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Abstract

In recent decades, the development of network technology has increased use of e-commerce commercial activities with an increasing number of consumers. Since the beginning of 21st century, a number of e-commerce companies have started to battle in emerging markets in order to increase their global efficiency. One of the most suitable case is Alibaba E-Commerce Company, which is the largest e-commerce company in China and the second largest e-commerce company in the worldwide. Alibaba's founder Jack Ma has recently stated that, Alibaba leads Chinese e-commerce and operates several international online marketplaces, and it is not enough to compete with major global internet players. The company's aim is to globalise by helping small European businesses expand to global markets.

The aim of this dissertation is to contribute globalisation process for e-commerce companies, by analysing Alibaba E-Commerce Company's home and target as well as its competitors in global market. The objectives are mainly assessed from the results which are obtained from analysis. The findings demonstrate that Globalisation is a complex process which affects the company's performance. The dissertation contributed to expansion into global markets for e-commerce companies with advanced knowledge about the globalisation process. The global e-commerce companies use technology and analysis more intensively, in order globalise into target market.

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Abbreviations

B2B	Business-to-Business
B2C	Business-to-Commerce
C2C	Consumer-to-Consumer
ECB	European Central Bank
EC	Electronic Commerce
EDI	Electronic Data Interchange
EU	European Union
GDP	Gross Domestic Product
GEM	Global Electronic Marketplace
GUI	Graphical User Interface
HTML	Hypertext Mark-Up Language
ICT	Integration and Communication Technologies
IS	Information System
IT	Information Technology
MNC	Multinational Companies
MDGs	Millennium Development Goals
NFS	National Science Foundation
OECD	Organisation for Economic Co-operation and Development
SMEs	Small and Medium-Sized Enterprises
URL	Uniform Resource Locators
WWW	World Wide Web

Chapter 1: INTRODUCTION

1.1 Background

The internet has brought many changes and opportunities. One of the most important change happened in the economic environment and the change has influenced entire business life. This change is called electronic business which can be defined as the use of internet promotes business process, organizational collaboration and communication (Combe, 2006). Internet economy is basically the economic activities empowered by the internet (Tian and Stewart, 2007). The rapid development of the internet has revealed number of terminology and jargon. The term of electronic commerce has been used by additional terms such as digital marketing and e-business (Chaffey, 2011). Despite the terms 'e-commerce' and 'e-business' are often used the same, the major distinction between two term is internal transactions. These transactions are related to logistic, supply chain procurement, payments and stock within an organization (Combe, 2006). The internet has significant impacts on the economic environment. The major impact of the internet for the economic environment is e-commerce (Turban and King, 2011). Electronic commerce is a revolutionary process (Watson et al., 2008) which has essentially influenced the current of business life (Nanehkaran, 2013). E-commerce can be simply defined as exchange of goods and services among four basic groups on the internet (Totonchi and Kakamanshadi, 2015). E-commerce transactions are commonly described between an organization and its stakeholders and individual buyers and sellers (Chaffey, 2011). These transactions can occur between consumers and consumers, businesses and businesses, businesses and consumers and intra-companies (Totonchi and Kakamanshadi, 2015).

E-commerce encompasses all type of business activities, such as rentals, banking investing and retail shopping. For instance, e-commerce can provide facilities for small hair and beauty salons by providing website sales for beauty products. (Niranjanamurthy, and Jagannath, 2013). Electronic commerce trading has enormous benefits for organizations and individual sellers. This type of trading prevents many limitations of traditional business environment (Nanehkaran, 2013) and covers any commercial facilities which take places between a business, its partners or its

customers (Totonchi and Kakamanshadi, 2015). The Basic advantages of e-commerce business are easiest way to find products as well as comparing prices, fastest way of buying/selling, no physical and geographical limitations, better quality of services with low operating costs, easy to start-up and manage and more reach to customers. Despite the list of e-commerce benefits, e-commerce business environment has number of drawbacks that cause considerable anxiety for both consumers and businesses. It is often mentioned that e-commerce provides cost saving but there are also hidden costs which rapidly turn a credit into debit. Moreover, the unreliability of network is still vital issue. Due to the easy entry to the e-commerce business environment, e-commerce margins become thinner. Furthermore, e-commerce has security, privacy and complex legal issues as well (Niranjanamurthy, and Jagannath, 2013).

Globalisation is a complex and controversial notion that has been developing for some considerable time. After second half of the 20th century economic globalisation has become most powerful factor to shape the world's economy. Therefore, financial flows and international trade have become gradually important. Globalisation does not only mean growth of the international trade of services and goods, it does also mean social and political connections which accompany developing economic integration (Aydın and Savrul, 2014). With the removal of barrier in front of foreign investment and trade, globalisation has brought new opportunities and pressures to domestic firms (Mrak, 2000). Globalisation and technological development have brought about a new global economy that is powered by information, technological development and knowledge. The integration of information and communication technologies (ICT) have changed relationships between and among individuals and organizations. Particularly, the use of ICT services has increased productivity and promoted customer participation (Totonchi and Kakamanshadi, 2015). The creation of globalisation process has new opportunities and challenges for companies. The opportunities enable firms to enter new markets. Though, foreign competitors caused challenges such as entering domestic markets, forced domestic firms to reduce their prices through moving production offshore and global sourcing. Globalisation challenges have changed companies to become more efficient and rationalised (Kraemer, Gibbs and Dedrick, 2005).

Globalisation and e-commerce changed economic structure of the world. Two basic factors influenced superior economic structure of nations. Generally, the new structure refers to E-economy, Knowledge economy or new economy. Basically, e-commerce

economy reduces communication cost and increases flexibility in locating activities. According to recent studies, development of internet and technology has increased international trade (Totonchi and Kakamanshadi, 2015). E-commerce economy has brought time and space advantages that in return has reduced costs in production process. Hence, e-commerce has become a dynamic factor in the global economy. Despite the use of electronic communication technologies has started since early 1980s, these technologies have been started to use for trade since the late 1990s. Because the technology was rather new and has been perceived in number of ways by different organizations, institutions and individuals. According to Kraemer et.al (2002) explains that the internet is mostly used for information exchange with suppliers and individuals and e-commerce has a straight and expressive effect on globalization. The global process of e-commerce is adoption which is driven by major actors, mainly the Multinational Companies (MNC) who hold the control of global production networks and affects international trade (Aydın and Savrul, 2014). Firms mostly use internet to purchase rather than sales. The reason for that, foreign purchases include much complex process such as coordination with suppliers. However, some industries and businesses aim to go global while some others will prefer to stay local.

1.2 Overview of the Case Study: Alibaba

Alibaba is one of the largest e-commerce company in the world. The company has proven to be world's leading B2B e-commerce company in just a few years. The company itself is China based and founded by Yun Ma (Jack Ma) in 1999. Alibaba Group has seven sub businesses respectively Taobao, Tmall, Alipay, Juhuasuan, Alibaba Cloud Computing, eTao and AliExpress (Tan, 2016). In terms of participants, the Group is currently global electronic marketplace (GEM) in the worldwide. Initially, Alibaba group operates a leading retail and wholesale e-commerce business by providing a platform to enable trade for participants. Alibaba Group had only 18 employees and one office in 1999. Today, the company has more than 20,000 employees and offices in few countries and over 30 million active users from 240 countries (Alibaba Group, 2016).

1.3 Research Aim and Questions

The main aim of this research profoundly investigating globalization process for e-commerce and revealing relationship with market share competition which is one of the

most problematic factor for going global. In order to eliminate challenge of globalization, the research intends to explore causal connection of market share issue and globalization.

This research examines the challenges of globalization for an e-commerce company and its globalization process. Alibaba E-commerce Company has been chosen as a case study to explore global market competition in the e-commerce economic environment. Therefore, the research will be able to present vast outcome about e-commerce business. This research also seeks to question to what extent the efficiency of Alibaba E-commerce Company in the European market. The importance of the e-commerce business is that it is perceived as the key element of global trade in today's economic environment. The significance of Alibaba E-commerce Company in this research is to promote idea of research. Thus, the research will emphasise importance of globalization in terms of an e-commerce company.

There are number of focuses for e-commerce business. This research focuses on globalization process by assessing efficiency of Alibaba E-commerce Company in its home and target market. The objective of this research is to explore entry to new markets and becoming global for e-commerce companies.

Questions:

- 1) What strategy an e-commerce company should follow to become efficient global player in the new markets?
- 2) How does market share competition influence globalization process for an e-commerce company?

1.4 Research Objectives

The research aims will be achieved by fulfilling the research objectives that are related to the case study.

- 1) To critically assess an e-commerce effectiveness in home market and target market.
- 2) To evaluate an e-commerce development in home and target market.
- 3) To examine economic environment in terms of e-commerce performance.
- 4) To investigate relationship between new market adoption and globalisation that relate to market share conflict.

The objectives of this research integrated to e-commerce globalisation process, which demonstrates the challenges of the process. In terms of reaching reliable outcomes, the research investigates challenges on existing e-commerce company Alibaba which

is becoming more global but at the same time the company having issues with the process.

1.5. Significance of the Research

In recent decades, globalisation has become fundamental process for companies in order to provide sustainability. There is an enormous competition among companies to expand into new markets and take the market share advantage. As every industry, e-commerce business is one of the most that needs to become global in order to expand its facilities. Therefore, this research aims to provide applicable outcomes for those who operate and manage e-commerce business in terms of expanding into new markets.

1.6 Structure of the Research

This research is structured in the following order: first of all, the research presents brief information about the background of topic. Secondly, the research aims and objectives are determined to reveal fundamentals of research. Thirdly, the literature review provides useful information around the research topic. Thus, the aims and objectives of research are promoted by existing information. Fourthly, the methodology leads the research to provide strong investigation on the topic. Hence, reliable outcomes are reached at the end of research. Finally, the outcomes are analysed to demonstrate how the globalization process is accomplished to become global in the target markets for e-commerce companies.



Chapter 2: LITERATURE REVIEW

2.1 Story of E-Commerce

The US government started researches for academic and scientific development in 1969. The basis of e-commerce precedes the internet (Shemi, 2012) with the development of electronic data exchange (EDI) in the early 1960s. EDI was invented to create paperless offices by the retail and transportation industries (Tian and Stewart, 2007), which is basically exchange of business data such as voices and purchase orders between computers in a regular format (Nanehkaran, 2013). Afterwards, EDI was formalized to adopt various industries into EDI by the Accredited Standard Committee between 1970s and 1980s (Tian and Stewart, 2007).

In the year of 1990s, only one percent of companies in US and Europe had adopted EDI system because of the huge amount of expenses to get connected to the EDI network, limitations and technical problems of EDI (Tian and Stewart, 2007). However, the fast development of the internet with its World Wide Web network and graphical component (Shemi, 2012) allowed organisations to business of services and goods via the web (Nanehkaran, 2013) since it were more affordable and useful than previous form of EDI (Shemi, 2012). The system started as a research tool, but the rapid spread

of system around the world has become commercial tool (Tian and Stewart, 2007). The development of navigability of the World Wide Web (WWW) and graphical user interface (GUI) which changed the environment of internet use. What is more, the invention of the hypertext mark-up language (HTML) and arrangement of uniform resource locators (URL) allowed the Web to develop into the today's conditions. Therefore, the number of internet users its popularity increased around the world, the internet became more attractive to the business world. The National Science Foundation (NSF), launched the NSFNET to provide high-speed connections between supercomputer centres in US. NFSNET decided to take off commercial restrictions in front of the use of the network. Therefore, the commercial opportunities have appeared (Tian and Stewart, 2007).

