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A NEW FRAMEWORK FOR ANALYZING EMERGENT BUSINESS MODEL IN CHINA

ping gao
IDPM, Manchester University, ping.gao@manchester.ac.uk

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Gao, Ping, The University of Manchester, Oxford Road, Manchester, M13 9PL, UK,
ping.gao@manchester.ac.uk

Abstract

In the recent decades, the digital convergence brings together the telecommunications operators and entertainment media to provide new business opportunities. However, research on the emerging business models is limited. Especially, we lack knowledge about the environmental and technological mechanisms for the adoption of new business models. This paper proposes a framework for analyzing business model, which takes the dimensions of information technology and business environment into account. To justify this new framework, we further employ it to investigate two cases in the entertainment industry - MyShow and Super Girl – appeared in 2004 in China.

Keywords: Business environment, business model, China, digital convergence, information technology, Internet

1. INTRODUCTION

In the recent decades, we have witnessed the dramatic innovation in information technology. Digital convergence brings together the telecommunications operators and entertainment media. This new trend of information technology development brings about new business opportunities (Jelassi and Enders, 2005). However, due to the fast pace of technology innovation, our knowledge of the emerging business models is still limited. Especially we lack understanding of the business logic of novel Internet services and the environmental and technological mechanisms for the adoption of new business models (Afuah and Tucci, 2003).

This paper investigates two cases in the entertainment industry in China, namely MyShow and Super Girl; both attracted the "eyeballs" of the Chinese in 2004. MyShow is a performer contest TV program that combines music record business with TV industry. The whole selection process was recorded and broadcasted through TV channels. The final winner was awarded a 1 million RMB for the production of a new record with the Universal Music Group. Super Girl was similar to the Pop Idol TV show in the UK which debuted on as early as October 5, 2001. Organized by HSTV, the selection rounds were made all over China. The final competition attracted more than 50 million votes, and HSTV received the record-high watching rate. The winner was awarded the title of Super Girl, who became an idol of Chinese youth overnight. In both programs, people voted on the performance of the candidate singers through mobile handsets, based on the technology of short message system (SMS). The winners were decided by the voting results.

Thus, the Super Girl and MyShow phenomenon involved the interests of the whole society. Benefiting from it were economic bodies, including the TV channels which gained a higher watching rate, and mobile operators that got profits from the massive short message system (SMS) traffic from the voting. The youth were the enthusiastic participants in voting.

Both events present a sort of service enabled by new information technologies. Nowadays these services have been popularly diffused in different countries. However, no research on their business model has ever appeared. In this paper, first, to facilitate the analysis on the two cases, a framework for analyzing business model has been derived from current literature. Further, for each case, we will employ this framework to investigate the distinctive value, and the component and logic of value creation. Finally, we will discuss how to generalize the application of the new framework to other cases.

2. BUSINESS MODEL CONCEPTS

When different authors write about business models they may not mean the same thing (Linder and Cantrell, 2000). Before we define our framework in next section, in this section we will have an overview on the mainstreams of business model study.

Internet business model is a popular research topic. In general, research on this theme can be categorized into four streams. In the first stream, people focus on business model classifications. Among them, Timmers's definition is an early and much cited reference. He suggests that "a business model is an architecture for product, service and information flows including a description of the various business actors and their roles; and a description of the potential benefits for the various business actors; and a description of the sources of revenue" (Timmers, 1998, p.4). Thus, Timmers

emphasizes how various business actors can make profit by efficiently organizing the e-commerce activities. According to the degree of innovation and functional integration of different information technologies, he has identified eleven business models.

In this stream, another influential definition is given by Rappa (2001). He suggests a business model is a method of doing business by which a company can sustain development. This definition directly spells out how a company makes money in the e-commerce market. The business model is categorized into nine generic forms, which include brokerage, advertising, infomediary, merchant, manufacturer, affiliate, community, subscription and utility. Thus, in the first stream, although the differences of the above two classifications are noticeable, these taxonomies share some common features.

