

Business Model Innovation of Township Scenic Spots in the Digital Era: Taking China Baimaguan as an Example

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Abstract: Based on current domestic and international economic situation, the Central Committee of the Communist Party of China has made a decision to actively expand domestic demand, play the fundamental role of consumption in driving economic growth, especially to boost bulk consumption such as automobiles, electronic products, and home furnishings, and promote service consumption such as sports and leisure, cultural tourism, etc. China's rural revitalization strategy covers rural cultural tourism, and emphasizes the application of digital technology. The digital economy is developing rapidly, and its innovative technology empowers various industries to transform and upgrade. Promoting business model innovation through digitization has become an important choice for various industries to adapt to new environments, meet new needs, and advance new development. In such context, it is of great theoretical and practical significance to consider how to use digital technology to promote the development of rural tourism and create business models that match digital transformation. This paper attempts to discuss that taking China Baimaguan scenic spot as an example .

Keywords: digital era; township tourism; business model innovation; Baimaguan

1. Introduction

In the Strategic Plan for Rural Revitalization (2018-2022) issued by the CPC Central Committee and the State Council, it was clearly stated that rural tourism should be rapidly developed. At the same time, the No. 1 central document in 2020 emphasized the need to accelerate the application of modern information technology such as the Internet of Things, big data, artificial intelligence and the fifth-generation mobile communication network in rural revitalization. Promoting business model innovation through digitalization has become an important choice for industries to adapt to the new environment in digital era, thereafter it is of great theoretical and practical significance to discuss how to use digital technology to promote the development of township tourism and create a business model that will match the digitalization.

Lang (1947) created the term "business model" for the first time^[1]. Jones (1960) listed "business model" in the title of the paper for the first time^[2]. With the emergence of e-commerce and the Internet, scholars began to use business models to describe the profit model and operation mode of enterprises. Stewart (2000) proposed that the business model of an enterprise is how an enterprise can obtain revenue and maintain its existing revenue^[3]. Afuah (2001) believed that the business model is how an enterprise can provide more value to customers^[4]. After the 21st century, scholars realized that the business model is not only applicable to the e-commerce industry, and any enterprise has its own unique business model. At the same time, scholars found that it is not practical to generalize only the elements, but need to analyze the elements of the business model. Therefore, Nguyen and Zott (2007) believed that business models describe transaction content, transaction structure and regulation, and how business models create business value by finding business opportunities^[5]; Neonen (2010) presented that business model explains how and for whom an enterprise operates, mainly answering the following four questions: who is the customer, customer value, how to obtain revenue and how to control costs^[6]. Osterwalder (2010) further enriched and developed this theoretical model, designed an analysis tool finally named "Business Model Element Canvas", which contains nine elements that are used to deeply understand, analyze and study the business model of enterprises^[7]. This analytical tool has been widely recognized by the theoretical and practical circles.

Baimaguan scenic spot (hereinafter also referred to as Baimaguan) is located in Baimaguan town,

Luojiang District, Deyang City, Sichuan Province, China, which is famous for the death of Liu Bei's strategist Pang Tong, who was shot by an arrow here during the Three Kingdoms period. Deyang has a time honored history and profound culture foundation, whose world-famous Sanxingdui is known as the ninth wonder of the world. Although Deyang government's propaganda slogan has always been "Guanghan Sanxingdui in the south and Luojiang Baimaguan in the north", Baimaguan is far less famous than Sanxingdui. Baimaguan is a national 4A level scenic spot, with Baimaguan, Pangtong Temple, Jinniu Ancient Road (the earliest national road in the world) and many others. It is located in the traffic fortress, and is the evidence of the rise and fall of the Shu Han regime in the Three Kingdoms. Since ancient times, it has been a material distribution center and military vital importance. Baimaguan town, covers an area of 38.83 square kilometers, governs 8 administrative villages and 65 villagers' groups. Apart from Baimaguan scenic spot, it also has Wanfo Temple, which was built in the Tang dynasty, the first choice for spring flower appreciation- Panlong reverse bay, and thousands of mu ecological agricultural park for special local product- Guifei Jujube. In recent years, Baimaguan town has made great efforts to become a sports and leisure town. It has successively introduced business investment, built auto and motorcycle sports bases, outdoor sports bases, camping bases, grass skiing grounds and small ball clubs, and launched sports and entertainment projects such as cross-country karting, live CS, outward bound training, jungle crossing exploration, grass skiing, golf, etc. Occasionally, it organizes some related outdoors competitions. But now, the effect is not satisfactory. There are few tourists in Baimaguan, with abandoned facilities everywhere. In the digital era, how should township scenic spots represented by Baimaguan scenic spot carry out business model innovation, keeping pace with the times? This paper will use the "business model element canvas" to discuss that preliminarily.

