Success Factors affecting E-business
Case Taobao
Abstract

E-business has aroused great concern and become a hot topic in both information technology and business field. With many companies’ success in doing e-business, there are also abundant of failure cases. Therefore, the purpose of this study was to investigate the success factors that can affect e-business so as to provide beneficial guidance to companies. Virtually, many researchers have also studied e-business relating to its success from different perspectives and in various areas. However, few studies have been focused on the subject in Chinese context, which provides a giant market that cannot be neglected. Hence, this study adopted the qualitative case study research method to explore e-business success factors with a representative Chinese e-business company.

Generalized from the knowledge from the previous literature, 123 e-business success factors have been found, among which four success factors that significantly influence e-business were categorized and identified as trust, effective e-business strategy, customer focus and web design and content. A conceptual framework was built upon the four factors providing reference for the case data interpretation. Content analysis method was employed when conducting the case study method. By comparing with the previous knowledge and analysing the case data, the fifth success factor was discovered as culture. Therefore, added to the previous set of factors, a new set of e-business success factors were proposed as the result of the study, which were trust, effective e-business strategy, customer focus, web design and content and culture.

Keywords
E-business, success factors, case study method

Supervisor
Raija Halonen
# Abbreviations

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<td>B2B</td>
<td>Business to Business</td>
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Foreword

First of all, I would like to convey my deepest appreciation to my supervisor, Raija Halonen, who has given me plenty of valuable instructions, suggestions and feedbacks regarding my thesis. Besides that, I feel so thankful to her patience, support and all the time she spent with me on my thesis. It is because of her that I can learn so much about how to properly conduct a research, what kind of research method is more preferable, and how to write the thesis in a more scientific way. Whenever I encountered some problems, she can also discuss with me to help me find a solution. It is due to her supervision that I can finally complete my Master Thesis.

The other person I would like to express my sincerest thanks to is my friend and also classmate, Shao Lan. During the process of writing my thesis, there were so many times that my ideas got stuck. It was by the discussion and analysis from her that my mind finally got clear so that I can find proper solutions to continue writing. In addition, she has always kept me accompanied and given me encouragement when I feel quite tired, which helped me a lot.

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Oulu, June 13, 2015
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1. Introduction

During the last 60 years, the world is experiencing tremendous change due to the development and integration of computers and communication technologies. Internet, as a creation of the combination of computers and information technologies, has brought about diversified and appealing opportunities for a great many organizations. (Corey & Wilson, 2009.) As the World Wide Web being constantly growing (Gunasekaran, Marri, & McGaughey, 2002), among all the changes, electronic business is reckoned as one of the most prominent developments as the product of computers and information technology. This chapter introduces the general knowledge of this research, including purpose, motivation, prior research, research question and method, main contribution and structure of the overall study.

1.1 Purpose

This research purpose was to investigate what factors can affect organizations that conduct e-business to gain success in the context of such competitive market environment, thus making their companies occupy a dominant position among all the other competitors. More importantly, the core intention of this research was to generalize a more comprehensive set of e-business success factors so as to provide reference for e-business development for the organizations. Therefore, under this circumstance, the purpose of this research was to conduct a study to identify the determining factors that affect companies to build a successful e-business.

1.2 Motivation

Electronic business, in the recent years, has become a major force in the global environment (Bowden, Clark, & Corner, 2001). The fast growing e-business has revealed an implication that it is going to be the trend for companies to adopt or reconsider to integrate their traditional business with this new business mode (Rust & Kannan, 2003; Molla & Licker, 2001). In addition, Kuzic, Fisher, and Scollary (2002) suggest that e-commerce being the new way of conducting business contains substantial opportunities. Phan (2003) indicates that there exists a great deal of potential that is considered to be the decisive factor that companies rely on to obtain success in the future.

Furthermore, since high sales forces and large amount of investments are not compulsory, the Internet greatly lowers its barriers for the new entrants (Shin, 2001). As a consequence, a massive number of companies and individuals step into the e-business field, trying to grasp the opportunities and taking advantage of them, for the purpose of realizing conducting a successful business. However, some of them obtain great success, while the results for most of them are not quite satisfying, to some extent, extremely cruel (Nwachukwu, 2002). Dubelaar, Sohal, and Savic (2005) demonstrate that there exist numerous cases showing that it is an enormous challenge to develop a successful e-business.

However, few studies have been done with regard to the Chinese e-business development. As the country that owns the biggest population in the world, China has a giant market that cannot be neglected, especially after the biggest Chinese e-commerce company, Alibaba becoming the largest US-listed IPO. Hence, when investigating the success
factors, the representative Chinese case should also be taken into account so as to achieve a more comprehensive view of e-business success.

1.3 Prior research

Generally, electronic business is the business process that operates the buying, selling and sharing products, services and information through the use of the an electronic medium, via Internet (Manvi & Venkataram, 2005). The distinction of electronic business is that it has the capabilities of providing plenty of cost effective and time efficient interaction and transaction opportunities for organizations and individuals. It is crucial for companies to adopt e-business for the reason that it can enhance the fulfillment for customer demands as well as the availability of product and services, as many researchers have also asserted that electronic business is the technological innovation throughout the organizations. (Corey & Wilson, 2009; Cai & Pan, 2014.) As a consequence, numerous companies have started up or transform their businesses to e-business (Damanpour, 2001).

Many researchers, such as Nwachukwu (2002), Mendoza, Montoya, Perez and Griman (2003) and Liu and Arnett (2000) have studied or introduced the success factor with various intentions or at different levels. Some factors are brought up because even though the Internet, as a vital environment, provides a huge number of opportunities, it has also witnessed massive failures due to the lack of lucrative business activities. In this context, one suggestion is that it is critical for companies to have holistic strategic planning and management process, which could have helped e-business to survive and thrive. (Nwachukwu, 2002.)

Other researchers evaluate the success factors when considering the challenge it is faced with when implanting the integration their business with information systems. For example, Mendoza et al. (2003) have presented the success factors according to four levels, which are respectively organizational-strategic, organizational-tactical, technological-strategic and technological-tactical. Furthermore, there are also researchers who use theoretical framework to analyze and validate the success factors, and prove that the quality of information, service, system use, playfulness and system design quality are five major factors concerning e-commerce success (Liu & Arnett, 2000). Substantial success factors of e-business have been studied, justified or proposed by researchers from abundant prior literature. They range from different levels to different country or global context.

1.4 Research question and method

Based on the background of e-business development and the motivation of gaining a more general vision of e-business success, the overall research question was established as follows:

What are the success factors that affect e-business?

Given the research question, the qualitative case study research method was selected for deeper investigation in order to answer the question. Benbasat, Goldstein and Mead (1987) have given the definition of case study as a method to explore a phenomenon in the social science by utilizing various data collection approaches to collect evidence from organizations or individuals. Case study method is better used in the following three situations. Firstly, it is usually designed to answer main questions starting with “how” and “why”. Secondly, case study is well suited when the researchers have little control over
the behavioral event. Thirdly, it is suggested that it should be current phenomenon to which case study method is applied. (Yin, 2013.)

Even though for this research, the question is neither in a “how” nor a “why” form, yet it is only indicating that case study is useful when answering the two patterns of inquiries, rather than being limited to them (Benbasat et al., 1987). More importantly, e-business is currently a real-life social phenomenon that attracts attention from different industries and individuals. In addition, successful e-business is an issue that researchers almost have little or no manipulation of (Laosethakul, 2006). Therefore, case study method was appropriately chosen for this research.

1.5 Main contribution

Through the means of previous literature review, an abundance of e-business success factors were collected. A primary conceptual framework was established, based on analyzing and categorizing those factors, which manifests that trust, effective e-business strategy, customer focus as well as web design and content are the success factors of e-business. By using case study method and content analysis method, the case was analyzed against the conceptual framework, a new success factor was found as culture. By making comparisons between earlier knowledge and the current study, a set of success factors was proposed as Trust, Effective e-business strategy, Customer focus, Web design and content and Culture, which can be provided as a guidance for e-business companies to follow.

1.6 Structure

The structure of this research is divided in eight chapters. The next chapter describes the earlier knowledge of e-business concepts and its success and failure factors by literature review. The third part introduced the conceptual framework for this research. Chapter 4 presents main research problem and the methodology used for this study, followed by Chapter 5, which details the case organization. Chapter 6 is devoted to the findings of the case. A discussion of findings and previous knowledge is covered in Chapter 7. The last part concludes the whole research.
2. Literature review on e-business

The earlier knowledge chapter consists of three main sections. The impact of Internet is briefly introduced as an environmental background in the first section. The second section details several aspects of e-business and e-commerce, including its definition, development history and classification. In the third section, e-business success definition and measurement are introduced, most importantly, previous knowledge of e-business success factors are discussed and failure factors are also covered in the section.

2.1 Impact of Internet

In this highly developing era, information technology has gradually penetrated in every corner of this society and significantly affected people’s daily life (Lee & Turban, 2001). This progressive change has engendered great impact on the whole structure and economy of the society as well as people’s lifestyle (Rodgers, Yen, & Chou, 2002). Information technology has been widely applied in considerable areas, such as computer hardware and software, Internet and communication technology and the developing tools of applications. The highly utilization of information technology has made information play an important role in critical production factors and strategic resources. In the meanwhile, since the broadly use of computers and the Internet, it is a habit for people to work with computers to produce, deal with, interchange, and disseminate all kinds of information. Therefore, it can also help people more efficiently optimize the distribution of resources, thus facilitating industries to continuously evolve, for example, with the help of the Internet to develop electronic business. (Damanpour, 2001.)

The Internet has become an integral part of our regular life (Engstrom & Salehi-Sangari, 2007). The spread of Internet has changed people’s life in a great many aspects. It changed the way they communicate, since there exist plenty of approaches like instant messaging apps or social networks for them to get in touch and share information. It also provides new methods for people to learn and work, to manage their finance and money transaction, and to arrange their life such as doing shopping and booking travel reservations. There is no doubt that the Internet has made the world much smaller and organized. (Balogh & Trkman, 2003.) Among all those transformations, one of the biggest is that it even innovates how companies or individuals conduct their businesses. The Internet has built the new cutting edge for new businesses in the light of its rapid change, potential risks and massive opportunities attributes. Thousands of newly established companies have sprung up in the past decades. In fact, not only new kinds of business have been established, due to the convenience, quickness and efficiency facets, the Internet evolution has also influenced the way that the brick and mortar businesses perceive in what kind of move their business should make towards and what adjustments they should consider to apply to keep up with the trend. This unstoppable drift is commonly acknowledged as electronic business. (Kha, 2000.) The Internet offers an environment that can offer the organizations that act as the newcomers to electronic business a comparatively easier way to establish business, a faster chance to learn and a more effective approach to use. As a consequence, no matter what role the company is playing, its productivity and competitiveness are highly enhanced by the capability and opportunity provided by the Internet-based e-business. (Gunasekaran et al., 2002.)
2.2 E-business and E-commerce

E-business and e-commerce are two concepts defined by a great number of researchers, yet there is still no consensus on the exact components of e-business and e-commerce (Jones, 2000). In this section, the definition and relationship between e-business and e-commerce are discussed, as well as e-commerce development.

2.2.1 E-business and e-commerce definition

Electronic business refers to those business activities that adopt information technology as an intermediary and center on commodity exchange (Corey & Wilson, 2009). It can also be reckoned as those activities that use intranets, extranets and Internet to electronically perform transaction activities and related services. It is the computerization, informationization and Internetization of the traditional business operations. (Issa, Flood, & Caglasin, 2003.)

However when it comes to the definition of the term “e-business”, there hasn’t existed one particular authoritative explanation to describe it. This term was first brought up by IBM when the company was launching an advertising campaign about e-business1 in 1997. It was introduced as the key business processes which will be altered through using Internet technologies. Some other researchers successively came up with various definitions of e-business. For example, Corey and Wilson (2009) introduce that e-business is an extensive set of activities that are promoted in a digital way. E-business also represents the process that switches goods, services, thoughts, information or communications by the means of electronic channel, whose purpose is in order to realize the goal as promoting or enhancing the performance of business (Costello & Tuchen, 1998). Similarly, Viehland,D.W. (2000) demonstrates that in his research, e-business is defined as the utilization of electronic technology for the advancement of business performance. Damanpour (2001) claims that e-business represents the profiting business activity that aims at generating organizational value and explores the market opportunities that are potentially existed due to the new rules of the advanced economy which many sorts of businesses can be associated together. As Maheshwari (2002) illustrates that at an extensive content, by the application of computer and communication technology, e-business also covers the operations through the entire supply chain.

There is another term relating to e-business, which is called e-commerce. Generally, e-commerce is the process of utilizing computer and the Internet to help with the enhancement of organizations in the areas such as escalating profitability, expanding market share, and upgrading customer satisfaction. It is not only limited within the idea of online transactions, but also involves all the stakeholders, leadership and management strategy. (Watson, Berthon, Pitt, & Zinkhan, 2008.) Zwass (1996, p. n.a) defined e-commerce as “the sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks”. As with e-business, there is also no specific and conventional definition for e-commerce (Coppel, 2000). Molla and Licker (2001) also support this argument by pointing out that the e-commerce concept has different meaning for different people. However, Kalakota and Whinston (1996), in a brief perception, define e-commerce as “the buying and selling of information, products and services via computer networks” (as cited in Viehland, 2003.)

