

# Study on the Value Creation of New B2B Platform—— Based On the Case of GongChang.com

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**Abstract.** Although B2B e-commerce platform has become an important driving force for economic development, its theoretical research is still at the producer-centric stage, which lags far behind the user-centric reality. A new generation of B2B e-commerce platform has four roles, including value driver, value diggers, value supplier and value providers and they create the value ecosystem synergistically. At the same time, it implements value creation mainly through the following three ways including "information symmetry + information mining", "network effects + open platform for integration" and "cooperative competition + incremental income ", and achieves a virtuous circle of the value ecosystem. The development of a new generation of B2B e-commerce platform is to achieve win-win situation and build industry ecosystem.

## 1 Why put forward this question

Currently, the research of the domestic and international scholars to the whole value creation including electronic commerce enterprise can be divided into three parts: the goods-dominant logic value creation theory, the service leading logic value theory together and the customer dominant logic theory [1]. Compared with the consumer goods marketing B2C(Business to Consumer), the B2B electronic commerce trades scale always occupies great majority of the whole electronic commerce development, and the B2B is the most worthy of study and the most promising mode of electronic commerce mode. But few researches focus to the value creation aspect of the B2B electronic commerce enterprise [2]. In 2016, Chinese "supply side reform" will become the new opportunity of the B2B e-commerce development, and there will be different B2B model through the integration and cooperation of upstream and downstream industry resources, from bargain service of B developing to depth service and even to the customized service stage. So, what is the value creation mechanism of the B2B e-commerce platform enterprise? This paper passes to set up the new theory about the value creation of B2B e-commerce platform and uses case of the GongChang.com to verify the rationality of the theoretical paradigm further.

## 2 Theoretical construction

The traditional B2B e-commerce platform takes producer as the center, mainly surrounding value provider to launch service, chasing a need homogenization of all purchase companies, which obviously already can't not apply customer's strategy ages of taking customer as the center at present [3] . A new era of B2B as consumer value drivers of demand is not homogeneous but various, B2B e-commerce platform should provide personalized service according to the demand

condition. Therefore the traditional B2B e-commerce platform needs to transform into the new generation B2B e-commerce platform. On the one hand, this "new" R(need square) drive for main, in which every effort of the platform carries on around the purchase square ; On the other hand, it also has a community attribute in this kind of B2B the e-commerce platform, which carries out the value creation by creating the community ecosystem circle, namely B2B e-commerce platform must ask for help from the strength of industry value ecosystem and reconstruct new manufacturer's relation and make the whole value ecosystem together contribute to the value drivers. The key to community success lies in the sense of participation through the interaction of each value corpus of the community ecosystem [4]. Compared with the tradition of serving manufacturer, namely B2B e-commerce is the value promoter (principle of "taking manufacturer as the center"), the new generation B2B e-commerce has already changed into the principle of "taking consumer as the center" which launches around its consumption side--value drivers. At the same time, according to the principle of "taking consumer as the center", the new generation B2B electronic commerce platform business enterprise should serve around the value drivers and add the value drivers experience; For serving the value drivers better, it should make use of its own technique advantages to carry on the full data excavation, and this will appear a new role that is different from the traditional B2B electronic commerce platform value ecosystem. This paper defines it as the value digger. At the same time, in order to reveal better the value creation mechanism of value ecosystem of the new generation electronic commerce B2B platform business enterprise, this paper focuses on the each stakeholders of the value ecosystem: a new generation B2B e-commerce platform business enterprise supplier namely the value provider; a new generation of B2B e-commerce platform of enterprises demand namely value driver; value excavation of a new generation of B2B e-commerce platform of enterprises is mainly composed of industry experts and the community; a new generation of B2B e-commerce platform for enterprises as the integration/value reconstruction, connected with the value provider, value drivers and value mining. If a new generation of B2B e-commerce platform of enterprises can build its own ecosystem value and achieve a virtuous cycle, mass customization will be realized in manufacturing industry, boosting the early arrival of the new era of industrial civilization. From the analysis of the traditional B2B e-commerce platform of enterprises and its disadvantages of in-depth analysis, this chapter finally sets up the theory frame of a new generation B2B e-commerce platform value ecosystem to create value, and reveals mechanism of value creation.

