

Private Domain Operations: A New Engine for the Integration of Digital and Physical Economy in Retail Enterprises

Yifei Xiong

School of Economics and Management, Southwest Petroleum University, Chengdu, 610500, China

Abstract: The current society has entered the era of digital economy, and the digital economy has become a new driving force to promote the transformation and upgrading of the real economy. The development of the digital economy provides a new platform and new space for the transformation of the real economy. In the context of the national strategy of the deep integration of the digital economy and the real economy ("digital-real integration"), retail enterprises are also facing unprecedented new opportunities and challenges. Private domain operation is becoming an important hand for retail enterprises to reconstruct their business model and enhance user value. Through the private domain operation to achieve digital transformation, private domain operation to promote the rapid integration of the digital economy and the real economy of retail enterprises, this paper in the integration of the two development overview of the analysis and research based on further analysis of the private domain operation how to promote the digital economy and the real economy in-depth integration, want to realize the digital economy and the real economy of the retail enterprise to provide a certain direction, and then effectively promote the high-quality development of the economy.

Keywords: Digital economy, Private domain operations, Retail business.

1. Introduction

In today's new wave of industrial and technological revolutions, the digital economy has gradually emerged as the most innovative and dynamic economic form, and is also a new growth point to promote the sustained and healthy development of the national economy [1]. In recent years, the "demographic dividend" in China has gradually weakened, and the return on investment in some real industries has dropped significantly. At the same time, the imbalance of resource allocation and low level of innovation in the development of real industries have become more and more prominent. Therefore, accelerating the digital transformation of real industries has become an urgent task. Data elements have become the core elements of the new round of industrial change, and localities should make full use of data elements to vigorously cultivate new forms of real industries and promote the digital transformation of traditional enterprises. Through the application of data elements and information technology, it can not only enhance total factor productivity and promote cross-border integration of industries, but also help reconstruct the competition mode of industrial organizations and accelerate the transformation and upgrading of industrial organizations. The digital economy supported by data elements and digital technology provides new kinetic energy to promote the transformation and development of real industries, and is of great significance to the high-quality development of the economy. Under the guidance of relevant policies, the investment of the real retail industry in the digital field has not only promoted the technological breakthroughs of digital emerging strategic industries, but also achieved remarkable results in technological integration and product integration. It can be seen that the digital economy has become the main driving force of economic growth, and the deep integration of the digital economy and the real economy can promote the

transformation and upgrading of traditional real industries, and have a profound impact on the business model and employment methods [2]. The digital economy promotes the economy of developing countries significantly, improves capital efficiency and labor productivity, reduces transaction costs, and facilitates the rapid access of developing countries to the global market [3].

While the digital economy brings opportunities for social development, there are also challenges. Digital technology will lead to increased risks in digital security and privacy [4]. The level of transformation of the application of digital technology within developing countries needs to be improved, and there is a digital divide between them and developed countries [5], and the application of new-generation information technology by most manufacturing enterprises is still in the stage of imitation and reproduction, with relatively little investment in original innovation resources, which is not conducive to the further integration of the two. The technical system of data elements has not yet been formed, and data valorization faces multiple problems [6].

The deep integration of the digital economy and the real economy has become an inevitable trend in global economic development. In this process, retail enterprises, with their unique advantage of connecting production and consumption, have become the pioneering force of this change. Traditional retail enterprises are experiencing unprecedented digital transformation, and emerging digital native retail enterprises are accelerating their penetration into offline, and this two-way integration is reshaping the ecological pattern of the entire retail industry.

2. The Way Forward for Retailers to Integrate the Digital Economy with The Real Economy

The digital-real integration of retail enterprises is an

inevitable choice for the changing market environment. Consumer behavior patterns are undergoing profound changes, with online shopping, mobile payment, social e-commerce and other new consumption methods rapidly gaining popularity. According to statistics, China's online retail sales will reach 13.79 trillion yuan in 2022, accounting for more than 30% of total retail sales of consumer goods. Such changes require retailers to reconfigure their business models to adapt to the new market environment. With the advancement of digital technology, retail enterprises are driven to transform to smart retail and intelligent retail [7]. Consumers' needs are becoming increasingly personalized and diversified, and the traditional large-scale standardized production model has been difficult to meet market demand. Retail enterprises can more accurately meet customer needs through cloud computing, big data analysis and other digital technologies [8, 9], so digital transformation has become a must for retail enterprises to break through difficulties and achieve growth. Data-driven precision marketing becomes a core competency. Retailers collect and analyze consumer data to achieve accurate user profiling and demand forecasting. Alibaba's "data center" strategy is a typical example, which realizes in-depth insight into consumer behavior and precision marketing by building a unified data platform. Influenced by the new Crown Pneumonia epidemic, the physical retail industry has accelerated its transition to new retail formats [10]. With the use of digital technology, the omni-channel retail model is an important direction for digital transformation. Retailers provide consumers with a seamless shopping experience by integrating online and offline channels. For example, Suning.com has realized rapid delivery of online orders and digital upgrading of offline stores through the "store and warehouse" model. With diversified channels such as opening online retail webstores, building retail smart stores, and integrating online and offline retail formats [11], consumers can seamlessly switch between channels and receive integrated and unified services [12], and the retail industry pays more attention to customer data management to increase consumer loyalty by providing a more personalized customer experience [13], improving business performance and maintaining market competitiveness. The integration of digital economy and traditional retailing effectively drives business model innovation and economic transformation and upgrading, but to some extent, it has caused a huge impact on traditional e-commerce, and transformation and upgrading is imminent [14]. Digital technology provides new growth momentum for retail enterprises. Big data analysis can help companies accurately grasp consumer demand, artificial intelligence technology can optimize supply chain management, and IoT technology can achieve intelligent store operations. The application of these technologies is reshaping the way retail companies create value. Unmanned retail, social e-commerce, live streaming with goods and other new formats will continue to develop. These new formats not only change the traditional way of shopping, but also create new business opportunities. For example, Pinduoduo has achieved rapid growth in a short period of time through its social e-commerce model.