In the second stream, the emphasis has gradually shifted from business model taxonomy to the components or elements of business models (Pateli and Giaglis, 2004). Linder and Cantrell (2000) understand a business model as an organization's core logic for creating value. Further, they decompose a business model into sub-models that link together, which include Pricing Model, Convenience Model, Commodity-plus Model, Experience Model, Channel Model, Intermediary Model, Trust Model, and Innovation Model. Hamel (2000) defines a business model as the business concept implemented in practice, which is a radical innovation that can lead to the value creation and the change of the rules governing the industry. Instead of giving the simple lists of business model components, this definition includes a real-life description of business model elements including customer interface, core strategy, strategic resource, and value network.

Scholars belong to the third stream began to model the components of business model in the form of reference models or ontology. Gordijn, Akkermans and van Vliet (2001) propose a business model ontology that focuses on the linkage between business and information technology. This ontology specifies value flows between business actors. Osterwalder and Pigneur (2002) provide an e-business framework with four pillars: the products and services offered by the firm, the infrastructure and network of partners, the customer relationship capital, and the financial aspects. Under the ontological approach, business models are connected with computer-related technology and infrastructure to develop an e-business information system.

The fourth stream is concerned with identifying criteria for either assessing the feasibility and profitability of business models or evaluating a business model in various applications. Hamel (2000) has identified four factors that determine a business model's value potential: efficiency, uniqueness, fit, profit booster, respectively. Afuah and Tucci (2003) define three levels of measurement for the performance of an Internet business model, which includes: the profitability of a firm comparing to its competitors; a firm's profit margin and market share; business model component attributes. Around this value-centered theme, they provide a framework that attributes the value creation of a business model to eight elements.

3. A COMPREHENSIVE FRAMEWORK

Based on the literature review in last section, we can conclude that people hold different viewpoints on the concept of Internet business model. Some perceive the business model as an abstract business concept that describes the logic of make profits for a company (Linder and Cantrell, 2000; Hamel, 2000; Timmers, 1998; Rappa, 2001), while others link it with strategy, business processes as well as business information systems (Afuah and Tucci, 2003). Different criteria have been used to decompose or categorize business models. However, value and value creation are the common foci. Moreover, in general, in examining the mechanism of value creation for a business model, people consider firm's capability and the firm boundary. This is based on taking into account the specific

environment and information technology characteristics. Thus, we get our framework as shown in Figure 1. In the following we will deliberate this framework.

