

Business Model Evolution of China's Largest Gig Economy Platform: Platform Empowerment, Business Ecology

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ABSTRACT: Founded in 2006, China Chongqing Zhu Bajie Company(ZBJ.COM) is China's largest gig economy platform. It began to design reward platform and draft model. In the more than ten years of his growth, the outside world's trust and doubt have been constantly, the founder Zhu Mingyue has a stubborn belief that non-standard transactions can be done, continue to make deep efforts in the service trading industry and continue to carry out the company's business model and organizational structure reform. In recent years, relying on the large amount of risk capital and the service transaction database accumulated in ten years, ZBJ.COM established the "rapid development" strategy, started the "ZBJ.COM" and "Tianpeng network" double-network driven strategy; Enter the offline mass maker space from the online platform, implement the strategy of "100 cities for mass maker", transform into "O2O comprehensive service provider", and strive to become "Alibaba of service industry" with the aim of "reaching the future", thus opening the challenge of rapid expansion of staff scale and rapid replication of mass maker space model. This case describes the change course of its business model in more than ten years, and finds that the essence of its business model change is platform empowerment and business ecology.

KEY WORDS: Business Model; Gig Economy; Crowdsourcing Companies; Platform-Based Organization; Organizational Growth

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I. INTRODUCTION

In March 2019, ZBJ.COM completed the joint-stock system reform and changed into Bajie Network. Its registered capital increased from 26.2 million yuan before the reform to 360 million. In July 2019, the China Securities Regulatory Commission (CSRC) released the guidance information for the Sichuan-Chongqing unicorn company, which was valued at over 10 billion yuan. ZBJ.COM planned to issue shares and go public on the Science Innovation Board. ZBJ.COM with a pair of high advance posture enters public vision.

Back in 2006, e-commerce platforms flourished in China, and physical transactions spawned many business opportunities. Zhu Mingyue, then chief reporter of Chongqing Evening News, found that there were more than 70 million small and medium-sized enterprises and 10 million designers in China. Geographical constraints made it difficult for small and medium-sized enterprises to obtain high-quality, low-cost brand design, and a large number of creative designers could not find export. After perceiving such a demand, Zhu Mingyue began to plan and build a comprehensive service crowdsourcing platform integrating creative design, website construction, marketing promotion, copywriting planning, etc. Its essence is an online bilateral trading market, which is committed to providing customized solutions for enterprises, public institutions and individuals.

ZBJ.COM uses 14 years time, grow from an originality "idea" to become southwest China only unicorn company. A hat made of gold ingot, a handle of panning rake, a red mandarin jacket with the word "reward" printed on the chest, a pair of smiling naive, a pair of big ears for wealth. ZBJ.COM cartoon image everywhere reflects its "Journey to the West" to learn the story of the corporate culture. In the 14 years of starting a business, and the way to get scriptures, ZBJ.COM also experienced "81 difficulties". "Teng Yun Action" is ZBJ.COM to every major transformation and reform of the unique title, between 2005 and 2019 14 years, ZBJ.COM has implemented more than 10 times "Teng Yun action", each time basically to the product model, operation model, transaction model and so on over again.

Develop the blue sea domain of non-standard service market, how is ZBJ.COM give up a net to feel a stone to cross a river? What business model is suitable for the Chinese market in the field of non-standard service crowdsourcing?

II. BUSINESS MODEL EVOLUTION

2.1 Business Model 1.0 (2006-2014)

At the initial stage, ZBJ.COM is positioned in witkey mode. The witkey model refers to trading knowledge, wisdom, experience and skills on the Internet. Fundamentally speaking, Witkey's business model is the C2C e-commerce model, that is, people trade knowledge, wisdom and experience through the Internet platform. Weike sells their knowledge, experience and skills through weike website platform to help the demander solve the problems in life, work and study.