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D.W., 2000, p. 1). Besides these, Kalakato and Whinston (1997) (as cited in Chaffery, 2009, Gunasekaran et al., 2002 and Spremic, 2003) proposed a very popular set of e-commerce definitions, which has been adopted by many researchers. To their opinion, e-commerce can be understood from four perspectives. From a communication perspective, e-commerce is an information, products, services, payment delivery process through the use of electronic approach. From a business process perspective, e-commerce is the advanced technology adopted for business operation process and transactions to run automatically. From a service perspective, e-commerce is a means to accelerate the speed and ensure service delivery quality at a lower cost. From an online perspective, e-commerce is commonly defined as the products and information online buying and selling process.

There are abundant arguments concerning the similarities, differences and relationships between e-business and e-commerce, as well as whether and when the two items can be used interchangeably. Both concepts are targeting at increasing organization performance and operation efficiency by adopting newly advanced information technology. However, e-commerce usually refers to the buying and selling activities on the Internet. The trading process includes ordering, money transactions, and different methods of delivery. It often involves the interaction between the company and customer. On the other hand, e-business underscores the using of technology to develop all aspects of the whole business. It is the integration of business process, applications and commercial systems. (Rodgers et al., 2002.) E-business emphasizes more about the all sorts of business activities of organizations conducted under the information technology, while e-commerce lays emphasis on using technologies to support the transaction entities and commercial processes. Therefore, some researchers hold the view that e-commerce is a subset of e-business. For example, as Kalakota and Robinson (1999) believe that e-business is the overall strategy, while e-commerce is just a composition of e-business (as cited in Viehland, D.W. 2000). Jones (2000) also supports this idea, because although, there are many controversies around this issue, it’s still recommended to use e-business to describe the domain since it is more precise to express the various activities, which arise from the influence of the Internet and technology development. Furthermore, Greenstein and Feinman (1999) indicate that e-commerce is such a narrow concept that it cannot cover many types of information exchange, yet e-business is a much broader perception for distributing information and implementing customer support. However in this research, the two concepts of e-business and e-commerce are convertible, since Mougayar (1998) implies that there is no need to argue about which one stands in the dominant position due to their shared goal to focus on the Internet technology to develop exclusive proposition. Moreover, based on the different roles of trading partners, e-commerce can be divided into different types (Koponen, 2006). OECD (2000) generalizes the categories in two dimensions as shown in Table 1.

**Table 1. Categories of e-commerce (OECD, 2000).**

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<th>Customer</th>
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<td>G2B</td>
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Seen from Table 1, OECD (2000) identifies three main entities of e-business as customer, business and government. With the permutation and combination, e-business can be
classified as customer-to-customer (C2C), customer-to-business (C2B), customer-to-government (C2G), business-to-customer (B2C), business-to-business (B2B), business-to-government (B2G), government-to-customer (G2C), government-to-business (G2B) and government-to-government (G2G). Also Phan (2003) illustrates that business to business, business to customer, customer to customer, customer to business, people to people, government to citizen, citizen to government are the examples of e-commerce types. Moreover, various types of e-commerce have also been discussed. They are business-to-employee (B2E), business-to-manager (B2M) and peer-to-peer (P2P). (Nemat, 2011)

2.2.2 E-commerce development

In the recent years, consumers and organizations are enjoying the great convenience to access, organize and communicate information in a more efficient way in e-commerce by taking the advantage of the use of Internet (Corespo & Bosque, 2010). Companies can conduct their e-commerce by the capabilities to post and constantly update a wide range list of products and services on the Internet, and at the same time, the customers can easily look for what they need. This bidirectional convenience is achieved by the broad application of the Internet and information technology. (Mukhopadhyay & Mishra, 2011.) However, e-commerce does not always appear in this way. Qin (2010) summarizes that there experiences three stages with regard to the development of e-commerce, which is displayed as Figure 1.

**Figure 1.** E-business development (Qin, 2010).

In the beginning, e-commerce is realized with the help of EDI, which is known as electronic data interchange (Viehland, D.W. 2000). Originated in 1960s, EDI acts as an approach for the electronic transfer of business transactions and commercial information without human intervention from computers to computers between large companies and business trading partners (Qin, 2010; Gunasekaran et al., 2002; Segev, Porra, & Roldan, 1997). EDI usually serves as an impetus to facilitate the “trade without paper” business processes such as purchasing, shipping and receiving that flow between organizations.
(Qin, 2010; Segev et al., 1997). EDI has become popular for enterprises since 1980s, due to its capabilities of dealing with large amount of transactional traffic with high speed and accuracy between the trading companies, and its advantages of exchange the transactional details in their exact format via an electronic and direct channel. Furthermore, it is also implied that those companies who merge EDI with its e-commerce system gained the main benefits, which are the reduction of inventory, improvement of work management, acceleration of purchasing process, more efficient interaction and the overall service. (Qin, 2010; Gunasekaran et al., 2002.) However, those advantages cannot exceed its drawbacks. Addressed by Gunasekaran et al. (2002), Qin (2010) and Segev et al. (1997), the major hindrances are the multiple EDI standards, the high cost of its implementation and communication system, and this issue is the stimulus to the migration to the Internet.

According to Figure 1, the second stage comes as the Internet-based e-commerce. The Internet is regarded as the extensive network that can support global communication accessibility and functions of information system. Since the early 1990s, after the emergence of World Wide Web (Web), business world have been held great interest and discovers great potential created by the Internet. With the help of the Internet, communications are enabled between individuals and organizations that are outside the company. Meanwhile, the companies can easily get access to as many as resources it needs for developing its business without geographical constraints. Thus, doing business over the Internet becomes the inevitable outcome. (Vivekanandan & Rajendran, 2006; Qin, 2010.) Vivekanandan and Rajendran (2006) indicate that the web serves as the functional basis for conducting online business. One impressive case company is Amazon that utilizes this innovative solution to have accomplished great success. Since not only a wide range of book list are presented on the website, more detailed information relating to the books are also sold or displayed for the aim of providing the customers with various opinions and comments to refer to. (Wielki, 2010.) In terms of the notion of the phenomenon that the Internet-based replace the EDI-based ecommerce, Qin (2010) analyzes the reasons as its lower cost, wider coverage area, more functions diversity, more elastic usability and the capability of two-way communication. Dai and Kauffman (2001) as well as Ghiassi and Spera, (2003) successively attest the fact by illustrating that as the substitutes, Internet-based e-shopping systems and business-to-business online marketplace act as an open-system computer architecture for developing and promoting a collaborative business relationship owing to the ability to reach, connect and interact with their supply chain partners.

Seen from Figure 1, the third stage is introduced as the e-concept e-commerce. Along with the deeper understanding and development of e-commerce, people’s notion of e-commerce is not limited with the concept of just processing the selling and buying transactions by using the Internet. They have come to realize that e-commerce can virtually be involved and applied in diversified areas through the association between information technology and business applications. Besides commercial activities, the advanced technology can also be merged in the areas such as medical treatment, education, military and government issues. (Qin, 2010.) Vasarhelyi and Graham (1997) also reveal that the advancement in information technology and use of Internet results in the growth of remote education. Andreassen et al., (2007) depict that there is a huge number of people who are in demand of acquiring information related to health, and the Internet serves as a source. Additionally, e-health services such as e-health cards e-record for patients, and e-health portal gradually become the focus of many national health authorities. Furthermore, Hua, Morosan and DeFranco (2015) attempt at investigating how e-commerce costs influence hotel performance. Moreover, electronic information technology is also adopted by governments who intend to make transactions with
citizens, suppliers and for the internal communication use. This phenomenon is called e-government describing the e-commerce adoption between government and public services, which is regarded as a significant application for many countries. (Chaffery, 2009.) Broadly employment of e-commerce forms a enormous e-environment for the society. Qin (2010) predicts that with the accumulating development of information technology, e-concept will permeate and be used in more and more fields in the society.

2.3 E-business success and failure

Due to the abundant advantages such as great convenience, low transactional and marketing cost, improved customer service and a better interconnectivity within organizations (Dubelaar et al., 2005; Strader & Ramaswami, 2002; Rodgers et al., 2002), e-business becomes a quite popular subject among entrepreneurs, investors and industry observers (Phan, 2003). As a new way to conducting business, many companies recognize that e-business contains huge potential and considerable opportunities (Kuzic et al., 2002; Spremic, 2003; Georgiou & Stefanecas, 2002). Thus, a plethora of businesses attempts to follow the trend and grasp the opportunities. Many companies achieved great success; on the other hand, substantial evidence shows that numerous cases have to face the consequence of failure (Nwachukwu, 2002). In this section, literature review is carried out regarding e-business success factors and failure factors and a set of success factors is identified through the earlier knowledge.

2.3.1 Success definition and measurement

It is hard to give an exact definition of success because different individuals may understand the term from different ways (Thomas & Fernandez, 2008). However, Engstrom and Salehi-Sangari (2007) tend to think success as the “achievement of something desired, planned, or attempted” (p. 65). Additionally, Dubelaar et al. (2005) and Maheshwari (2002) shared the synonymous meaning of success which is having accomplished the beneficial and satisfactory results, influences or outcomes. But as specifically for information system, Thomas and Fernandez (2008) imply that it is considered as a success when the information system is regarded as successful by its stakeholders. Another perspective from Engstrom and Salehi-Sangari (2007) indicates that success concerning e-business is perceived when the business is profitable. Irrespective of enormous researchers concentrating on studying the general idea of information system success, there is still little consensus towards it. Molla and Licker (2001) manifest that the reason is that success is such a multidimensional perception that can be evaluated from various levels ranging from technical to individual and be measured from different principles.

Numerous researchers focus on developing theoretical models in the field of information success measurement. As a major breakthrough, DeLone and McLean’s IS success model is the most highly referred to, extended or validated. (Lee & Kozar, 2006; Brown & Jayakody, 2008.) DeLone and McLean (1992) attribute the diverse studies of IS success measurement to the different levels of measurement regarding information that can be interpreted from a communication system. Therefore, basing on a vast literature review, they propose a model that includes the success factors identified according to different levels. Lee and Kozar (2006) depict that researchers acknowledge the significance of information system success evaluation since a long time ago, especially when considering the influence of making business investments. Being a kind of information system, e-commerce system is invented for applications by many companies. However, at first, most of them usually lack the awareness to have an understanding concerning the significance of what factors can promote their business and the capability to evaluate their
e-commerce success, which arouses a great concern for the researcher. Therefore, there is a growth in quantities with regard to the discussion and measurement of e-commerce success.

Among all the models and measurement approaches, the DeLone and McLean model is the most cited and very representative one that other studies are based on. (Brown & Jayakody, 2008; Molla & Licker, 2001; Lee & Kozar, 2006.) Since the model is the integration of various information system dimensions analyzed and concluded from prior research, it is aimed at generalizing success factors according to different levels so as to provide a more comprehensive and multidimensional perspective of IS success to present the effective instruction for researcher and organizations (DeLone & McLean, 2003). The six categories identified from the model are respectively organization impact, individual impact, user satisfaction, information use, information quality and system quality. The mutually reliant dimensions are displayed in Figure 2.

![DeLone and McLean IS success model](image)

**Figure 2.** DeLone and McLean IS success model (DeLone & McLean, 1992).

In DeLone and McLean’s IS success model system quality basically represents the technical and engineering performance of the system. Information quality discloses the importance of the information output derived from the system, among which information accuracy is mostly emphasized. Use, as the variable that gets the one of the highest mentioning times, is also the most object measure that reflects in many aspects of the information system. User satisfaction acts as the direct reaction from the information recipient, which may be the most broadly used measure. Individual impact shows how the information system influences user activity so that it changes the understanding or decision-making of the users. Organizational impact, in general, implies that there are all sorts of factors such as cost reduction, applications with high complexity and extensive company profits that can manifest the enhancement of effectiveness and performance of the organization. (DeLone & McLean, 1992.) The relationship of identified six interdependent dimensions of the IS model can be illustrated as follows. System quality and information quality act as separate components but also as associated compound, which both can influence use and user satisfaction. Furthermore, according to the amount of users, user and user satisfaction can have an effect on each other mutually either in a negative or a positive way. Moreover, user and user satisfaction are both the premises involved in the determination of individual impact. And in the end, the accumulation of individual impact can give rise to the ultimate impact on the organizations. (Molla & Licker, 2001.)

As an influential creation of information technology, e-business draws great attention from researchers and practitioners, due to its attraction for vast amount of investment,
since they have little knowledge regarding the interrelation between the expenditure and company performance as well as the measurement approaches for the e-business initiatives. (Zhu & Kraemer, 2002.) Additionally, when DeLone and McLean (2003) refine the IS success model on the basis of a ten-year research contributions evaluation on the initial one, they also recognize the dramatic impact of e-commerce on business operation. Likewise, the issue, which is also significantly advised, is that companies should have the awareness of the important and the capabilities to evaluate their e-commerce system success. Therefore, this concern act as an anchor that trigger Molla and Licker (2001) to develop an e-commerce oriented success model based on the original DeLone and McLean IS success model, which is shown in Figure 3.