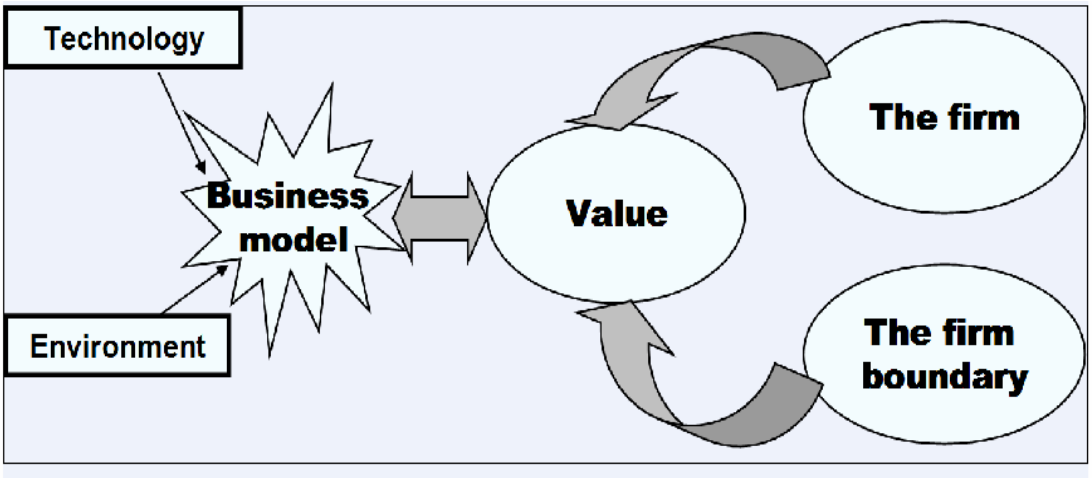

Figure 1 A framework of analyzing business model

3.1 "Value" and business model

The first prominent spotlight is shed on the element of "value". Although authors use different terms to illustrate the importance of value, the business model perspective centers on the value in Internet business market. As Chesbrough and Rosenbloom (2002) state: the business model creates value by defining a series of activities from raw materials through to consumers that will yield a new product or service with value being added throughout the various activities. According to them, a business model captures value by establishing a unique resource, asset, or position within those activities, where the firm enjoys a competitive advantage. Similarly, Hamel (2000) argues that value creation occurs within a value network, which include suppliers, partners, distribution channels, and coalitions that extend the company's own resources. Mahadevan (2000) uses the concept of value stream to identify the value proposition for the business partners and buyers in an Internet context. The value streams for an organization influence the viability of its business and revenue generation. Afuah and Tucci (2003) take consumer value into account. According to them, a business model is the method through which each firm builds and uses its resources to offer its clients better value than that of their competitors.

Logic of value creation lies in the core of a business model (Keen and Qureshi, 2006). A business models is a logical arrangement of value creation in an organization as a part of business network, taking its partners, competitors and clients into account (Lee and Hong, 2002). Thus, in comparison between traditional supply chains to dynamic value network, the focus has shifted from increasing value through internal relations to increasing value through external relations, and the amount of relations multiplies (Timmers, 1998).

3.2 "Firm" and business model

The second core element that has been discussed in our framework is the firm itself. A business model describes the basis and the sources of income for the firm. Afuah and Tucci (2003) and Mahadevan (2000) mention importance of revenue stream in business model. In fact, revenue stream is a plan for venue generation for the business. Similarly, Amit and Zott (2003) combine various value streams such as subscription fees, advertising fees and various transactional incomes into a revenue

model. Now many organizations take advertising fees as their main source of revenue in Internet business (Mahadevan, 2002).

Hamel (2000) identifies four main business model components that range from core strategy, strategic resources, value network to customer interface. The author holds an overall picture of a firm, which allows him to establish the relationship between these elements, and further decompose them into different sub-elements. Osterwalder and Pigneur (2002) find that the products and services a firm offers are an important element to represent a firm's capability to deliver substantial value to the customer. A framework for analyzing the business model should allow the readers to capture the capability of the firm as a firm's business model is always compatible with its resources.

3.3 "Firm boundaries" and business model

The success of a firm's business model derives from a fit not only between the firm and its customers, but also the fit between the firm and its collaborating partners. The fit is all about defining the firm's boundaries horizontally and vertically, deciding on collaboration governance, and determining the commercial relationships between the partners of the network (Methlie and Pedersen, 2002).

On firm's horizontal level, the business model captures the value or profits generated by measuring firm's scale and scope. Scale measures the quantity of products sold while scope measures the variety of products offered (Jelassi and Enders, 2005). The scale and scope are consistent with the core characteristics of virtual market, namely, reach and richness. Reaching more customers can add a firm's scale and richening products or services can add a firm's scope (Evans and Wurster, 1999), thus realizing economies of scope. Both enhancements might reduce the cost and increase the revenues of a firm.

In addition, the business model construct relates to strategic network theory that might help a firm to generate more valuable products or information for its stakeholders within that network (Gulati, 1999). In similar, Prahalad and Ramaswamy (2000) view the business model as an extension of strategic network theory by enhancing the inter-organizational ties with suppliers, manufacturers, customers. Stable inter-organizational ties will open new possibilities for a company's wealth creation through innovative transaction methods (Amit and Zott, 2001)

On firm's vertical boundaries level, the business model captures the source of value through drawing on the theories such as value chain and transaction cost economics (Porter, 2001). First, the innovative business model should combine the interaction patterns of the firm with value chain integration to create added value with a rich functionality (Timmers, 1998). Second, a business model should explain the importance of transaction efficiency, lock-in of customers, novelty and complementarities (Amit and Zott, 2001). The application of e-business promotes the transaction efficiency thus lower the transaction costs (Chaffey, 2002). The improved information enabled by Internet also reduces customers' search costs. While increased rivalry and market transparency seem to lower value appropriation opportunities for firms, some firms are able to differentiate themselves from their competitors through new value appropriation (Porter, 1985).