Through the establishment of the platform, ZBJ.COM gathers the bilateral market of buying and selling, forms the intersection of behavioral chain between knowledge sharer and knowledge demander, and effectively plays the role of network externality. In this bilateral market, ZBJ.COM is in a central position, mainly responsible for the creation, operation and maintenance of transaction infrastructure, providing credit endorsement for both sides of the transaction, and matching the transaction between buyers and sellers (As shown in Figure 1). At this stage, the profit model of ZBJ.COM is mainly based on the transaction commission model, that is, the platform takes a certain percentage of the service fee from each transaction.

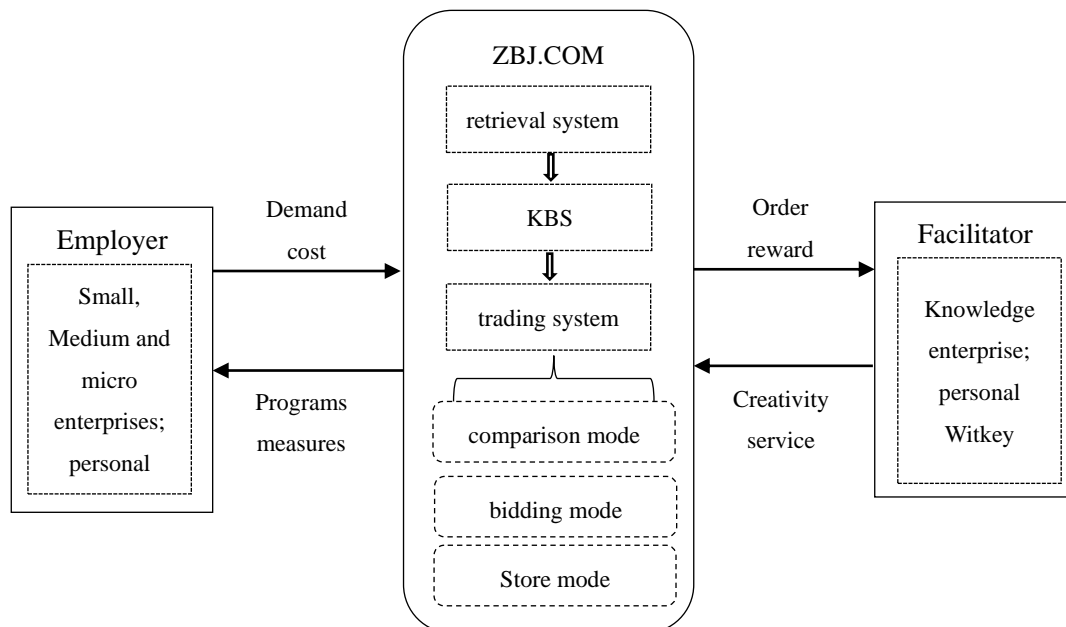


Figure 1: Business model 1.0 of ZBJ.COM

Due to the characteristics of non-standard, professional and hard to price in service transaction, ZBJ.COM has been trying to find a set of transaction mode to match the two sides of service transaction from 2006 to 2014, which has experienced three modes successively: comparison mode, bidding mode and shop mode (See Figure 2).

2.1.1 Comparison mode

In the early days, the trading model of ZBJ.COM adopted the "comparison model", that is, the platform offered rewards based on the needs of employers, and took 20% commission from the rewards. However, the solutions provided by the service provider are often more than the demand of the employer. The unselected service provider pays the cost but does not get the return, resulting in a huge waste of resources. Therefore, in the initial stage, the enthusiasm of service providers is not high, the transaction volume is small, and the types of services that the platform can provide are relatively simple.