![Figure 3. E-business success model (Molla & Licker, 2001).](image)

An extended success model is established in e-business context by Molla and Licker (2001). Since the model is proposed as e-commerce oriented, it is improved in a way that many distinct nature and detailed situation relating to e-commerce are taken into consideration. Compared with the primary model, information quality is changed to content quality, which is basically on behalf of the information presented on the webpage, since for an e-commerce system, it is more valuable when at least there is a variety of information can be accessible on the website. System quality is more specifically described as e-commerce system quality, which has a relatively higher requirement of system quality. Additionally, user satisfaction is taken over by customer e-commerce satisfaction for the reason that e-commerce is a more customer-involved environment that is also full of all kinds of activities. Two more aspects, which are trust as well as support and service, are identified due to the particular attributes of online transaction and its influence on use and customer satisfaction.

Therefore, when evaluating e-business success, companies can gain great benefits from the model of Molla and Licker (2001). However, from another point of view, this model can also provide some guidance for organizations to refer to, as a set of suggestion to help with conducting a successful e-business. As to customer e-commerce satisfaction, it is an important aspect since it directly affects the amount use of the website and customer user satisfaction, thus, enhancing the using experience and anticipations of the customers mainly by improve the system usability as well as product and service quality. In terms of e-commerce system quality, it is suggested that more demands are requested for the
system application in e-business field, for example, the system should be ensured to operate the whole day with full availability and stability, which is the basic guarantee for the users. Other facets like website design and ease for searching information are also very important. With regards to content quality, it mainly addresses the significance of the value of information that is presented on the website. There exists more opportunities for organizations to attract more customers by considering issues like what kind of information and how its layout should be like. Other elements that organizations should take seriously are the focus on developing a safe-trading and privacy-protecting system with various support and considerate services. (Molla & Licker, 2001.)

A great many of literature have discussed and indicated the essential and importance of the measurement of e-business success (Molla & Licker, 2001; Maheshwari, 2002). Besides the predominant DeLone and McLean information success model and the extended model specifically concerning the concept of e-business proposed by Molla and Licker (2001), there are also plenty of models and generalized dimensions regarding the measurement studied by many other researchers. For example, Brown and Jayakody (2008) establish a revise e-commerce success model, since they consider much attention has been drawn to develop the conceptual study. By collecting data from 166 online users in South Africa, they empirically identified seven dimensions for measurement, which are system quality, service quality, trust, information quality, trust user satisfaction, perceived usefulness and continuance intentions. Adapted from the outcome from other researchers, Engstrom and Salehi-Sangari (2007) bring up the units that are more inclined to measure the business initiative. The units are listed as time, frequency of the system being used, performance, and relationship with customers or suppliers. Maheshwari (2002) identified five criteria for measuring e-business success by using the balanced scorecard method, and they are increased return on investment, increased profitability, enhanced flexibility, underpinned business processes and upgraded product and service innovation. In addition, several researchers particularly concerned and explored the measurement relating to assessing how the effective the web site performs. For instance, Jones and Kayworth (1999) find out that performance of web site can be estimated from the web trend report that disclose the visiting frequency of the web and feedback from the initial users. Measures also encompass the time reduction for customer service, return on investment, costs and web site click times. Kim (1999) considers that the web effectiveness is determined by customer satisfaction. From this point of view, it is suggested that customer satisfaction can be measured by attractiveness that can be achieved by customization, interactivity and vividness, as well as informativeness that is reflected in understandability, reliability and relevance. Others investigate the measurement of e-commerce success for e-procurement field with four major perspectives that are transactional efficiency and value for money, buyers and end-users, suppliers and relationships, and lastly business processes and system support (Vaidya, Yu, & Soar, 2002). Furthermore, DeLone and McLean (2003) update their prevalent and classic information success model after ten years, on the basis of more than 100 research papers with respect to the information system, and assess its usefulness according to the rapid changes, exclusively focused on the phenomenon of the proliferation of e-commerce. As a result, a new model of measuring information success is refined with six dimensions that are system quality, information quality, service quality, use, net benefits, and user satisfaction.

2.3.2 E-business success factors

The growing development and expanding adoption of the Internet has revolutionized the way organizations conduct business (Sharma, 2002; Damanpour, 2001). Since the wide adoption of networking technologies and an increasing number of Internet users,
Electronic business is considered as killer application with the use of computer (Manvi & Venkataram, 2005). Along with the growth of e-business adoption, it is reckoned as a new and leading economy, which encompasses significant potential (Kuzic et al., 2002; Phan, 2003).

From the study of Kuzic et al. (2000), benefits of the uptake of e-business can be classified into two categories as the tangible benefits and intangible ones. Thus, conducting e-business can bring the advantages like business efficiency, enhanced process automation, traditional market chain conversion, customer base growth, as well as reduction of costs, and at the same time, shopping in a convenient way, reinforcing competitive advantage and improving customers’ contentment and education, which result in customer loyalty. Therefore, more and more organizations take e-business as a competitive strategy to compete in the market. Even though e-business is fundamentally considered as buying and selling process on the Internet, many people begin to shift their concentration to business itself and attempt to make the process more efficient for the purpose of gaining high yield. (Viehland, D. 2000.) Since e-business solutions are adopted by plenty of companies throughout various fields, there is a huge number of evidence implying that conducting a successful e-business can be a tough task. Moreover, in order to achieve full benefits of e-business adoption, a set of decisive success factors can provide organizations with a large and significant degree of guidance. (Dubelaar et al., 2005)

There are a number of previous researches dedicated on discovering major success factors or critical success factors of e-business. For example, Dubelaar et al. (2005) identify six success factors of B2C e-business by using case study method to investigate eight companies, among which six are online companies and the rest are brick and mortar companies. According to their study, it is important to focus on customer satisfaction and retention by taking their needs into account, measure performance and value delivery to better react on customers’ demand and change of the market, monitor internal process and competitor activity for better enhancement, associate with offline brand to gain more benefits, embed e-business knowledge with value proposition, and building trust to bond a strong relationship with the customer. There are also success factors proposed on the concern of vast number of failure in e-commerce. Pather, Remenyi, and Harpe (2006) make a investigation of a South African e-company and identify seven success factors that are business and IT relationship, supplier relationship, open for all the time availability, agility and flexibility of information system, trust and security, database and content of the website. There is also an empirical study whose goal is to discover the key success factors by analyzing a successful e-business company, Intel. What has been found important is establishing and maintaining to reinforce the unique strategic position in the market, building e-business by integrating with traditional competitive strategies rather than cannibalizing them, gaining support from the top management, laying emphasis on the quality of connections, offering educating support and training for customers throughout the world, adopting the advanced technology for the protection of security, ensuring a stable e-business system architecture and coordinating with exceptional project management strategies. These are the factors also perceived as significant influence on developing competitive advantages for organizations. (Phan, 2003.)

Success factors are also studied under specific facet with respect to different countries. For example, Laosethakul (2006) intends to analyze e-business success factors particularly on the context of developing countries and choose Thailand as a representative case, since the situations can differ so much when compared to the developed countries. The results of this research are described as business strategy
planning, continual and repeated the evaluation process of business strategies, models and website qualities, targeting at specific market either geographically or certain group of people or social areas, offering convenient website that contains valuable information, maintaining a solid system taking into account of speed, elasticity, scalability and security, focusing on marketing and sales relating to product, rival competition, web site promotion, relationship management with customers and vendors, enough stock to meet the ordering demand, fully, meanwhile, reasonably utilize the resources such as human resource and financial matters, taking wise advantage of service outsourcing and partnership association, inter- and intra- organization flow, domain-specific knowledge for the top management, trust issues and first mover advantage. Those are the factors considered a great help for the developing countries. Another research focused on the context of Europe is conducted by Eikebrokk and Olsen (2007). They have identified three factors from the previous literature review and testified them with 339 small and medium sized enterprises in Europe. Analyzed in their study, the capability for companies to conceive the strategic potential of e-business technology is the first importance. The development of system and infrastructure relating network, data and processing engineering is the second influencing factor. The third one is the integration correlated with e-business process that encompasses efficiency and flexibility. These three success factors are also considered as significant competencies for e-business. Additionally, Kuzic et al. (2002) identify success factors in the context of Australia, which is involved with 500 top companies. With focus on banking and finance industry, five success factors are generated, which are introduced as transaction security, project management effectiveness, top management support, efficient delivery systems and adequate resources. Furthermore, Sung (2006) identifies 16 critical success factors for e-commerce from the literature review and interviews, which include customer, low cost, ease, privacy, stability, strategy, expertise, variety, evaluation, low price, service, delivery, payment, speed, plenty and security. Performance differences on the set of critical success factors are also investigated by distributing questionnaires to e-commerce company managers in Korea, Japan and USA.

There is also a research case that is based on the survey of a great number of companies. Based on the framework built from information system and marketing literature review, Liu and Arnett (2000) explore e-business success factors among webmasters from 1000 companies. Four success factors are identified as information quality that involves system usability, user satisfaction and business profitability, learning capability that reflects the importance of the connection and mutual interaction between customers and the companies, playfulness as the idea related to web design that determines the degree the customers enjoy using the website, as a consequence, leading to the high rate of visiting frequency, system quality that is also a major concern for the customers due to the security issues. Kha (2000) also investigates the success factors acquired from investigate 24 online merchants concerning diversified industries. From his point of view, it is important to have an early start of e-business including developing an appropriate decision-making and training process, well-established management and having the sensitive foresight of risks. The other success factors are concluded as integrating the Internet technology with the core competency of the company, identifying the customer group in order to provide a better web design and service, making alliances to enhance the customer experience, availability to easier access to better product and service for customer, enhancing the rate of the conversation for customers to click into procurement.

E-business success factors are also discussed with respect to various issues regarding implementation process. For instance, Rodgers et al. (2002) identifies six critical success factors that can benefit companies for realizing the full advantages of e-business adoption. First is to a proper future vision for leading the company’s development
orientation. The second factor follows with an excellence leadership that can convert the vision into reality. The third one comes as cultivating a systematic and dynamic company culture so that the employees can be executive and efficient. A holistic and strategic plan should be well placed and regularly refined is the fourth factor. The fifth factor indicates that the company should establish an effective communication mechanism that can assist companies in building a strong relationship with various stakeholders. The last success factor is mentioned as creating elastic e-business solutions. Another research is also conducted on the motivation basis of taking full advantage of e-service. Thus, for the purpose of helping companies with suggestions of successful e-business planning, three critical success factors are demonstrated. They are execution and demand fulfillment that refers to improve the efficiency of the process between receiving demands and providing services, products as well as interactions, collaboration that guarantee the solid relationship with trading community and the other partners identified as the potential ones, flexibility and speed that is mainly related to the quality of the information system in terms of quickness, accuracy and flexibility. (Damanpour, 2001.)

Critical success factors can be also generalized according to different perspectives or levels. Li, J. and Li, l (2005) analyze the critical success factors for managing e-marketplace according to three perceptions. They are strategic factors that include factors such as first mover advantage, customer focus, market targeting, and brand establishment, technical factors that involve reaction time, compatibility, availability and production amount, functional factors that encompass support for negotiation, assistance in customized production and access to a comparable user community. Mendoza et al., (2003) evaluate critical success factors from four perspectives, which are technological-strategic, technological-tactical, organizational-strategic, organizational-tactical, in accordance with the maturity levels of the integration between business and information system. The factors presented are organizational support, technological infrastructure, efficient leadership, project management strategy, user involvement, internal and external training, practical solutions to organizational change, information system impact, strategy for implementation, expertise and technical support.

There are also researchers who analyze and discuss e-business success from just one specific factor. For example, Reichheld and Schefter (2000) describe that customers e-loyalty is a necessity as well as a key weapon to e-commerce success. Ye, Hu and Li (2008) share the idea that organizational culture contributes the major influence on its competitive strategies, and as a result, lead to e-commerce success according to its excellent performance. Moreover, LeGresley (2004) evaluate that trust as the decisive success factor for online retailers and provide suggestions of trust building. From the three researchers, it shows that seizing and expanding customer base is an important aspect for a successful e-business.

2.3.3 E-business failure factors

Many organizations adopt e-business because it can facilitate product development, enhance supply and inventory management, reduce manufacturing or production costs, expand marketing efforts, increase sales scale and meanwhile lower selling costs, improve customer service and reinforce customer relationships (Barkley, Markley, & Lamie, 2007). Thus many companies attempt to take advantage of the opportunities brought by e-commerce, craving to attain great benefits and success. However, the high failure rate is out of the companies’ expectations (Nwachukwu, 2002; Pather et al., 2006).

Nwachukwu (2002) illustrates that at least 210 Internet companies fold in 2000, among which 60% companies shut down only in the last quarter of the year. Maheshwari (2002)
demonstrates that 435 Internet companies failed in 2001 and e-commerce enterprises take up about 50%. Examples of e-commerce failure companies are Boo.com, Pets.com and Shoppingmatrix.com (Nwachukwu, 2002; Pather et al., 2006). Damanpour (2001) analyzes that the demise of companies is due to their lack of considering strategic implications to convert the traditional business to e-business. Phan (2003) attributes the collapse to misleading distorted market signals. Therefore, in order to achieve e-business success, it is not only critical to identify e-business success factors for companies as guidance to apply, but it is also imperative to explore the failure factors which can provide a more holistic view to gain success by avoiding those determinants. A set of failure factors is identified in Table 2. (Engstrom & Salehi-Sangari, 2007.)

