



Research and Innovation of Business Model of Shengu Town in Dinghu Mountain Under the Development of Forest-based Wellness Industry

Huang Yanjun^{1, 2}

¹Philippine Christian University Center for International Education, Manila, 1004, Philippines

²Guangdong Business and Technology University, Zhaoqing, 526020, China

Email:271794973@qq.com

Abstract: China's Forest-based Wellness Care Industry started late, but in recent years, with people's increasingly strong pursuit of high-quality healthy life, driven by a series of policies, it has received more and more attention and involvement from social capital. How to innovate the business model of emerging industries deserves academic attention. This study takes Shengu Town in Dinghu Mountain as an example. Its business model under the background of industrial development has five characteristics: taking the middle and high consumption customer groups of all ages as the target customers, taking multi-industry integration as the value proposition, taking multi-path implementation as the value creation and delivery, taking tourism real estate as the value capture, and taking rural revitalization as the social responsibility. Based on these characteristics, according to the customer segmentation theory and the business model innovation model, this study puts forward innovative suggestions for timesharing model and alliance model.

Key words: Forest-based wellness care; Wellness Industry; Business Model; Business Model Innovation

1. Research background

Known as the "lung of the earth", forest is an important part of maintaining the earth's ecosystem. The roots, stems and leaves of plants can emit Phytoncide. This kind of substance has the effect of mildew prevention and sterilization. If humans stay in this environment for a long time, they can effectively prevent and assist in the treatment of diseases. Therefore, Forest-based Wellness Care has risen and developed from developed countries such as Germany, the United States, EU countries, Japan and South Korea. With the pursuit of high-quality life by Chinese people, China began to develop Forest-based Wellness Industry. According to the Forestry and Grassland Industry Development Plan (2021-2025) issued by the China Forestry and Grassland Administration on January 28, 2022, the content of the plan on forest-based wellness care is to build a Forest-based Wellness Industry system with rich connotation, distinctive characteristics and reasonable layout, and focus on developing forest wellness care, rehabilitation, health care, health education and other forms of business. Departments at all levels should organize relevant resources, optimize the ecological environment for forest-based health care, strengthen the monitoring of forest-based health care environment, and promote the construction of public service facilities. Create a number of forest-based wellness care bases and promote a number of forest-based wellness care brands. By 2025, the total number of forest-based health services will exceed 600 million^[1]. This plan is formulated to fully implement the ecological civilization thought of President Luo, deeply implement his "Two Mountains" concept, and accelerate the high-quality development of forest and grass industry. Under the background of the Healthy China Strategy, the Rural Revitalization Strategy, the population aging problem and the "Double Cycle" pattern, the forest-based wellness care bases, as an important carrier of the industrial format, has been announced as national and provincial pilot units of forest-based wellness care base since 2016. In 2021 alone, there will be 134 national pilot construction units of forest-based health care base, including 7 units in Guangdong Province. The research object –Shengu Town in Zhaoqing City is one of them. There are 53 provincial pilot units in Guangdong Province

[Received 14 Dec 2022; Accepted 19 Dec 2022; Published (online) 31 Dec 2022]



Attribution 4.0 International (CC BY 4.0)

in three batches, and efforts will be made to reach 100 forest-based health care bases above provincial level by the end of 2025^[2]. Zhaoqing City is one of the nine major cities in Guangdong-Hong Kong-Macao Greater Bay Area. It is rich in forest resources. The forest coverage rate will reach 70.77% ^[3] in 2021. With obvious natural resources and regional advantages, it is promising to develop the Forest-based Wellness Industry.

2. Research purpose

The domestic literature related to forest-based wellness(health) and business model innovation has increased in recent years, but the number of literature related to the business model of forest rehabilitation projects has been only 8 in recent 6 years, and only one in recent three years, which indicates that the domestic academic community has insufficient research on the business model and innovation of forest-based wellness(health), and this research will be a useful supplement. People can choose different forest health care bases as destinations for ecotourism and tourism. Choosing diversity means a challenge to the base management itself. Therefore, there is a problem of how to maintain competitive advantage and avoid homogeneity of resources, products or services. In the increasingly fierce competition, innovation is undoubtedly a sharp weapon. Enterprises can drive consumption through innovation of products and services, but it is easy to be imitated. The innovation of business model can effectively avoid vicious imitation because it has the characteristics of a package management system. This paper will analyze and study the business model of Shengu Town in Dinghu Mountain, a forest-based wellness care base in the author's region, and give innovative suggestions on business model.

3. Literature review

Before further exploring this study, it is necessary to understand the relevant concepts and research methods or models of domestic and foreign scholars in the fields involved in this study.