In 1994, the first comprehensive world wide web was created, most of the researchers predicted that internet based business will very soon become a significant tool for the world economy, but after four years that http based protocols became available for users. The first electronic commerce (EC) was created in Europe and US in 1998. First websites are shaped with unprofessional and beginner level websites which has been expanded quickly (Nanehkaran, 2013). Due to some hype among government, practitioners and organisations, a crash occurred in the year of 2000, which is named a dot.com crash. Consequently, some internet based businesses collapsed (Shemi, 2012). Although crashes and collapses, the number of internet users has increased hugely. Hence, electronic commerce expanded rapidly especially in US, Europe and East Asia (Nanehkaran, 2013).

Today, businesses and commercial organisations expanded their business activities into websites which provided them access to the limitless internet environment (Sutatip, 2014). Today also there are two well-known type of e-commerce, the exchange of services and goods among businesses known as B2B, and between business and individual consumer known as B2C e-commerce.

2.2 Categorisation of E-Commerce Business

E-commerce is the web based business which is based on several types of commercial transactions on the internet environment (Nemat, 2011). A common indicator of EC classification is type of transactions or relationships (Turban and King, 2011). Commercial transactions are between or among individuals and organizational participants (Nemat, 2011). There are some major and well known types of e-commerce between: business to business (B2B), business to consumer (B2C),

consumer to consumer (C2C), mobile commerce (m-commerce) and business to government (B2G) (Chaffey, 2011).

Table 2.1: Types of e-commerce from supplier of product or service

	Consumer or civilian	Business or organisation	Government
Consumer or civilian	Consumer-to-Consumer (C2C)	Business-to-Consumer (B2C)	Government-to-Consumer (G2C)
Business, organisation	Consumer-to-Business (C2B)	Business-to-Business (B2B)	Government-to-Business (G2B)
Government	Consumer-to-Government (C2G)	Business-to-Government (B2G)	Government-to-Government (G2G)

Source: e-Commerce models: e-Marketing, 2016

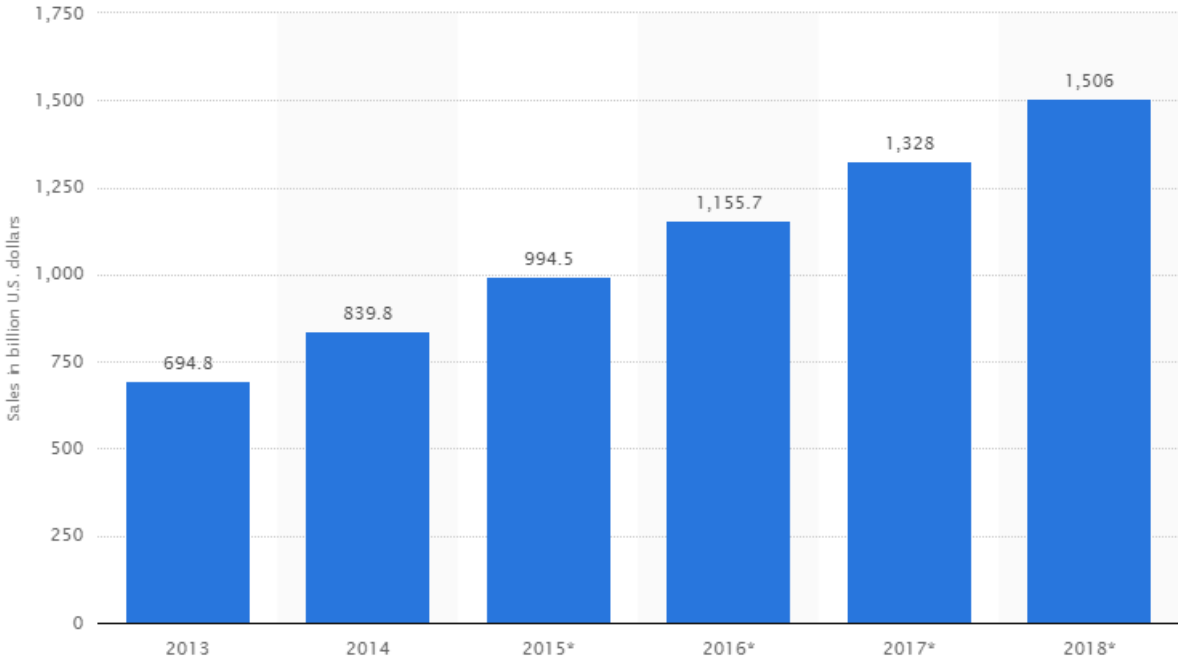
However, there are also some other types of e-commerce transactions between different participants. The major types of EC transactions listed below:

Business-to-Business (B2B): B2B describes relationship between sellers (suppliers) and buyers (organisations). B2B supports business transactions between companies and organisations to arrange electronic relationships with suppliers, distributors and other partners (Chaffey, 2011). The main items of B2B are shipping, warehousing, utilities and computing electronics. Some technology companies have already improved their software which provides electronic commerce on the internet. This type of transaction is called business-to-business e-commerce (Wenninger, 1999). B2B transaction occurs between businesses or organizations, such as between a wholesaler and a distributor or distributor and retailer (Nemat, 2011). B2B transaction has 90 per cent weight in whole EC. There are some companies such as BP and Dell, which operate B2B transaction for entire wholesale (Turban and King, 2011). For the reason that, in a classic supply chain there are various B2B transactions including raw materials or sub components. For instance, an aircraft company makes number of B2B transactions such as buying wings, tail fin and fuselages for its aircraft body (Nemat, 2011). Many businesses and organisations are using B2B as a communication and collaboration tool.

Business-to-consumer (B2C): B2C e-commerce describes transactions between a business and its customers hence, it creates electronic environment which provides retailing goods, information and services businesses and consumers (Nanehkaran,

2013). For instance, a customer buying a shirt from a retailer’s website which is B2C transaction between retailer and customer (Nemat, 2011). B2C is the second largest type of e-commerce. The most common B2C business model is online retailing companies such as Beyond.com, Amazon.com and Toysrus (Andam, 2003). In addition to B2C online facilities, the form has grown rapidly and included services such as health information, online banking and travel services (Nemat, 2011). According to e Marketer’s estimation, B2C e-commerce revenues will increase from \$ 59.7 billion to \$428.1 billion by 2004 (Andam, 2003). Although the fear of identity theft, the North American consumers kept adopting e-commerce and they spent around \$172 billion for online shopping in 2005. According to Forrester Research, consumers are expected to spend \$ 330 billion in 2012 (Nemat, 2011). According to statistics on the graph which gives B2C e-business data from 2013 to 2018. B2C e-commerce sales amounted around \$839.8 billion in 2014 and it is estimated that the amount will be \$1.5 trillion by the year 2018.

Figure 2.1: Global retail e-commerce sales volume from 2013 to 2018 (in billion U.S. dollars)



Source: Global B2C e-commerce sales 2018 | Statistic, 2016 cited in [statista.com](https://www.statista.com), 2016

Consumer-to-Consumer (C2C): C2C e-commerce defines transactions between seller consumer and buyer consumer (Nemat, 2011). It can also be defined as doing

individual business in the online environment (Gröblichhoff, 2006). C2C e-commerce sites such as Napster and eBay produce millions of dollars in sales and expand the market (Andam, 2003). This type of e-business is expected to rise in future because it reduces the costs by using another company (Nemat, 2011).

2.3 Challenges of Globalisation for E-commerce

E-commerce and internet have been gradually continuing to remove barriers of national and legal boundaries, culture, standards and language (Elbeltagi, 2007). As Kraemer, Gibbs and Dedrick (2005) indicated, globalization process is rationally an influential driver for e-commerce organizations. According to Hsu, Kraemer and Dunkle (2006), level of globalization of economies influences e-commerce because of the internet can also be used to increase visibility through network of e-commerce. It also has quick respond for wide range of business conditions, between any changes of customer demand and supply shortages. E-commerce globalization challenges are more effectual and rationalised. E-commerce may help businesses to expand into new market thus, businesses globalise into the new market places. Lawrence (2011) believes that, particular barriers prevent the adoption of e-commerce in emerging economies. The reasons are related to some factors such as lack of infrastructure (qualified experts, technology and availability of ICT network), security issues (legal frameworks, uncertainty of payment systems), cost and expenses of ICT networks and equipment. In addition to that, electronic transaction facilities are insufficient and policy and regulatory structure unsatisfactory.

However, there is another factor that companies challenge to become global. The large part of markets held by major players that prevent new entrants to access market places easily (Capello, Fratesi and Resmini, 2011). Therefore, new entrants may find it harder to enter and create strong position and, gain a share of existing operators in the market place. The factors which are designed to discourage and prevent new entrants to market. Other important barriers to entry include control access to important distribution channels and customer brand loyalty. Competitiveness will be explained in detail in following sections.

2.4 Marketplace Functions and Analysis of E-Commerce Business

Electronic markets have a significant role in the digital economy in terms of enabling the exchange of services, goods and payments. In order to operate the process, electronic markets have three key functions: 1) bringing buyers and sellers together; 2)

enabling the exchange of goods, information payments and services associated with market transactions and; 3) operating the infrastructure of process, such as regulatory and legal framework (Turban and King, 2011). Electronic market is a dynamic environment that causes major changes in business models, industry structure and marketplace structure (Chaffey, 2011). Simply, a new product can take attentions and change perception of companies and consumers in the marketplace (Allen and Fjermestad, 2001). For instance, social networks have become more popular than search engines or the iPad has increased use of e-books and apps on its devices using iOS operating system (Chaffey, 2011).

Table 2.2: Functions of an E-commerce Market

Bringing Buyers and Sellers Together	Facilitation of Transactions	Institutional Infrastructure
Describing product features offered by sellers	Delivery of goods, services and information for buyers	Providing legally, contract law, commercial code and property protection
Matching price and product information with seller offering and buyer preference	Transfer of payments for sellers	Compliance, regulations and rules, enforcement, monitoring
Enabling price comparisons and determinations	Providing safety and trust for buyers and sellers with credit system, rating agencies and reputation	Providing market information, such as government regulations, about competition
Providing tools to lead sales and arrange auction	Posting buyers and sellers requests	

Source: Compiled from E-Commerce a Managerial and Social Networks Perspective, Turban and King, (2011).

It is important that, information is a crucial and viable product of e-commerce market (Allen and Fjermestad, 2001). Understanding the online requirements of an e-commerce market is a main part of condition analysis for e-business strategy improvement. Another fundamental requirement is environmental scanning which refers to monitoring electronic environment continually (Chaffey, 2011).

The major participants in a marketplace are sellers, buyers, products and services, intermediaries, support services and other business partners (Turban and King, 2011).

2.5 E-Commerce Adoption and Globalisation

Globalization is one of the key aim of companies to expand into new markets (Wang, 2010). Therefore, the size of companies has become a crucial parameter and the companies aim to optimize as well as strengthen the global production network (Ocampo, 2010). The decision for going global is a strategic subject. According to Miniwatts Marketing Group report that almost 2 billion people are regular users of Internet. This statistic demonstrates that there is a huge potential for companies to expand into e-business environment (Turban and King, 2011).