2. Baimaguan Current Business Model Element Canvas

The "business model elements canvas" contains nine elements, and its internal logic can be interpreted that the enterprise centers around its value proposition, cooperating with important partners, using various core resources, practicing its key business, creating its value in the form of products or services, and finally realizing its market value through good customer relationship, smooth channel access, and accurate customer positioning. Baimaguan scenic spot current business model element canvas is shown in Table 1.

Table 1: Baimaguan scenic spot current business model element canvas

Key Partners ①Deyang government ②Various bases cooperative enterprises	Key Activity ①Tourism ②Outdoor sports, etc.	Value Proposition ① Provision of tourism services ② Provision of outdoor sports and leisure facility	Customer Relationship Instant communication, loosely connected	Customer Segmentation ①Casual visitors ② Majority of tourists from neighboring cities
	Key Resources ①Remnants of Shu Han Three Kingdoms ② Bases for outdoor sports, etc		Channels Traditional means of publicity(outdoor billboards, map advertising boards, etc.) predominate	
Cost Structure ① Maintaining tourism and sports & leisure sites ② Organizing outdoor sports competitions			Revenue Structure ①Tourism revenue ②Revenue generated from sports and leisure venues	

- **Value proposition.** Value proposition is the core element of business model, which is the embodiment of enterprises' satisfaction with consumers. It can be said that the biggest factor in the success of a business model is whether its value proposition can be accepted by consumers. At present, Baimaguan scenic spot mainly provides tourism and sports & leisure places, and has a weak relationship with local farmers for mutual benefits.

- **Customer Segmentation.** Customer segmentation refers to whom an enterprise chooses and focuses on to provide its products or services. Its significance is to optimize resources owned by the enterprise. At present, Baimaguan is dominated by individual tourists, who have learned about Baimaguan through their own channels and come by themselves, most from Deyang and its surrounding cities.

- **Customer Relationship.** With the diversified development of customer demand, customer relationship plays an increasingly important role. Enterprises must improve their customer stickiness, which means cultivating good relations with customers. In practice, customer relations are no longer limited to simple trade relations, which also include long-term alliance relationships. At present, Baimaguan basically communicates with customers on the spot, with few efforts to maintain customer relations and poor customer stickiness.

- **Channels.** Channels refers to the way in which enterprises deliver products or services to consumers. Baimaguan is presently dominated by traditional means of publicity, such as outdoor billboards, map advertising boards, etc. While We Media such as Tiktok occupies relatively small percentage.

- **Key Partners.** The operation of enterprises is not isolated. An effective business alliance formed by enterprises and important partners can maximize their common interests. At present, the key partners of Baimaguan include such as Deyang Luojiang district government, Letu Enterprise Management Consulting Services Co., Ltd., Dongli Nanshan International Country Club.

- **Key Activity.** Key activity is the realization of value proposition. It is also the product or service consumers can feel directly. At present, the key activities of Baimaguan mainly include such as tourism and related outdoor sports.

- **Key Resources.** Key resources are the resources and capabilities that can be used by enterprises, and also the basis for the realization of value propositions. The core resources of an enterprise are divided into internal resources and external resources. The so-called internal resources refer to human property and relationship resources. Among them, human resources and relationship resources have played an increasingly important role in recent years. External resources usually refer to market resources, industrial policy resources, etc. The key resources of Baimaguan include such as the relics of Shu Han in the Three Kingdoms and outdoor sports bases.

- **Cost Structure.** Cost structure refers to the operating cost required in the operation. The cost of Baimaguan presently includes such as the cost of maintaining tourism and sports venues and holding outdoor sports competitions.

- **Revenue Structure.** Revenue structure refers to various incomes obtained by enterprises. The income here not only includes the short-term profit of the enterprise on the book, but also includes the possible value of the enterprise, customer realization and other long-term benefits. That is to say, anything that is conducive to the realization of enterprise value can be called income. The income of Baimaguan presently includes the income from tourism, sports bases and other business cooperation.

3. Baimaguan business model innovation in digital era

In the digital era, the rapid development of information and network technology, with its extremely high permeability, has led to the rapid expansion of the information service industry into the primary and secondary industries, giving rise to the mutual integration of the primary, secondary and tertiary industries. At the same time, the digital economy itself is characterized by rapidity, increasing marginal benefits, external economy, sustainability, directness and so on, which leads to a great challenge to the traditional business model. The possible business model innovation of Baimaguan in the digital era is shown in Table 2.

- **Value proposition.** The three industries are increasingly integrated with each other in digital era. Baimaguan scenic spot, in addition to providing a place for tourism, sports and leisure, should strengthen its connection with local farmers and the interaction with other resources owned by the town. For example, tourists who come to Pangtong Temple because of the Three Kingdoms culture can also go to Wanfo Temple, Panlong reverse bay, and Guifei Jujube agricultural park for visiting and consuming.