3.1. Concept

3.1.1 Forest-based wellness care: take rich and colorful forest landscape, high-quality and oxygen rich forest environment, healthy and delicious forest food, deep and rich forest wellness culture as the main resources, equip with corresponding health care leisure and medical service facilities, and carry out forest recreation, vacation, recuperation, health care, elderly care and other service activities for the purpose of self-cultivation and delaying life aging^[4].

3.1.2 Wellness industry: through resource development, science and technology application, capital entry, service supply and other means, it aims to improve the national health level and well-being, and provide products and services to prevent diseases, promote health and maintain body and mind for the whole life cycle of individuals. It is the sum of business forms formed by relevant industrial departments^[5]. Forest-based wellness industry is a wellness industry based on forest resources.

3.1.3 Business model: the process of providing valuable products and services through a series of processes and activities with target customers as the core. This process is driven by the operation mode with commercial feasibility, so as to achieve profitability^[6].

3.2 Research methods and models

Xingjie,W., a domestic scholar, analyzes the innovation starting point of the business model based on customer needs. He divides customers into disease group, sub-health group, health group, elderly care group, tourists, exercise lovers, practitioners, and family happiness demanders according to their health status^[4]. Each group reflects their special needs for forest-based wellness care. At the same time, he pointed out that the public awareness of forest-based wellness care in China was relatively weak, and he proposed that forest-based health care bases could be included in the list of staff health care of government departments and units, and the German medical system could be extended to health care bases to improve the public awareness of forest-based health care. Based on the analysis of business model, Nanyang, C. and Zuoxin, Q. believed that the innovation of business model could be carried out from two aspects: the innovation power of business model and the innovation approach of business model. This paper discusses the domestic forest park tourism service business model and its innovation from four aspects: the innovation of forest park tourism service value proposition, the innovation of forest park tourism service operation system, the innovation of forest park tourism service profit model, and the model expression of forest park tourism service business model innovation, and puts forward the innovation of landscape and environment value proposition, the innovation of technology and culture operation system Innovation path of forest park tourism service business model such as profit model innovation of network and experience^[7]. Foreign scholar N Bocken et al. determined the three main components of the business model and established the theoretical framework of the business model for sustainable innovation; Oliver G., et al. studied 55 business models used by successful enterprises, determined the "magic triangle" and

four elements of the business model, and provided a complete set of innovative designs for business models. As forest health is based on forest resources and is the wellbeing of human beings, although it needs human development and utilization, it must be limited. “Two Mountains” Theory proposed by general secretary Xi of China is the fundamental concept and strategic thinking of China's ecological civilization construction^[8], the business model of China's enterprises around the development of forest-based wellness care must be based on the premise of not violating the “Two Mountains” Theory.

3.3 Theoretical basis of this study

This study mainly follows the theoretical framework of customer segmentation theory and business model. At the same time, the innovative suggestions follow the fundamental concept of “Two Mountains” Theory, and take the construction of ecological civilization as the fundamental foothold.

The customer segmentation theory points out that the customer group of each type of product is not a group. According to the cultural concept of the customer group, the different consumption income, consumption customs and lifestyle, the new categories are subdivided. The enterprise formulates the brand promotion strategy and marketing strategy according to the different consumers, and focuses the resources on the target customers. Customer segmentation theory is very important in the development of forest-based wellness industry. Classifying the market based on the attributes of customer groups will effectively provide targeted value propositions. Based on the theory of customer segmentation, the business model can succeed.

The theoretical framework of business model includes three main components: value proposition, value creation and delivery, and value capture. In traditional BM, the main attention was drawn upon products and services developed to gain an economic value creation. In innovative and sustainable BM, on the contrary, priority is given to the intangible values developed in coherence with a holistic perspective that encompasses financial, environmental and social objectives^[9]. Based on this theoretical framework, THE BUSINESS MODEL NAVIGATOR published by Oliver Gassmann et al. Shows the method of sustainable innovation of business model with more understandable language and vivid cases, that is, at least two of the four elements (who, what, how and why) must be reconfigured to realize model innovation^[6].

4. Business Model Research and Innovation of Shengu Town in Dinghu Mountain

4.1. Development history of Shengu forest-based wellness town in Dinghu Mountain

Shengu town is located at the back of Dinghu Mountain in Zhaoqing City in Guangdong, a famous National Nature Reserve, with a planning area of 2337.62 acres. It has superior historical and natural resources, ecological environment and obvious traffic location advantages. It was approved as the first batch of pilot units for the construction of national forest small towns by the State Forestry and Grassland Administration in August 2018, In May 2019, it was listed as the key promotion project of "implementing tourism revitalization in Zhaoqing" by Zhaoqing culture and Tourism Development Committee, and was awarded the pilot construction unit of national forest wellness base by China Forestry Industry Federation in October of the same year^[10]. At present, Shengu town is in the planning and construction stage, with the overall construction of "one axis, five grains and two areas". The first phase of construction is mainly carried out with "one road, two pavilions and three centers". The "one road" is the forest hiking path, "two pavilions" is the biodiversity experience Museum and nature museum, and the "three centers" are the holographic multi-function Exhibition Center, herbal medicine bath center, medicine and food homologous diet therapy center. Large supporting facilities include nursing home, bird's nest house, Chinese herbal medicine bath Hotel, anion apartment, diet therapy restaurant, culture academy, sightseeing train and natural landscape garden health community^[10].

