



The Analysis of Ant Forest Business Model

— Under “Internet + Green Finance”

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Abstract

In recent years, Internet finance has become a trend in the future development of the financial industry due to its high efficiency and high coverage. The integration of green finance and the Internet makes resource allocation more reasonable and solves some difficulties in the development of green finance, but at the same time it puts forward higher requirements for the business models. As one of the main products of “Internet + Green Finance” practice, Ant Forest fully demonstrates the innovation of the business model derived from “Internet + Green Finance”. This study explores the feasibility of this business model by analyzing the business model of ant forest from four aspects: customer value proposition, profit model, key resources and key processes, and then provides a reference for the innovation of other business models under “Internet + Green Finance”.

Subject Areas

General Business Research

Keywords

Internet Finance, Green Finance, Ant Forest, Business Model

1. Introduction

A business model is how a corporation or project creates, delivers, and extracts value [1]. This creation of value refers not only to the realization of profitability, but also to corporate social responsibility, corporate culture and other connotations. By analyzing the business model of project, we can gain a deeper understanding of the purpose of the project, the way to achieve value and the advantages of the project itself. As a typical representative of “Internet + Green Finance”, Ant Forest has its own unique business model. By analyzing its prod-

uct design, customer perception, operating mechanism and so on, this study produces its business model (including future development), as shown in **Figure 1**.

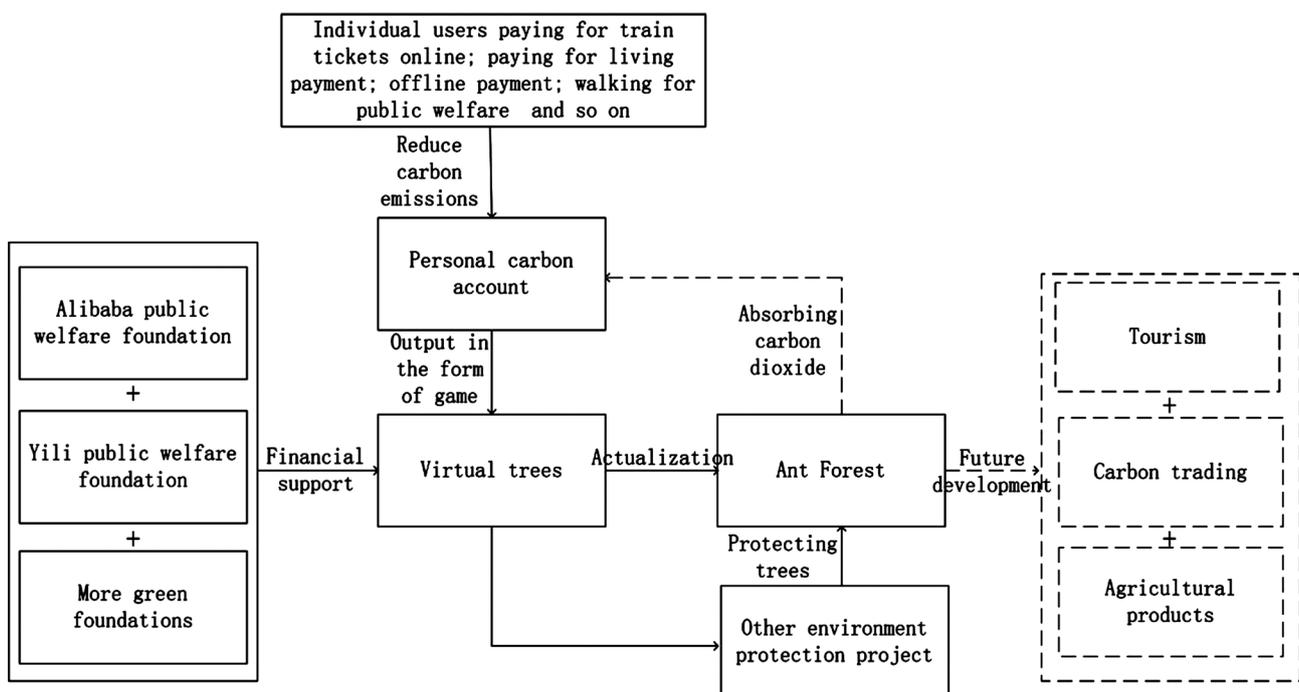
In the following, we will analyze the business model of Ant Forest based on Johnson’s theory from four aspects: customer value proposition, profit model, key resources and key processes [2].