Globalization and e-commerce have been expected to change economic structure in the world. The economic structure is heavily affected by two factors. The new structure is referred as E-economy and Knowledge economy (Aydin and Savrul, 2014). International trade has been gradually increasing overtime with the technology and its offers such as E-commerce. According to studies and researches, internet technology has been leading to increase international trade (Wang, 2010). E-Commerce reduces cost and increases flexibility in e-business activities (Aydin and Savrul, 2014).

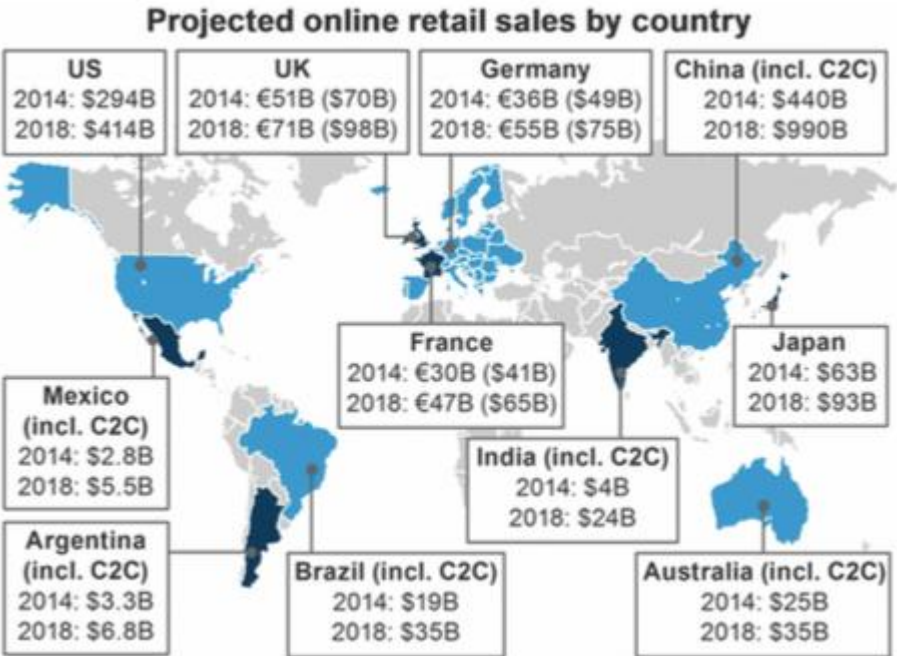
There are number of advantages of EC for companies. The most important is that EC provides ability to do business from anywhere, at any time with reasonable cost. For example, EBay operates thousands of actions in hundreds of countries worldwide and Alibaba.com provides opportunity for B2B trade services in hundreds of countries to thousands of companies (Turban and King, 2011). E-commerce benefits in two basic ways:

a) E-business provides direct substitution for manual process, physical locations and other functions.

b) E-commerce reduces location costs which is very important for a company which is working with subsidiaries because of the service or regulation or cultural issues or nature of the product (Wang, 2010).

An e-commerce company is expected to enable entry into new markets or expansion into existing market places. Thus, it enables adoption an e-commerce company to lead to particular kind of performance development. An e-commerce company is also expected to increase its sales by using the internet. Hence, the company uses the internet for marketing and sales, procurement, coordination and sharing information with its suppliers and customers (Totonchi and Kakamanshadi, 2015).

Figure 2.2: estimated online retail sales by country



Source: projected online retail sales cited in Transformation Strategy, 2016

Although the benefits and opportunities of globalization, there are some challenges to go global for E-commerce. These barriers contain generating and retaining trust, order

fulfilment and delivery, security, authentication of buyers and sellers and domain names (Turban and King, 2011).

Culture plays an important role in the success or failure of organizations. The multicultural frame of global EC is a key element for companies to determine how people interact with each other in the economic environment, in terms of social norms, religious beliefs and language (Chaffey, 2011). In addition to that, there are some differences such as spelling, information formatting, icons and graphics. For example, European websites use brighter and bolder colours than Chinese websites (Turban and King, 2011). Another challenge is that, international legal issues cause incoordination and encourage uniform legal standards. Localization issue also causes some challenges. Many companies use different type of colours, sizes, names and packaging for their products. Moreover, economic and financial issues include taxation, customs and government tariffs. The key financial issue is electronic payment systems. Therefore, EC companies must have flexible payment methods to avoid potential payment issues (Totonchi and Kakamanshadi, 2015).

As a result, e-commerce globalization is much broader than perceived. The relationship between e-commerce and globalization is unclear rather than discussion about the effect of globalization on e-commerce.

2.6 National and International E-Commerce Policy

Policy makers have a significant role to create an efficient economic environment for e-commerce by making relevant and conducive policies. Developing an actionable and effective national e-commerce plan is a challenging process (Lawrence, 2011). Though it is fundamental that the country has to learn from the experience of other countries. Afterward, it is government's duty to detect best practise for country's needs, priorities and capacities. First of all, governments make policy to integrate small and medium size of businesses to e-commerce. Secondly, lead enterprises to particular industries or certain parts of the country. Thirdly, a strategy of government may help to promote cross-border and domestic e-commerce as well as transactions. Fourthly, there may be a need for infrastructure to use ICT services in order to provide alternative payment system. Fifthly, governments encourage e-commerce platforms, payment and delivery systems (Kituyi, 2015). Finally, the government's strategy may need to demonstrate wider effects of confidence on e-commerce. These effects relate to social impression, stakeholder cost and distribution of benefits. In order to make accurate decision, decision makers need a realistic evaluation of the country's e-commerce readiness

level. This includes an investigating on national strengths, needs, weaknesses and characteristic (Nanehkaran, 2013). In order to provide effective policy, main challenges and barriers should be identified.

In terms of broader global nature of the internet, cross-border e-commerce needs exclusive policy rather than domestic e-commerce. E-commerce international environment encompasses specific trade rules which are enforceable, consistent, simple and transparent. There are some factors such as national differences and diversity among countries cause major challenges. Due to the expansion of e-commerce, the new barriers are emerging in the international e-commerce. National regulations and legal barriers prevent foreign e-commerce companies enter and adapt local e-commerce marketplace (McFarlan, 2007). Some national regulations aim to protect local businesses against international competitors. For instance, Chinese payment regulation prevented eBay to offer Chinese consumers' e-payment features in order to protect Alipay on the Taobao platform. Thus, this forced eBay to exit in 2006. Moreover, some Governments and cloud service customers use data localization laws that keep data on servers. International cooperation and dialogue is fundamental for promoting exchange of e-commerce.

As a result, national and international policies have started to characterise and shape an overall body of e-commerce regulation. It is frequently the situation which, new regulation activities within (national, international) organizations. Dependency also plays a significant role which is development of organizational procedures and practises in regularity models. Since popularity and commercialisation of the internet from the mid-1990, the national and international regulation of e-commerce has been dominated by the internet regulatory.

2.7 Competitive Advantage for E-commerce Business

In terms of surviving and carrying out its facilities, commercial organizations should compete with their competitors (Whiteley, 2002). There are two basic competitive strategies which are product differentiation and price leadership.

2.7.1 Competitive Strategy

The internet environment can dramatically be harder to enter for new competitors. Companies might choose to enter into e-commerce because sales forces and huge capital investment are not necessary in offline markets (Azadi, 2011). The three

generic strategies for competitive advantage are focus, cost leadership and differentiation (Porter, 1980). Focus means concentration on a single characteristic of the product and market. Differentiation means making goods and services more attractive than your competitors (Whiteley, 2002). Cost leadership is providing products and services cheaper than your competitors.

2.7.2 Porter's Model

The fundamentals of competitive advantage have been mentioned by Michael Porter. Porter's model supports firms to take competitive position and to lay plans. The model also includes e-commerce and IT, in order to protect or improve that position (Van de Walle and Van Dooren, 2014) Porter's model responds five strategies for Competitive Advantage in EC markets. The strategies are threats of new entrants, threat of substitute, bargaining power of buyers, bargaining buyers of suppliers, competition between existing players (Azadi, 2011).

a) Threat of New Entrants

New entrants always threat market with different products or services. In order to enter new market, companies need skills, capital and knowledge (Whiteley, 2002). Existing players might invest IT/IS to barrier new entrants. This type of experience can be problematic for new entrant to match.

However, e-commerce can facilitate new entrants into existing market places without IT and infrastructure investment. For instance, last developments in the e-commerce have provided entry for new players into markets such as amazon.com have been able to compete with traditional bookstores without investing to high street bookstores (Van de Walle and Van Dooren, 2014).

b) Threat of Substation

Substitution threats existing players because a new product might be available which supplies the same features with existing service or product (Azadi, 2011). Existing players prefer to protect themselves with updating their product or becoming major player to substitute product (Whiteley, 2002). E-commerce and its technologies have potential to make substantial way into retail markets with downloads or online banking

c) Bargaining power of Buyers

In order to make profit, a business should keep cost of producing and distributing expenditure lower than product selling price in the market place. In the market place

where there are many competitors, buyers always have power to bargain for low price and conditions (Van de Walle and Van Dooren, 2014) the bargaining strength of buyer threats to the low cost which organization agrees to tight trade terms.

The IT/IS services may help companies them to meet powerful buyer's price requirements. E-commerce enables quick response, short cycle time and reliable service. E-commerce also reshapes supply chain to ease deals (Whiteley, 2002). In addition to that e-commerce direct sells provide saving cost of distribution.

d) Bargaining power of Suppliers

An organization demands to get acceptable from its buyer, in order to get favourable terms from its suppliers in the value chain. A good deal indicates image of organization's position with buyers (Whiteley, 2002). For example, if the supply is sufficient, organizations can get a good price.

In terms of supplier, differentiation and price strategies provide strong competitive position. The ability of electronic trade provides quality and can be necessity of trade from buyers (Azadi, 2011).

e) Competition between Existing Players

The competition provides trade at a price which produces an adequate profit. Each organization has determined position to deal with suppliers. There is not certain competitive position of organizations in most markets the factors which enable successful deal in a place at a given time does not mean the deal will be replaced in the next time (Van de Walle and Van Dooren, 2014).

E-commerce can reduce the administrative cost, increase the logistic efficiency, bring trading partners together, differentiate product, cut out intermediaries and provide a new servicing and marketing channel.

