize them. The cooperation between JD, Tencent, and Yonghui is not only a means for e-commerce companies to utilize traditional retailers’ offline resources but also a means for Yonghui to authorize certain data and technologies to promote its technological innovation.

- **Finding 5-3:** Technological innovation in the NRBM’s tacit knowledge is strongly influenced by value networks.
- **Finding 5-4:** Technological innovation in the NRBM’s tacit knowledge is influenced by both the internal and external environments.

### Table 7 – Explicit knowledge of business models influencing the technological innovation

<table>
<thead>
<tr>
<th>Relationship between elements</th>
<th>Number of rows</th>
<th>Relationship strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Proposition → Technological Innovation</td>
<td>0 (0.00%)</td>
<td>None</td>
</tr>
<tr>
<td>Value Network → Technological Innovation</td>
<td>19 (12.58%)</td>
<td>Strong</td>
</tr>
<tr>
<td>Revenue Model → Technological Innovation</td>
<td>1 (0.67%)</td>
<td>None</td>
</tr>
</tbody>
</table>

Source: Authors’ Elaboration

### 5.8 EXTERNAL ENVIRONMENT AND BUSINESS MODEL EXPLICIT KNOWLEDGE

The company’s macro-external environment was less influenced by the company, and no significant relationship was found during the data analysis.

- **Finding 6-1:** The external business environment of the NRBM’s tacit knowledge is not influenced by the value proposition.
- **Finding 6-2:** The external business environment of the NRBM’s tacit knowledge is not influenced by the value network.
- **Finding 6-3:** The external business environment of the NRBM’s tacit knowledge is not influenced by the revenue model.
Table 8 – Explicit knowledge of business models influencing the external environment

<table>
<thead>
<tr>
<th>Relationship between elements</th>
<th>Number of rows</th>
<th>Relationship strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Proposition → External Environment</td>
<td>0 (0.00%)</td>
<td>None</td>
</tr>
<tr>
<td>Value Network → External Environment</td>
<td>19 (12.58%)</td>
<td>Strong</td>
</tr>
<tr>
<td>Revenue Model → External Environment</td>
<td>1 (0.67%)</td>
<td>None</td>
</tr>
</tbody>
</table>

Source: Authors’ Elaboration

6 CONCLUSION

Technological innovation supports a value proposition’s realization. Providing customers with fresh products daily without the support of a strong cold chain logistics system is difficult for Super Species. Further, technological innovation facilitates communication between partners, sharing technology, data, and services to stabilize the alliance. Technological innovation has made several impossibilities possible—such as online shopping face payments—and has greatly reduced operating costs. Super Species’s digitization and big data centers have improved efficiency and reduced labor costs. A company’s external environment provides a basis for business model innovation. A friendly institutional environment actively promotes retail enterprises’ transformation and upgrading. In a favorable economic environment, people are more likely to accept high prices for high-quality services and products.

An analysis of the relationship between the components and content of explicit and tacit knowledge in NRBMs. Previously, business model research has frequently focused solely on the analysis of explicit knowledge of the business model—occasionally considering the role of individual tacit knowledge on business model innovation—but has not conducted a comprehensive analysis of tacit knowledge and the internal relationship between explicit and tacit knowledge. Through a case study, this study finds that the value proposition is the internal environment’s external expression, which conveys the company’s corporate culture, and that the internal environment drives the value proposition’s formation. A desirable internal environment enhances value networks’ stability. A desirable internal environment will garner the respect and trust of its partners and enhance cooperation between partners. Moreover, the internal environment—such as a flat organizational structure and customer-oriented values—contributes to costs as well as benefits.

NRBM is divided into the following two parts: explicit business knowledge and tacit business knowledge. First, from an overall perspective, tacit business model
knowledge significantly impacted explicit business model knowledge, while explicit knowledge positively impacted tacit business model knowledge. This reveals the important role that retail tacit business model knowledge plays in NRBM innovation and is a remarkable illustration of why “successful business models are often difficult to replicate.” A better grasp of the tacit knowledge of business models and an improved interaction between explicit and tacit knowledge of business models makes a company invincible.

Explicit business model knowledge contributes to tacit business model knowledge. A desirable technological alliance promotes technology sharing, integration, and innovation. Technological innovation is influenced by the enterprise’s internal as well as external environments; moreover, the latter significantly impacts the former. Depending on each company’s environment, resources, and internal environment, the business model’s specific content will differ, and the NRBM will also have its own characteristics. A comprehensive analysis of the internal environment, technological innovation, and external environment may stimulate business model innovations that can create barriers that are difficult for other organizations to overcome.
REFERENCES


