

## Capstone Paper

Communication in E - Commerce:  
Strategic Corporate Communication in International E - Commerce Organization

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*“The public relations professional helps his/her client talks to the public. He/she must know... more than knowledge of media. He/She needs skill and experience in effective strategy, timing, planning, organization, and methods of integrating all these activities into one whole.”*

- Edward Bernays

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## **Abstract**

This paper will examine communication challenges in e - commerce industry in the process of market transferring from national to international business environment.

The invention of the Internet creates tremendous business opportunities.

Electronic commerce or e-commerce refers to the goods and service exchange electronically between consumers and suppliers. In business-to-business sphere, e-commerce deals with a company rather than an individual customer. In this paper, the author will introduce the traditional communication model in the past and present. Using Internet invention at a transition point, the author intends to unpack how communication works in the diverse technological field. The major part of the paper will cover how corporate communication works for e-commerce companies.

The author clearly remembered the excitement of winning the first bid for a backpack on eBay at her senior high school age in China. With the online shopping background for over ten years, the author could speak from a customer standpoint. She understands very well about the customer's expectations from e-commerce companies. Also, as a public relations and communication student for six years, the author has learned how corporate communication could strategically convey the messages to their target audience.

## **Introduction**

Strategic corporate communication is crucial for most types of companies as the matter of time, place, and key messages. E-commerce communication cover investor relations, social media strategies and PR strategic communication.

This paper explores how domestic e-commerce organizations overcome challenges of communicating effectively in international environments. The author will focus on the communication challenges of Chinese national company Alibaba expanding to U.S. market by investigating how PR works for e-commerce, making comparisons and conducting analysis between American e-commerce company Amazon and China-born Alibaba in terms of social media and business model aspects. Readers will find two case studies in this paper.

This paper will contribute to the professionals who participate in both e-commerce industry and communication field.

## **Literature Review**

Communication in e-commerce could be divided into two stages. Before the invention of Internet, traditional communication model was about sender and receiver, which took place in a relatively close distance. Since the Internet has great influence in people's life, the way of communicating dramatically changed to multiple online-oriented ways. Modern communication in e-commerce somehow adopts the traditional communication model.

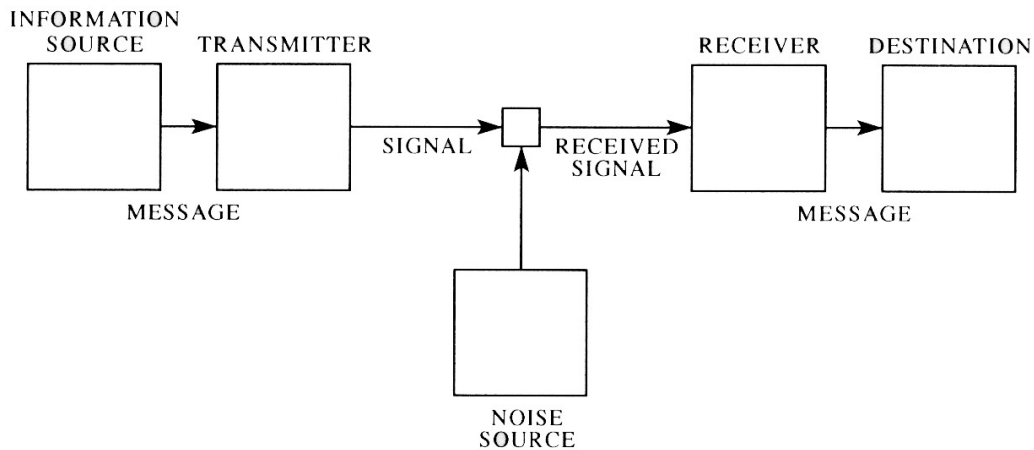
### **Communication in the past and present**

Communication in the past is one-way information exchange process. Claude Elwood Shannon, an American mathematician and also well known as the father of communication, designed a model to explain the effective of traditional communication:

Transmitter/ Sender: The originator who sends the message

Receiver: The destination of the message from transmitter/ sender

Noise Source: During the process when messages send out, there is likely some noises. For example, the sound could be crowd noise, dog barking and those may distract the accuracy of the message. (Elwood, 2001)



(Schematic diagram of a general communication system)

Speaking of modern communication model, it is inevitably to mention the creation of Internet. In the late 20s century, Leonard Kleinrock, a computer science professor published an article called "Information Flow in Large Communication Nets". In the article, Kleinrock demonstrates the initial idea of Internet. With few more years studying and experimenting, in 1971, the first network email is sent out to other users. (Kleinrock, 1961) It represents that people have more option on communicating with others other than via phone calls and hand writing letters. In 1991, Tim Berners-Lee, a English computer scientist introduced the World Wide Web to the world, which is now known as WWW.