2.1.2 Bidding Mode

With the development and expansion of the platform, the penetration and influence of ZBJ.COM are increasing. From the initial stage, the market segments mainly focus on trademark design and extend to the fields of finance and taxation, printing, finance, intellectual property, home decoration and engineering

architectural design. At this point, the initial stage of the "comparison mode" has been unable to meet the existing business. In 2011, ZBJ.COM began to launch "bidding mode." The so-called "bidding mode" refers to that the employer publishes the task, the service provider provides the preliminary steps and qualifications for completing the task to bid, the employer selects the bid, the successful service provider submits the plan in stages, and the employer pays in stages. However, problems such as the difficulty in describing and evaluating creative products, the low performance of the tenderee in selecting articles, and the easy loss of commercial value of creative products once they are viewed by customers under the bidding mode make the development of the platform encounter bottlenecks.

2.1.3 Store mode

In order to break through the bottleneck, ZBJ.COM developed a new trading model, upgrading from the "bidding model" of "employers' demand release" to the "store model" of "service providers' store construction and push". The so-called "shop model" refers to the description and recommendation of creative service providers by ZBJ.COM, the choice of creative service providers by employers, and the consensus of creative needs formed by both parties through constant communication. The profit model is upgraded from "transaction commission" mode to "monthly fee" mode. Since then, ZBJ.COM has abandoned the criticism of "copy comparison mode" and "bidding mode" and "doing low creative service industry and ruining the future of creative industry".

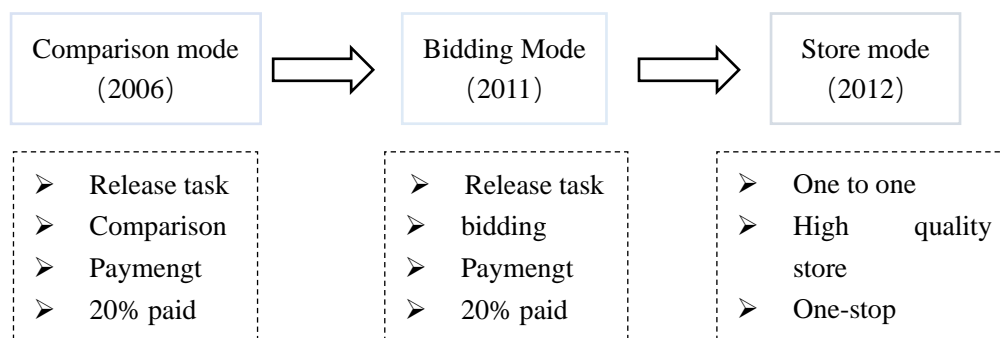


Figure 2: The Development Process of the Trading Mode of ZBJ.COM

Source: Compiled from the ZBJ.COM public report

2.1.4 Limitations and bottlenecks

The trading mode of ZBJ.COM is a process of continuous exploration and development. From the initial single comparison mode, to the bidding mode, and then to the one-to-one employment mode of shops, eight years of hardships have overcome, to some extent, a series of painful problems in the industry, such as waste of resources, "order jumping" behavior, and non-standardization. As the founder Zhu Mingyue said: "Ten years of entrepreneurship, nine years of endurance, only do defense, do not do offensive, adhere to endure until the flowers open."

Behind the "false boom", however, are virtually endless risks. At the end of 2014, the growth rate of the company's business scale maintained at 50%-100% for a long time, which is not satisfactory for Internet enterprises known for their exponential growth rate. The reason is that in the past eight years, ZBJ.COM has been exploring the transaction matching mechanism. The core business logic of these three transaction modes has not changed, and all of them are commissions collected by intermediaries. The business model of using platforms to collect commissions is beginning to peak. Although this kind of business model has a short profit cycle and strong liquidity, it cannot increase the rigidity of user value. In front of ZBJ.COM the biggest roadblock is not the competitor but oneself: with the business model of low frequency commission whether still can realize ZBJ.COM sustainable development?