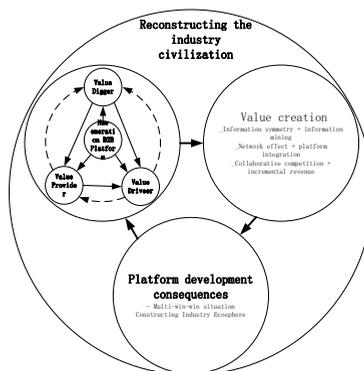
In the process of the traditional B2B industrial products procurement, value drivers, value providers and e-commerce platform form a benign operation value of complex ecosystem.

Value drivers and value providers constitute their own community organizations to achieve the edge of the network effect in the community; and both enjoy a cross-border brought the network effect on the basis of and B2B platform integration. Same and across network effects make B2B e-commerce platform for enterprises build up the value of ecological system. A new generation of B2B e-commerce platform of enterprise uses the concepts of value digger innovatively. Through the specialized operation of the digger's value, it optimizes industrial products purchasing in the value of the ecosystem successfully.

In industrial products purchasing value of ecological system, each role has their value, and let their own into value a node in the ecological system. Value drivers acquire value provider's releasing information through electronic business platform. Value diggers provide professional services for value drivers, supervising and managing value provider. Finally value diggers clinch a deal set on both sides. For the aggregation of the product and the enterprise information, e-commerce platform's advantages can be embodied in comparison with search engines. In order to improve service quality and quantity, we need to focus on an industry, according to the characteristics of the industry to make services. But if we want to focus on an industry, we have to let the person who knows great industry rules do it. A platform is unable to put every niche business rules through, which is also the height of the information flow and cash flow can't reach. Here, technology cannot solve all problems; platform must have an experienced team which understands industry market segment and a certain category business rules. Only with this can we reach a degree on focusing on an industry that makes services according to the characteristics of the industry. This role is similar to industry experts, just like value diggers. Value diggers are a new generation of B2B e-commerce platform enterprise of traditional industry with rich experience of experts, teams, enterprises who make use of a new generation of B2B e-commerce platform to provide professional

advice and guidance services for buyers to solve the value drivers' problems in production and corresponding problems from the source. They provide the best product recommendations and solutions. As a Value digger, their responsibilities include: the major function of the investment selection, mining, auditing, sign industry quality value provider; Information audit, the audit information of product and enterprise, meet the industry professional enterprise and product information; Business services, procurement consulting, recommend quality products, processing orders, etc.; Purchase mining, mining industry demand to provide value drivers with high value of the content. These responsibilities ensure value digger can service the value drivers better under a single industry. Value diggers' intervention can provide three aspects service for the classified providers: (1) Not only value diggers can provide professional advice and guidance services for value drivers also can directly improve the value provider inquiry products into a single conversion rate, which reverses the situation of "having the visitors, nothing" that value providers face in the promotion and provides effective help in the important link to promote transformation of value providers. (2)The credit problems of traditional E-commerce are better solved with the value digger. (3)Through those who expert in value digging, the new B2B plat can help the value driver with massive issues of business.

As to the stakeholders participate in value creation, we can see the roles in value ecosystem are both givers and beneficiaries. Not only should we concern how much profits stakeholders obtain, but also whether it shall create value with a sharing economy mindset of mutual creation and mutual sharing for each other when judging whether a value ecosystem is advanced. During the operation of platform, be equal to partners, providing them with good service and listen carefully to the views of them. Only by acting like that can your company achieve continuous self-innovation and exponential growth. And the new plat achieve a better shopping experience, through the introduction of the value digger, so does the service. Furthermore owing to the fact that the provider no longer to be dealers, the value driver can trade with manufacturers directly, then solving the problem of information asymmetry from the first time it created on traditional B2B plat. Also, the digger can help standardize the industry market, avoiding even eliminating unfair competition, malicious monopoly and other unjust activities. Thus what the providers can do to increase their market share is to improve the quality and service. Some capable value diggers can even handle the gray site problems effectively so that purchasing personnel can trade in a more open, mature and perfect market. In conventional membership fee model, providers enhance the exposure rate by paying a membership fee or buying extra advertisement, by which they get inquiries and achieve the transaction. The theoretical value creation framework of new B2B e-commerce plat is shown in Figure 1:

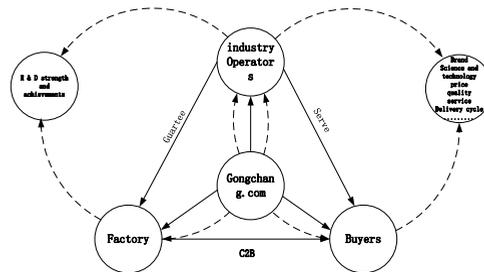


**Fig. 1.** The Framework of New Generation B2B Platform.

### 3 Case study of Gongchang.com

The factory (Chinese station: [www.gongchang.com](http://www.gongchang.com); international station: [www.forbuyers.com](http://www.forbuyers.com)) is a innovation mode of e-commerce platform designed by Zhengzhou Xizhi Information Technology Co., Ltd which mainly engaged in electronic commerce, trade services, information integration and data mining etc.. By providing quality professional

purchasing services for buyers, providing enterprise website, promoting information dissemination, network advertising, online order tracking, transaction information management service e-commerce platform for suppliers, factory has successfully established a thriving online trading market, which has accumulated more than 700 registered buyers and more than 350 registered suppliers. Also, it has formatted 26 million enterprise database and 250 million product database, and then match transactions through online services, information technology services, software services and web promotion services and other value-added services revenue. The company has cooperated with the Google, Yandex and other international Internet giants to integrate the development of foreign trade e-commerce services. The main business of foreign trade e-commerce services to customers through the provision of foreign trade website, foreign trade e-commerce service training, search engine promotion hosting accounts and technical support, social media marketing and other services revenue. Gongchang.com to address the purchase of individual needs to provide solutions, the value of its ecosystem as shown in Figure 2:



**Fig.2.** The Ecosystem of Gongchang.com.

From the Figure 2 we can see: the value of the world's factory network ecosystem consists of four main characters and three systems. The four protagonists are factory (Supplier), buyer, factory and industry operator. The network interconnection between enterprises value of the ecosystem is coming into being. For more industrial enterprises, they need to be able to provide an open interface and can fully dock with the purchasing manager third party platform, this is the value location of the factory.

It is the docking platform servicing purchasing managers, rather than the advertising platform of selling products, and traditional B2B electric business platform's basic function is to connect the buyer and the seller. From the platform point of view, what the traditional B2B electric business platform services are the sellers and it is not hard to find that its location is the supplier from the advertisements of Alibaba, hc360 and other enterprises on behalf of cross-border electrical business. Analysis from the perspective of traditional B2B electric business platform, what the Gongchang.com does is to connect factory and purchaser. So, there is three roles and the purchasing manager, factory value ecosystem and even the exchange of product is the front end of the industrial logic. Moreover, it is the most in need to explore and the factory's vision is to become "the first brand of global industrial products purchasing". Trade operators, the forth role, play an important role in the whole value ecosystem. Why there are operators? It is because industrial products purchasing is different from consumables purchasing. Everyone can purchase consumables and he can sell them after wholesaling and unfolding package, for example, selling foods, clothes and household articles. Industrial products(machine tool, crusher, food machine, engineering machine and so on) must have industrial background and it is no way to service upstream and downstream well, when you don't have industrial background, don't understand products parameter and what advantages every factory's product has, and don't know purchasing agent's specific requires to product. So, what the third party platform dose for the industrial products' platform service directly just stays on the information aspect and it never has ways to penetrate deeply to transaction aspect. If you don't penetrate deeply to the platform, your platform won't have value just like current platform, so it is necessary to penetrate deeply to the transaction service. Why there is trade operator? Because it is not possible for platform to train many teams who understanding industrial product. So, only relying on trade operator and needing the team having industry background and understanding products clearly to do it.