<table>
<thead>
<tr>
<th>Author</th>
<th>Critical failure factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumolo, 2001</td>
<td>Inadequate financial resources</td>
</tr>
<tr>
<td>Chen, (2003); Daniel et al. (2003); Ganesh &amp; Madanmohan, (2004)</td>
<td>Unable to achieve critical mass and keep liquidity</td>
</tr>
<tr>
<td>Ganesh &amp; Madanmohan(2004)</td>
<td>Supplier connection and participation Path dependency</td>
</tr>
<tr>
<td></td>
<td>Asset specificity</td>
</tr>
<tr>
<td></td>
<td>Partnerships and relationships Privacy</td>
</tr>
<tr>
<td></td>
<td>matters</td>
</tr>
<tr>
<td>Daniel et al. (2003); Ganesh &amp; Madanmohan (2004)</td>
<td>Price competition and commoditization</td>
</tr>
<tr>
<td>Bloch &amp; Catfolis (2001)</td>
<td>Trust issues</td>
</tr>
<tr>
<td></td>
<td>Lack of right organizational management attitude</td>
</tr>
<tr>
<td>Daniel et al. (2003)</td>
<td>Deficient service offerings</td>
</tr>
</tbody>
</table>

Failure factors are also investigated by many other researchers and observers. For instance, Kuzic et al. (2002) analyze the key challenges that may lead to e-commerce failure as the large amount of cost of employing the technology, the lack of knowledge regarding e-commerce, difficulty in dealing with changes, and technical problems of back end system. Dubelaar et al. (2005) identify several major impediments in e-business adoption, which are lack of capital investment, employee loyalty and technical expertise resource, insufficient preparations for integrating online and offline business operations, poor performance measurement, lack of experience in response to the market changes, issues relating to system operations.
3. Conceptual framework

The purpose of this chapter is to build the conceptual framework of success factors that affect e-business. The purpose of establishing the conceptual framework is to identify the concepts that are involved in this research, depict the logical, theoretical or practical relationships of the concepts and assist the researchers in integrating the general concepts into a logical form. The conceptual framework is considered as anchor that leads the data interpretation process. (Baxter & Jack, 2008)

Four success factors were generated from the knowledge of previous literature. Based on 123 success factors collected from 20 articles, according to their similar characteristics and appearing frequency, they were categorized into 4 major factors, which are trust, effective e-business strategy, customer focus and web design and content.

3.1 Trust

With the advancement in the application of the Internet and information technology with business, the Internet now becomes a prevalent shopping channel, which attracts an increasing number of consumers due to its easy accessibility, low costs and rapid delivery (Huang & Liu, 2010). For the purpose of following the popular trend, a huge growth in the number of online shopping sites have emerged. However, different from the way brick and mortar companies doing business, interacting between buyers and sellers, as well as physically checking the product quality are not involved in the purchasing and transaction process through online channels. Thus, the unguaranteed process contains a great possibility to result in the distrust in consumers. (Ye, Xu, Kiang, Wu, & Sun, 2013.) Reichheld and Schefter (2000) also shared the same viewpoint, asserting that the distant transaction process magnifies the risks and uncertainty of consumers since their decision of whether to buy the product can only depend on the descriptions and promises. Additionally, when being asked the determinant to choose the online retailer, the most frequent answer is described as the website the consumers know and trust.

There is no explicit consensus on the definition of trust. However, Bailey, Gurak and Konstan (2001) provide the definition as “the perception of the degree to which an exchange partner will fulfill their transactional obligations in situations characterized by risk or uncertainty” (p. 2). From another perspective, trust is the manifestation of the willingness that an individual would like to build up his or her vulnerability when dealing with the other person whose behavior he or she has no control of (Liu, 2012). Lee and Turban (2001) understand the meaning of trust from three perspectives. From the personality theory, trust is considered as a feeling or anticipation formed within one’s nature through his or her psychological development. From sociological and economical view, trust is described as the phenomenon between institutions and its relevant individuals. The last perception is from the social psychology in which trust is reckoned as expectancy associated with risks of the trading party to trust and also be affected by other factors.

Shankar, Urban and Sultan (2002) indicate that there are two types of trust. The first and traditional one is offline trust whose focus is on the relationship with humans such as customers and its stakeholders and entities. The second type is online trust whose effort is taken to establish customer trust with the website through the Internet. Moreover, online
trust is identified as one of the most important and fundamental factors that affect consumers’ choice of online retailer (Lee & Turban, 2001; Huang & Liu, 2010; Li, Luo, He, & Cai, 2007). This vision is also shared by Shankar et al., (2002) since it is noted that trust is especially significant in the online environment due to the impact of the Internet. Rutter (2001) explains that the intention to choose the online retailer, frequent procurement, strong e-brand loyalty and highly recommendation can all be achieved with customer trust. On the other hand, companies are faced with great challenges to retain the online customers without having a feeling of trust (Vatanasombut, Stylianou, & Igbaria, 2004). Due to all the benefits online trust generates, many researchers strongly believe that in e-commerce domain, trust is the core of the Internet transactions, which directly leads to economic success. (Li et al., 2007; Rutter, 2001)

Many studied have proposed important constructs that affect or support online trust. According to Huang and Lin (2010), four influential factors are discussed. They are interaction experience that mainly refers to frequent website use experience and the quality of the seller’s service, website design and product information that visually present on the website, reputation of the organization that involves the fame, reliability and popularity, privacy and security that are asserted as very crucial issues customers concern about. LeGresley (2004) suggests that privacy, security, credibility, reliability and emotional comfort are the significant determinants for gaining trust. Lee and Turban (2001) summarize three factors that consist of trustworthiness, which are ability, integrity and benevolence. From the viewpoints of Bailey et al., (2001), attractions, dynamism, expertness, faith, intentions, reliability and localness are all main dimensions of trust. When discuss the approaches to promote e-commerce trust, Rutter (2001) identifies four aspects that straightly influence customer trust, and they are listed as establishing online community, facilitating visiting flow, emphasizing brand identity and enhancing personal experience.

3.2 Effective e-business strategy

The Internet has revolutionized the way companies conduct their businesses, thus fundamentally changing the way for them to compete with each other. Since the focus on e-business changes from expanding and retaining the customers to the rising of revenue increase and lucrativeness, it is the time that the companies should lay emphasis on evaluating their business strategies for obtaining competitive advantages. (Shin, 2001; & Rodgers et al., 2002)

Chaffery (2009) indicates that strategy reflects on the future direction and the way an organization performs. Rodgers et al. (2002) make a further implication, describing that a successful e-business strategy is the essential implementation of companies that are attempting at improving business efficiency and acquiring success in the future. Porter (2001) also explains this idea but from the other side of the coin, arguing that without significant attention on business strategy, negative consequences may happen, such as instability of industry structure and decrease of the possibility of achieving competitive advantages. Chaffery (2009) suggests that a congregation of approaches like marketing, supply chain management and information system development strategy contributes to the e-business strategy building and development. Porter (2001) also mentions that strategy does not only depend on the well-established practices. A configuration of a personalized value chain is also an essential element.

Strategy is regarded as the defense companies build against competitive forces or identifying the vulnerable link of the forces in the industry. Therefore, obtaining the knowledge of the forces is the initial stage for developing business strategy. (Porter,
2008.) According to him, five primary forces are identified as threat of new entries that brings new capacities and pressures of profitability for the incumbents, the power of supplier that leads to high charging price for resources with limited quality, the power of buyers that forces down the price and facilitates the competitiveness among companies with their high negotiation skills on price and high demands for better quality and services, the threat of substitutes that comes from product from another industry yet providing the similar function, rivalry among existing competitors that is the most directly impact the profitability for a company.

Based on the five competitive forces model, Shin (2001) proposes four major strategies for companies to gain a competitive strategy. The first is product strategy, which can be implemented by providing customers convenient search for a full range of product with price comparing and substitutes finding, bundling product, introducing of niche products and expanding to relevant product lines. The second is price strategy, recommended to achieve by price discrimination and cost leadership in a specific industry. The third one is promotion strategy, which can be realized through building a direct dialogue connection with the customers, formulating strategies concentrated on customer and affiliating marketing revenue. The last strategy is place strategy, which reflects on fast and efficient delivery and the integration of online and offline businesses. Viehland, D.W. (2000) also makes recommendations with respect of e-business strategy formulation. From his point of view, developing effective e-business strategies encompass the facets of customer focus, outsourcing adoption, being like a new entrant, differentiate product through the use of information management, blending into an e-business community and executive leadership. Maheshwari (2002) also stresses that the support of senior executives is an imperative element for a successful e-business strategy. Additionally, Chaffery (2009) generalizes a set of evaluation factors that can give rise to successfully implemented e-business strategy, which are listed as presentation of the product, convenience of accessing the website, control, interaction with customers, community, price sensitivity, brand building, commitment, partnership, process enhancement and integration.

### 3.3 Customer focus

Due to the abundant and prompt information sharing, exclusive customization and an interaction environment provided by the Internet, customer focus is considered as one of the most important elements consisting the success of e-business companies (Maheshwari, 2002). Since customer is core and indispensable element as well as the object of e-business activity, customer related issues are the major concern of companies when they want to achieve success. The customer focus concept involves various aspects such as customer satisfaction, e-loyalty, retention, support, service and customer relationship management. (Maheshwari, 2002; Laosethakul, 2006; Dubelaar et al., 2005; Lin & Joyce, 2004.)

In order to obtain the sustainable development, it is an imperative for companies to establish long-term relationships with customers (Chaffery, 2009). However, Vatanasombut et al. (2004) demonstrate that with the wide use of the Internet, it becomes a great challenge for companies to efficiently retain their customers, which directly influence companies’ growth and profitability. Schoder and Madeja (2004) also support the idea by claiming that customer relationship management is a critical success factor for e-business. Many researchers share the same viewpoint and specifically focus on the study of customer relationship. Long, Khalfarinezhad, Ismail and Rasid (2013) discuss that an effective customer relationship management is strongly affected by customer satisfaction and loyalty. Therefore, from a logical understanding, customer satisfaction is the intention base that can have a constructive influence on customer loyalty; moreover,
customer loyalty is considered as the inducement of customer retention. In addition, retention acts as the decisive element of customer relationship management that is the key factor of e-business success. (Gustafsson, Johnson, & Roos, 2005.)

Customer relationship management (CRM) can be understood literally as the management of all the interactions with customers and clients. The goal of applying this approach is to increase the profitability and income of the companying by means of the use of advanced technologies to organize business processes. (Long et al., 2013.) It can also benefit in obtaining customer knowledge such as personal data and preferences so that the companies can better fulfill customer needs to increase their satisfaction (Mithas, Krishnan, & Fornell, 2005). Chaffery (2009) concludes four main activities that are involved with CRM, which are customer selection, acquisition, retention and extension. Furthermore, in order to attain CRM, Long et al. (2013) offer three suggestions, which are updating promotions and discounts information with the customers, enhance sales by show appreciation towards the customers and ensuring customers’ feedback being carefully treated.

As the base of CRM, customer satisfaction also serves as an important role in the overall evaluation e-business performance to date (Mithas et al., 2005; Gustafsson et al., 2005). Dubelaar et al. (2005) also imply that customer satisfaction and retention are the major focus of successful online companies. There are a great many approaches to for companies to adopt to enhance customer satisfaction. Kim (1999) proposes a model, in which two important dimensions, as the web site appearance attractiveness and useful and reliable information content, are discussed. Besides, Long et al. (2013) focus on the analysis of the employees’ behavior, such as maintaining a good relation with customer, being polite with high communication skills, be familiar with products and in-time response, which can positively affect customer satisfaction.

### 3.4 Web design and content

“A web site is the company’s user interface and allows it to accumulate knowledge of customers’ buying behavior that can be utilized to enrich their shopping experience” (Maheshwari, 2002, p. 24). Web technology has been applied in various industries, among which the importance of its employment in electronic commerce has aroused great concern (Liu & Arnett, 2000). In e-commerce, web sites are used as the intermediary providing the interaction environment between companies and customers. On the website, customers can easily search for the desired products and services, or they can just browse to see what information are presented. The popularity of customers shopping online is because of their expectation of the convenience and spending less time and effort completing the buying and selling transaction process. (Laosethakul, 2006; Maheshwari, 2002.)

Besides, Molla and Licker (2001) indicate that the content quality of the website is also one of the significant impacts leading to web site users satisfaction. From their point of view, latest information, easy to understand, reliability, preciseness, the amount of information, logical layout, and website navigation are identified as the critical determinants that can give rise to user satisfaction. Maheshwari (2002) also generalizes several factors that can influence the content quality as easy navigation, attractive appearance, interesting functionality, readability of the web site, and media utilization.

Some suggestions have also been provided relating the web site design to enhance the convenience of online shopping. It is considered to increase the usability and user experience by focusing on ease of navigation, user-friendly interaction, helpful links,
effective search engines, attractive interface design and security issues. (Laosethakul, 2006.) Liu and Arnett (2000) lay emphasis on the playfulness of the website, including the entertaining interface and purchasing pleasure. Key determinants of web site success generalized by Pather et al. (2006) are the efficiency of search engine, the quick web site loading time and effective merchandising. Lin and Joyce (2004) analyze that web site design and contents success can be achieved by clear and comfortable site layout, advanced site features and information architecture.
4. Research Method

In this chapter, the research problem is described in detail. According to the problem, the qualitative research method is introduced. Specifically, the case study method is applied for this research. The research method process is theoretically and practically presented in this chapter.