2.2 Business Model 2.0 (2015-present)

A stone arouses thousand layer waves, a language awakens the dreamer. For ZBJ.COM, the commission profit model is the first threshold to limit the growth of the number of platform users, but giving up 20% commission means that ZBJ.COM loses at least more than 60 million in cash income every year. On the other hand, according to the characteristics of ZBJ.COM trading serious low frequency, how to achieve high frequency from low frequency is the founding team has been groping for a difficult problem. When Zhu

Mingyue was studying at CEIBS in 2014, he was enlightened by a professor who said that "the platform ultimately relies on massive data to provide extended services for users". Five million small, medium and micro business users, 10 million service providers, massive work data and transaction behavior data -- these are the biggest resources of ZBJ.COM at present, and there are hundreds of billions of market behind the data.

In June 2015, ZBJ.COM completed the C-round financing of 2.6 billion yuan from the capital market and government agencies. With abundant funds and policy endorsement, ZBJ.COM quickly implemented the "zero commission system" to benefit enterprises, protect and stimulate platform traffic, and increase buyer stickiness. At this point, knowledge workers can further expand the service radius, improve the premium ability and negotiation ability, and prevent users from falling into low-price competition to ensure reasonable return of the service." Zero commission" has lowered the threshold, attracted more enterprises to purchase services through the platform, and achieved dynamic balance under the leadership of the buyer by pulling the seller through the platform, so as to maximize the network interaction effect of the platform. In such a situation, ZBJ.COM broke the boundary of the traditional "platform", entered the deep water area of the Internet, gradually built the top business model of the Internet, opened a crazy ecological layout.

The ecosphere emphasizes the mutual support and symbiosis of various cooperative organizations in the system. ZBJ.COM Give up network expands horizontally and deepens vertically through mergers and acquisitions, alliances and opening, etc., to constantly improve its ecological system. Enterprises in the ecosphere share the same goal. Through the link of platforms, large-scale social collaboration across enterprise boundaries gradually forms a complete closed loop, forming a large ecosphere of interconnection, sharing and mutual empowerment (See Figure 3). In order to adapt to the building of ecological circle business model, ZBJ.COM in the field of intellectual property rights, taxation, legal services such as cancellation of proprietary, and in the whole industry professionals and agencies to carry out the depth of cooperation, the platform of practice from "business" to "industry", implements the comprehensive platform, efforts to agriculture, tourism, culture and other industries to provide services and solutions, further improve service industry market capacity space.