Table 2.3: E-commerce for Competitive Advantage

Force	System	Competitive Advantage
Substitution / New Entrants	E-commerce Internet	<ul style="list-style-type: none"> • New service opportunities • Reduced entry costs • New sales channel

Suppliers (Trade Buyers)	E-commerce Logistic (EDI/ lec)	<ul style="list-style-type: none"> • Lock in • Quick response • Cost reduction
Buyers (Consumer)	E-commerce Internet	<ul style="list-style-type: none"> • Customer info • New sales • Dis-intermediarisation
Competitive Opposition	Ecommerce Internet	<ul style="list-style-type: none"> • Focus • Differentiation • cost Leadership

Source: E-commerce strategy, technologies and applications Whiteley (2002)

2.7.3 McCarthy's Mix Model

According to McCarthy and Perreault (1990), an average firm, before identifying target market for its products and services, develops its marketing strategy. After this process, a firm develops a marketing strategy with promotion, price, place and product in terms of designing to increase sales for the target market (Wolfe and Crotts, 2011). The model is called McCarthy's 4p marketing mix model which is consist of price, product, place and promotion. The model can be applied for e-commerce marketing strategy ever since the Internet became a significant tool for organizations (Constantinides, 2006).

a) Price Components

The method determines the characteristic of e-commerce with product pricing and policies as well as the results of the formulation of marketing strategy in the e-business environment.

b) Product Components

In order to develop e-commerce marketing strategy, the method focuses on product and product groups (Wolfe and Crotts, 2011). In fact, the method also focuses on the type of product and product diversity to determine marketing strategy.

c) Place Components

The place is a significant element for e-commerce businesses in terms of transportation and distribution of products (Wolfe and Crotts, 2011). Using an appropriate marketing strategy is very important in the regard of support of policies and product distribution.

d) Promotion Components

To promote marketing strategy is a fundamental as well as product introduction and adoption of e-commerce in the market. There are number of promotion strategies to take attention to the product in the e-commerce environment (Constantinides, 2006). The method helps e-commerce businesses to promote their product to increase popularity.



Chapter3: RESEARCH METHODOLOGY

The methodology chapter demonstrates that how the research has been conducted by introducing methodologies and theories used in the research. The methodological details of the research are described and justified in the following sections. This chapter covers research approach, research philosophy, research strategy, technique and procedure, research limitations and ethics. Moreover, the data collection method has been defined in the chapter.

In order to justify the research, methodology chapter also refers to literature review which enables research to apply appropriate methodology. Two basic type of researches are used to outline appropriate results. First of all, descriptive research is used to obtain qualitative data as well as quantitative data. Descriptive research is an advanced option which provides both qualitative data and quantitative data. Secondly, exploratory research is used to promote research in order to provide wide range of

knowledge about research. In the following sections the research methodology is described strategy step by step.

3.1 Research Philosophy and Research Approach

In terms of working with social reality, this research is mainly based on positivist research philosophy. Positivist research philosophy refers to existing theory to develop new hypotheses (Saunders et al., 2009). This research intends to reach credible data about e-commerce globalization by using positivist philosophy. Hence, the research reveals the challenges of globalization process and directs research how to resolve challenges of globalization process. In order to produce general knowledge research, positivist philosophy provides generalizations which can be used by other researchers (Gray, 2013). Thus, the research provides general outlines about e-commerce globalization in terms of comparing and criticising the knowledge which is presented by the researcher.

However, the researcher can be independent and nor affects neither is influenced by the research subject (Saunders et al., 2009). For positivist researchers, both social and natural worlds mean firm set of laws, which science might explore through empirical inquiry (Gray, 2013). Consequently, the positivist philosophy has been chosen to conduct the research.

Despite the researches are usually explicit, the theory may or may not be explicit in terms of research design. This reveals a vital question about the research project which is whether the research should be deductive approach or inductive approach (Saunders et al., 2009). Deductive approach is based on testing existing theories and hypotheses in order to develop the theory, whereas inductive approach refers to data collection to develop theory (Kothari, 2009).

The aim of this research to evaluate reasons of globalization challenges for an e-commerce company. Therefore, inductive approach has been used to reveal that the factors what challenge globalisation of e-commerce companies in the target market. In fact, the study tends analyse collected data. It is known that deduction approach has its roots in the natural science researches. However, inductive approach develops understanding of theory to provide reliable outcomes (Saunders et al., 2009). In order to develop a new theory, inductive approach has been applied for the research. Thus, globalization process has been taken into account in different perspective.

3.2 Research Strategy

This part clearly explains each strategy that used for exploratory and descriptive research. Some of the strategies clearly belong to inductive approach, some others to deductive (Saunders et al., 2009). However, it must be indicated that no research strategy is innately inferior or superior to any other strategies. Therefore, in terms of answering research question and objectives, the most appropriate strategies have been used for the research. In terms of conducting inductive approach based research, case study and archival research strategies have been chosen to promote research. The strategies are explained below:

3.2.1 Case Study

A case study is a particular example of research which is often related to general principles (Cohen, Manion and Morrison, 2007). The case study strategy includes empirical study of a specific phenomenon. The strategy also emphasizes the significance of context (Saunders et al., 2009). Case study contains some typical features that enable researcher to identify objectives of study. A case study is concerned as an abundant and vibrant description of events for the case. It also enables researcher to reach chronological events related to the case study (Cohen, Manion and Morrison, 2007). Another advantage is that it focuses on groups or individual actors and reveals their perceptions of events.

In order to benefit advantages, case study strategy has been chosen to apply for the research. Thus, objective of the research has been promoted by the case study to investigate e-commerce globalisation process and challenges. The researcher has chosen Alibaba E-Commerce Company to achieve aims of research. Therefore, the facilities of company will lead researcher to gain relevant perspective to the research.

3.2.2 Archival Research

The second used research strategy is archival research strategy. Archival research is basically use of documents and administrative records as the main source of data. Despite the archival records contains hidden meaning, it might refer to historical and recent documents. It is not avoidable that archival records are precisely secondary data (Kothari, 2009). This type of data was obviously collected for a different aim, administration of organization. An archival research strategy is capable to allow research questions that consider changes overtime from past to today (Saunders et al.,

2009). Thus, archival strategy can endorse explanatory, exploratory and descriptive researches.

However, secondary data is the main source of the research. Therefore, archival record strategy has been applied to conduct efficient strategy for the research. Archival records enabled research to analyse overtime data about Alibaba E-Commerce Company and its globalization process. The strategy also provided access to all reachable data about e-commerce business.

3.3 Research Time Horizon

A significant question arises to be asked in designing our research. The question represents time concept that is 'the research going to be a snapshot or diary'. It should be emphasised that time horizons and research design are independent choice of method. In order to accomplish objectives of research, longitudinal research has been employed. The research aims to analyse overtime period of e-commerce company effectiveness in home market and target market. Longitudinal study also provided wide range of published data to collect and analysis in order to deliver appropriate outcomes.

3.4 Research Design

In order to provide clear and understandable research on challenges of e-commerce company globalization, the research is based on combination of descriptive and exploratory. Therefore, the research generally benefits from qualitative data as well as quantitative data. The research only uses secondary data to identify investigation. Descriptive design refers to observation of collected data. Descriptive design enabled research to examine situations about e-commerce globalization challenges in order to create what is the norm of globalization challenges, what can cause these challenges under the various circumstances (Walliman, 2011). This allowed the research to measure the significance of results on e-commerce globalization. Descriptive research also provided subjectivity and possible errors of investigation.

On the other hand, exploratory research enabled investigation to identify problems, clarify concept. Exploratory method tends to be qualitative rather than quantitative (Kumar, 2005). Hence the method has been applied for the research. Exploration started with literature review and case study about e-commerce basis. Exploratory research is used to obtain reliable outcomes about investigation problem. The method created hypotheses of challenges for chosen e-commerce company in target market.

The method provided wide range of knowledge about e-commerce industry and challenges for globalization for e-commerce business. The method also assisted us to tackle possibilities about objectives of research.

3.4.1 Data Collection

Data collection process is one of the key part of the research. Data collection part started after defining research problem and designing research. There are two types of data collection to be collected for the research, which are primary and secondary data. Data which has been recorded, observed and experienced are primary data. Primary data collection is the most immediate and first recording of investigation. Secondary data are written sources that can be interpreted (Walliman, 2011). Moreover, secondary data refer to that the data have been collected and analysed by another researcher (Kothari, 2009). Although, primary data is more reliable data sources, secondary data collection has been used for this research. It is because; primary data collection is time consuming and costly way to carry out the research.

However, secondary data collection has been implemented to collect relevant data about globalization process for an e-commerce company. Thus, the research is mainly based on literature and archival sources which provide secondary data to evaluate and interpret on the issue. Secondary data provides comparative investigation between past and present. In this way, Alibaba E-Commerce Company's past and present data has been collected from various sources such as, government publications, journal articles, reports prepared by economists and universities, personal and public records and historical documents to make comparison company's history of effectiveness, globalization and market share competition in Europe.

3.4.2 Data Analysis Plan

Every scientific research needs a relevant data analysis in order to carry out the purpose of research (Kothari, 2009). Data analysis is the fundamental part of the research which has been processed to outline the aim of investigation. The analysis provided comparison of company's effectiveness year by year. There are qualitative and quantitative data has been collected to analyse in terms of outlining reliable results. Qualitative type of data is based on data defined generally form of words such as, opinions, feelings, descriptions and accounts (Walliman, 2011). The data focuses

on people, social groups or individuals. Therefore, qualitative data has been used to reveal challenges of globalization for an e-commerce company.

On the other hand, quantitative data has been used to outline clear results. Quantitative data analysis enabled research to consider secondary quantitative data about e-commerce which have been collected by other researchers. Thus, the research provided wider perspective to accomplish aims of investigation. Quantitative data has been used to compare Alibaba Company's effectiveness and activities in years. In this way, company's globalization process has been tackled in dependable way. As a result, qualitative and quantitative data both have been analysed to provide useful outcomes.

3.5 Research Limitations

Although, there are number of benefits of secondary data, it has limitations that affect the research. Usually, secondary data have been collected with different purpose by someone else. Therefore, it was difficult to match secondary data with our research. Sometime, the focus of previous researches made difficult to reach the aim of investigation. It also caused some mismatches in data analysis of research. However, these problems have been removed to conduct appropriate research.

3.6 Research Ethics

All researchers have responsibilities to people who would like to benefit from their research. Honesty and avoiding deception are the fundamental of an academic research (Greener, 2008). The initial aim of this research to ensure integrity, quality and transparency. In this way, the research outlined reliable outcomes that can be benefited from other researchers.

Chapter 4: DATA COLLECTION, ANALYSIS and DISCUSSION

In this chapter, the data of Chinese economy and e-commerce market will be analysed to demonstrate Alibaba's position in its home country. Thus, analysed data will be compared to European market where Alibaba is having issues to expand and become more global. This chapter also covers analysis of the case study in order to provide outcome of three basic analyses.

4.1 Analysis of China

4.1.1 Basic Economic Analysis of China

China started to employ its new market reforms in 1978. Due to the shift from a centrally-based economy to a market based economy, Chinese economy has grown rapidly. Chinese economy has also experienced average 10 percent GDP growth a year, which is the fastest sustained growth of a major economy. Thus, about 800 million people have been saved from poverty. Chinese government has caught all of the Millennium Development Goals (MDGs) in the year of 2015 and contributed to accomplishment of global MDGs. China's huge population (1.3 billion) made the country the second largest economy in the world (World Bank Search, 2016). This position of China is increasingly playing an effective and significant role in the global economy.

However, China is a still developing country and market reforms of China are incomplete. According to current poverty standard (net income of rural per capita 2,300 per year in 2010), 70.17 million poor people were in rural areas 2014. Rapid economic growth has also brought on number of challenges such as external balances, effects on environmental sustainability and high inequality. In addition, demographic pressures cause an aging population issue and the internal migration of labour. China has experienced that transitioning from middle-income to high income is harder than moving from low to middle income.