4.1 Research problem

Since electronic business springing up from the market, a large number of companies have jumped into this overwhelming trend over the years. Besides that, many brick and mortar companies have induced by the profitability of e-business, thus also spend great effort putting their traditional business on the online market. However, due to the lack of experience and proper strategy, a colossal number of companies have to shut down their business and face the failure. Under this circumstance, researchers believe that it is essential to establish a set of factors that can benefit business progress and success. But, from the previous research, there exist plenty of studies, using different methods, to disclose and recommend diversified principles and factors that can provide organizations instructions to avoid making inappropriate decisions and implement a successful e-business, among which many have concentrated on theoretical perspective, or general view in the global environment or the background of several specific countries, and at the same time, there are also profuse empirical studies combining company cases to analyze the factors. However, few cases have virtually been conducted associated with the Chinese e-business development context, which is a giant market that cannot be overlooked.

As being the country with the largest population in the world, its giant market and continually increasing economy contains enormous opportunities and huge influence, which suggests that its special representativeness concerning the structure of global economy development cannot be neglected. Especially after the Chinese e-commerce giant, Alibaba, beginning trading on the New York Stock Exchange, at $68 per share price, becoming the largest IPO among the U.S. listed companies, Chinese e-commerce has swept towards the market with an irresistible force and drawn greater attention throughout the world. As a consequence, Taobao, affiliated with Alibaba, being the biggest online shopping platform in China, has also come into the sight of the world and aroused great interest of a lot of researchers. Therefore, it is meaningful that a research is undertaken taking account of Chinese e-business environment and comparing with a symbolic company, when it comes to generalizing e-business success factors. Hence, based on the research problem and the whole background, the research question is identified as follows:

What are the success factors that affect e-business?

In order to answer the research questions, a summary from previous research of the critical success factors of e-business was firstly generalized as a conceptual framework. Then, how these factors reflect on the most popular and influential e-business platform, Taobao, were analyzed. By comparing the existing knowledge and findings from this research, a new set of factors was concluded and proposed, which provides the answers for the research question.
4.2 Research methodology

In this research, due to the characteristic of the research problem and research question, qualitative research approach was selected. Among all the strategies, qualitative case study approach is employed in this study.

4.2.1 Qualitative research approach

Qualitative research approaches are originally developed in the natural sciences for the purpose of studying natural event. Then it is developed to focus on the social sciences aiming at discovering social and cultural phenomenon so as to discover and cultivate a deeper understanding of social processes and relationships. (Myers & Avison, 1997; Engstrom & Salehi-Sangari, 2007.)

Moriarty (2011) demonstrates there are three major advantages for adopting qualitative research approach. The first advantage is manifested as qualitative approach can study the issues that quantitative research cannot, especially when it is investigating the relationship between processes and its results. The second advantage lies in the situation when the purpose of the research is to discover plenty of truths, since qualitative research approach is better suited for providing an explanation to informal relationships by investigating the processes that have various influence on different individuals. The third one is that it is considered that the qualitative research approach is more beneficial for practitioners and policymakers.

Five types of approaches of undertaking qualitative research are summarized from the research of Creswell (2003). They are listed in Table 3.

**Table 3.** Five approaches to qualitative research (Creswell, 2003).

<table>
<thead>
<tr>
<th>Approach</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narrative</td>
<td>This approach is to inquiry the retell of the participants’ life stories and experiences to be combined with the researcher’s views into a collective chronicle.</td>
</tr>
<tr>
<td>Phenomenology</td>
<td>It is reckoned as a philosophical approach to understand a phenomenon by focusing on analyzing the essence of people’s experience with regards to a particular circumstance.</td>
</tr>
<tr>
<td>Ethnography</td>
<td>It is the approach for researchers to have an in-depth description of an entire cultural group by means of collecting data mainly from observation.</td>
</tr>
<tr>
<td>Grounded theory</td>
<td>The goal of this approach is to develop a general theory by investigating processes, actions or interactions.</td>
</tr>
<tr>
<td>Case study</td>
<td>This approach is aimed at study one specific facet such as an event, an activity, an individual and a process by collecting detailed data from various sources.</td>
</tr>
</tbody>
</table>

Creswell (2003) describes that particular research approaches should be selected according to certain types of social problems. Qualitative approach is most suitable when
the topic that needs to be understood is new and little study has been done concerning it or few theories can apply with the specific sample. Engstrom & Salehi-Sangari (2007) indicate that qualitative research approach is preferred when the research problem is more exploratory that needs to be analyzed by a descriptive approach. Westbrook (1994) depicts that qualitative approach is better used when there is little knowledge known to an area where it is problematic to simply identify the unknown issues. Myers and Avison (1997) suggest that qualitative research approach is applied to provide a way for researchers to study social and cultural phenomena. In order to obtain data in the natural science, researchers tend to adopt approaches of observation, surveys, experiments, participant experience and archival information, and acquire findings by analyzing the collected data. In addition, when the research purpose is exploratory, descriptive, or explanatory, it is a more popular choice to select the qualitative case study method (Rowley, 2002).

Since the research approach and study method depend on the trait of the research problem and a choice must be made (Westbrook, 1994), thus qualitative case study method was employed in this research for the purpose of achieving an in-depth understanding of e-business success.

4.2.2 Case study method

Qualitative Case study is the most popular and frequently used qualitative research method in information systems (Myers & Avison, 1997). Benbasat et al. (1987) define the case study method as an approach for evaluating a real-life phenomenon by using a variety of data collection methods to congregate information from one or several objects. Baxter and Jack (2008) also describe that the qualitative case study method is utilized when it is needed to expedite the investigation of a phenomenon under a certain context with retrieving data from different sources. By adopting this approach, the biased and partial exploration can be avoided so that a phenomenon can be analyzed and understood from different point of views. Yin (1994) provides the definition of case study in the following way: “a case study is an empirical inquiry that investigate a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident.” (as cited in Rowley, 2002, p. 18). The purpose of applying case study, as implied by Moriarty (2011), is that the theory, concepts or hypotheses can be extracted, and results gathered from the researches can also be used to explain other similar phenomenon.

The advantages of employing case study approach can be illustrated as evaluating the current change and innovation by investigating the contemporary phenomenon with prompt viewpoints, gaining a collection of various perspectives by gathering information from different sources and areas, flexibility in data collection due to the diversity of the data and its wide range of collection methods, accessibility to others because of the diverse reporting approaches of case study. (Moriarty, 2011)

Case study is often adopted when the research is conducted to answer questions initiated with “How” and “Why” or when the investigator has little control over the events, since those questions cannot be answered with specific and accurate points, the answers usually tend to be descriptive and explanatory by nature, and at the same time the results cannot be predicted or be quantified (Schell, 1992). Pather, et al. (2006) imply that when dealing with the complexity of a reality problem and trying to understand a comprehensive phenomenon, a detailed investigation is needed, then the best approach is to utilize case study to analyze the research problem. Baxter and Jack (2008) generalize four perspectives when considering whether case study should be used. The first criterion is to
estimate if the emphasis of the study is relating to “How” and “Why” questions. The second measure is that the researchers have little capability of manipulation over the behavioral events. The third basis is that environmental conditions are considered as it is closely related to the study. The last consideration standard is the vague boundaries between the event and its context.

In order to conduct the case study research approach, five steps that can describe the whole research process are generalized from the research of Yin (2011) and Rowley (2002), which is shown in Table 4 below:

Table 4. Five steps of conducting case study

<table>
<thead>
<tr>
<th>Process of case study</th>
<th>Relating issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choose case study as a research method</td>
<td>Firstly, it depends on the type of research questions. Secondly, it should be identified if the research objective is a current issue that the investigator has little control over.</td>
</tr>
<tr>
<td>Design case study</td>
<td>The process is suggested in the following steps: First is to formulate proper research questions, followed by preparing the theory premise. Then determine the research objective to be one or multiple cases. The next step is to link the data with the theory in a logical way. The last is to find suitable criteria to interpret findings.</td>
</tr>
<tr>
<td>Collect data</td>
<td>First and foremost, it is important to select data collecting measures, and then to collect data by gathering evidence from multiple sources.</td>
</tr>
<tr>
<td>Analyze data</td>
<td>Foremost, it is crucial to categorize or tabulate the data with reference to the case study. The second phase is to consider the major rival interpretations. Lastly it is to analyze the data with comparisons to prior knowledge.</td>
</tr>
<tr>
<td>Write a report</td>
<td>Sum up all the knowledge and make a conclusion of the study.</td>
</tr>
</tbody>
</table>

Thus, according to the conducting procedure, before starting a research, it is the basic but most important step to select the appropriate research method, which will largely affect how the implementation processes.

In this research, since the intention is to explore the success factors that influence e-business and underpin their competitiveness in the market, so basically the focus is e-commerce, which is a domain of various disciplines, that researchers have little manipulation of (see Laosethakul, 2006). In addition, even though e-commerce is a social and currently heated phenomenon, yet success studies in the context of China are still sparse. Thus, in order to explore the research problem, the case study approach is considered as a comparably more appropriate to this research.

The rest of the five steps (seen from Table 4) are opened in the following sections 4.2.3, 4.2.4, 4.2.5 and 4.2.6.
4.2.3 Design case study

According to Hartley (2004), “research design is the argument for the logical steps which will be taken to link the research question(s) and issues to data collection, analysis and interpretation in a coherent way” (as cited in Kohlbacher, 2006, p.5). Another view of understanding the research design is to consider it as a clearly goal-oriented and feasible plan to achieve the process from forming research question to making conclusions (Rowley, 2002).

There are five important activity constituents of research design that are identified by Kohlbacher (2006) and Rowley (2002). They are listed as follows:

- Forming proper study question(s)
- Making research propositions
- Determining the case unit
- Linking the data with propositions in a logical way
- Choosing criteria for findings interpretation

**Forming proper research question(s).** Even though, in general, case study method is applied when investigate “how” and “why” questions (Benbasat et al., 1987), Laosethakul (2006) explains that “what” questions are also appropriate to apply case study method when the situation is that it is an exploratory type of “what” question. Therefore, according to the research problem, the research question was formulated as: What are the success factors that affect e-business?

**Making research propositions.** Yin (1994) declares that research propositions are the assumptions that lead the focus of researchers to the aspects that they intend to investigate (as cited in Laosethakul, 2006). In terms of this research, even though there are many e-business success factors with regards to various areas and levels studied by plenty of researchers, yet when it is in the context of Chinese e-business market, the factors might have different influences. Hence, the proposition for this research was the success factors might have similar or different influence in the Chinese e-business context.

**Determining the case unit.** Baxter and Jack (2008) indicate that while formulating the research question, the case to be selected should also be under consideration. Besides research question, Rowley (2002) also complements that research purpose, propositions and theoretical background should also be taken into account when selecting the case. For this study, case Taobao was selected fundamentally due to three reasons. Firstly, it is a large-scale online retailer, founded by the well-known e-business company Alibaba. Secondly, it is one of the most influential e-business platforms in China. Thirdly, the success Taobao has been achieved is unprecedented. According to Benbasat et al. (1987), single-case study is suited when it is a revelatory and extreme case that can also be tested by a well-developed theory. Therefore, the case Taobao chosen for this study was a valid one.

**Linking the data with propositions in a logical way.** In this research, the method was to firstly identify the success factor of e-business from previous literature review, and by comparing them with Taobao case, similarity and differences of those success factors were evaluated.
Choosing criteria for findings interpretation. Benbasat et al., (1987) express that the data analysis largely relies on the integrative capability of the researchers. The data analysis method can benefit from multiple ways of data collection and have an important effect on the result written. In this research, content analysis was chosen.

4.2.4 Collect data

Data for case study can be collected in multiple methods (Rowley, 2002; Benbasat et al., 1987). The most commonly used collection techniques consist of interviews, documents, archival records, direct observation, participant observation and physical artifacts (Rowley, 2002; Kohlbacher, 2006).

Date collection undertaken for this research was mainly through documents. Specifically, statistics and reports in terms of e-business development as well as the general situation related to the companies are mostly from websites such as CNNIC that stands for China Internet Network Information Center, which releases authoritative statistical reports of Internet development in China, iResearch which is a professional research and consulting company, focusing on the Internet events, e-business, online activities and diversified economic area which are associated with the Internet industry in China, alibabagroup.com which is the official website of Alibaba provides holistic information about the company. Data are also collected from webpages like online newspaper and magazines.

In general, the first strategy of the data collecting in this research was information searching, during which the essential part was to identify the key words and phrases. When doing the searching, most frequently used terms and expressions were listed as “e-business”, “e-commerce”, “Taobao”, “Alibaba”. According to several rounds of searching and scanning, more detailed information about the case company was gathered. Moreover, in order to make a better preparation for the analysis of the data, the second strategy was applied, which is to tabulate the evidence and useful material extracted from the reviewed literature. A certain document containing tens of tables was set up for recording. These tables were classified according to various conceptions. Beneath each concept, more detailed facets with respect to it were categorized with data derived from the collected literatures. Since in this way, most of the knowledge were congregated and listed in a clearer and more organized and logic way to study and analyze. In addition, every piece of evidence was followed by a proper citation, which makes it more convenient for the report writing.