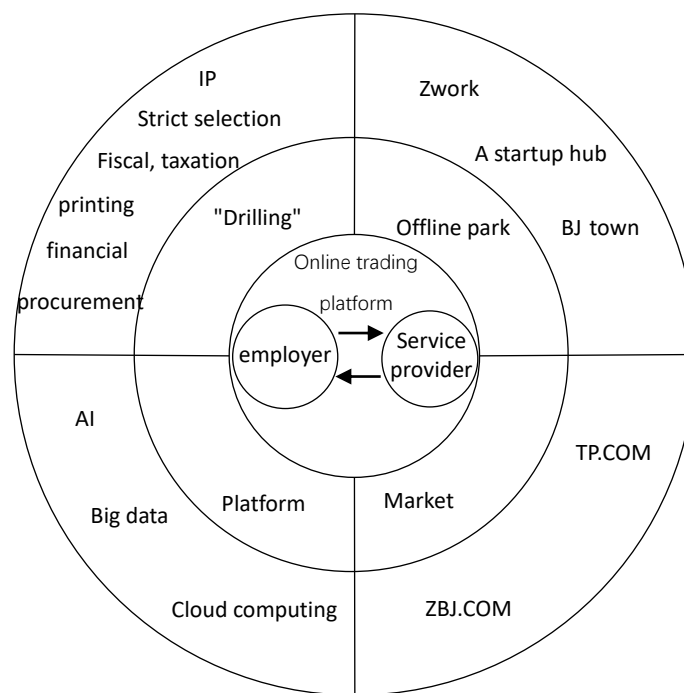


Figure 3: Business model 2.0 of ZBJ.COM

2.2.1 Big Data enabling downstream ecology: Drilling platform

Ding Ran, vice president of ZBJ.COM, said, "In the past, I only helped clients with trademarks. Now, can I help them solve all the problems encountered in the life cycle of an enterprise, such as doing trademarks from the very beginning, printing, trademark registration, brand promotion and financial and legal consulting?" Based on this, ZBJ.COM formulated the "big data + drilling platform" strategic plan. The so-called big data refers to the fact that in the past trading practice, ZBJ.COM has mastered 5 million small, medium and micro business users, 10 million service providers, massive work data and transaction behavior data. The so-called "drilling platform" refers to ZBJ.COM in-depth analysis of employer data, mining its potential needs, integration of common needs, and the expansion of service categories, each of which is a gold drilling.

In 2016, ZBJ.COM set up a Big Data Research Institute to employ data scientists for data collection, architecture, business analysis and product development. Through big data mining, matching accuracy can be improved, service scope can be extended and service transaction can be driven. Through in-depth mining of transaction data between enterprises and clients, it can endow data sources with the ability of innovation, discover potential demands of users, find entry points from the industrial chain, and provide users with extended services. ZBJ.COM through the way of "ZBJ.COM + traditional industry" and manufacturing enterprises around the establishment of data mining "drilling" business division, gradually set up eight quit intellectual property rights, eight quit project, eight quit printing, eight martial law selection and other departments. ZBJ.COM intellectual property rapidly grew into the largest domestic intellectual property agent platform, business model innovation let ZBJ.COM on the historical development of the new inflection point.

As the platform service extends to the whole industry chain, it increases the rigidity of user value from the vertical and deep fields, improves user loyalty and platform attraction, enhances the negotiation premium ability of service providers, and realizes service value increment, gradually forming a virtuous circle. In the process of value creation, ZBJ.COM gradually got rid of the shackles of the traditional commission model and realized the upgrade of the platform profit model. It relies more on data and extended services to obtain income, and membership fees and advertising fees become the main profit points. Zhu Mingyue said, "Now ZBJ.COM is a data ocean sharing platform." Many Internet companies have been "barbarians" knocking on the door of traditional industries and turning into vertically integrated companies through numerous acquisitions. However, in the process of cooperation, ZBJ.COM lays more emphasis on the win-win situation of both sides, that is, the extension of the industrial chain pays attention to the "half step", so as not to form competition with the other side, and at the same time to enhance the efficiency of downstream enterprises.

2.2.2 "O2O" enables upstream ecology: Incubator

An incubator is an entrepreneurial service system, like an umbrella or incubator for premature babies, to help start-ups grow better. Since the launch of the "mass entrepreneurship and innovation" strategy, 50,000 new market players have been added in China every day. The rigid demand for enterprise development is of great commercial value. The implementation of the "Internet Plus" strategy has forced traditional enterprises to go online and realize transformation and upgrading through the Internet. The good policy for ZBJ.COM to create a huge development opportunities. In 2016, ZBJ.COM began to layout offline community space, to help more small and medium-sized enterprises. ZBJ.COM builds interactive scenes to create continuous interaction between individuals and guide the expansion direction and integration mode of the ecosystem by tapping potential demands. Through the empowerment of the ecosystem, the majority of small and medium-sized service providers and innovation and entrepreneurship groups can not only obtain innovation and entrepreneurship qualification, sustainable development ability and high return on investment, but also exceed their own ability to achieve enterprise platform. On the supply side, it can provide tools, scenarios and supply chains for other ecosystem objects. On the demand side, we can provide high-quality, personalized and shared products and services.