4.2 Business model characteristics of Shengu town

4.2.1 Target customers are middle and high consumption customers of all ages. There are nursing homes, apartments, hotels and residential buildings in the community in the town. The needs of target customers are pension, residence, vacation and tourism. The majority of people with these needs are the elderly, families, lovers or friends, belonging to the whole age group, and the corresponding services include forest bathing, diet therapy, sleep guidance, health management and other services, It belongs to the middle and high-end consumption level.

4.2.2 Take the integration of multiple business forms as the value proposition. The so-called value proposition refers to what products and services the enterprise can provide to customers, and how to meet customers' requirements. Shengu town

provides customers with five levels of industrial planning of "forest-culture-tourism-wellness-residence". Relying on forest resources and environment, through tourism, experience Zen culture, biodiversity research and learning, Chinese medicine and food homologous diet culture and other consumption upgrading activities, so that customers can feel a healthy life in forest tourism, And into a strong desire and action for long, medium and short-term residence. As long as customers have actual living behavior, various supporting products and services, facilities and personnel in Shengu can meet the needs of customers. For example, forest recuperators guide customers to enjoy forest baths, and biodiversity lecturers lead children to experience the mysteries of natural science. This multi format integration greatly meets the different needs of customer groups.

4.2.3 Value creation and delivery based on multi-path implementation. On the client side, the company has established an operation center in Guangzhou, laid out health management stores and made zero contact with target customer groups. In terms of producers, Shengu manages the economy under the forest, connects the rural labor resources around the town in the way of "company + farmers" and produces forest delicacies. Invite city people in and send out delicious food in the forest to form a benign interaction between urban and rural areas. On the regulatory side, establish and operate a self-monitoring mechanism, implement strong long-term supervision aimed at maintaining brand value for marketing, operation and construction, and form a responsibility system. In terms of R & D, the company conducted on-site investigation on the construction operation of domestic advanced wellness tourism town, took green and environmental protection buildings as the R & D goal, and completed the innovative construction technology practice of new installed buildings, new earth buildings and special-shaped vacation space. In terms of brand building, we will focus on cultural empowerment, give full play to the advantages of "70% mountains, 20%rivers and10% field", take advantage of opportunities and challenges to improve disadvantages and create a "Shengu model".

4.2.4 Capture the value of tourism real estate. The parent company of Shengu town project is an ecological construction group enterprise. In the early stage of town operation, the profit should be realized mainly by the sales of tourism real estate. This is the general practice for real estate enterprises to transform the wellness care industry, but it is not just selling real estate, but obtaining the recognition of customers by providing a series of new business forms of health care, culture and tourism, and providing customers with required residential buildings, supporting facilities, property management and other products and services, so as to quickly withdraw funds and provide time and money for the phased development of resources.

4.2.5 Take Rural Revitalization as social responsibility. Rural Revitalization Strategy is a topic of great concern throughout the country. The community where Shengu town is located belongs to rural areas. If it can be operated effectively, it will provide a model for rural construction projects. Therefore, the collaboration between the government and enterprises, the joint creation of villages and enterprises, and the interaction between customers and enterprises will form an ecosystem of stakeholders. Enterprises provide labor opportunities for villages through small town projects, villages receive interest dividends through enterprises, and the government implements rural revitalization through enterprises. The enterprise takes rural revitalization as its social responsibility and obtains a good brand image.

4.3 Suggestions on innovative design of business model of Shengu town

4.3.1 Innovation of timeshare mode. If the tourism real estate in the town is provided to a small number of people in the form of buyout, the consumption attention of other potential customers will be lost. The adoption of timeshare business model can effectively meet the needs of potential customers. The so-called timeshare is that customers spend less money to buy the use right of vacation houses with a fixed term every year[6]. This is quite attractive to potential family consumption customers because they can enjoy more stable services than hotel tourism, which is very suitable for health preservation people who need to live for a long time to enjoy forest-based wellness activities. Even the town can establish a digital platform to connect customers with the same needs but different vacation times, so as to form an online community and make full use of each unit while making friends. With the change of customer demand, timeshare mode adjusts the two elements of value creation, delivery and value capture.