3.4 "Environment" and business model

The fourth dimension of a business model is the "environment". A firm is continuously subject to external pressures that force a company to constantly adapt their business model to a changing environment. The business model is highly sensitive to the environment, which will eventually influence a firm's business performance (Afuah and Tucci, 2003). Osterwalder (2004) identifies four macro-environments that directly or indirectly affect a firm's business model. They are legal or social

environment, economic environment, technological environment, and competitive environment. Similarly, Tikkanen et al (2005) observe a firm's business model is impacted by economic, competitive and institutional environment. In order to be successful under a competitive environment, the firm has to gather information about potential substitutes for the business' product as well as potential competitors and new entrants. In addition, the buyers of the product and any factors affecting its supply should be studied (Porter, 2001). These variables are considered part of the micro-environment of the business which influences the company directly (Chaffey, 2002).

3.5 "Technology" and business model

The last dimension of business model is the information technology. It is because of a business environment shaped by information technology that the business model concept has become popular (Jelassi and Enders, 2005). Similarly, Osterwalder (2004) believes the increase in a variety in business models is closely related to the adoption of information technology in business. Information technology has been a strong enabler for a variety of innovative business models. Specifically, information technology has reduced transaction costs with a new form of complex network alliance. Its adoption in business offers customers with more information goods and service through a multiple channels (Osterwalder, Pigneur and Tucci, 2005; Sabherwal and Chan, 2001).

The above five dimensions interact with each other and compose a comprehensive business model. The success of a business model depends on the management of these five elements.

4. CASES STUDY

In this section we draw upon the framework in Figure 1 to analyze the cases of MyShow and Super Girl in China. From 2000, the global music record industry has suffered a downfall due to the large volume of pirate CDs and DVDs in Asia Pacific area. Companies were forced to look for new ways of generating profits (Saccone, 2003). MyShow is such a solution for a music record company. Everyone could join the show and thus new artists could be founded from the society.

At the meantime, worldwide TV production budgets were decreasing because the profit attained from advertising was going down. TV broadcasters and producers needed to find innovative methods to regain their revenue stream. One such method was the participation TV or SMS TV. This business model was based on the convergence of mobile communication technology and TV broadcasting (Carvajal, 2005). This new type of programs allowed the audience to participate in the show. They could contribute with votes, opinions, and, for businesses, with cash flow. HSTV exploited this new advance of technology and introduced Super Girl to the Chinese public.

4.1 Introduction to the cases

Launched in 2004, MyShow is a performance contest TV program. It is hosted by Shanghai Shang Teng Entertainment Ltd (SUM Entertainment), a company controlled by Shanghai Media Group (SMG) and Universal Music Group (UMG). The program is sponsored by Lycra, and broadcasted by Dragon TV which is located in Shanghai with a country-wide audience. Different from previous Chinese programs, the MyShow allowed anyone who thinks him/herself talented in singing, dancing, or playing musical instruments can join the program (see MyShow official website http://myshow.smgbb.cn/).

Five big cities in China were selected as the primary selection contest arenas in both 2004 and 2005. The judges were the CEOs from Asian-Pacific UMG and China UMG. In each year, for 3 months the show was recorded and broadcasted in every weekend. In the first year, the audience was not involved in deciding the results. As an improvement in 2005, audience could vote for their favorite performers by sending SMS through their mobile phones. However, the participation rate was lower than the previous year, due to the show being recorded and not shown live. As a result, compared to 2004 when less than 10,000 people joined the contest, in 2005 number of contestants rose to 50,000. However, the watching rates only increased by 5%. Failed to capture a wide audience, MyShow had a deficit of 3 million RMB in 2004, and zero profit for the year 2005 (Hui, 2005).

According to Hui (2005), the CEO of the Asian-Pacific UMG, the original objective of MyShow was an experiment for training and recruiting new performers. According to him, MyShow's priority was music, and most importantly MyShow was a professional recruitment process, rather than an entertainment TV program. Through the show, the contestants were gained popularity and had a large fan base. The winner of the show was further promoted to the market. She would sign the contract with UMG for making new music record and TV show. Eventually, UMG would get profits.

Also started in 2004, Super Girl is a popular singer's contest hosted annually by state-owned HSTV. It is sponsored by the largest dairy enterprise in China – The Mongolian Cow Diary Ltd (MCD). Herby the program was awarded the title of The Mongolian Cow Yogurt Super Girl Contest (from the official website of HSTV at http://www.hunantv.com).