After the significant move of WWW introduction, the number of email use increased dramatically. By utilizing emails, an individual could do advertisement, sales promotion, and lobbying. The largest online retailer in the world Amazon opened its bookstore in 1995. It opens a door to B2C e-commerce. eBay, the first online auction site, was launched in 1995. Two leading search engines in the U.S.,



Yahoo and Google, began their e-commerce subsidiaries with Google Shopping and Yahoo! in the next few years after the year 1998. (Merchant, 2011)

E-commerce industry was developing in a fast speed.

### **Corporate Communication in E-Commerce**

Corporate communication strategies in e-commerce have significant impacts on the brand reputation. In business to consumer model, it is crucial for an e-commerce company to send out the right messages at the right time and at a good place. Through the one-way communication process, it gives a great space for a corporate to tailor their messages. Engaging messages would lead the company to generate customers, business corporations, and investors. To maintain good relationship, customer service is a good chance for company to create two-way communication opportunities with customers. By collecting the data, customer service helps with understanding the customer need and coming up with the next – step public relations plan.

Despite the great needs in corporate communication sphere, the professionals in a company's communication department are understaffed. In the interview with a technology consulting professional, the interviewee states that it is the business that asks for more staffs that can contribute to the industries. It is good to see more people on board get to see and understand that the importance of corporate communication can be crucial to a company.

### **Consumer Trust in E–Commerce Industry in China and in the U.S.**

China reformed and opened the market in 1978. It is inevitably to see that Chinese market grows in a fast speed. However, consumer trust in e-commerce is relatively low. (Liu, 2007) As China used to be cash based environment, e-commerce as a new kind of industry brings consumers' curiosity. However, customers do not trust the e-commerce platforms enough to invest or spend money.

In the process when e-commerce companies publicize their messages, they hardly find the time and chance for their clients to understand the services.

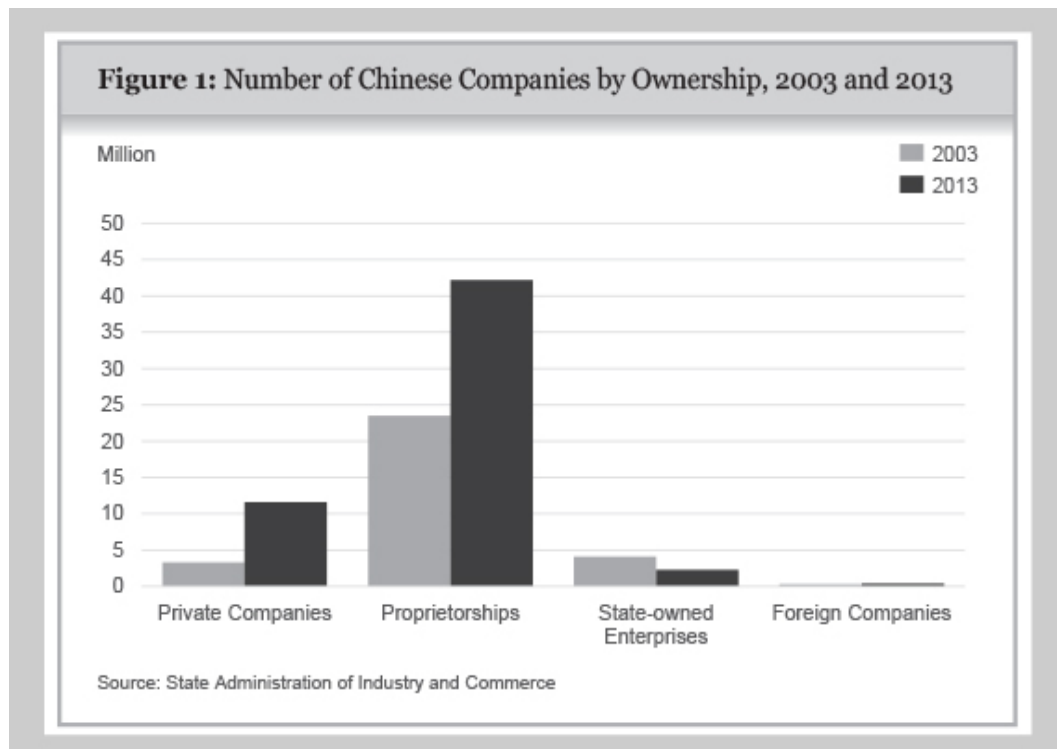
E-commerce companies in China rush to ask people accept their products and even pay for their products. In their corporate communication strategy, the companies do not count that their audience may need time to absorb their messages.

