Research on the Innovation of Mobile Internet Business Model

Li Guo

Abstract: With the number of mobile Internet users gradually increased in Big Data Era, more and more devices are added to the network and digitized, the traditional industry and mobile Internet are gradually merging. New consumption patterns will also be generated, leading to the emergence of new business models. This paper summarizes the connotation and characteristics of the existing business model of mobile Internet, and discusses the approach to the innovation of mobile Internet business model.

Key words: Mobile Internet business; Model; Innovation

1. Introduction

Mobile Internet, referred to as MI, is currently one of the most popular concepts in the field of IT. The narrow concept of mobile internet is that users get access to the Internet wirelessly through mobile phones, tablet PCs, laptops and other mobile terminals. There are also many experts pointing out that any mobile terminal, with a wireless access to the Internet through various networks (WLAN, GSM, CDMA, WCDMA etc.), can be called the mobile Internet, which is the broad concept of MI. CNNIC in its annual report defined it as “Mobile Internet users use mobile phones, netbooks, notebooks and other mobile terminals, mobile network to get access to mobile Internet services and Internet services." We can summarize three characteristics of the mobile internet from the above definition. (a) Mobile Internet is the integration of mobile communication technology and internet; (b) mobile Internet users connect to the Internet via mobile communication networks (2G, 3G, 4G, WLAN, etc.); (c) mobile Internet spawned a lot of new business models.

Li GUO, Nanchang Teachers College, Nanchang 330100, China
3179687351@qq.com
2. The connotation of Mobile Internet business model

Mobile Internet is not just an extension of the traditional Internet, but the integration of mobile communication technology and traditional Internet, it is the trend of the development of the internet. All participants in the mobile Internet industry, including mobile communications operators, terminal equipment manufacturers, technology providers, Internet content providers, Internet service providers and mobile Internet users are practitioners of development of the mobile Internet business model. No matter what kind of business model a company chooses, the final profit is the most fundamental target of every enterprise.

The traditional Internet relies mainly on three modes of profitability: advertising, e-commerce, users pay value-added services. In the process of transition from the traditional business of the Internet to the mobile Internet business, the MI business model have the continuation of the traditional Internet advertising mode, e-commerce and value-added services to pay profit model, and have further innovation and development according to the characteristics of the mobile Internet, creating many new models and ideas, including the two aspects of content and innovation platform.

There are three common ways for the mobile Internet companies to compete through the business model: The first is to strengthen itself. Such as the Jingdong which challenged the taobao.com market dominance through the establishment of self-distribution system. The second is the weakening of the competitors, such as WeChat that banned on Alipay red. The third is the cooperation between big enterprises, such as the merge of 58 city and Ganji etc. In mobile Internet era, when enterprises formulate the construction of their own business models and their development strategy, they need not only think about their own factors ,but also the change of the development situation the whole industry is in, as well as the change of the users’ information behavior habit.

3. The differences between Mobile Internet and traditional Internet business model

Although the traditional Internet and mobile Internet have a lot in common, the nature of MI business model is quite different:

First, In MI business Model, the individual user is the center. Currently, smart phone is the main form of Mobile intelligent terminal equipment. People of different social class, with different educational background, have different information services needs. The information exchange between different users and between users and equipment is a kind of behavior that meet personalized needs of users. The design of mobile intelligent terminal, private customized products and services, as well as the close connection with the user's personal
identity makes the mobile Internet have distinct personalized characteristics.

Second, the information behavior of mobile Internet users is instant, if the information of the Internet is horizontal, the mobile Internet is more vertical, mobile Internet breaks through the limit of time and space, conveying the accurate information to the target groups, enabling the users to get information or to have entertainment as well as social behavior whenever and wherever possible.

Third, to practitioners of information services, the investment and focus of the design and website construction of mobile Internet application are also significantly different. At present, smart phone is still the main form of mobile terminal device. Relatively speaking, website builders rarely need to consider what systems or what browsers users use. Furthermore, the construction of site generally does not need a large number of testers to test the performance of web pages in different computers. Mobile application developers need to engage in more than the traditional Internet industry in the test, debugging input.

4. Elements of mobile Internet business model innovation

Throughout the global success of the mobile Internet company's business model, we can find there are some key elements for the innovation of the mobile Internet business model, including strategic positioning, demand innovation, to provide the best products, build an open platform, build a good industrial ecosystem, social marketing and continuous Profit model, each element and other elements are interrelated, which together constitute the basic framework for the mobile Internet business model.