The social value of retail enterprises will be further enhanced. Digital transformation not only brings economic benefits, but also creates social value. Through digitalization, retail enterprises can better meet consumers' needs, promote consumption upgrading and boost economic development. At

the same time, digital transformation also creates new opportunities for the job market. The digital transformation of retail enterprises is a continuous evolutionary process. In this process, enterprises need to continuously adapt to market changes, innovate business models and enhance their technological capabilities. The deep integration of the digital economy and the real economy will bring new development opportunities for retail enterprises, and will also promote the transformation and upgrading of the entire economic system. In the future, retail enterprises will continue to play a pioneering role in this change and inject new vitality into economic development.

3. Private Domain Operation Reconstructs the Value Chain of Retail Enterprises

According to the China Internet Network Information Center released the 55th "China Internet Development Statistics Report", as of December 2024, the number of Internet users in China reached 1.108 billion people, the data fully demonstrates that China's Internet demographic dividend has gradually disappeared. The disappearance of the Internet demographic dividend will lead to the "public domain traffic contradiction" between merchants and platforms to highlight, in order to resolve the public domain traffic contradiction, retail enterprises to try to convert the public domain traffic into "private domain traffic", private domain operation. In this context, private domain operation has become an important bridge connecting the digital economy and the real economy of retail enterprises. By building a private traffic pool, retailers can realize accurate user reach, in-depth user operation and efficient value transformation, injecting new growth momentum into the real economy. With the establishment of private traffic pool, consumers can not only drive sales but also reverse guide production and R&D [15]. Private domain operation is not only a marketing tool, but also a catalyst for the deep integration of the digital economy and the real economy, promoting the innovation of business models and the reconstruction of the industrial ecology.

Private domain operation breaks the limitations of traditional business models and reconstructs the business value chain. Through the construction of private domain traffic pool, enterprises can directly reach users, establish in-depth connections, and realize the digitization of the whole chain from traffic acquisition to user operation. This model reduces the cost of customer acquisition, increases the value of the user life cycle, and creates new growth space for real economy enterprises. The core of private domain operation lies in the digital precipitation of user assets. By assetizing user data, enterprises can achieve accurate user profiling and demand insights, so as to provide personalized products and services, which enhances the consumer-side sovereignty of users [16]. This data-driven operation model enables real economy enterprises to better meet consumer needs and enhance market competitiveness. The essence of private domain operation is to establish a direct connection between brands and users. Under the traditional economic model, physical businesses are limited by geographic location and business hours, making it difficult to realize continuous interaction with users. Through digital tools, private domain operation breaks the time and space constraints, enabling physical merchants to reach users anytime, anywhere and

provide personalized services. This transformation not only improves user experience, but more importantly, realizes the precipitation and operation of user data, which provides basic support for the digital transformation of the real economy.

In the context of the integration of the digital economy and the real economy, private domain operation shows strong business value. It not only improves the operational efficiency of enterprises, but also creates new business models and profit points. Through private domain operation, real economy enterprises can realize digital transformation and gain new development opportunities in the era of digital economy.

4. Private Domain Operations Drive Digital Transformation of the Real Economy

Private domain operation provides an effective path for the digital transformation of the real economy. By building a digital user operation system, real economy enterprises can realize the integration of online and offline, and improve operational efficiency and user experience. This transformation not only changes the operation mode of enterprises, but also reshapes the industry ecology.