Since there are so many companies operating in the market, and also tremendous products in the market, customers would naturally ask one question: whom do I trust? Under such circumstances, Alipay, a third party money transaction service that belongs to Alibaba, came up. Alipay is a major money transaction through all the other twenty more online affiliates. It is a service for customers to place their money to somewhere else rather than pay directly to the sellers. The e-commerce in China has huge market, but because the corporate

communication strategies are not fully aware of the customers' needs, the chain between the e-commerce company and the customer is not tight and even vulnerable.

In contrast, consumer trust in e-commerce in U.S. is high. The relationship between customer and the e-commerce company is tighter and stronger.

According to an interesting investigation conducted by Omega, an International Journal of Management Science, consumers are tend to spend money to somewhere they trust. (Liu, 2007) From what we could see in the U.S., if people trust a brand, then they are willing to pay directly without any third-party payment services. Customers stick with the brand they feel comfortable with.



(From Teo, Thompson SH, and Jing Liu. "Consumer trust in e-commerce in the United States, Singapore and China." Omega 35.1 (2007): 22-38.)

In the chart above, the company types in China include private companies, proprietorships, state-owned enterprises, and foreign companies. It shows the number of companies in the year of 2003 and 2013. The most ownership type in the above chart is proprietorships. Proprietorship refers to individual-owned business. Proprietorships have about twenty million growth within ten years. The chart indicates the fast-speed of proprietorships companies grows fast. For example, consumers might used to have two choices of one product in 2003. With the e-commerce sellers growing, in 2013, ten different brands make the same one product. It could be one factor that makes consumer trust lower.

# **Alibaba Case Study: Born in China, Created for the World**



## **Company overview**

Alibaba is an enormous Chinese-born e-commerce company. This company powers 80% of online commerce in China. (Hickey, 2014) The company provides consumer-to-consumer, business-to-consumer and business-to-business sales services through web portals. Alibaba has relatively twenty affiliated entities. From flight ticket reservation to fresh fruit delivery, consumers are able to find most kinds of services they need. With such a big success, social media and public relations campaign took important place during the process. At the end of December 2014, Alibaba had almost to 334 million active buyers on Taobao.com. (Insight, 2015) Taobao.com is one of Alibaba's online platform products. The number is the primary source of online service revenues for Alibaba. Industry experts expect this figure to reach past 600 million by the end of 2017.

## **SWOT Analysis**

SWOT stands for internal strengths and weaknesses, external opportunities and

threats. By using this method to analyze Alibaba corporate communication strategies, it could help readers have better understanding of this case study.

### Strengths

First, Alibaba has strong market position. It holds the majority of Chinese online market. Target audience might learn about the company's name at some point.

Second, Alibaba has fully completed service chain. For example, the services are taking orders, shipping and customers' feedback survey collecting. Third, Alibaba has been a global player since 2014. The shipping service can go world widely.

### Weaknesses

Alibaba's internal weakness is that the company has limited outreach with international partners. Geographically, their communication messages are fragmented. For example, the messages are somehow limited at the places where close to the business based location, which is China.

### Opportunities

A great opportunity is the increasing of smartphone apps usage. It can help Alibaba get orders from customers more efficiently. Furthermore, the overseas' market has many business opportunities too.

### Threats

Alibaba has ambitiously expanded to overseas market. However, overseas market is an unknown area that is full of uncertainties. Moreover, Alibaba is facing with strong industry competitors for example the leading e-commerce companies

Amazon and eBay. These two companies have stable audience resources and global brand awareness for decades.

Overall, the opportunity is always exciting. The right corporate communication messages would help a company embraces the cultural differences.

### **Alibaba Corporate Communication Strategy: Domestic Shopping Day to Global Shipping Festival Campaign**

On November 11<sup>th</sup> each year since 2009, Alibaba launches a domestic online shopping celebration campaign. The date is well known as Single's Day in China. It is because the date's number eleven represents people who are single. Initially, the idea is for singles to celebrate their freedom and independence. The key message is smart and simple. It is aimed to generate more money by messaging out to help people save more money.