- **Customer Segmentation.** Digital era emphasizes much more on strategic cooperation and platform construction, thereafter Baimaguan scenic spot should strengthen interlocking with such as Sanxingdui (Deyang) and Temple of Marquis (Three Kingdoms). At the same time, Baimaguan scenic spot can also deepen the Three Kingdoms culture, and cultivate groups of die-hard fans of the Three Kingdoms culture nationwide or even worldwide.

- **Customer Relationship.** The network characteristics will pay much more attention on customer relationship in digital era. Baimaguan should enhance customer stickiness through some digital means such as creating Baimaguan WeChat official account, regularly releasing its dynamics or relevant Q&A, and increasing the chances of lucky draws now and then (the prizes can be free one-day trip to Baimaguan or Baimaguan related cultural products, etc.).

- **Channels.** In addition to some traditional channels such as outdoor billboards and TV advertisements, digital media is increasingly dominating our society. Some We Media, such as TikTok, Kuaishou, Little Red Book, Mafengwo, Ctrip, Qunar, etc., and some Platforms such as Taobao, Tmall,

WeChat and Meituan have been main stream. Baimaguan should keep up with the times.

●**Key Partners.** Based on its value proposition and channels in digital era, the key partners of Baimaguan scenic spot should include, but not limited to, municipalities at all levels in Deyang, relevant business cooperation enterprises, relevant travel agencies, We Media, digital platforms and local farmers.

●**Key Activity.** New era emphasizes much more on symbiosis and win-win,thereafter Baimaguan should strengthen the connection with local farmers and local town, develop sightseeing agriculture,etc.,besides tourism and outdoor sports.

●**Key Resources.** Relative to various tangible resources,intangible resources are much more vital.The case in point is digital human resources in digital era. For Baimaguan, the key reason for its being outdated is its lack of digital human resources.

●**Cost Structure.** Because of the changes in the composition of core resources in digital era, the cost structure of Baimaguan includes, but is not limited to the expenditure on tourism and sports venues, on outdoor sports competitions, on Jujube Festivals and other folkloric activities, on thee Three Kingdoms cultural brand, and especially on cultivating its digital human resources.

●**Revenue Structure.** Based on its value proposition, the revenue of Baimaguan should come from such as tourism, business cooperation related to outdoor sports, agritourism economy, and the Three Kingdoms cultural brand.

Table 2: Baimaguan scenic spot business model element canvas in digital era

Key Partners ①Deyang government ②Various bases cooperative enterprises ③Travel agencies ④ We media ⑤Digital platforms ⑥ Local farmers	Key Activity ①Tourism ②Outdoor sports ③ Sightseeing agriculture	Value Proposition ① Provision of tourism services ②Provision of outdoor sports and leisure facility ③ Mutual benefit with local farmers and promotion of the local agricultural economy	Customer Relationship ① Strengthening customer interaction and enhancing customer stickiness ② Increasing humanistic care, cultivating group of diehard fans of the Three Kingdoms culture, and organizing regular contact activities	Customer Segmentation ①Casual visitors ② Strategic cooperation with travel agencies ③ Strategic linkage with related scenic spots such as Sanxingdui (Deyang) and Temple of Marquis (Three Kingdoms) ④ Cultivating group of diehard fans of Three Kingdoms culture nationwide or worldwide
	Key Resources ①Remnants of Shu Han Three Kingdoms ②Bases for outdoor sports ③Wanfo Temple ④Panlong reverse bay ⑤Guifei Jujube agricultural park ⑥Digital human resources		Channels ① traditional publicity channels such as outdoor billboards and television commercials ② We Media channels, such as Tik Tok, Kuaishou, Little Red Book, Mafengwo, Ctrip, Qunar, etc. ③Platforms such as Taobao, Tmall, WeChat and Meituan	
Cost Structure ① Maintaining tourism and sports & leisure sites ② Organizing outdoor sports competitions ③Organizing Guifei Jujube festivals and other folkloric events ④Creation and maintenance of the Three Kingdoms cultural brand ⑤Cultivation and exploitation of digital human resources			Revenue Structure ①Tourism revenue ②Revenues from business cooperation related to outdoor sports ③Agritourism economy and its related income ④Derivative income from the Three Kingdoms cultural brand	

4. Conclusions

The rapid development of information and network technology has endowed the digital economy with characteristics such as speed, increasing marginal benefits, external economy, sustainability, and directness, while also posed great challenges to traditional business models. China's rural revitalization strategy attaches great importance to rural cultural tourism construction, and emphasizes the application of digital technology. How can rural tourism scenic spots with weak foundations keep up with the times through business model innovation in digital age? This road is long and arduous, and this paper is just a very preliminary step forward.

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