Different from MyShow, only female can participate in the contest. Moreover, there was no specific restriction on age of the contestants, as far as they were 18-years older as stipulated of the State Administration of Radio Film and Television (SARFT). In 2004 for the first year, over 60,000 girls went on to the Super Girl's stages in four cities' arena: Chengdu, Nanjing, Wuhan, and Changsha (Anonymous (a), 2006). Another distinction was that Super Girl had introduced the killer application which was SMS voting.

The year 2005 was the most successful year for Super Girl. There were over 150,000 girls joined the program's preliminary stage contest. About 400 million people watched the final contest through TV. Because of the high popularity, the price of TV advertisement rose to 75,000 RMB per 15 seconds during the contest, and 112,500 RMB per 15 seconds in the final. Thus, HSTV, the mother of Super Girl, earned more than 100 million RMB (12.5 million US$) from this program (Anonymous (a), 2006).

A major value-added operation contributing to the show's unprecedented popularity is that fans are able to participate in the judging process by sending SMS via their mobile phones to vote for their favorite contestants. Different mobile network users were charged differently. For China Mobile users, the price is 1 RMB per vote; China Unicom users need to pay 0.5 RMB per vote; for users of other operators the cost ranges from is 0.5 to 3 RMB per vote. During the preliminary round, in Chengdu, the capital city of Sichuan Province, 307,071 SMS votes for the top three contestants were received. After sending a vote text message, each voter's mobile phone was also automatically subscribed to a binding service relevant to Super Girl, such as contestant news and program trailers. The cost of these value-added services was 6 RMB per item. In addition, the final ranking of the contestants depended on the SMS support rate sent in by fans. According to a survey of China State Media, in the whole country, more than 400 million people had watched the finale of the show and voted via SMS. The three finalists obtained more than 8 million votes. Specifically, the winner Li Yuchun got 3,528,308 votes, the runner-up Zhou Bichang won 3,270,840 votes, and Zhang Liangying got the 3rd place by receiving 1,353,906 votes. The innovative operation taking advantage of television entertainment and mobile phones has proven to be a success key of the Super Girl program (please see the Official website for Super Girl at http://supergirl.hunantv.com/).

At the end of the Super Girl show, the television station's income from SMS votes was more than 30 millions RMB (approximated 3.743 millions US$). This amount may account for 30%-50% of the total profit of the entertainment program of the TV station, and is almost equal to its total advertisement income. For the SMS total profit, each participant from different industries reaped its own part in proportion with: 15% for China Mobile, 30% for China Unicom, 20% for China Telecom and China Netcom, and the rest part for HSTV and others. Another profit stream was the download of Super Girl ringtone, which counted as more than 1.8 million RMB per month. Thus, in China, the Super Girl in 2005 was a highly successful case in interactive mobile entertainment (Lu, 2005).

The Super Girl represents an all-win value-added business model. The winners include China's traditional entertainment industry (HSTV), and telecommunication industry (China Mobile, China Unicom, etc.). Besides, Mongolian Cow Dairy made a significant profit. The company has sold over 2 billion packs of yogurt in 2005 and their sales revenue rose by 270% (Zhang, 2006). Finally, the super girls will sign a contract with the Tian Yu Media Ltd, a company affiliated to HSTV. Profits from the Super Girl road shows and CD record, and other related product are waiting for them to collect.

4.2 MyShow's business models

MyShow's business objective is primarily established on recruiting talented new artists. TV technology was adopted as an innovative means of attaining this objective. Nonetheless, its business model was problematic which has detracted MyShow's ability to create value.

The nature of the firm, joint venture, created several disadvantages. SUM Entertainment as a joint venture was established in February 2004, with UMG holding 49% of the share and Shanghai Media Group (SMG) holding the remaining share. Both firms have good business standings, with UMG being the number one music record group in the world and SMG the second largest media group in China. Nonetheless, the cooperation between two successful firms is not necessarily a recipe for success, as will be noted by the analysis of the case. Joint ventures turned to be difficult in efficient operation, in particularly when these involve two different national cultures. National culture will inevitably impact the organizational culture and hence all levels of the business: strategy, communication, human resources, structure and management (Holzmuller and Stottinger, 2001). If a joint venture is to be successful, organizations must localize themselves and capitalize on its competitive advantage (Porter, 2001). However, from MyShow's strategy we can observe that the Chinese environment was not fully understood by UMG and SUM, hence the potential to create value of SUM could not be fully realized (Anonymous (b), 2004).