(From Forbes Asia, contributor: Jason Lim)

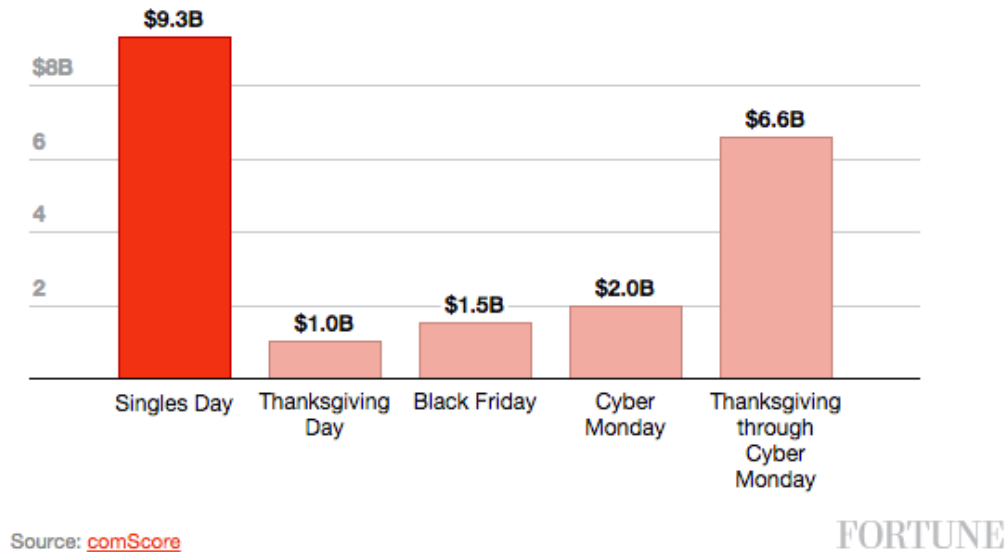
The above image is a screenshot of the Taobao website. It says that at least 50% discount in one day on November 11<sup>th</sup>. Every year the discount theme is similar. Before 2014, Alibaba's corporate message is discount and coupons. After Alibaba went through 2014 IPO, Alibaba changed its message and emphasized more on global shipping services. The target audience is mostly the Chinese who lives overseas. That is to say, Alibaba upgrades its shipping service that can ship to a foreign country. However, on the website, it is sad there is no English version service, which could limit the participation of the international buyers in the Global Shopping Festival. People are more than welcomed to shop online no matter they were single or not. The marketing idea is that Taobao.com is not trying to replace



Amazon or eBay overseas. The purchasing decision is up to the customers.

Taobao.com is to provide a new, delighted shopping experience for customers.

### Campaign's best practice



(Graph from Fortune)

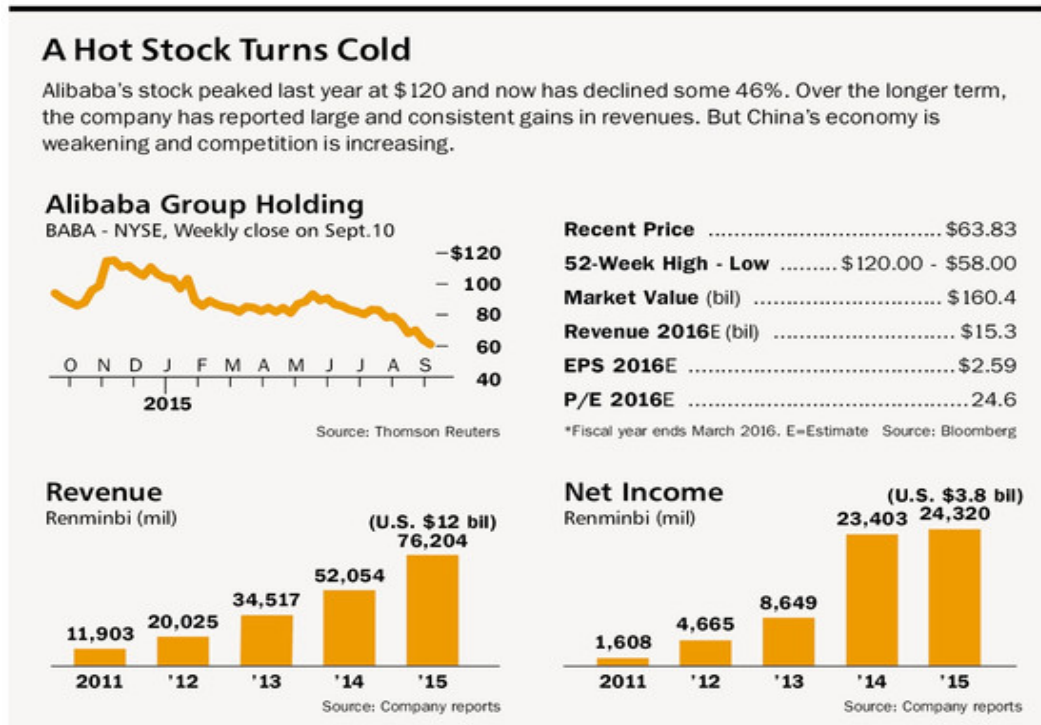
With their successful public relations and social media campaign, Singles Day in 2015 reached e-commerce sales to \$9.8 billion. From the above chart, it tells Single Day's revenue is over each U.S. shopping holiday and all of them combined in 2015. The messages Alibaba sent out are more about international audience. Shipping to world widely helps the revenue reach to \$9 billion.