2. Customer Value Proposition

Customer value proposition refers to the value that a product brings to its customers. The user base of Ant Forest is large and growing rapidly. In the three months since its launch, users have exceeded 60 million; in five months, the number of users has reached 200 million. Its users cover multiple age groups, including those from 1970s to post-2000s. This kind of customer group has different psychological characteristics and needs, and the business model of Ant Forest grasps the commonality of the target customer in psychology and demand, and brings the value satisfaction of the public, psychological satisfaction and social entertainment.

2.1. Public Welfare Value

As a public welfare environmental protection project, Ant Forest has cooperated with a number of non-profit organizations such as Alashan SEE to plant the virtual trees claimed by users as real trees. This makes the Ant Forest not a purely virtualized game, but allows individual users to join the environmental action



Note: The dotted line and the dotted box show the future development.

Figure 1. Ant Forest business model and its future development.

and feel their public welfare value. At the same time, the Ant Forest conveys the information through the “1 Haloxylon fixed 102 desert”, so that the actual benefits of the public welfare project can be measured, and the customer value perception is more obvious. Since Ant Forest has set up a personal carbon account for users to record the energy of virtual trees accumulated by low-carbon activities such as user walking and paperless transactions, customers can also experience changes in their behavior and low carbon when participating in the project and know the public welfare value created by their habit of cultivation.

2.2. Psychological Satisfaction

In the psychological investigation of young and middle-aged people, most people are eager to realize personal values and create change in social work and life. However, the value they create in social work is difficult to be directly perceived, while the tree planting behavior of Ant Forest can make up for this lack of satisfaction. The virtual trees of the Ant Forest become the real trees planted on the edge of the ecologically fragile desert in the program, and this value creation and environmental changes can satisfy the customers and obtain psychological effects.

2.3. Social Entertainment

Ant Forest is not a single online tree planting activity. It can also strengthen the connection between friends by collecting the energy of friends' trees, watering friends' trees, and planting their trees. At the same time, inviting Alipay friends and adding mobile phone contacts can expand the social scope of users and provide a variety of communication channels. The gamification form adds fun and operability to the product, which can relieve the pressure and relax the users.

3. Profit Model

As an “Internet + Green Finance” product, Ant Forest has a small amount of income at the current stage, but mainly relies on the foundation to provide financial support. In the future, Ant Forest must form a relatively complete project that can realize income to make up for expenditures. Here is an analysis of the current and future achievable profit models.

3.1. Intermediary Income as an Intermediary Platform

In the Ant Forest Project, users collect energy by using shared bicycles, offline payments, and online ticket purchases. In this way, Ant Forest encourages users to use these products to provide a promotional platform for multiple merchants, including shared bicycles. With the increasing number of Ant Forest users, the promotion effect is more significant. The platform fees paid by these companies and merchants for promotion are one of the main incomes of Ant Forest at this stage. At the same time, Alipay records personal consumption and transaction information. The collected users information is used to generate user portraits,

which helps Alipay and other Alibaba products to more accurately push the commodity and gain more revenue.

3.2. Carbon Trading

Due to environmental damage, global climate anomalies frequently occur, and countries are paying more and more attention to energy conservation and emission reduction. The signing of the “Paris Agreement” and the “National Climate Change Plan (2014-2020)” issued by China have all demonstrated China’s determination to reduce carbon emissions. This indicates that China’s carbon trading will become more formalized and standardized. Ant Forest has set up a carbon account for each user to record their reduced carbon emissions. Selling carbon dioxide emissions reductions to enterprises is an important income that Ant Forest can achieve in the future. As of December 2017, Ant Forest has planted a total of 10.25 million trees. The cumulative carbon emissions per *Haloxylon ammodendron* is 17.9 kg. If it participates in carbon trading, a total of 183,475 tons of carbon dioxide emissions will be accumulated. At this stage, the initial stage of carbon trade, a corporation will increase 20 - 50 yuan cost for one extra ton of CO₂ emissions [3]. And in the future the cost will be higher. The 183,475 tons of carbon dioxide saved by the Ant Forest can be traded to a minimum of 3,669,500 yuan. If the amount of carbon dioxide absorbed by the trees planted by the users is included in the users’ personal carbon accounts in the future, the amount of carbon dioxide reduced can be doubled.