Several aspects of the environment were overlooked, including China's culture and psyche. SUM entertainment business strategy is to focus on three categories of product and service: organization and management of the artists' activities and music related events, development of new media and market partnership, and advertising and sales of music products such as CDs and DVDs (Gong, Lu and Shen, 2005). Its strategy to adopt TV as a media for the attainment of the primary objectives is a noteworthy response to the challenges that the music industry, including SUM, is facing. However, to use a new kind of media stream to compete with growing market changes, one must understand the media's full potential to capture the audience, and its power to have significant social influence.

As noted before, the primary objective of MyShow was professional selection. However, this can be achieved only if this program can create value for the spectators. According to Hui (2005), SUM's business area has been music in particular, not entertainment in general. As such, value was created at a social level in that everyone, regardless of her background, race and social status, has been given a chance of becoming a superstar. However, the value created for the spectators proved insufficient, as demonstrated by the lack of popularity of MyShow.

Due to a mis-understanding on its environment, SUM has initially concentrated on the program spectator consumers and overlooked the mobile consumers. Research shows that the mobile market is China has become one of the most prosperous ones in the world (Ministry of Information Industry, 2006). Mobiles are central in the Chinese lifestyle, like computers to the American. Yet, SUM failed to recognize this and take consumption cues from the Chinese culture. As a result, initially MyShow suffered from not using mobile technology in value creation. Only broadcasting TV and the internet were adopted. Several value propositions could have been created through the introduction of mobile technology in the business model.

For SUM, MyShow was essentially a part of a pre-marketing strategy for gaining benefit from upcoming new artists. While only limited direct income has been gained from the show spectators, it is expected that a large volume of revenue will come from in the future due to the signing of a new artist. MyShow has successfully promoted the market value of the new artist, making her identity well known to the Chinese youth. Dragon TV, the broadcaster of the show, gets more advertisement income due to the popularity of the event.

In conclusion, as noted by Aufah and Tucci (2003), value presents an overall view of a company's bundle of products and services. In this case, MyShow itself is the product. The value lies in the quality of the entertainment, as demonstrated by its popularity. Value creation lies in the center of a successful business model.

4.3 Super Girl's business model

Super Girl is hosted by state-owned HSTV. The mission of HSTV is to provide entertainment programs to the Chinese public. Compared with other provincial TV stations, HSTV is innovative. Its weekend TV shows receive popularity in the whole country and generates high advertisement income for it (HSTV official website http://www.hunantv.com). The business model of HSTV's Super Girl program varied significantly from MyShow.

Because Super Girl was hosted by state-owned enterprise, the show benefited from a clear understanding of its environment. More specifically, HSTV took consumption cues from its country's culture and psyche. It took the business model from "American Idol" but revised it according to the Chinese context. This was based on the understanding of the influence of western culture on the Chinese young generation, the importance of mobile phones to the Chinese lifestyle and the valorization of a "voice" for the Chinese. Super Girl's value proposition is simple. It invited young girls to participate in contest. The program viewers can vote via SMS. This proposition is not only attractive to mobile phone users - the Chinese mobile population is over 400 million. It is also of value to the public in general who is watching the live show and has been given the opportunity to vote, a valued proposition in a non-democratic society. Essentially, Super Girl created context and meaning for its audience. SARFT as the government branch regulating TV broadcasting and entertainment industry did not object to this program due to the harmless nature of the voting.

As a result of understanding its environment, HSTV adoped appropriate strategy and technologies in operating Super Girl program, which made it the big TV hit in China. It created value for various stakeholders: HSTV itself, its advertisement customers, and program spectators. Audience were empowered by SMS in voting, with each was allowed to vote up to 15 times. The strategy of allowing multiple voting has promoted Super Girl's popularity and raised the premium of its advertisement slots. Advertisement sale reached up to 112,500 RMB per 15 seconds during Super Girl's final stage (Anonymous (a), 2006).