4.2.5 Analyze data

Data analysis is the core part for building theory from case study and it is also the most challenging and the least developed part of the process (Laosethakul, 2006). Being one of the most frequently used methods for analyzing data in qualitative research, content analysis is referred as the technique that it is adopted to make replicable and logical implications from data to the context. It can also be defined as the method to interpret text
data by applying a set of procedures. (Westbrook, 1994; Hsieh & Shannon, 2005.) “The purpose of content analysis is to describe the characteristics of the document’s content by examining who says what, to whom, and with what effect” (Vaismoradi, Turunen, & Bondas, 2013, p. 400)

According to Mayring (2003), content analysis can be performed either independently or interactively with the following techniques. Firstly, a summary is made by attempting to reduce the material in a more concise form to keep the essential content and at the same time, still manifest the primary meaning. Secondly, explication means the process of explaining and interpreting the material, and the explicatory restatement is the outcome of the analysis. Thirdly, structuring is aimed at filtering out a specific structure from the original material through three stages, which in sequence are determining units of analysis, formulating definitions and reaching agreement on key examples, and processing the results. (as cited in Kohlbacher, 2006) In this research, content analysis was adopted. In the analysis process, according to the five e-business success factors, the web page and product information context were concluded and interpreted into logical description.

4.2.6 Write a report

Report writing for case study can be a very daunting and difficult task for most researchers because of the complicate process and complex nature of this method (Rowley, 2002; Baxter & Jack, 2008). However, it is the researchers duty to convert a phenomenon into a format in a decent manner that provides easiness and clearness for readers to understand (Baxter & Jack, 2008). There are three suggested ways to present the formats of the research outputs, which are realist tales, confessional tales and impressionist tales (Van Der Blonck, 2003). Even though, effective analysis of the findings can be beneficial to form a proper structure, which makes the writing work less challenging (Rowley, 2002). In general, when reporting a case study research, four aspects should be included, which are research questions formulating, data gathering, case analyzing and the reflective description of the researcher’s position.

The last procedure of this study was report writing, which is a very significant process, since it is the practical way to organize the whole research work. The report of this research was written in the sequence of how the research has proceeded. It covered most of the aspects related to the research subjects and followed the way that the case study method is conducted. Additionally, this report is explained in a scientific way with proper APA style citation.
5. Case Study

In this Chapter, the background and success of the case Taobao is deliberately introduced. In addition, as the parent company of Taobao, Alibaba Group, which has great influences on the success of Taobao, is also discussed in this chapter.

5.1 An Overview of Alibaba Group

At the time of this study, being as the leading company in the Global electronic commerce, Alibaba Group was also the biggest e-commerce company in China. Alibaba Group, founded in 1999 in Hangzhou, China, was leading by one of the world’s greatest entrepreneurs Jack Ma, who in 2014, was ranked as the 30th of the world’s most powerful people in the annual ranking published by Forbes (Forbes, 11.5.2014). The business of Alibaba Group mainly focused on specialized and diversified e-business services, which involved online transaction platform, online retailing platform, third-party online payment platform, online shopping searching engine and e-commerce cloud service. The primary goal of the company was to offer customers with convenient and fast e-business services through the advanced technology. The services provided by Alibaba Group have covered colossal numbers of countries and areas especially in Greater China, Japan and U.S. With almost 35 million employees, Alibaba Group was becoming the giant organization that plays a pivotal role and has a great influence in world’s e-business.

In 1999, Jack Ma, with the other 17 founders officially started Alibaba Group in an apartment in Hangzhou. The first website was in English version, aiming at the global wholesale market, Alibaba. In the same year, a Chinese market-oriented website was launched, focusing on the domestic purchasing and wholesale. In October, the company raised 5 million dollars from numbers of institutional investors. Moreover, till January 2000, a total amount of 20 millions was gathered from investors, such as SoftBank. At the end of 2001, statistics showed that Alibaba attracted 10 million registered users. A huge milestone was achieved in 2003 when the e-commerce platform, Taobao, was officially established, which in the following years, proving to be a great success. Subsequently, Ali Wangwang, which was an instant message application designed for the purpose of providing the tool for buyers and sellers to communicate by means of text and video calls, as well as Alipay, the third-party online payment platform, which was introduced by Alibaba and its related company, were both released in 2004. In 2006, a website called Taobao University was launched to offer educational courses for buyers and sellers. Alibaba listed its shares on Hong Kong Stock Exchange in November 2007. Another breakthrough for Alibaba was the focus of expanding the business of Taobao to Taobao Mall, which was called Tmall, concentrating on offering services related to the third-party brand and retailers. In the first 10th year of Alibaba, the Ali Cloud was established. Within the recent years, Alibaba Group continuously expanded its businesses with different areas, such as developing smart TV operation system, social network mobile application, completing the acquisition of mobile browser company, providing mobile virtual network operators services, and even reaching the movie and television field. However, through all these year fast development and breakthroughs, the most astonishing and world-shaking event was the e-commerce giant launching of the biggest initial public offering with $68 per share and in the end, raising a total number of $21.8 billion in the New York Stock Exchange, becoming the largest listed company in U.S history.
In a brief conclusion, through years of development, Alibaba Group had established various businesses units and operated businesses with the support from related companies, which constitutes its big e-commerce system. Their major businesses can be seen from Figure 4.

**Figure 4.** Alibaba E-commerce system.

Furthermore, statistics from iresearch (2014) showed that by the end of 2014, Alibaba was the largest Internet Company in China with the market value of 253.41 billion. Alipay had stood in a dominant position among the third-party online payment products, and its mobile application version, Alipay wallet had also kept its leading place in four quarters of 2014. Among all the online shopping websites, the penetration rate of Taobao showed 87% in 2014, followed by the second only at 69.7%. Additionally, according to the fiscal year 2005 results report of Alibaba Group, the data of annual active buyers, quarterly gross merchandise value (GMV) and mobile GMV are shown in Figure 5, Figure 6 and Figure 7.
From this figure, it can be seen that by the end of 31th of March 2015, there were 350 million active buyers. It is obvious that a continuously increasing number of people were choosing online platforms of Alibaba for various uses, which indicated a growing number in transactions and rising revenue.

Figure 6. Alibaba Quarterly GMV.

\[\text{Quarterly GMV (USD Bn)}\]

<table>
<thead>
<tr>
<th></th>
<th>Taobao Marketplace</th>
<th>Tmall</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 31, 2014</td>
<td>21.77</td>
<td>47.56</td>
<td>69.33</td>
</tr>
<tr>
<td>Jun 30, 2014</td>
<td>25.64</td>
<td>55.14</td>
<td>80.78</td>
</tr>
<tr>
<td>Sep 30, 2014</td>
<td>28.38</td>
<td>61.27</td>
<td>89.65</td>
</tr>
<tr>
<td>Dec 31, 2014</td>
<td>47.24</td>
<td>79.65</td>
<td>126.89</td>
</tr>
<tr>
<td>Mar 31, 2015</td>
<td>35.31</td>
<td>61.43</td>
<td>96.74</td>
</tr>
</tbody>
</table>

Figure 5. Alibaba Annual Active Buyers.

\[\text{Annual Active Buyers}\]

<table>
<thead>
<tr>
<th>Date</th>
<th>Annual Active Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 31, 2014</td>
<td>200</td>
</tr>
<tr>
<td>Jun 30, 2014</td>
<td>300</td>
</tr>
<tr>
<td>Sep 30, 2014</td>
<td>300</td>
</tr>
<tr>
<td>Dec 31, 2014</td>
<td>300</td>
</tr>
<tr>
<td>Mar 31, 2015</td>
<td>330</td>
</tr>
</tbody>
</table>

\[\text{From this figure, it can be seen that by the end of 31th of March 2015, there were 350 million active buyers. It is obvious that a continuously increasing number of people were choosing online platforms of Alibaba for various uses, which indicated a growing number in transactions and rising revenue.}\]


GMV, which stands for the gross merchandise value, reveals the total amount of transaction value. As the biggest shopping site of Alibaba, Taobao and its branch Tmall that spun off in 2011 apparently and stably made the most contributions to the earnings. Between the two platforms, the noticeable disparity indicated that Taobao stood in the main position in making yields.

This figure shows the quarterly changes in mobile GMV. The evident growth manifested that more and more people are using smart phones to complete the purchase. Furthermore, considering the proportion of mobile GMV in the total number, the percentage displays respectively as 27%, 33%, 36%, 42%, and the portion of the first quarter in 2015 took up more than half the amount, which indicates the importance of mobile application use.

The overall mission Alibaba set for itself is to make it easy to do business anywhere. Its goal is to try the utmost to ensure every entity in its e-commerce system, which involves consumers, merchants, third-party suppliers and other stakeholders, can share the opportunity to grow and make profits. The future Alibaba Group envisions is from “Meet at Alibaba” which means facilitating millions of thousands of business and social interaction between users and merchants, “Work at Alibaba” which aims at providing customers with basic facilities to build their own business and achieve values, “Live at Alibaba” which is to engage their business into the daily life of the customers by expanding their business scope and capability, then finally to “102 years” which represents the company’s anticipation of achieving the sustainability in the long run.

### 5.2 Introduction of Taobao

The website of Taobao is one of the most influential online retailers in Asia-Pacific area, ranking the 3rd popular website by Alexa. It was founded on the 10th of May 2003, by Alibaba Group. Till 2014, there were more than 500 million registered users in Taobao, among which there were almost 120 million who are active users of this web site. Furthermore, with nearly 1 billion products listed online, the total gross merchandise value exceeded 1.5 trillion. With the growing expansion of business scope and the proliferation of the users numbers, Taobao has grown from C2C online market to a more

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5.2.1 Development of Taobao

Taobao was launched in May 2003, and in October the same year, the online payment tool Alipay was released by Taobao. By adopting secured transaction method, Alipay initially established the trust from its customers when making online purchases. By that time, the annual GMV of Taobao was $5.48 million. In the next year, regardless of the competitiveness of the rivals, Taobao still gained a breakthrough growth by focusing on the incremental market, rather than spending effort competing with Ebay on stock market. Within one year’s time, Taobao became the leading force in Chinese market. Observers described that Taobao is the product of the local wisdom and American thinking style. More importantly, another milestone was made in 2004, which was the introducing of Ali Wangwang. Ali Wangwang is an instant messaging tool, which can combine online shopping with prompt communication. In this way, the relationship can be more conveniently built between buyers and sellers, making the interaction process more trustworthy. 2005 was a miracle witnessed year, since Taobao exceeded far away from rival companies such as Ebay with its surging market share from 8% in 2003 to 59%. It also surpassed the Japanese company Yahoo, becoming the largest online shopping platform in Asia. The annual GMV in 2005 broke through $1.3 billion, which was even more than that of Wal-Mart. Being the biggest online shopping website, Taobao took up 72% market share in online auction in 2006, and it was estimated that there was nearly 9 million users visiting the site per day. The growth of Taobao was continuously escalating. Transferring from the simple online auction site, the online retailing business circle accomplished its GMV to $6.45 billion in 2007. A turning point happened in 2008 when Taobao Mall was released in 2008, which gave rise to the over $1.6 transactions within only one month. As a consequence, in 2009, Taobao had become the largest comprehensive market in China, reaching the annual transactions to $33.68 billion. The dramatic increase was partially due to the first appearance of the promotion event in 11th November. In 2010, a brand new web site interface was released, and its subordinate group purchase website, Juhuasuan was also launched. In the same year, Etao, an independent searching engine was launched for online shopping, offering abundant product and price information from different e-commerce website for consumers. In 2011, Taobao was split into three individual companies as Taobao that operates the C2C e-business, Taobao Mall, which in 2012 was renamed as Tmall, for B2C e-business and Etao as the one-stop online shopping search engine. The big event happened in 2012 was also on 11th of November, $3.1 billion was gained in total by Taobao and Tmall within 13 hours. In the tenth year of Taobao, the transaction amount on 11th of November reached $5.78% billion, of which 25% of the orders were made through mobile phones. Even striking, the total number combined Taobao and Tmall hit $9.3 billion in 2014, of which the transactions complete through mobile phones were 42.6%. As a result, two Guinness World Records were broken.

5.2.2 Features of Taobao

Being a distinguished e-commerce platform, Taobao contains several characteristic features that are discussed as follows.

**Convenient online transaction system.** Taobao provided an online transaction intermediate through the e-commerce platform. Buyers can post their products online to sell or auction, and the buyers can choose the product by purchasing or bidding. There is
no time or space limit. And the convenience of comparing, negotiating, and bidding saves a great amount of time.

Safe online payment system. Through the use of the third-party payment tool, the transaction security of the consumers is ensured, since Taobao can provide consumers with supervision and guarantee of the fund flow by taking the bank as the medium port.

*Instant messaging tool.* Ali Wangwang is the customized software application Taobao designed for the customers. It can easily realize the interaction between the clients and merchants, powerful functions as video chatting and high-capacity file transfer and provide free business services such as subscribing industry information.

*Reliable customer service system.* Firstly, Taobao owns a professional call center, which involves thousands of customer service workers constantly providing services the whole day, meanwhile on the home page of Taobao, there is a help center, which explains all the basic issues such as registration, help for the buyers, help for the sellers, personal profile modification, password and security, complaints and rules of Taobao. Secondly, Taobao University is not only a promotion method, but also an effective way to help buyers and sellers with the transaction process.

*High level of trust mechanism.* Taobao has introduced several approaches to enhance its trust credibility, such as customer security system, merchant authentication system, three-time price compensation on one fake product and returning the product within seven day without any conditions.