China makes five year-plans to resolve its socio-economic problems. 12th Five-Year Plan (2011-2015) has newly been approved and 13th Five-Year Plan (2016-2020) heavily points out issues such as development of measures and services to address social and environmental imbalances, to expand social protection, to develop access to healthcare and education, to increase energy efficiency, to set targets to reduce pollution. The previous annual growth target in the 12th Five-Year-Plan was 7 percent and the next growth target in 13th Five-Year-plan is 6.5 percent. In terms of carrying out China's target, rebalancing the economy and focus on the sustainable quality of growth are main objectives while still attempting to achieve a "moderately prosperous society" by 2020 (doubling GDP for 2010-2020).

Despite China is having a tough economic issue because of hesitating external demand and domestic imbalances, strong support from government is expected to prevent hard landing. It is also indicated that, authority's support policy via strong investment cheap credit and a loose monetary policy cause economic imbalances in

the medium and long term. According to analysts GDP expansion seems to be 6.5 % in 2016 and slowing to 6.2 % in 2017.



Table 4.1: Basic Economic Data of China (2011-2015)

	2011	2012	2013	2014	2015
Population (million)	1,347	1,354	1,361	1,368	1,375
GDP per capita(USD)	5,575	6,260	7,037	7,569	7,808
GDP (USD bn)	7,511	8,476	9,576	10,352	10,736
Economic Growth (GDP, annual variation in %)	9.5	7.8	7.7	7.3	6.9
Consumption (annual variation in %)	11.0	9.1	7.3	7.8	-
Investment (annual variation in %)	24.0	20.6	19.6	15.7	10.0
Industrial production (annual variation in %)	13.9	10.0	9.7	8.3	6.1
Retail Sales (annual variation in %)	17.1	14.3	13.1	12.0	10.6
Unemployment Rate	4.1	4.1	4.1	4.1	4.1
Inflation Rate (CPI, annual %)	4.1	2.5	2.5	1.5	1.6

Source: Compiled from economic data of china - World Bank Search, (2016)

As it is shown on the table, China is an enormous economy which offers great opportunity to businesses and organizations. China's 12th Five-Year Plan (2011-2015) also includes e-commerce policies. China Ministry of Industry and Information technology accounted for policies to make a global e-commerce leader. Thus, Chinese e-commerce industry has grown rapidly and influencing consumers and businesses.

4.1.2 E-Commerce Market Analysis in China

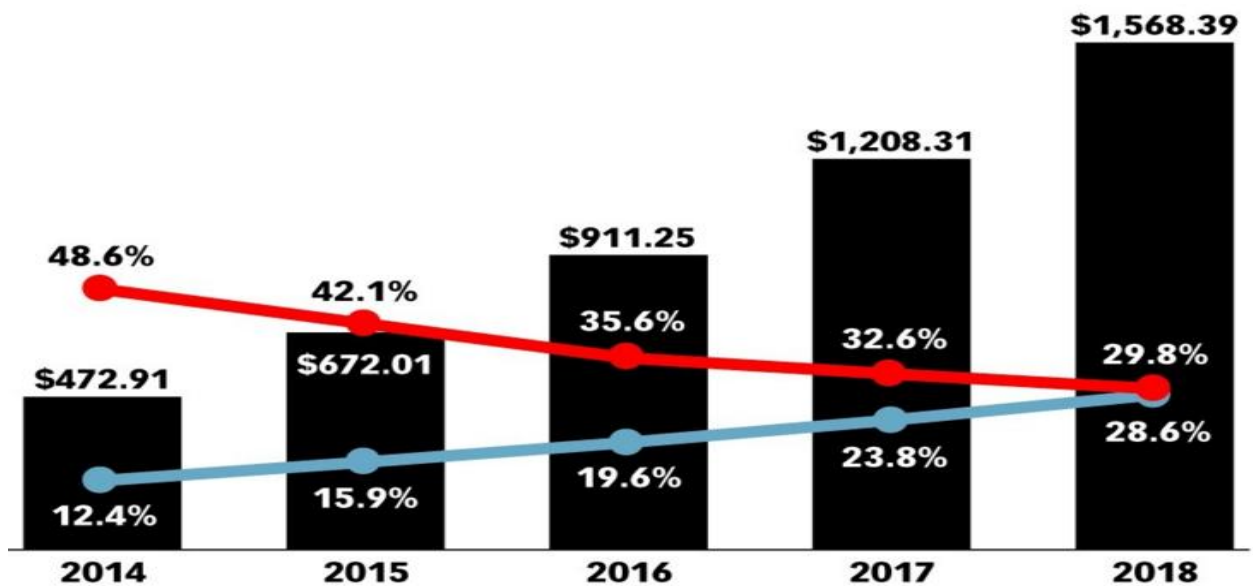
China is currently the second largest global e-commerce market in the world. The Chinese e-commerce market is generating estimated revenue of USD 2.06 trillion in

2014. According to eMarketer prediction which the Chinese e-commerce might worth almost half of the global e-commerce industry by 2018. China had reached 649 million internet users by January 2015. Nevertheless, it still is a relatively low internet penetration rate by 47.9 %, which means that there is substantial area for growth in the years.

According to China Business (2016), Chinese consumers are generally having issues with using international credit cards and understanding English or not familiar international e-commerce websites. There are number of platforms which do not require an individual or company to be registered in China to sell products on their website. This provides simple access to products in global market. China's size and complexity enables e-commerce a relatively effective way through that to connect with customers around the country comparatively low cost. It is important that China has unique e-commerce market place; therefore companies should research comprehensively before entering the market. Chinese e-commerce activities are strongly dependent on post sale support and pre-sale consultation services. Local partners have best position to handle problems in Chinese market.

Tier 1 cities and wealthy provinces such as Jiangsu, Zhejiang, Beijing, Shanghai and Guangdong are the highest online expenditure places in China. According to Alipay payment system, online expenditures are growing rapidly and rapidly expanding in Tier 3, Tier 4 and interior provinces. Due to the growing income levels, smartphone penetration increased and helped growth of e-commerce in these provinces.

Figure 4.1: Retail E-commerce sales in China (2014-2018) billons % change and % of total retail sales



■ Retail ecommerce sales
 ■ % change
 ■ % of total retail sales
 Source: Digital Marketing Topics & Coverage Areas eMarketer (2016)

China has been becoming the leader of e-commerce industry by taking over US's position in the global market. Chinese e-commerce transactions are projected to hit USD 540 billion which is approximately 10 per cent of total retail transactions by 2015. In addition to that, China's e-commerce market is estimated to get larger than combination of Japan, Britain, Germany, France and US.

Fundamentally, China's growing and large population middle-class prefer to purchase online. Moreover, middle-class also improving brand awareness, viewing a committal to brand loyalty and increasing tendency to buy high quality products. The expansion of China's e-commerce market is dependent on technological development and the preferences of Chinese consumers to purchase online. According to data, Chinese market is promising great opportunity to ecommerce companies with huge population and effective market place.

4.1.3 Analysis to Entry Barriers for Chinese E-Commerce Market

Many companies' first return and profit calculations for implementing the projects displays high returns. For this reason, the 'royal road' is not usually the best way to enter a foreign market. Usually, barriers are ignored, underestimated or overlooked. In addition to that, particular risks to a market entry are estimated wrong. Consequently, it is vital to do an accurate assessment of market place in order to create strategy. Moreover, there are some necessary price adjustments in terms of ensuring high level of manufacturing capacity. Lobbying is a crucial activity to set a new growth strategy in Chinese E-commerce Market.

Table 4.2: Particular E-commerce Barriers to Enter China

Inception	China based companies have cost advantage, because they were already established in market (such as Alibaba, Daminwang and Jingdong)
Selling/Price	It is difficult to increase sales without brand building
Payment	Safe payment methods should be provided
Competition	High competition causes lower prices and decrease of margins

Source: CBC Schweiz AG, (2014)

Table 4.3: Particular Country Barriers to Enter China

Product certification	The products sold in the Chinese market must be certificated by the China Compulsory Certificate mark
Distribution	It is necessary to have good local distribution partner
Government Policies	It is also necessary to handle a lot of paper work in order to enter Chinese market psychically

Source: CBC Schweiz AG, (2014)

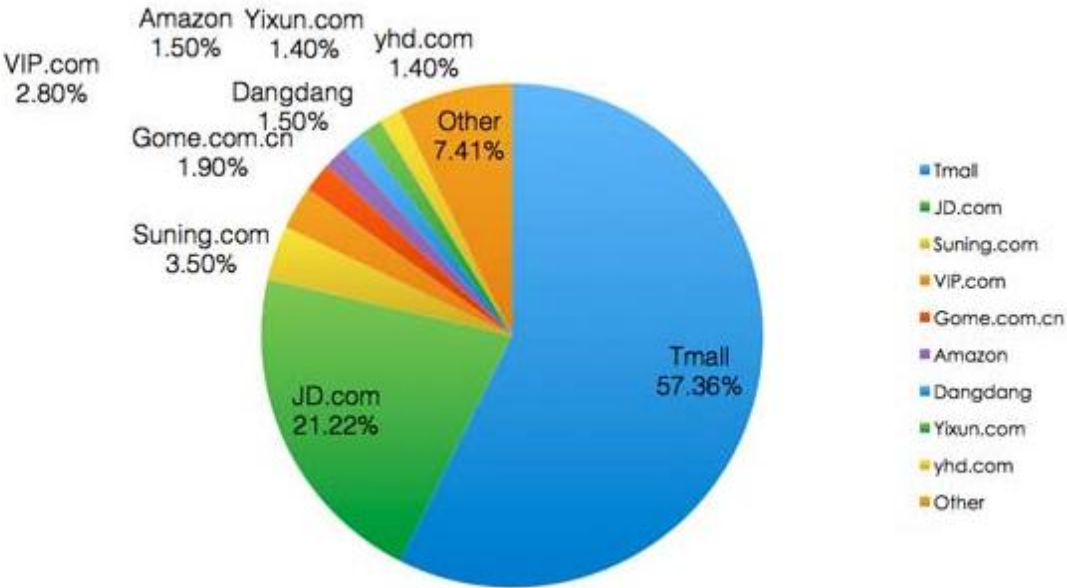
China has also number of regulations which may dissuade potential clients from buying and creating a close relation with official. In order to carry out an effective entry as a western corporation, it is also essential to manage cultural distinctions between China and western world. It is fundamental that, achievement lies underneath respecting basis of Chinese culture. This relates to table manners, social manners, basic and custom expressions in Chinese Market. The tables demonstrate that; foreign e-commerce competitors have number of issues to achieve in order to enter Chinese market. It is obvious that, Alibaba e-commerce has significant advantages to operate its facilities in Chinese market.

4.1.4 Market Share Analysis of E-commerce in China

As every particular market, China has its e-commerce home market share players. Although some of these competitors do not own a substantial share of the Chinese e-commerce market, they operate a greater number of transactions than well-known global competitors. Alibaba is one of the China's home-based companies. Despite Alibaba is not well-known as its competitors, but the company is China's market share

leader of C2C and B2C e-commerce. According to report of Alibaba, the total value of goods sold in 2012 was larger than combination of Amazon and eBay. It is also expected that Alibaba will pass Wal-Mart and become leader retail network in the world.