In June 2017, the public innovation park of ZBJ.COM was upgraded to version 2.0—Zwork (Eight-Quit Workshop). Z-work is a formal counterpoint to WeWork, a New York-based company that rents out office space and helps freelancers with a variety of chores. Zwork not only provides office space lease, but also provides a series of business incubation services such as trademark registration, copyright declaration, finance and tax management, etc. Zwork's positioning in the whole System is not for making money, but for offline points in the whole business closed loop, so as to "radiate to the surrounding area, continuously attract the surrounding service providers and employers, and then platform them". Up to now, there are more than 100 Zwork communities open to operation in China, preliminarily forming an attractive co-working atmosphere. Zwork, as the core component of O2O large community operation platform built by ZBJ.COM, takes co-working space as the carrier and focuses on elite communities, aiming to provide efficient and cooperative office experience for global knowledge workers, open and shared social space for resources, and whole-process housekeeper service for enterprise growth and life.

With Zwork as the carrier platform, Zwork is comprehensively connected to third-party entities such as associations, universities and service institutions, and integrates resources. It not only meets all the needs of entrepreneurs for the whole growth cycle from road show, seeking investors and product display, but also leads entrepreneurs to do team service subcontracting and guides entrepreneurs to maximize their own value. Horizontally, ZBJ.COM launched "ladder plan" and "Skyhawk plan" respectively plan to support ten thousand outstanding service providers and launched a business project specifically aimed at college students. Through the longitudinal, the horizontal two on-line package plan advance hand in hand, the ZBJ.COM gradually constructs for the knowledge entrepreneur to empower the incubator.

2.2.3 Platform enabling large and medium-sized enterprises: TianPeng Net

After entering the new decade, ZBJ.COM plans to establish a more extensive service field of the

tertiary industry, such as law, accounting, and even evaluation and other service categories centering on the enterprise value chain and the full life cycle, so as to build a service transaction ecosystem. In addition, the whole platform is divided into two parts: one market is ZBJ.COM, which is mainly for a wide range of professionals to provide one-stop services for enterprises or individuals, leading the diversity of service categories; Another market is Tianpeng net, aiming to provide professional, quality and high-end services for large and medium-sized enterprises. This move also marked ZBJ.COM get through market of service of high-end enterprise, enter Internet industry deep water area officially. "Eight eight sections", the service fair, for the ZBJ.COM after the transformation of the new decade has been fully prepared. Zhu mingyue said that ZBJ.COM is still a start-up company, full of eager expectations for the listing of enterprises, hoping to truly make the world no difficult to do the service, let The Chinese service to the world.

III. LOGIC OF BUSINESS MODEL EVOLUTION

3.1 From "connect" to "Join"

In the past platform business model of ZBJ.COM, although the upper and lower enterprises and platforms are an important part of the whole trading market, they are relatively independent, and the connection between them is loose and shallow. This is a relatively simple form of "connecting" relationships. As described in "The Soul of the New Machine" : after careful observation of a product, one can have a glimpse of the structure of the enterprise to which it belongs, and then roughly infer the enterprise's culture, management and a whole set of patterns.

In the restructured business ecosystem, the boundaries between service providers, employers, and platforms are increasingly blurred. Each ecological element is more closely, deeply, clearly and extensively related to each other, gradually forming an inseparable unity of "you are in me and I am in you". Platforms are no longer the master of everything; they are enablers. The path of value creation becomes more complex and far-reaching. The reconstruction of business relationship is a close, complex and dynamic "connection" relationship.

"Connection" is the development of "connection" and the evolution of the "servicer-platform-employer" business relationship, which is stronger, more interactive, deeper, clearer and with more dimensions (See Figure 4). "Connection" means that under the influence of AI, Internet and big data, basic connection paths such as value creation and value harvest are constantly enhanced and multiplied, interweaving to form a complex, longer but faster flowing business model, a connecting network of business relations, which is a subversive innovation of the traditional platform business model.