*Effective promotion strategy.* Taobao always runs promotion activities in order to reward the users for their support and also generate the wave of online shopping.
6. Findings

In this Chapter, case Taobao is reported against the e-business conceptual framework generalized from previous literature knowledge. The case is discussed in detail from the four perspectives generated from the previous literature review: trust, effective business strategy, customer focus and web design and content. In addition, a new factor, culture is discovered from the empirical case Taobao.

6.1 Trust

From the website of Taobao, issues related to trust are discussed from following aspects: rules and community, reputation mechanism, and privacy and security. The results were manifested according to the situation of Taobao at that time of the study.

6.1.1 Rules and community

In order to create a safe trading environment, Taobao had a specific, full-range and monthly updated set of rules and policy, which was oriented for all the users of Taobao as well as those who currently were not registered users, namely, the potential users.

On the home page, in the upfront, there was a direct link to a special webpage where users can find or search any rules they want. Those rules were formulated for the purpose of facilitating openness, transparency and responsibility of the new business civilization, ensuring users legitimate rights and maintaining the normal operation of Taobao.

Fundamentally, those rules were related to different dimensions, such as transaction rules which included registration, operation, and evaluation, market management which was set to enhance the purchasing experience of the buyers and the daily operation of the website, and encourage the sellers to improve its own operation conditions to provide high quality product and service and irregularities and detailed punishment policy.

Those rules were all displayed in detail on the website. For example, as for evaluation rules, more explicit instructions were illustrated according to three aspects that were transaction evaluation, after-sale evaluation and evaluation processing. Rules regarding consumers’ right were also mentioned. There were two approaches of providing the guarantee, which are collecting consumer guarantee money deposit from merchants and returning the product within seven days without any reason.

Furthermore, in order to avoid the tediousness of reading all the rules and policy, Taobao used interesting picture with texts to provide an easy way to understand the important points and the complicated ones. And every time when there was an update or modification, a notice relating the change background and area will be released publicly beforehand. By the time it become effective, the website will also announce the notice simultaneously.

Besides, Taobao also provided the community forum, which contained a great many subjects such as the heat topics and voice of sellers, where users can look for the information they need, make suggestions for others and share their own opinion freely.
6.1.2 Reputation mechanism

In Taobao, the reputation was assessed by adopting the reputation evaluation method. The evaluation system contained two kinds, which were credit evaluation and shop evaluation. They have been both used in Taobao market, while only shop evaluation was used in Tmall. The rule of evaluation basically means that both parties of the trading process has the right to give each other an overall assessment after the users successfully complete every transaction by paying through Alipay. And the result of credit evaluation will be collected in every user’s record. The examples are shown in Figure 8 and Figure 9.

Figure 8. Taobao Buyers accumulated credit evaluation.

<table>
<thead>
<tr>
<th>Buyers accumulated credit</th>
<th>rate of positive feedback</th>
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<tbody>
<tr>
<td></td>
<td>好评率: 99.32%</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>positive</td>
<td>好评</td>
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<td></td>
<td>0</td>
</tr>
<tr>
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<td>18</td>
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<tr>
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<td>127</td>
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<tr>
<td></td>
<td>145</td>
</tr>
<tr>
<td>Neutral</td>
<td>中评</td>
</tr>
<tr>
<td></td>
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<td></td>
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<tr>
<td>Negative</td>
<td>差评</td>
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</table>

Figure 9. Taobao Sellers accumulated credit evaluation.

Each time when the users completed the transaction by finishing the paying process with Alipay, they had one chance to give the trading partner a credit evaluation. There were three criteria: positive, neutral and negative. When it was “positive”, the partner gets one point, when it was “neutral”, there was no change in the score, when it was “negative”, and one point was deducted. The accumulated score were reflected with four kinds symbols with 5 levels in each. The symbols were heart, diamond, crown, and yellow crown, ranking from the lowest score to the highest, revealing the credit of the buyer or seller.
The other evaluation was exclusively orientated at shops. After completing each purchase, the buyers can provide feedbacks directly to the product and also make the ratings of the shop regarding the consistency with product description, the attitude of the seller and the delivery speed. The index were analyzed with a further comparison with the same industry. An example of the shop evaluation is displayed in Figure 10.

![Figure 10. Taobao shop evaluation.](image)

Another comparison between the shops with the same industry, which revealed the credit of the sellers, was analyzed from the facets with regard to the average refund speed, rate of refund per month, rate of dispute and the numbers of punishment.

### 6.1.3 Privacy and Security

In the website of Taobao, every user had his or her own homepage. On the homepage, there was an account management section where different items can be set according to different preferences. For the privacy issue, who is allowed to view my updates, am I allowed to be searched and who can follow me can be set according to the users’ willingness. For security issues, there were also five approaches to protect the account. Firstly, it was a must for Taobao users to have identification authentication to enhance account security and credit level of the buyers. A set of high-security password was recommended, and considering that the complexity may improve the account security, the password was required to contain at least one number and one letter. Another protect was when the user forget or lose the password, they can find back or reset their password by answering the password protection questions. Binding the account with the mobile phone also benefit in the operation on mobile photo platform and reinforced protection of users own information. At last, users can also turn on the operation protection setting to increase the security when undertaking sensitive operation on the account.

Besides personal information protection, Taobao also provided the security protection for the transaction process, especially the payment dealing by the introduction of the escrow payment system, Alipay. During the transaction process, after deciding on the product, users firstly transferred the money to Taobao through Alipay. Getting the notice of confirmation, sellers can start distributing the product. However, Alipay were holding the payment until the purchased product reaches to the buyers. Then the buyers can finally confirm the payment and the money successful went to the buyer. Alipay offered the perfectly safe solutions for supervising buyers and sellers. In addition, the setting, which stipulated that it should have two different password of Alipay logging-in and payment confirmation, was contributed as a deeper protection measure.

Despite of the personal and transactional protection, there were still possibility of unsecured incidents, such as property cheated, account stolen, information leak and reporting fishing site. The Alibaba110 can provide the help that a user may need to protect his or her own rights.
6.2 Effective business strategy

The business strategy of Taobao were analyzed from three perspectives, which are product strategy, price strategy and promotion strategy. In this section, the three strategies were discussed in detail from the situation when the study was conducted.

6.2.1 Product strategy

*Wang shop.* The most commonly used product of Taobao was its online shop, which provided the professional system for managing and displaying the shop and products as well as leaving the customers with better experience and attractive functions.

*Photo Space.* It was the online space for storing photos taken by the professional photographer and designers. The benefit of utilizing it is to rapidly increase the loading time of opening a website and photos, which directly leaded to the growth in the number of page view, the frequency of product exposure and in the end result in the increase of transactions.

*Data Cube.* Data cube focused on providing industrial statistical analysis and shop statistical analysis. The analysis involved the ranking of brands, shops and products, as well as the characteristics analysis, such as age, gender, location and purchasing time, and purchasing group. Besides that, Data Cube also provided the function of filtering words, mainly serving the purpose of optimizing the product title to increase the chance of being searched. In addition, Data Cube can support the sellers with real-time operation statistics, transaction situations and the real-time industrial transaction amount, which was an excellent assistant of operation activities.

*Ali Wangwang.* Ali Wangwang was a free instant messaging tool for business communication. It can assist users easily locate the customers, publish and manage all the business information, as well as seizing the business opportunities and discuss business conveniently.

6.2.2 Price Strategy

*Advertisement revenue.* The huge visiting flow made Taobao the perfect platform for advertising. Depending on the high popularity of Taobao, revenue gained from advertising can be considerable. The revenue was achieved by putting the banner and the right side advertising place out for sales. Furthermore, when a seller wanted to put his or her shop in the front page or the promotion page, they needed to commit a fee to Taobao.

*Wang Shop.* Wang shop was also an online shopping platform. However, it differed from the normal ones, since it had more delicate and luxury interface, which can help sellers provide a better operation of shops to attract more customers. Therefore, as a consequence, Applying to join Wang Shop and enjoying the benefits required a commission fee.

*Financing by Alipay.* The tremendous numbers of transactions were completed through Alipay. Hence, the integration of Alipay and Taobao became a natural financing institution, similar to bank operations, but much easier. Consumers transferred the money to Alipay, and subsequently Alipay gathered all the fund to conduce investment activities to earn profits.
6.2.3 Promotion strategy

Since there were all sorts of products in Taobao online marketplace, various promotion activities took place everywhere from time to time in different shops.

Bundling product. It was the strategy to sell several products in a combined way. For example in clothing, sellers offer that buying any product from the shop, with $10 more, the buyers can get another product that is above $30, and with $15 more, buyers can get a gift which is within $40. Similar ways like this, the purchase of the high price products facilitating the cheaper products sales, was one of the most popular promotion conceptions.

Direct discount. This was the easiest way for consumers to understand. On the website, it showed the primary price, and its current offer or how many discount it deducted. No matter what product it was, even if it was not in the list of promotion products, it was still more acceptable for sellers to change the price after the buyers making the order.

Coupons. There were also promotion activities attached with coupons. For example, the most usual version was that when you reach a certain amount like $100, then you can get a $10 cash coupon. But the trick was sometimes the items were listed with the price at $99, in this way, if the buyers wanted that coupon, they needed to buy another items. However, the transaction increased, which benefit the sellers.

Two items with free shipping. A lot of shops needed the shipping fee to deliver the products. However the seller might offer free shipping on the condition that the buyers purchase two items. Even though it was not a big discount, yet the sellers grasped the buyers’ psychology of enjoying small price advantage.

6.3 Customer Focus

Since no matter what kind of business Taobao conducted or expanded, the target group was individuals or organizations. All the development of the website Taobao was to achieve to goal to satisfy and benefit its customers, so that the customer base can be kept, which would give rise to the increasing number of transactions. Analyzed from its website, Taobao’s focus on customers can be illustrated and interpreted as follows.

Search engine. Taobao had a very smart and effective searching engine in the middle of the upfront of the website, which listed all the hot topics with just only one word typed in. In this way, it was much easier for customers to locate the product. The example is shown in Figure 11.
All kinds of products. It was quite important for the consumers to reach to whatever they want. Since with the ease of Internet shopping, when the accessibly to the website was not a problem, with the great advantage of availability, consumers may tend to have a better impression and establish a sense of trust. In Taobao, almost all the life necessities can be found. The categories varied from women to men, sport to food, beauty and cosmetic to digital product, furniture to car facilities, and domestic products to overseas purchasing. In addition to products, consumers can find diversified services, such as renting an apartment, car washing, wedding photography and body training.

Account security. For online traders, the issue that concerned them most was account security, which included personal information security, password security and payment security. Regarding the security ensuring issues, Taobao had established a considerate system. Taobao had been using real-name identity verification to ensure the authenticity of the user and have their personal ID information in case of illegal activities. Moreover, most of the users may have deposit in their account; Taobao had adopted several protection mechanisms for guarantee. Additionally, the escrow Alipay service also decreased the concern of consumers of encountering fraud.

Quick Delivery. After completing the purchasing online, customers were anticipating their product to be arrived as soon as possible, since one of the main reasons to choose shopping online was timesaving. Taobao had associated with various express companies in the worldwide to ensure the delivery, among which the most prevalent and fast one was called SF-express. Besides that, when the product was distributed by the seller, the buyer can track the express process in the detail information of the corresponding order. Sometimes, it can even show the deliveryman’s information such as name and mobile phone in case if there was an emergent situation.

Promotion. From the psychology of most consumers in China, they may incline to enjoy purchasing the desired product with lower price to gain a fulfillment. Taobao strongly proved that by hosting small discount to the biggest 11.11 promotion that was even called as a festival, which revealed the consumers craziness towards it.

Communication. An effective communication between buyers and sellers can facilitate the process of a transaction, since the buyers can immediately get all the information they need, make requests and negotiate price with buyers. Taobao had applied an instant messaging tool called Ali Wangwang. The interface is shown in Figure 12.

*Figure 12. Ali Wangwang interface.*
After the user searching for a product, in the right-side corner, there was a little Ali Wangwang blue-color symbol implying the buyer was online, click it and it directly guided the buyers to open the already installed Ali Wangwang application. However, if the symbol was in black and white color, then it meant the seller was offline, yet still the buyer can leave messages in Ali Wangwang. Furthermore, when the seller side answers the question from the buyers, they usually tended to be extremely polite, always with greetings, using emotions and lovely nicknames. The most important was that they have great patience with the buyers.

6.4 Web design and content

Despite all the other characteristics of Taobao, as an online shopping platform, the most fundamental feature was the website. The home page of Taobao was displayed in Figure 13.

![Figure 13. The website of Taobao](www.taobao.com)

Seen from the home page of the website of Taobao, the layout was in quite an organized way. On the left, there were the most commonly used categories for users to click directly when they entered the website, instead of making the search by themselves. In the middle upfront, it was the searching engine that ensures the users can find their desired products through the engine. In the very middle, it showed the both dynamic and static picture links to various promotions. Then on the right side was the logging in or signing in for users as well as information relating to rules and security issues. In addition, orange, as the main color of the website, presented a sign of vividness, which can lift users’ spirit and emotions so that their desire of shopping was provoked.