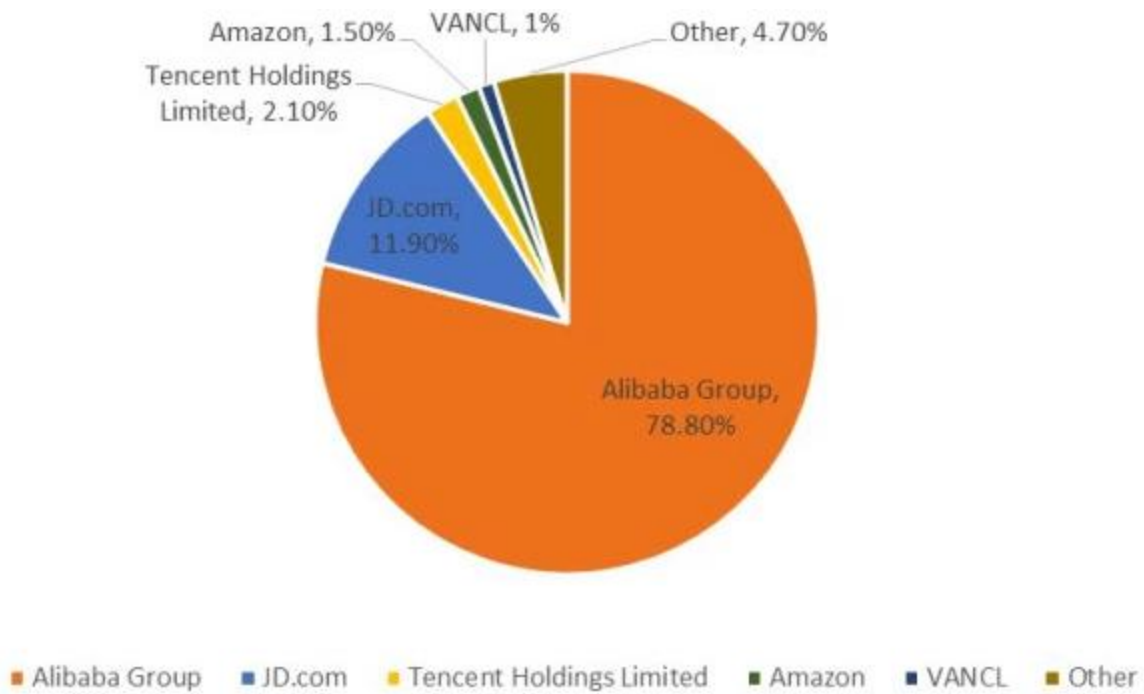
Figure 4.2: China B2C Market Share by total transactions in 2014



Source: Switzerland Global Enterprise, S-GE, 2014

Alibaba’s Taobao is a C2C platform similar to eBay, and provides platform for sellers to post new and used goods to be sold or resold on the Taobao Marketplace. Taobao has over 500 million registered member accounts, 800 million product listings and holds 80 per cent share of China’s C2C market. Taobao operates its market like eBay, which provides direct platform for merchants to sell their products customers. Alibaba’s Tmall was created as a B2C platform to compliment Taobao C2C marketplace. The platform provides an exclusive shopping centre experience for brands to create their own shopping centre website. Tmall platform has proven its success in 2012m, and accounted 51 percent of B2C online sales in China. Comparing to Amazon’s market share in the US is closer to 20 per cent.

Figure 4.3: China Internet Shopping Market Share in 2014



Source: Switzerland Global Enterprise, S-GE, 2014

These two enormous platforms dominate Chinese market by selling wide range of products. However, although Alibaba’s market leadership, the Chinese e-commerce market place large enough to share for other competitors including regional platforms such as Jingdong and Daminwang. Jingdong holds about 15 percent of the B2C market. As it is shown on the graph, Alibaba holds large part of Chinese e-commerce market share.

4.2 Analysis of Europe

4.2.1 Basic Economic Analysis of European Union

After Second World War, the economy of Europe has gradually grown. At the same time, gross domestic product per capita increased in the EU (15 countries) more than 70 per cent of the US level in 1980. However, the process has stopped and even partly reversed. GDP per capita of EU (15) had fallen to 68 per cent of the United States level in 2007. According to Organisation for Economic Co-operation and Development (OECD), the GDP fall can simply be explained by lower productivity, less human capital and lower employment. Lisbon Council (2016) indicates that, wide divergence between the US and EU caused macroeconomic shocks between 1970s and 1980s and that also resulted in an increasing unemployment rate.

Since the beginning of financial crisis in 2007, the economic growth of EU has been gradually affected. The lost period has been worse than Japan, but also better than US

four initial years. The fact that, net exports in Europe have positive contribution to GDP growth. Furthermore, imports have not increased; therefore the exports have made entire contribution to the EU economy. However, EU economy has experienced 80 per cent fall in gross capital formation, which was mainly a reaction to previous overinvestment such as the construction investment accounted for around two-third of this fall. It also caused that, dynamics of investment dropped in EU economy. EU economy had serious confidence problems because of the decline in gross capital formation.

Table 4.4: Basic Economic Data of European Union

	2011	2012	2013	2014	2015
Population (million)	504.59	504.06	505.11	506.86	508.19
GDP per capita(USD)	34 493	34 804	35 271	36 237	36 493
GDP (USD bn)	18323.2	17248.8	17987.5	18514.2	18543.5
Economic Growth (GDP, annual variation in %)	1.6	-0.9	-0.3	0.9	1.6
Consumption (annual variation in %)	16.9	16.8	16.6	16.3	16.1
Investment (annual variation in %)	3768.1	3947.4	3898.5	3934.2	3836.8
Industrial production (annual variation in %)	3.2	-2.1	-0.5	1.1	1.7
Retail Sales (annual variation in %)	-0.7	-1.1	-0.1	1.9	1.6

Unemployment Rate	9.4	10.2	10.9	10.5	9.7
Inflation Rate (CPI, annual variation in %, eop)	2.72	2.5	1.35	0.43	0.19

Source: Compiled from economic data of EU- OECD statistics (2016)

According to UN report (2015), European Union is still being held back by the travails of the euro area, unemployment remains extremely high and inflation is at dangerously low levels in many countries. Some of the geopolitical tensions affected confidence and trade. The growth of GDP is estimated to grow 1.2 per cent in 2014, 1.5 percent in 2015 and 1.9 per cent in 2016. European Central Bank (ECB) announced in September 2012, great recession and debt crisis will continue to depress fiscal austerity programmes in many countries. In terms of structure of EU, economic prospects differ. Some of the countries have resumed growth. Smaller countries like Portugal and Ireland swept into the euro debt crisis, and also grown positively. Spain also kept growing positively in mid-2013 has been strengthened by growing 1.2 per cent in 2014 and estimated to grow 2.1 in 2015, 2.5 in 2016. These three cases show that, recoveries remain very fragile and not seem to recover their position pre-recession GDP levels.

The evolution of GDP has been rather varied in the six years since the beginning of great recession. For example, Spain and Italy remain below pre-recession levels, whereas The United Kingdom, France and Germany have regained their previous levels. The recovery had reached to 0.5 percent in 19 strong areas in the first quarter of 2015. Actually, GDP level in the last quarter of 2015 was below than before crisis peak of 2008. However, the slow pace of the recovery has been disappointing in terms of benefits to EU economy. Due to the negative interest rates in 2014, EU economy has been taken to down and kept weak. EU governments seek to sustain growth by investigating in research, transport and energy, meanwhile minimising the effects of recession.

As a result, EU is a major trading power by operating 28 countries as a single market. The EU economy produces (GDP) goods and services that worth €13,920,541 million. EU's trade with entire world accounts for 20 per cent global export and import, with just 7 per cent of the world's population. Although the EU economy affected by the global crisis the economy still remains the world's largest player by 16.4 per cent of global imports in 2011. The economy is followed by the US with 15.5 per cent and China with

11.9 per cent. GDP of Europe is estimated to reach €16.4 trillion in 2013, of that the GDP of the 28 countries was 80 percent. E-commerce industry estimates the share of the European internet economy in the GDP at 2.2%, a percentage that is set to double by 2016 and to triple by 2020. Thus, EU economy has advantages in terms of operating e-commerce business as in China.

4.2.2 Analysis of Globalisation Challenges and Opportunities in European Markets

Globalization is a process of faster and greater economic integration where new firms access the local markets with different products and cost structures. According to Commission of the European Communities (2011), in order to investigate globalisation process in the EU, the effect of elements need to be defined. The potential opportunities and challenges are shown on the table. The variables are: GDP, investment and trade, employment and wages, interest rates and inflation and, dissemination of technology. The table demonstrates two main elements of market reflection. The first element is which effects of globalisation appear positive to EU economy. The second element is which influences profound variances between sectors and regions. Particularly, globalisation ensures better conditions for consumers, producers and entrepreneurs. The diffusion of innovation increases productivity in companies and enterprises. In the EU major part of territory is confronted with modernise and need to restructure to face the challenge of globalisation.

Table 4.5: Summary of Potential Globalization Opportunities and Challenges in European Markets

Variable	Overall outcome for the EU	Opportunities	Challenges
Real GDP Growth	Upward bias	Real growth in the EU has been strong over the past decade, notwithstanding periods of weakness. Globalization has given a significant boost to the EU's exports, which have helped drive other elements of growth.	Dynamic growth has not been evenly distributed. Indeed, it has been mostly concentrated in those regions which can withstand higher competition and attract new economic activities.
Income	Net gains	Estimates suggest that every EU household would gain € 5,000 annually if Europe capitalized on globalization's gains.	Again, benefits are not evenly distributed, but concentrated in those regions which can withstand competition and attract economic activities.
Trade	Robust gains in both Exp/Imp	Growing trade has helped drive real growth in the EU; export growth to the developing nations has been notably strong, benefiting various EU companies and industries, and their workers.	However, for some EU regions and low tech sectors growing imports increased competition pressure to levels which are proving to be hard to bear (e.g. textile)
Investment	Strong outflows/inflows	Net outflows have been the norm, although Europe remains one of the most attractive destinations in the world for multinationals. FDI inflows have helped create jobs and in some cases boost the incomes of workers.	Inflow of FDI may create a tougher competitive environment for local enterprises and pressure on wages and salaries for unskilled labour.
Inflation and Interest rates	Structurally lower	Low inflation and low interest rates have been key in promoting real growth. Lower cost has boosted capital spending of EU firms. Consumers have also benefited from lower borrowing costs. Benefits to all stakeholders.	Increasing resource demand by rapidly developing countries may create inflationary pressure. In the EU, new Member States experience together with globalisation an "Europeanization" which may increase consumer prices.
Labour Mobility	Greater mobility Net inflows	Greater mobility within Europe and net inflows represent new sources of supply and demand; immigrants have helped to offset population decline populations and the EU's aging workforce; firms have benefited from infusion of semi/skilled labour.	Regions that do not succeed to keep/attract new economic activities have experienced outflows of workers which have increased the problems of ageing population and created significant gender imbalances.
Employment	Net gains	Through greater cross border trade and investments, employment growth in many EU nations has increased over the past decade, a trend beneficial to all stakeholders.	However, for some EU regions and sectors challenged by growing competition, structural adjustment created job losses, particularly low skilled ones.
Wages	Modest increases	Real wages have increased over the past decade, a trend supported by lower inflation, greater competition, more product choice and availability.	The increase is not evenly spread among all sectors, but privileged highly skilled labour in certain sectors and regions.
Diffusion of Technology	Net gains	Greater dispersion of technology has allowed for greater trade in services and allowed Europe to access more global technology of developed/developing nations.	A more technological environment raises the level of competition and requires higher education and skills.