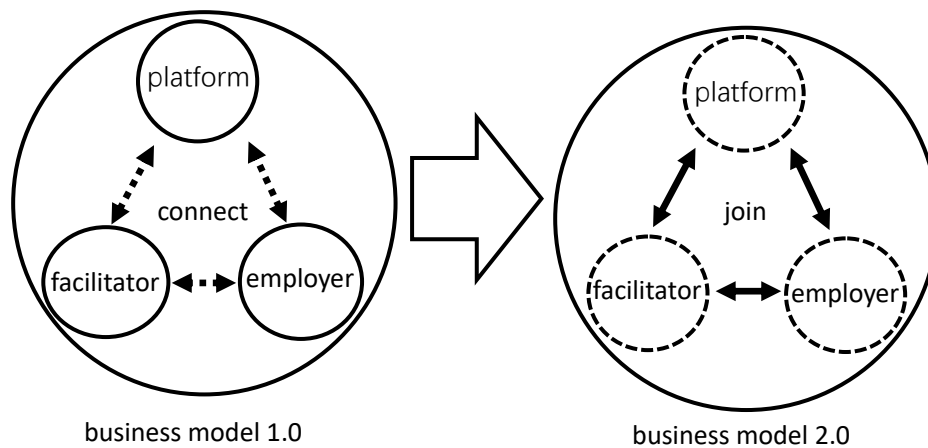


Fig.4 Evolution diagram of business model of ZBJ.COM

3.2 Platform enablement and business ecology

The concept of "empowerment" originates from "empowerment", which emphasizes the distribution of rights within organizations. Since 2016, "enabling", as a key word, has frequently appeared in the Internet industry, and the industry has put forward many new ideas based on enabling, such as "enabling technology", "enabling new retail", "enabling IP" and so on. With the advent of digital economy and intelligent economy, "enabling" has been injected with new connotations in the platform economy. Large organizations or platforms, through the creation of interactive scenes, open platform interfaces and technology transfer and transformation and other means, endue stakeholders with the ability of innovation, production and competition, so as to achieve

a highly integrated and efficient use of resources and achieve an ideal state of symbiosis, sharing and win-win with external organizations or individuals. In other words, enterprises can "decentralize" to make various resources more easily available to enterprises and users upstream and downstream.

ZBJ.COM using strategic fu can "teach them to fish", through science and technology r&d, innovative product incubation, professional personnel training, the joint efforts of the enterprise culture construction and so on to the small and medium-sized enterprise product output, sales, service, operation and risk control ability, help small and medium-sized enterprises improve management level, more focus on the company's business development, promote the benign ecosystem prosperity.

ZBJ.COM builds bilateral ecology between service providers and employers and between enterprises online and offline. It not only provides online traffic, but also meets the physical space needed for growth. It helps all kinds of small and micro enterprises to realize intensive operation, enhance their competitiveness and realize sustainable development. At the same time, ZBJ.COM also gradually optimized and expanded the ecological layout of the platform, and strengthened the influence of the symbiotic ecology of service, so as to drive the development of online and offline macroecology. The ecological soil constantly provides the ecological members with recycled high-quality nutrients.

IV. Opportunities and Challenges

Start a business from 2006, in nearly 10 years, ZBJ.COM in line with the purpose of the business, not only in achieving their business model update iteration, also won the recognition of the broad masses of investors, founding partner of IDG capital chief Hugo said: " ZBJ.COM's business model is very unique and very creative, it is not like on the domestic market at present a lot of the Internet, may be copied the foreign business model, it is a genuine domestic original pattern, is the authentic Chinese creation". Formally because of the industry's pioneering, ZBJ.COM has been groping for the right business model, ten years of business model iteration also tell us at the moment ZBJ.COM is not the end, ZBJ.COM can be successfully listed in the science board? How can the business model of eight quit network after going public change again?

"Sink boat side of thousands of sails, the sick tree before spring." The VUCA era of business model change, both overturn, also ride the tide. Only by "seeing" the "future prospect" of the business model transformation and "thinking through" the essential logic and "strategic path" of the transformation, can we "see a thousand sails dancing in the clouds and find heroes everywhere".