6.5 Culture

From the Alibaba quarterly GMV and its quarterly mobile GMV in Figure 6 and 7, among the amount of transaction value in all the five quarters, there was a significant difference in 31th of December 2014, in which the statistics was much higher. Analyzed from the case study, the reason was mainly attribute to the tremendous earnings from the magic day, 11th of November, which was called Double 11.

5 Retrieved from [www.taobao.com](http://www.taobao.com) (09. 06. 2015)
Double 11 refers to 11th of November, which due to its specific figure image, in China, people also named it as the “Singles Day”. From 2009, every year on that day, Taobao and Tmall undertook large-scale discount and promotion activities in order to increase the sales, which had become the biggest business activity in China. However, from $7.6 million transaction value way up to $9.3 billion in 2014, the breakthrough was unprecedented. However, the ultimate reason for this happening was because of the utilization of the informal but quite popular Chinese festival. Singles Day represented the day for those who are not in a romantic relationship with someone, therefore, celebrating as a festival had become more and more prevailing, especially among the young people. By taking advantage of people’s emotion, an extensive promotion was a wise strategy to raise a heat to facilitate the conversion from the loneliness of being single into the craziness of buying. After five years’ development, it fostered an atmosphere for more and more people taking part in the festival and having fun. In a word, the key of this phenomenon lay in the cultural aspect.

In addition, no matter it was trust, effective e-business strategy, customer focus or web design and content, the understanding of Chinese culture provided a basis for further consideration when developing the e-business of Taobao. For example, the characteristics of Chinese people are considered to be more careful and less capable of trusting others in their interaction with different persons in different area such as working environment, especially in business and transactions. Hence, Taobao had laid great emphasis on trust issue and came up with a full-range of rules and policies as well as the community to ensure the safety of online transactions, which will lead to the trust of users. Moreover, since there are a vast number of Chinese online users, it is very important to satisfy all kinds of needs. Thus, different business strategies applied in Taobao had been a strong prove to that. Among all the strategies, the most successful ones are the promotion strategies, which were set just due to the psychological feature of Chinese people preferring buying products and services at a lower cost. Furthermore, choosing orange as the major webpage color was also a manifest of Chinese culture, since to the impression of Chinese people, orange was considered as a sign of vividness and prosperity. Therefore, in conclusion, culture also played an indispensable role in e-business success.
7. Discussion and implications

Based on qualitative case study method, the purpose of this study was to investigate the factors that affect e-business companies to gain success in the competitive market. The primary findings revealed that factors as trust, effective e-business strategy, customer focus, and web design and content, which were generated from previous literature, were considered as the significant determinants for e-business success.

From the early knowledge, Shankar et al. (2002) indicate that in e-commerce, there are two types of trust, the first type is towards humans who customers have interaction with, and the other is towards the website. From the analysis of the case of Taobao, human trust can be gained firstly with the initial interaction with buyers through the use of Ali Wangwang, the instant messaging tool. Since by means of communication, consumers can get to know the merchant better so that consumers can choose the trustworthy ones so that a more close relationship can be bonded. Secondly, a public community was also established by Taobao, which ensured the constantly interaction between the users so that they can have a chance to share ideas and build trust. Thirdly, human trust can also be obtained through the reputation system. When the consumers were about to choose the product, they can evaluate the online shop by reviewing how many credits it held, the rate of positive feedback and the rating comparisons regarding product consistency, seller attitude and delivery speed of the seller and the whole industry, which was also an important estimation of seller’s trust. In terms of the trust to the website, Taobao was discovered having a set of sound, systematic and monthly updated rules, which can give customer a sense of formality, guarantee and reliability of the website. Additionally, the use of identity authentication system manifested that the all information and transactions on the website were under rigorous supervision, which can make the consumers feel secured. Moreover, the third-party payment tool also ensured the transaction security by taking the bank as an intermediary, which made consumers concern less about the leak of their personal information, credit card information or fraud issues through the operation. This can result in consumers having more confidence on the money transaction process. Therefore, the findings related to trust was in line with the studies of LeGresley (2004) as well as Huang and lin (2010), describing that the major constructs influencing trust are website design, reputation of the organization, privacy, security, community, reliability and emotional comfort.

In order to achieve competitive advantage, Shin (2001) discusses four major e-business strategies as product strategy, price strategy, promotion strategy and place strategy. Analyzed from the case Taobao, several product lines were established for the business expansion, such as Etao that was launched for a new online searching experience. Based on the large Taobao commodity base with the global shopping guide, Etao aimed at providing purchasing decision making and fast locating the high quality and inexpensive product. Other products such as Wang shop, Photo Space, Data Cube and Ali Wangwang were all the business expansion of Taobao. As for the price strategy, Taobao gained its profits from three approaches: advertisement revenue, Wang Shop and financing by Alipay. Taobao fulfilled its promotion strategy through four major methods, which were bundling product, direct discount, coupons, and two items with free shopping. Even though different shops may adopt different method to follow this strategy, it was still considered as one of the most traditional but lucrative way of facilitating transaction amount. The most predominant and largest-scale promotion campaign of was on 11th of
November each year since 2009, a total amount of $9.3 billion was gained through the combination of Taobao and Tmall. This promotion activity was based on background the informal Chinese festival called the Singles Day. Thus, Taobao conducted its e-business by implementing the product strategy, price strategy and promotion strategy, which is also suggested by Shin (2001). But in the previous study, there is also the fourth one as place strategy, which was missing from Taobao. Since there were thousands of independent online merchant on Taobao, to have an overall place strategy did not seem to be a decision that can be controlled. However, Taobao collaborated with various express companies, which can ensure the product delivery time and covering area. Moreover, the delivery process can also be followed on the website. Hence, the missing strategy did not affect much on the whole e-business. From the findings of Taobao, product strategy, price strategy and especially promotion strategy were the determinants for establishing an overall effective business strategy.

The third success factor categorized by the prior knowledge is customer focus. Many aspects are covered in customer focus, which are customer satisfaction, customer retention, customer support, customer relationship management and customer service (Maheshwari, 2002; Laosethakul, 2006; Dubelaar et al., 2005; Lin & Joyce, 2004). The findings of case study of Taobao showed that its focus on customer reflected firstly on the convenient and considerate searching engine that can help customers have the capability to access to a full range of products. The huge product base also provided customers the accessibility and availability of all sorts of commodities and services they desired. The trust building mechanism of applying identity authentication and the third party payment tool provided the customers with a safer and more assuring online environment that they do not to need worry all the time, and then leading to better user experiences. Usually the sellers on Taobao tended to behave well and satisfy customers through texting messages via Ali Wangwang, the instant messaging tool. Additionally, different scale of promotion activities held on Taobao each year, the notification can be sent to the users through various means. Compared with early knowledge, maintaining a close relationship in a polite way with customers, promotion and discount information aspects are also emphasized by Long et al. (2013) as important approaches to gain customer satisfaction. After completing the purchase, it usually took 2 to 3 days for customers to receive the product. Therefore, from all the findings with regard to customer-centric in Taobao proved that it was of great importance for e-business companies to concentrate on customers.

As the basic constitutes of e-commerce platform, web design and content are regarded as one of the most imperative factors affecting the success of the e-commerce, since the web design gives the customer the first impression and subsequently experience of the functionalities, and the content directly influence the affection of the customers (Lin & Joyce, 2004). In the website of Taobao, the homepage had a compact but well-organized layout, which made it possible to contain the more useful information in a limited space, yet not with a feeling of a big mess. The major color of the homepage of Taobao was orange. Usually the color orange represented a feeling of liveliness and vividness, which can make customers feel energetic and enthusiasm. On the website, it displayed clearly with all the product categories and services, one click can help the customers locate their desired products. Especially, in the middle of the homepage, almost half of the page was covered by the dynamic and static promotion advertisement link, which was an excellent layout scheme to attract more vistors. It was obvious that there were more specific constructs that can manifest the quality of web design and content, such as up-to-date information, reliability, preciseness, logical layout (Molla & Licker, 2001), ease of navigation, user-friendly interaction, helpful links (Laosethakul, 2006), attractive appearance and interesting functionality (Liu & Arnett, 2000).
Besides all those four success factors concluded from the existing knowledge, after conducting the case study of Taobao, another factor, which proved to be of great significance, but is seldom mentioned in the previous literature, is culture. The reason why Taobao can be so successful in China was because it was leaded and developed based on the special Chinese culture. Two years from its establishment, Taobao, in 2006, overwhelmingly surpassing Ebay who were the e-commerce leading giant in China in 2003, was the first evidence that getting the full understanding of the local culture was an imperative factor when companies conducting e-business. The successively growing transaction value of the Singles Day promotion event on 11th of November was another sign that containing a sharp and accurate version focusing on the culture of target market area is essentially important. Thirdly, by analyzing the case of Taobao, when considering the factors as trust, effective e-business strategy, customer focus and web design and content for e-business, culture was a key element supporting them as a provider of the basic background knowledge of the whole target market. For example, trust was strongly emphasized since it may be a propensity of Chinese people not trusting others and the orange color of the Taobao’s website meant festivity and prosperity in Chinese culture. Therefore, culture was also a crucial factor that affects e-commerce success.

In response to the research question of “What are the success factors that affect e-business success”, an abundance of literature was reviewed, as a result, 4 major success factors were generalized, which are trust, effective e-business strategy, customer focus and web design and content. By applying the case study of Taobao, the four factors were analyzed and reflected different on the case. During the process, a new special factor that showed great influence on Taobao was also found, which is culture. Therefore, Trust, Effective e-business strategy, Customer focus, Web design and content, and Culture are the five answers to the primary research question.
8. Conclusions

The purpose of this research was to investigate and identify the factors that influence e-commerce success. Five success factors were identified and proposed as a result, which provided a more overall view of e-business success. The method adopted in this research was qualitative case study methodology. Moreover, content analysis was used to analyze the case data.

The proliferation of the Internet has changed the way in which people live and how companies conduct their businesses. With the growing number of e-business companies springing up and the great success they achieved, due to the low entry barriers, more and more new starters as well as a lot of tradition business company want to grasp the opportunity to become or transfer into e-business (Damanpour, 2001). However, there are a vast number of failure cases implying that it is not an easy task to step into the e-business field (Dubelaar et al., 2005). Therefore, the aim of the research was to explore the major factors that can serve as the guidance to benefit e-business companies when they attempt at attaining success. However, even abundant literature are dedicated in analyzing or identifying e-business success factors from different dimensions, applications and areas, yet there are quite few studies focusing on Chinese market or specific one Chinese e-business company when doing the investigating. Therefore, the motivation was to generalize a more comprehensive view on e-business success factors by carrying out a case study on a representative Chinese e-business company, based on the previous study.

The previous literature study involves reviewing articles in the Internet development, the concept of and relationship between e-business and e-commerce as well as the development of e-business for a holistic understanding. Most important, articles with regard to the (critical) success factors of e-business were studied, analyzed and concluded. From the literature review, a total number of 123 (critical) success factors were sorted as a result out from 20 articles. According to the similarities, those factors were categorized into 4 major factors, which were established as a conceptual framework for further study. The 4 major success factors are Trust, Effective e-business strategy, customer focus as well as web design and content.

This research was conducted using qualitative case study method, because e-business success is a current phenomenon that researchers can have little control of. Since the case study is best suited when to evaluate a real-life phenomenon by utilizing various data collection methods to gather information from an individual or several objects (Benbasat et al., 1987). The case select for this study was Taobao, which is the biggest online shopping platform in China, founded by Alibaba Group. The case study process included determining choosing case study as a research method, designing case study, collecting data from the case, analyzing the data and in the end, writing a report (Schell, 1992). And the method used for data analysis in this research was content analysis, for the reason that content analysis is usually used for interpreting text data with the help of a set of procedures (Westbrook, 1994). In the process of conducting the case study, an introduction of Alibaba Group, which is the parent company of Taobao, was made, along with the outline of its development and brief analysis of its fiscal statistics. And then, the overview of the case Taobao was presented with several of its features.
The case Taobao was analyzed based on the conceptual framework of the primary 4 success factors. The trust aspect reflected on Taobao as its rules, policy and community, privacy and security issues and reputation mechanism. The effective e-business strategy Taobao conducted was analyzed from perspectives as product strategy, price strategy and promotion strategy. The customer focus concept can be found in various areas in Taobao, such as the ease of searching engine, a huge categories of product, fast delivery, promotion and communication. The web design and content showed on the web pages of Taobao and product presentation. Besides the four factors, a special factor generalized by Taobao case was introduced as culture, which manifested that it provides the background for the study of an e-business company.

Therefore, in response to the initial research question, the answers are Trust, Effective e-business strategy, Customer focus, web design and content, and culture, which is a set of e-business success factors under the study of the integration between previous knowledge and Chinese background. This set of findings can provide guidance for companies who want to conduct a successful e-business.

There are also three limitations of this study. Firstly, the process of generating success factors from the literature review can apply a quantitative or mathematic method to ensure the results to be more scientific. Secondly, The case, Taobao, selected for this research is a consumer-to-consumer (C2C) e-commerce company. C2C, as one of many e-commerce types, is reluctant to cover the whole scope when discussing e-business success. Hence, the future research should focus on more major types of e-business to get a more comprehensive view. Secondly, due to the lack of interviews relating to the retrieved e-business success factors, the level of importance and the relationships between the five factors cannot be concluded. Therefore, further study can also focus on extending this study to discuss the importance and relationships of the five success factors and a model can be built depending on the further study.
References