Source: Commission of the European Communities, 2011

Although effective growth rates, the economic structure of the new member states of EU are focused in sectors where competition from the emerging Asian economies is high. Old member States of EU also have high share of employment in particular sectors, where competitive advantage is dependent on low cost factors.

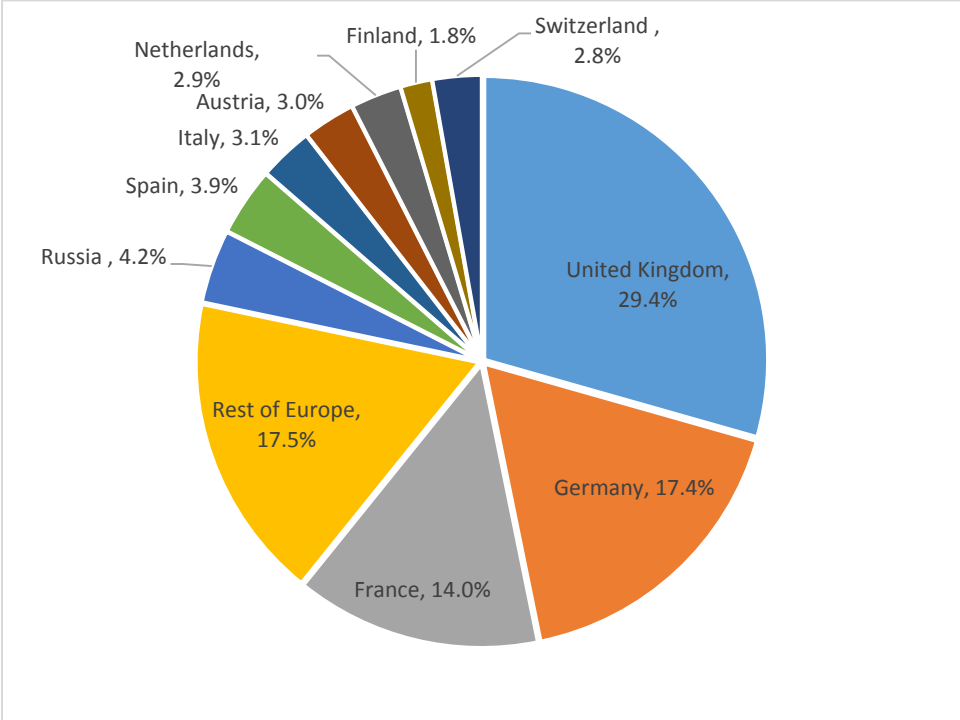
On the other hand, India and China are increasingly focusing on research investment and "low cost, low value" economy model. However, Europe should keep increasing quality and productivity by improving technological strength and its ability to compete in services and products with knowledge advantage. European Union has narrowed performance gap with US. This not only mean growth, employment and living standards, but also in investment and technology, which improves productivity. Despite

potential challenges, European market has a potential benefit in terms of globalization for companies. As a result, e-commerce companies also have an absolute advantage to become global by expanding into European economy.

4.2.3 E-Commerce Market Analysis in European Union

The continent of Europe consists of 47 countries, but European Union has 28 members from all continent. The union is a political and economic partnership among 28 countries and was shaped after Second World War. Today, European Union is the most efficient and significant collaborative partnership in Europe. According to Europe E-Commerce Report (2014), Europe is a mature e-commerce market, but it keeps evolving continually. In terms of merchants, there are many opportunities to expand into European markets. Nevertheless, the European market entry needs to be well planned and carefully considered in order to expand. In terms of the structure of Europe, the EU e-commerce market consists of different countries. Some of these countries have major market share of the EU e-commerce market. The chart of the European E-commerce market demonstrates the significance of the UK in the market. The UK has almost one third of the whole European e-commerce market share. Moreover, UK's share is almost twice as much as all the outside of top ten countries. The e-commerce market shares of the top 10 countries e-commerce (worth of: €363.1bn) markets is around 85 per cent.

Figure 4.4: Top 10 Countries Share of European E-commerce Market



Source: E-commerce Europe 2014

However, the share of the top 3 within top 10 is quite important. Combination of the UK, France and Germany account for 60.9 per cent, in the meanwhile the rest countries account for 21.6 per cent within the top ten. Europe’s e-commerce turnover has been growing gradually over the years, by 15 per cent an annual growth. European E-commerce market has been growing gradually over the years, by 15 percent annual growth. It is estimated that growth will proceed in the years to reach €477bn sales of e-commerce in 2015, €540bn in 2016 and €609 in 2017. Due to the rapid rise of Eastern European e-commerce markets, the entire European rate is maintained. Consequently, the share of leader countries in European market- Germany, France, the UK, will gradually decrease to about 55 per cent in 2016. Countries such as Italy and Spain are still behind the leader countries; however they will probably gain some positions and increase their share in the European e-commerce market.

4.3 Analysis of Alibaba

4.3.1 Analysis to Development Stages of Alibaba

Alibaba Group was founded 1999 by Jack Ma and today, the company is a major e-commerce player in the global e-commerce market. According to Alibaba’s annual report (2015), Alibaba is mainly operating in China, which is fastest growing e-commerce market. The company’s development can be divided into 5 stages from the establishment. The first stage is between 1998 and 2001. During this stage, Alibaba ensured free information for suppliers to enter market, while China was still at the early stage of the internet. Jack Ma concerned the needs of SMEs in Chinese market to enter B2B e-commerce market by ensuring free online information services to particular industries and enterprises. In 2000, Jack ma hired Porter Erisman as a foreign expert to support company into globalization. The second stage of development was in 2002. During this year, Alibaba invented a reliable credit certification system which is called Trustpass in order to provide safe purchase without any concern about deceit and fraud, while the credit was significant issue in Chinese e-commerce. The method has supported Alibaba to generate more profit as many SMEs began to apply Trustpass services in the e-commerce market. Thus, the internet penetration began to increase and export level grows gradually.

Figure 4.5: All Companies in Alibaba Group



Source: Alibabagroup.com, 2015

The third stage of development was in 2004 when Alibaba began to improve overseas market to expand into global market. Alibaba also launched Taobao that now is the

largest online shopping platform. There are some other online platforms that Alibaba launched to operate in particular subjects. For instance, Alimama has been launched for advertisement to business purposes. Alipay is leading online payment service in China that was approved by Chinese Government. The fourth stage was between 2005 and 2007. Alibaba took over Yahoo China in order to control all transaction operations. This created a new e-commerce search engine for Alibaba. The fifth stage is happening between 2008 and now. Alibaba launched offices in Switzerland and Taiwan. During this period, B2C market was lower than B2B and C2C. Hence, Alibaba adjusted strategy to enter B2C e-commerce market without barrier. Consequently, the number of registered users has increased rapidly. According to Alibaba's annual report (2010), the number of users increased to 61.8 million. Moreover, mobile version of Taobao was launched in 2010. Alibaba also launched Aliexpress for exporters. Therefore, exporters directly reach out to their potential consumers around the world.

Table 4.6: Alibaba Group Annual Figures (in millions)

	FY2013(RMB)	FY2014(RMB)	FY2015(RMB)	FY2015(USD)
GMV	1,077,169	1,677,587	2,443,721	394,212
Mobile GMV	79,454	318,514	994,143	160,371
Total Revenue	34,517	52,504	76,204	12,293
Income from operations	10,751	24,920	23,135	3,732
Non-GAAP EBITDA *	16,607	30,731	40,753	6,574
Non-GAAP EBITDA margin	48%	59%	53%	
Net income	8,649	23,403	24,320	3,923
Non-GAAP Net income	13,869	28,274	34,981	5,643
Non-GAAP Net income margin	40%	54%	46%	
Diluted EPS	3.57	10	9.7	1.56
Non-GAAP diluted EPS	5.76	12.09	13.97	2.25
Net cash provided by operating activities	14,476	26,379	41,217	6,649

Non-GAAP free cash flow	19,745	32,269	48,121	7,763
Non-GAAP free cash flow as % of total revenue	57%	61%	63%	

Source: Alibabagroup.com, 2015

In general, Alibaba Group has been completing its development stages since 1999. Thus; Alibaba Group has been growing gradually. In terms of reaching global target, it is very important to full fill financial goals. As a result, Alibaba e-commerce has been becoming more global and launching its business in global markets.

4.3.2 Analysis of Alibaba's European Market Strategy

Alibaba Group basically targets two marketplaces which are the global market based on English language and the China markets. The group aims to cater to international importers and exporters in English based markets, and focuses on suppliers and buyers trading in Chinese local market. With 560 million internet users spending 20 hours a week online, the Chinese market is the largest marketplace in the world (Tan, 2016). These two marketplaces are the most visited e-trade website on the internet. Alibaba Group also targets on individual businesses and small and medium sized private enterprises, which have great importance in the e-commerce. In order to gain a major portion of market share, Alibaba Group localized the e-commerce services by improving websites which modify design and layouts and locate to various languages that adopts the local cultural in abroad.

According to Alibaba Group (2015), the group announced details of expansion of its presence in the European market. It is a significant step in terms of company's globalization and China's brands and other businesses. Moreover, Alibaba is collaborating individual countries to ease imports into China. Alibaba Group's London office is going to serve as Alibaba's European hub, and will also open office in Milan Italy. These two offices have an important position in terms of Alibaba's globalization goals. By the time, Alibaba Group will keep expanding its physical presence in Europe by including offices in Germany and France. The company's London office will serve retailers, local brands and government partners who search to access the growing and large Chinese market for high quality international services and products.

Alibaba's offices initially will help merchants to identify most suitable local products for Chinese market. The offices also will provide platforms to assist with inbound and outbound logistics, and offline payments for Chinese tourists and online payment for Chinese customer. Chinese consumers are generally seeking authentic, quality global brands and international products. The group believes that, Europe is a reasonable first step in terms of its wide range of unique brands and high-quality products. Alibaba Group creates an efficient team of experts in U.K and Italy offices which support European retailers, brands and government partners to reach directly opportunities, products and customers in China. The European offices also aim to provide valuable experience to the global retail sector and promote media, products, culture and companies in its role.

4.3.3 Analysis to Major Competitors of Alibaba in Europe

Alibaba, eBay and Amazon are the leaders of the global e-commerce sector. Alibaba accounted 80 per cent of online e-commerce in China and reached \$370 billion in Chinese retail gross merchandise volume in 2014. Alibaba has planned to expand its empire into the EU market to compete with eBay and Amazon. Alibaba announced expansion of its presence by opening new offices in U.K and Italy in 2015. Amazon and eBay has a massive customer base and data infrastructure. Alibaba also has been building up its customer base and data infrastructure as its major competitors. Thus, Alibaba will be able to compete these two major settled competitors in European market.