Others benefiting from Super Girl included MCD the official sponsor for Super Girl, the telecommunication companies involved in providing Super Girl program, and internet portal Sina.com

hosting Super Girl's official website. Promoted by Super Girl, MCD has increased its revenue sales by 270% (Datamonitor, 2006). The telecommunication companies, including China Mobile, China Unicom, China Telecom and China Netcom, gained profits from providing SMS for voting and other binding services. Sina.com's traffic increased significantly with Super Girl fans to , join discussions, read the latest news, see pictures, and download Super Girls' songs from its portal at a cost (Anonymous (b), 2004).

5. DISCUSSION AND CONCLUSION

A framework of business model can be used as an analytic tool in investigating the business logic of a company (Stähler, 2002). Using the term of business model one can understand a company's business logic and further compare it with its competitors. Our framework shown in Figure can serve these purposes. Our framework suggests that the business logic of a company constantly changes because of internal and external pressures. Both kinds of elements can be seen interacting and interfering with each other. Therefore, a structured approach to business models analysis is important to understand which particular issues are changed over time (Holzmuller and Stottinger, 2001).

Various approaches can be adopted to analyze business model (Stähler, 2002). The framework we have established in this study centers on value, and on how different external and internal elements contribute to value creation. We have used this framework to analyze the case of MyShow and Super Girl. Figure 2 shows a comprehensive illustration of MyShow and Super Girl's business model. Figure 3 describes the logic of value creation in the two cases.