(a) Strategic positioning: simply put, strategic positioning is the market positioning the Mobile Internet enterprises have to determine facing new market environment, it indicates what service the enterprise should provide the customer, what kind of products to provide and not to provide. It ensures that enterprises have clear focuses, with the concentration of resources to increase the likelihood of being successful in the mobile Internet market competition. The core of strategic positioning is the combination of the full utilization of their own advantages, and the making of the analysis of the internal and external market environment of the enterprise, as well as creating of a classic products, which may ensure that enterprises always have a foothold in the market competition.

(b) Demand innovation: It means that enterprises can assess customer needs as well as meet customer needs. The key to doing this is whether the company is able to insight into customer needs, and to have in-depth analysis and excavation of the potential needs of customers.

(c) Open platform: To create an open platform requires companies to build
an ecosystem around their own. When it is set up, the enterprises can open through the platform to attract outstanding partners and bringing rich applications through the platform, with their work that they are not good at done by the partners. With the open platform, enterprises could learn from each other, grow together, and ultimately to attract users in their own platform.

(d) Excellent products: what are the best products? Simply put, to provide satisfactory products and services through the efforts of enterprises. Give customers a happy experience.

(e) Ecosystem: the so-called ecosystem actually means the operating system that is on the basis of the integration of both users and partners, with the platform as its core. Which integrates the mobile Internet industry chain upstream and downstream. At present, the competition of the mobile Internet market is no longer in the form of single products, technologies and services in accordance with traditional enterprises. It has been transformed into an integrated competition with the ecosystem as the main body. So to build a successful ecosystem for mobile Internet companies is imperative.

Fifth, approaches to Mobile Internet business model innovation

The innovation of business model is the key to the core competitiveness of enterprises. Amazon, Apple, Baidu, Alibaba, 360, Netflix and Facebook and other Internet companies suddenly rise to a leading position in the industry mainly because of their unique and competitive business model. A good business model is generally based on customer needs, commitment to improving the quality of products and services as well as to create a harmonious ecosystem and core competitiveness, etc. The corresponding mobile Internet companies, business model innovation should focus on the following aspects:

(a) Mining customer needs. A successful MI business model should fully capture and tap the consumers’ demands, guide and develop user consumption concepts and habits. At present, with the development of mobile Internet and consumer ideas changing quickly, customers needs are becoming more and more diversified and entertainment oriented, therefore, companies should pay more attention to how to quickly and effectively capture customer needs.

(b) Improving management of information
As more and more people are accustomed to using mobile Internet, people's demand for mobile Internet information is no longer confined to reading news, sending MMS etc. Mobile Internet application is developing more and more towards the direction of "becoming mobile PC". According to the user's fragmentation of the use of time, mobile Internet content providers must ensure that the information presented to the user is brief and easy to absorb. Network information on the smart phone should change from the “big and
general” mode in the past to “small and exquisite” mode.

(c) Focusing on the development of applications

The application (English referred to as APP) is one that can run on mobile intelligent terminal program, which serves as the business entrance connecting users in the terminal equipment. With the continuous development of mobile Internet industry, the competition between applications has become very intense. The user experience is critical to the application, so the development and optimization of the application has become an important task for the enterprise.

(d) Extending business model

Extending method means MI enterprises extend or expand its business model based on the existing successful mobile Internet business model. Such as: Apple's terminal + platform + software services integration business model, which actually is the extension of terminal mode with the platform model and software application patterns, resulting in a huge value.

(e) Reducing business model

Reducing business model means MI enterprises reduce or shrink its business model based on the existing successful mobile Internet business model. This approach includes two sides, one is to simplify the product or process, making it simple, concise. Two is to focus all resources combined with their own advantages, tightly pegged to a piece, so as to achieve excellence. For example, when entering the field of Mobile Internet market, the Qihoo 360 developed diversified modes, then it was determined, to focus on only the platform, rather that products, through which the company achieved great success.

(f) Modifying business model

Modification of the existing business model means to have some changes or upgrades of the business model, so as to achieve better results. This method can be seen everywhere in people's work, life and study. In the field of mobile Internet business model, there are a lot typical cases. Many MI companies achieved great success after their modification of their business model.

(g) Imitating business model

Imitation is very important to innovate MI business model, which is based on imitation of the existing business model of the relevant field. It is not copying, and even more than innovating, to develop a superior business model. This method is by copying the lead over, combined with their own characteristics, achieving rapid implementation of the mobile Internet business model innovation. The success of mobile Internet gangster Tencent Inc. is a good case. As is well known, its success is obtained through the implementation of model imitation and innovation.
(h) Substituting business model
Substitution refers to the application of the business model to non-related areas, in order to achieve an innovative business model. Instead of trying to find alternatives directly to existing things, you can try to replace parts of existing ones. In this way, companies can get better and faster development.

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