3.3. Tourism and Agricultural and Sideline Products

One the one hand, Ant Forest plant trees in many places and have also established ecological reserves. If a more stable ecosystem is formed in the future, tourisms can be carried out to increase the income of Ant Forest and the local economy. As a public welfare environmental protection project, the Ant Forest Project has gained sufficient attention and visibility. In the future, if the Ant Forest develops tourism, with sufficient potential customers and fame, it can reduce the publicity expenses, pay more to develop these tourism projects, and form a more complete service system. One the other hand, Ant Forest currently uses *Haloxylon ammodendron* as the main planting species. In the future, more plants that can play the role of sand-fixing and have edible or medical value, such as hairy vegetables and licorice, can be invested. This will create income and reduce dependence on the fund while protecting the environment.

4. Key Resources

The key resource is the uniqueness of the Ant Forest that can be distinguished from other projects. Through the analysis of its key resources, we can more clearly understand the development basis and source of advantages of the project. Ant Forest needs to strengthen the advantages of key resources and continuously develop new resources to keep the project attractive.

4.1. Alipay Platform Support

The Ant Forest is built on the platform of Alipay. When Ant Forest was launched, Alipay had 450 million users, which provided the basis for the initial accumulation and explosive growth of users of Ant Forest. Secondly, the Koubei and the payment function of Alipay have formed a good cooperative relationship with the merchants. Other low-carbon activities such as shared bicycle cycling and international tax rebates are closely related to the industrial layout formed by Alibaba Group. Without the support of these industries, it is impossible for Ant Forest to form a complete carbon emission reduction model in the short term.

4.2. Alibaba Financial Support

The current stage of Ant Forest is a public welfare project, and its profitability is still weak. The funds for planting trees are derived from major public welfare funds. At the very beginning of the project, when the Ant Forest has not found support from other public funds, the Alibaba Public Welfare Foundation is the source of all its funds. Without the financial support behind Alibaba, the difficulty of financing the Ant Forest project will increase linearly and even hard to start. Moreover, the support of the Alibaba Public Welfare Fund has enabled the Ant Forest Project to quickly attract other funds and help them broaden their funding avenues. At the same time, Alibaba's adequate fund also provides a guarantee for transforming virtual trees into real trees.

4.3. The Development and Application of Digital Finance

Ant Forest helps users build personal carbon accounts, and the collection and organization of these numbers is inseparable from the use of digital financial technology. Cloud technology helps store large amounts of users transaction data, while the development of digital technology has helped the Ant Forest completes the conversion system of payment, walking, etc. Ant Forest uses technology to drive innovation, relying on the platform to collect terminal data, making the data timely, effectively and accurately, so that the environmental data of individuals and enterprises can be more easily determined, thus effectively achieving personal environmental protection and corporate social responsibility.

5. Key Processes

Ant Forest uses the Internet platform to promote green financial products to the public. Green finance is no longer a project that only can be participated by the state, the government, and large enterprises. It is closely related to everyone's daily life and has become an inclusive finance. Converting individuals' low-carbon behavior into reduced carbon emissions and establishing a personal carbon account is linked to green finance. The Ant Forest breaks through the limitations of energy conservation and emission reduction for production enterprises and extends the ideas to individual users. This is not only the innovation of the Ant

Forest project, but also the most successful place for the project.

6. Conclusion

In conclusion, the Ant Forest has the platform advantage and strong financial support, effectively targeting the psychological needs of the users, and creating a set of feasible and complete business models. This business model relies on the project's own advantages and is difficult to be replicated. However, the capability to this model to utilize digital technology, grasp customer needs, and make full use of its own advantages is a reference to other business models under "Internet + Green Finance", which can help them to design a business model with continuous commercial value and commercial value based on their own conditions.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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