4.3.2 Alliance mode innovation^[6]. Establish an alliance with Dinghu Mountain National 5A Scenic Spot and use its brand effect to win customers. Dinghu Mountain receives tens of thousands of tourists every year, but few tourists spend the night on the mountain, because the hotel facilities in the scenic spot are old and there are no outdoor activities at night. If it forms an alliance with it, it can realize the business form of "sightseeing in the front mountain and overnight in the back mountain". The town can even renovate the old hotel buildings in the scenic spot as a sleep experience hall or health management experience hall, so as to drive the flow of mountain tourists in front of and behind the town and create a source of tourists for the town. The innovation of alliance mode also adjusts the two elements of value creation and delivery and value capture. It

is an asset light mode to obtain passenger flow.

5. Summary

After defining the relevant concepts, research methods and models, according to the customer segmentation theory and business model innovation model, this study summarized the business model of the research object - the forest-based wellness care base in Shenggu Town, and obtained five characteristics about target customers, value proposition, value creation and delivery, value capture, and social responsibility. On this basis, the author proposes that the base should continue to refine customer demand analysis, develop time-sharing holiday mode according to the characteristics of customers' irregular holiday time demand, and establish reservation, viewing and service customization of holiday housing resources with the help of digital platform; At the same time, the alliance mode is proposed to take advantage of the advantages of adjacent old scenic spots. The base can advance the health care service to the scenic spot, attract customers to spend overnight in the forest base, and achieve driven consumption growth. Of course, the business model innovation is not limited to these two types. The author will continue to conduct in-depth investigation and strive to provide help for the development of regional Forest-based Wellness Industry.

Reference

- [1]. State Forestry and Grassland Administration.(Jan 2022). *Forest and Grassland Industry Development Plan (2021-2025)* (LGF [2022] No. 14), p8.
- [2]. Guangdong Provincial Forestry Bureau.(Feb 2022). *The first batch of forest health care bases in Guangdong Province*.
- [3]. Municipal Bureau of Statistics of Zhaoqing City, Investigation Team of the National Bureau of Statistics of Zhaoqing City. (May 2022). *Statistical Bulletin of Zhaoqing's National Economic and Social Development in 2021*, p2.
- [4]. Xingjie W., (2015). *The business model of forest-based wellness care*. Business Culture, vol.31, pp.9-25.
- [5]. Mang H. Fei P., Jie D., et al.(2020). *China Wellness Industry Development Report 2019*. Social science literature press., p7.
- [6]. Oliver Gassmann; Karolin Franken Berger; Michaela Csik. *The business model navigator*. Renmin University of China Press. 2017, p7, pp.171-174, p374, p391.
- [7]. Nanyang C., Zuoxin Q., (Feb 2015). *Research on Innovation Path of Business Model in Domestic Forest Park Tourism Service*, Issues of Forestry Economics, Vol 35 No. 1, pp48-55.
- [8]. *What is "Two Mountains" Theory*
<http://weibo.com/ttarticle/p/show?id=2309404130818485283079&infeed=1>
- [9]. Dino G., Francesca C., Elisa G., et al. (Nov 2017). *Can Livestock Farming and Tourism Coexist in Mountain Regions? A New Business Model for Sustainability*. Sustainability, pp.1-21.
- [10]. Chen Zhenghan. (Feb 2022) . *Shenggu town in Dinghu Mountain focuses on forest-based wellness care, Forestry Industry in China*, vol Z1,pp.110-115.
- [11]. *Origin, development process and policy arrangement of forest-based wellness care industry*.
https://www.sohu.com/a/414045249_320903
- [12]. N.M.P. B Bocken, S.W. Short, P. Rana, et al. (2014). *A literature and practice review to develop sustainable business model archetypes*. Journal of Cleaner Production, Pp.42-56.
- [13]. Mian W., (2018).*Research on the industrial model of forest-based wellness care care in Sichuan*. Sichuan Agricultural University.
- [14]. Jinyun W., (2019) . *Research on forest tourists' cognition and attitude towards forest-based wellness care*. Central South

University of forestry science and technology.

[15]. Houjian W., Xinqiu D., Shihao L., et al.(Jun 2018). *Forest-based wellness care care: concept connotation, product type and development path*. Journal of ecology,vol 07,2159-2169.

[16]. Li C., Yujun Y., (Nov 2016). *Thoughts on the scientific research of forest-based wellness care tourism*. Journal of tourism, pp 6-8.

[17]. Qingrong W., Xiaozhen Z., (Mar 2002). *Deep development strategy of Dinghu Mountain ecotourism*, Guangdong forestry science and technology, pp 41-45.