And it decides that industry products must be subdivided and vertical subdivide according to category, such as machine tool, mine machine. crusher, food machine, so each platform needs trade operator.

Different from the traditional B2B platform, the net of factory and industry operators select quality suppliers (manufacturing factory) worldwide strictly and then allow them free to enter, they obtain revenue through online matchmaking buyers and suppliers trading and then charge a certain percentage of service fee according to the turnover of suppliers. By providing quality service to purchasing manager and supplier, the net of factory has successfully established a thriving online trading market. The online market has more than 7 million registered buyers and more than 3 million 500 thousand registered suppliers, and the daily unique visitors (UV) reached to 1 million 500 thousand, forming 26 million enterprise library data and 250 million product library data which cover 31 industries, 339 categories and more than 2 thousand sub categories of the manufacturing industry under the "classification of national economic industry", therefore become an e-commerce platform rich of professional data and a large number of customers. Based on the benign operation and innovation model called industry factory store, the company received huge amounts of data and resources of users. With the platform "net of factory "as the carrier, the company also provides enterprise users with information technology services (Dianjintai, Waixiaotong, search engine technology services), software services, web promotion services to get revenue. The benign cycle of the value of ecological system of the net of world factories shown in Figure 3: The value creation in the new era of industrial civilization is reflected in the personalized mass customization of humanistic economy. Personalized customization (DIY) is the abbreviation of Do It Yourself, originally refers to the whole process that users use raw materials and technology provided by planners to design, produce and enjoy the product. In the Internet era, personalized customization is the behavior applied to the level of information dissemination; audience participates in the productive process of information and even the products.

Internet makes innovation as the core power, never lack of new ideas. The individual needs of users promote individualized and personalized innovation of enterprises; innovation of enterprises lead to the individual needs of the market, personalized service has become the norm of the Internet. Through the analysis of users' behavior, Baidu , Google and other search engines launch personalized information recommendation and advertising, social media (such as micro-blog) also recommended interesting topics and characters to users. News APP such as "today's headlines" also played a slogan as "what you are concerned is the headline". Personalized customization is almost everywhere.

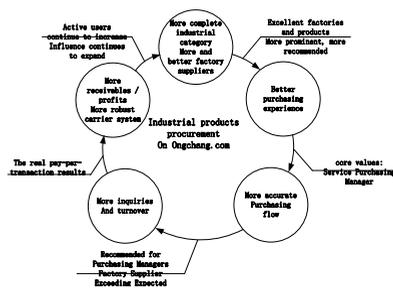


Fig. 3. The virtuous circle of the value network of Gongchang.com.

#### 4 Further discussion

The mobile Internet era is different from the industrial economy era, even different from the PC Internet age. The original industrial economy era of the value creation theory has lost its theoretical guiding significance.

The community platform ecosystem which is an important goal of the value of ecosystem has become the important goal of internet Business model innovation.

Construct a model of a new generation of B2B e-commerce platform to create value the theory innovation of refined value reconstruction, value driven mining of the four roles and value provider, and predicts ecosystem community value;

a new generation of B2B e-commerce platform to the mode of operation, from the factory at present, operational status of industry experts such as the community is good, can be extended to other groups to the value of the ecosystem, so the development potential of the entire value ecosystem will be limitless, the future has come, community business model has been started to force, social ecosystem value of this new approach will enable mankind to create new industrial civilization, to achieve “people of the Economy”.

The value of ecological system of the Gongchang.com via the lateral ecosystem and vertical value chain arranged in a crisscross pattern realize value creation, now from the information platform to the trading platform, but also to the future of the platform to integrate. The future of new ventures and traditional enterprise transformation to the value of the ecosystem consciousness, pay attention to the layout of ecological system. To provide practical reference for real enterprises, especially B2B enterprises. This paper can provide reference for other enterprises in the research of the Gongchang.com. Whether it is “Internet +” or “+ Internet” enterprises, should pay attention to the mobile Internet era of competition is no longer the competition between enterprises, not between industry and industry competition, the competition between the business model is not even, but between ecosystem competition. Set up this kind of ecosystem consciousness and practice ability to be in an invincible position in the competition.

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