Table 4.7: Basic Comparison of Three Major E-Commerce Companies

Metric	amazon	Alibaba Group 阿里巴巴集团	ebay
Market Capitalization (\$ billion)	249.1	157.7	31.1
Active Buyers	Around 270 million	367 million	157 million
Business Model	Mix (Seller units account for ~45% of paid units)	Marketplaces	Marketplaces
Revenue (TTM)	\$95,808 million	RMB 80,678 million (\$13.1 billion)	\$8,644 million (Marketplaces business)
Revenue Growth (CY 2014)	19.5%	44.1%	~5% (Marketplaces business)
Operating Margin (TTM)	0.8%	26.6%	26.4% (Marketplaces business)
EBITDA Margin (TTM)	6.4%	52.8%	38.6% (Marketplaces business)
Free Cash Flow as a % of Revenue (TTM)	4.6%	45.5%	23.0% (based on continuing operations)

Source: Commission of the European Communities, 2011

Amazon and eBay are the largest e-commerce players in European market places and keep growing fast. These two sites provide new and efficient opportunities for businesses. In order to provide more diverse services Amazon and eBay are expanding into new categories such as electronics, clothes and homewares. Amazon also provides warehousing service for its customers. Thus, small firms can compete with major players by services of eBay and Amazon.

United Kingdom is the largest e-commerce market of Europe. In total, the UK's turnover around to €107.1bn in 2013. In all, United Kingdom had 41 million e-shoppers in 2013, that they each spent €2,613 in total. This makes the UK Europe's largest e-commerce market. Top 3 e-commerce players of UK are Amazon 16.2 per cent, Tesco 9 per cent, eBay 8 per cent in 2013. French consumers spent more than 600 million e-commerce transactions in 2013. In total, 33.8 million online e-consumers each spent per e-shop of €1,512. Although bad conditions of French economy, online sales

increased during 2013. There were 6.67 million Internet users, which is 83 per cent of whole population in Switzerland in 2013.

4.4 Analysis and Discussion

The differences between two economies influence the globalisation process for an e-commerce company. Alibaba E-Commerce Company was founded in fast growing and dynamic economy where the e-commerce market overtakes the US's title of largest e-commerce economy. With huge population and its great opportunities Alibaba rapidly carried out its development stages in home market.

Alibaba's expansion into European market rather harder than growing and developing its home market. According to analysis, the economic conditions are slightly different from home market. First of all, the European market consists of number of different economies which causes complexity issues for companies that aim to globalise into European market. Alibaba also has complexity issues which caused by the structure of European Union. Secondly, European e-commerce market far more mature market and is not as dynamic as Chinese e-commerce market. Therefore, Alibaba must well analyse the European market and employ its plans carefully. Thirdly, the European e-commerce market has major players such as Amazon and eBay. These two giants are controlling the largest part of e-commerce market and provide number of services according to market needs. Hence, e-commerce companies need to analyse their target market and economy in order to expand and globalise.

Alibaba's European market strategy is a logical plan in order to increase its presence in Europe. The offices of London and Italy have a strategic role to employ company's strategy. The offices help merchants to identify products to export Chinese market. This role is what Alibaba successfully does for its business. In addition to that, offices provide services for local brands, retailers and government partners to access Chinese market with high quality products and services. Due to the structure of European market, Alibaba should launch additional offices in different countries to increase its market share in Europe. Thus, Alibaba will be able to achieve globalisation target. An e-commerce company should develop its expansion strategy according to market needs, in terms of carrying out successful globalisation process in target markets. The research also answered the questions that, what strategy needs to be followed to expand into target market in terms of becoming efficient player in the market and how market share competition influences the globalisation process for an e-commerce company.

Chapter 5: CONCLUSION and RECOMMENDATIONS

5.1 Conclusion

Globalisation is one of the most interesting topics; in fact, even the definition for globalisation is a controversial notion. However, globalisation can be defined as a process by that the world is becoming gradually interconnected consequent of enormously increased cultural exchange and trade. Globalisation has created a new global economy with technological development. The process has increased the production of services and goods. In today's world, major companies are becoming multinational organisations with number of subsidiaries in many countries. The research takes into account the challenge of globalisation process in terms of e-commerce companies.

The internet has changed many things in the world. One of the most significant change and development occurred in the structure of international trade. Technological changes in business such as information and communication technologies (ICT) have reformed relationships among individuals and organisations. The effects of technological changes and globalisation on the international trade caused the emerging of e-commerce companies. It is because; ecommerce has brought many advantages such as reduction in communication cost and flexibility in locating activities. Thus, international trade and the popularity of e-commerce have gradually increased with technological changes. It is clear that there is a strong relationship between firm performance and globalisation process. Globalisation provides advantages to firms such as increased sales, competitive advantage and lower cost. Although advantages of globalisation, the process is a challenging journey in terms of companies. The research examined the challenge of globalisation for e-commerce companies.

According to the result of research, there are number of factors that complicate the globalisation process for an e-commerce company. The comparisons between

European Union and China demonstrated the effects of differences on the globalisation process for an e-commerce company. The structure of EU economy is slightly different from Chinese economy. First of all, different economic conditions between countries have a negative effect on the globalisation process of an e-commerce company. Initially, the differences of economic conditions and structure cause complexity to expand into target market. Secondly, major and settled players prevent expansion and globalisation of a new e-commerce company. In European market the giants such as Amazon and eBay already owned the large part of market share. These companies have an enormous influence with control of large market share that prevent expansion into market and increase presence. Thirdly, market analysis is a crucial process of globalising into target markets. In order to identify market strategy, e-commerce companies make an analysis to carry out successfully their globalisation strategy. The investigation on Alibaba's Europe strategy showed the importance of analysis and well-prepared strategy in terms of expanding into target market. The strategy initially identifies the services according to market needs.

The most significant factor for e-commerce globalisation is the well-planned target market strategy which mainly includes market and competitor's analyses. The result of research revealed that the globalisation process for an e-commerce company is a complicated journey. E-commerce globalisation process covers strategies, competitors and economic analysis.

5.2 Limitations and Recommendations

The most significant limitation for this research is that many of the secondary data sources have a different perspective and focus which influenced data collection and analysis process. This issue caused high level time consumption because of identification and classification of sources. Another fundamental limitation is that; e-commerce business is directly influenced by technological development. E-commerce is a complex topic which has many type of ways to do this business. Therefore, analysis may not be effective for all type of e-commerce businesses.

The findings of this research contributed to achieve challenge of globalisation process for an e-commerce company. There is not only one definition to explain globalisation process especially for e-commerce business. This research has taken account into target e-commerce market and economic analysis. Thus, this research revealed several recommendations in order to contribute to globalisation of e-commerce business. First of all, an e-commerce company needs to complete its development

process in home market, it is because, and globalisation process is a complex journey that contains number of challenges which heavily affect undeveloped e-commerce company in terms of globalisation. Secondly, an e-commerce company has to carry out number of comprehensive analysis in order to achieve the challenge of globalisation process. These analyses help to identify target market needs and comparisons to expand into global market. Finally, these steps are recommended as a fundamental for e-commerce companies to carry out successful globalisation process.

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Appendices

Appendix 1. Contact Log Sheet

SUPERVISOR CONTACT LOG

Student Number: 1414919
Degree Programme: Master International Business
Proposed Dissertation Title (as submitted via turnitin):

Challenges of Globalization for E-commerce Company: A Case Study of Alibaba in European Market

Agreed Title (as agreed with supervisor):
Challenge of Globalization for E-commerce Company: A Case Study of Alibaba in European Market

Supervisor's Signature: **Dr Petar Radanliev**



Date: 02.05.2016

Date and time of meeting	Notes	Supervisor's initials
22/12/2015 14.00 – 15.30	First meeting discussed of: <ul style="list-style-type: none"> • Role of supervisor • Final date of submission → on module guide • Change of topic • Word count – 15,000 • Final Topic – Ethics • Secondary data sources • Work Starting • Structure • Methodology • Chapters allocation • Literature review • Data Bases • Harvard referencing 	PR
11/04/2016 14.00 – 15.00	Second meeting, checking draft of: Chapter 1. Introduction Chapter 2. Literature review Chapter 3. Methodology Result: 1. Objectives need to be restructured. 2. More subtitles need to be added to introduction. 3. Some additional literatures are necessary	PR
28/04/2016 12.30 – 13.30	Third meeting, discussed of: Chapter 4. Data collection, analysis and discussion Chapter 5. Conclusion Result: Conclusion part needs to be extended.	PR

Appendix 2. Research Ethic Test

Questionmark

Feb 18 2016 | Logged in as : Mehmet Koray YILMAZ 1414919

Research Ethics Quiz for Business Humanities etc

Assessment Feedback

Congratulations, Mehmet Koray YILMAZ 1414919
You scored 10 out of 10 (100 %) at 16:53 on Thursday, 18 February, 2016
You have **PASSED** the Research Ethics Quiz.
Please take a screen capture of this information to attach to your Ethics Approval Application for submission to the relevant Research Ethics Panel.

You can also review how well you did on individual questions by scrolling down to view any feedback.

Total score: 10 out of 10, 100%

Question Feedback

1 of 10

1. Which of the following is most likely to raise a significant ethical issue? (select one)

- a) An Undergraduate hands out questionnaires about student experience and wellbeing as students enter the university with a box at reception for their anonymous return.
- b) A Senior Manager is doing a postgraduate degree in Business Administration and asks his junior staff to complete a survey on workplace wellbeing.
- c) A Business School student looking at changes in structures of Small and Medium Sized Enterprises (SMEs) using publicly available information.

1 out of 1

Correct answer:

b) A Senior Manager is doing a postgraduate degree in Business Administration and asks his junior staff to complete a questionnaire on workplace wellbeing.
There is a power relationship, which may mean that consent is not fully voluntary.

2 of 10

Perception is licensed to Anglia Ruskin University

16:54
18/02/2016

Appendix 3. Ethics Approved



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05 April 2016

Dear MEHMET

Principal Investigator: MEHMET YILMAZ

DREP number: 1414919/1

Project Title: *Challenges of Globalization for E-commerce Company: A Case Study of Alibaba in European Market*

I am pleased to inform you that your ethics application has been approved by the Departmental Research Ethics Panel (DREP) under the terms of Anglia Ruskin University's Research Ethics Policy (Dated 23/6/14, Version 1).

Ethical approval is given for a period of 1 year for undergraduates/masters students from the date of this letter.

It is your responsibility to ensure that you comply with Anglia Ruskin University's Research Ethics Policy and the Code of Practice for Applying for Ethical Approval at Anglia Ruskin University, including the following.

- The procedure for submitting substantial amendments to the committee, should there be any changes to your research. You cannot implement these amendments until you have received approval from DREP for them.
- The procedure for reporting adverse events and incidents.
- The Data Protection Act (1998) and any other legislation relevant to your research. You must also ensure that you are aware of any emerging legislation relating to your research and make any changes to your study (which you will need to obtain ethical approval for) to comply with this.
- Obtaining any further ethical approval required from the organisation or country (if not carrying out research in the UK) where you will be carrying the research out. Please ensure that you send the DREP copies of this documentation if required, prior to starting your research.
- Any laws of the country where you are carrying the research and obtaining any other approvals or permissions that are required.
- Any professional codes of conduct relating to research or requirements from your funding body (please note that for externally funded research, a Project Risk Assessment must have been carried out prior to starting the research).
- Completing a Risk Assessment (Health and Safety) if required and updating this annually or if any aspects of your study change which affect this.

-
- Notifying the DREP Secretary when your study has ended.

Please also note that your research may be subject to random monitoring.

Should you have any queries, please do not hesitate to contact me. May I wish you the best of luck with your research.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Sandra Selmanovic', written over a horizontal line.

EIB DREP Chair - Dr Sandra Selmanovic
V1.0