At the practical level, private domain operations are reshaping the operating model of the real economy. By building private domain traffic pools in the retail industry, brick-and-mortar stores can transform offline customer flows into digital assets and realize omni-channel operations. The in-depth analysis of user data and consumer behavior enables merchants to accurately grasp user demand and optimize the commodity structure and service process. This data-driven operation model significantly improves the operational efficiency and profitability of the real economy. The enabling effect of private domain operation on the real economy has already appeared. A well-known chain brand through the private domain operation, to achieve the online and offline flow of two-way conversion, annual sales growth of more than 30%. Its core lies in the establishment of a complete user data system, through accurate marketing and personalized services, to enhance user stickiness and repurchase rate. This success story shows that private domain operation is not only an innovative practice of digital economy, but also an important path for the transformation and upgrading of real economy. In the retail industry, private domain operation is reshaping the human-cargo-field relationship. Through the private traffic pool, retail enterprises can achieve accurate marketing, personalized recommendations and omni-channel services, and improve the user shopping experience. This digital transformation enables traditional retail enterprises to better cope with the impact of e-commerce and realize innovative development. The essence of private domain operation is to build user assets that are autonomous and controllable by retail enterprises. Through digital tools such as WeChat, Enterprise WeChat, and small programs, retailers can reach users directly to achieve accurate marketing and personalized services. This decentralized user operation model breaks the traffic monopoly of traditional e-commerce platforms and creates new growth space for enterprises.

In the process of integrating the digital economy with the real economy, private domain operations play a bridging role. The data connectivity between online and offline enables enterprises to fully understand user needs and optimize products and services. Through the private domain traffic pool, retail enterprises can realize the synergy between online

malls and offline stores, and improve user experience and operational efficiency. Although private domain operation shows strong potential, retail enterprises still face some challenges: user privacy protection and data sharing compliance contradictions; the lack of composite digital operation teams in traditional enterprises, etc., are also directions that need to be studied and discussed in the future.

The goal of private domain operation is not to compete for traffic, but to build a new type of infrastructure that regenerates the value of "people-goods-field" through the in-depth integration of digital technology and the real economy. Future retail enterprises will evolve into "digital twins", and the private domain will become a super interface connecting the virtual world and real consumption, ultimately realizing the optimization of cost efficiency and upgrading of user experience to improve Pareto. In this process, the policy side needs to accelerate the construction of the data factor marketization system, and the enterprise side should adhere to the ethics of "technology for the good", so as to jointly promote the integration of digital reality towards high-quality development.

References

- [1] K. Zhang. "Innovative Mechanisms for the Deep Integration of Digital Economy and Real Economy in the 14th Five-Year Plan Period [J]. *Economic System Reform*, 2022, (04):88-94..
- [2] H. Liu, Marx's Theory of Enterprise Competition and Enterprise Competition in the Age of Digital Economy [J]. *Marxist Studies*, 2021(10):83-92.
- [3] Dahlman C, Mealy S, Wermelinger M. Harnessing the digital economy for developing countries [R]. OECD Development Centre, 2016.
- [4] Manyika J, Chui M, Bughin J, et al. Disruptive technologies: Advances that will transform life, business, and the global economy [M]. San Francisco, CA: McKinsey Global Institute, 2013.
- [5] Wang Shumin. Bridging the Global Digital Divide: Whither International Law [J]. *Politics and Law*, 2021, (06):3-15.
- [6] Su Jinshu, Shan Siqing, Shuai Liguang, Tang Kun, Sui Xufeng, Li Yinong, Song Congxi, Lu Xicheng. Research on the status quo, problems and countermeasures of high-quality development of digital industrialization in China [J]. *China Engineering Science*, 1-12.
- [7] Kamble, S. S., Gunasekaran, A., Ghadge, A., Raut, R. (2020). A performance measurement system for industry 4.0 enabled smart manufacturing system in SMMES-A review and empirical investigation. *international journal of production economics*, 229, 107853.
- [8] Sakrabani, P., Teoh, A. P., Amran, A. (2019). Strategic impact of retail 4.0 on retailers' performance in Malaysia. *strategic Direction*.
- [9] Schary P B. Changing aspects of channel structure in America [J]. *European Journal of Marketing*, 1970, 4(3) :39-55.
- [10] Li Yabing, Xia Yue. Risk Identification and Evaluation of Business Model Innovation in Retail Enterprises under the New Coronary Pneumonia Epidemic [J]. *Statistics and Decision Making*, 2021, 37(02):163-167.
- [11] Tian Shubo. Analysis of digital transformation of retail enterprises in Yangtze River Delta in the era of digital economy [J]. *Science and Technology Economic Market*, 2019(11):40-42.
- [12] Piotrowicz W, Cuthbertson R. Introduction to the special issue information technology in retail: towards omni-channel

- retailing [J]. International Journal of Electronic Commerce, 2014, 18(4): 5-16.
- [13] Zhou Fen, Meng Qingliang. Research Review and Prospect of Mass Customization Service Design [J]. Science and Technology Management Research, 2013, 33(19):97-101.
- [14] Wang Xuhui, LI Xiaoyu, Zhang Qilin. Construction model and strategy of online and offline logistics symbiosis for multichannel retailers [J]. Finance and Economics
- [15] Xue Ke, Yu Mingyang. Generation, value and operation of private domain traffic [J]. People's Forum, 2022(Z1): 114-116.
- [16] Liu Fei. Discussion on the refined operation of private traffic in "new retail" in the era of digital economy [J]. Business Economics Research, 2022(20): 40-43.