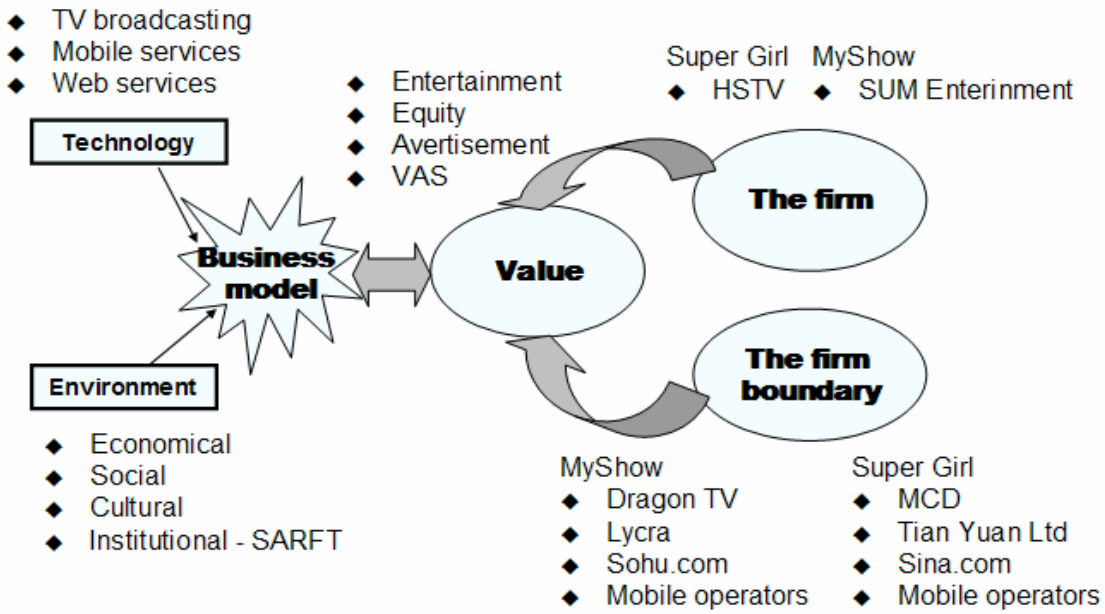

Figure 2 Business model for MyShow and Super Girl

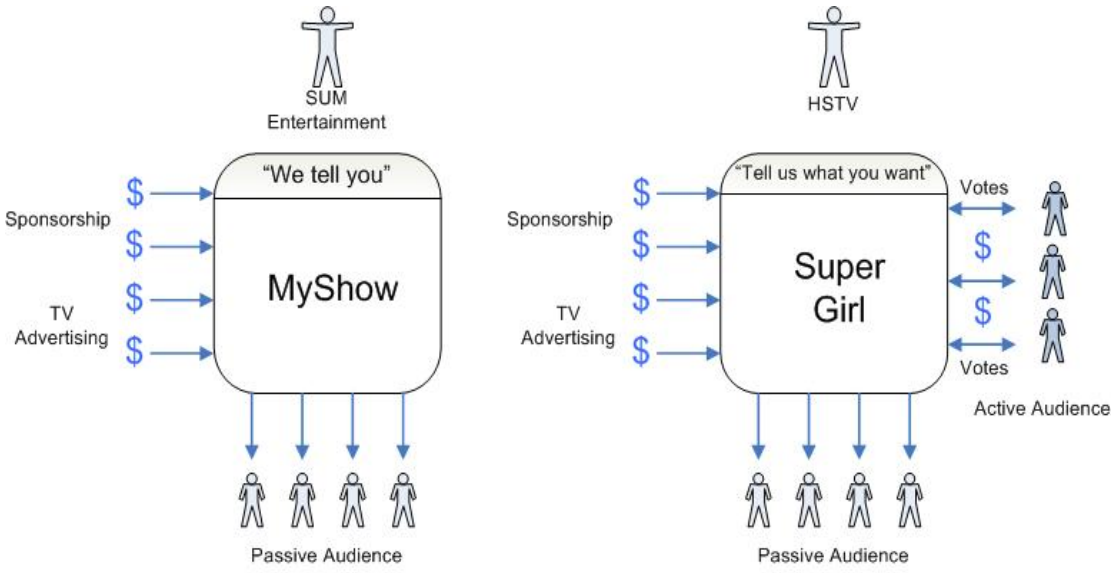

Figure 3 *Comparison of the value composition in MyShow and Super Girl*

As observed from the two cases, environment and technology are critical elements in a company's value creation. Internet and mobile technology reshape the way people communicate. Increasingly, people are spending more time online and sending text messages. The acquaintance of the modern equipment makes people feel comfortable to vote through SMS or to share opinion on a website. Technology is a key differentiator in the two cases. In Chinese mobile market, up until July 2006, there were total 431.7 million subscribers for the mobile network (Ministry of Information Industry, 2006). For the Super Girl case, the SMS voting strategy has aligned the popular show with the huge telecommunications market. With the value-added services available, audience can get more involved in the show and have the collective power of deciding who is going to win. Thus, technology has played a key role to attract more audience.

Technology provides added value to the users. SMS and web services provide audience with interactivity and facilitate their participation. In return, telecommunications companies and internet portals will benefit from charge the services. Besides SMS voting, ringtones, news are also available for fans once they have voted via their mobile phone. As shown in Figure 3, interactivity and participation is an important value proposition in the Super Girl case.

As shown by the figure, MyShow's SUM and Super Girl's HSTV both rely on sponsorship and advertising, but Super Girl has also turned the customers into value creation. With low level of participation (mainly a passive audience), MyShow is forced to improve the quality of its content and to understand the needs of advertisers so as to build stronger relationships with them, on whom SUM depended for value creation. Super Girl, on the other hand, provided high level of interactivity and participation. Thus it targeted on gaining fans' loyalty and provided value added services so as to retain it. Comparatively, the Super Girl program built deeper relationships with active audience and allowed active participation and community or forum building. As a consequence, Super Girl found a new way of value creation, which was to rely on the program spectators.

The difference of technologies used may cause the changes in the delivery of key value. As a result of the diffusion of mobile technology in Chinese society, more and more people are using mobile phones. Also, people are becoming more and more reliant on this technology (Datamonitor, 2006). Moreover, environment elements like social and economical issues also influence the potential value and value

creation at the center of the business model. Compared with MyShow, Super Girl better harnessed the power of technology and environment to gain competitive advantage.

Given the popularity of the past Super Girl shows, more and more people at different ages are looking forward to the next season. Even the older people have been motivated to learn how to use mobile phone to send supporting messages to vote for their favorite contestants. Also the environment is changing. These elements require HSTV to improve the business model of Super Girl for the next round of show.

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