As Alibaba successfully raised 21.8 billion dollar during IPO in 2014, it means how critical U.S. market is to the company.

The best practice is to be prepared before publishing the message. The way Alibaba uses the message engages its audience. It is important to conduct

research and then apply research results to the strategy plan.

### Challenge: stock decline



Barron's, an American weekly newspaper posted an analysis "A Hot Stock Turns Cold". As the first chart shows, Alibaba's stock keeps dropping since December 2015. (Liang, 2015) The holding prices reach to the peak in November as the chart shows, it implicates that Global Shipping Day campaign maintains the important date on the calendar. Other than that, people still talk about the counterfeit goods. It is the reason why Alibaba's stock dropped.

## Situation analysis

Map impact and likelihood

Impact	Critical	Potential/ existing investors concern	Alibaba might lose some investors	Stock decline
	Major	Employees concerns	Alibaba' credibility is criticized	Alibaba lost investments / influences on financial performance is negative
	Minor			
		Remote	Possible	Likely/ already happened

(Chart from crisis communication class, 2015)

The above chart says that the most likely/ already happened is the stock price decline. The major impact of dropping stock is investment lost and negative influence on financial performance. The possible critical impact is that Alibaba might lose some investors. The major possible impact is that Alibaba's credibility is criticized and questioned. The critical remote impact on Alibaba is that the declining stock could cause potential investors and existing investors' concern. The chart indicates that no matter how big or small the corporate decision is, the financial performance would reflect how well or how bad the decision was. In Alibaba's case, there are three main reasons behind the scene that can cause the

negative financial performance.

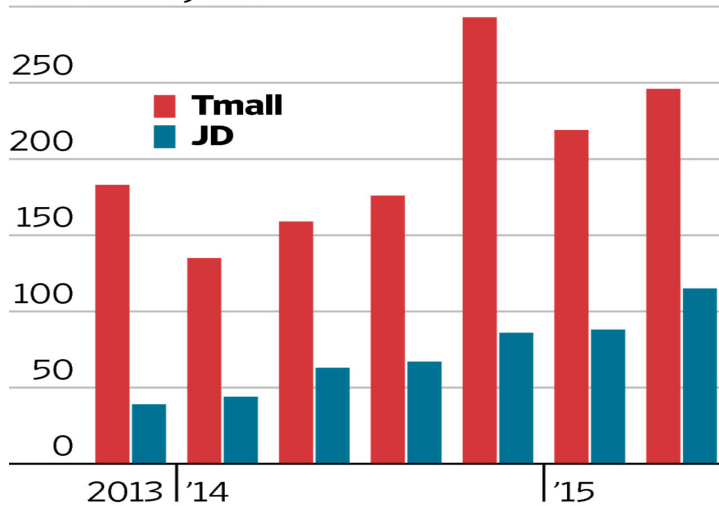
First, Alibaba has strong domestic and overseas competitors.

## Narrowing Gap

China's No. 1 online mall, Alibaba's Tmall, still rules Chinese e-commerce. But No. 2 JD.com is gaining.

### Quarterly gross merchandise volume

300 billion yuan



Sources: Morgan Stanley; company data

THE WALL STREET JOURNAL.

The chart from Wall Street Journal explains Alibaba's strong competitor, JD.com

is gaining in the e-commerce business. In the first quarter of 2015, Alibaba's

share was 58.6%. It is almost as same as the previous year. On the contrast,

according to iResearch, JD.com increased to 22.8% from 19.2% a year. (Chu and

Wong, 2015)

JD.com is a Chinese e-commerce company. JD.com's headquarter is in Beijing,

China. It is one of the largest B2C online retailers.

Another strong oversea competitor is Amazon. As amazon has been in the

e-commerce industry for decade, it has stable customer resources and deep understanding of the market. Even some of the Alibaba's business model are learned from Amazon's experience.

Second, one of the main reasons is the counterfeit product controversy. By reviewing the business model, it is optional to have customer-to-customer (C2C) model. However, with the huge Chinese population, C2C business model is one of the mainstreams. Besides, China embraces the economy growth, but with relatively loose censorship regulations. The critics point out the counterfeit product is unacceptable. Lee, a journalist states investors are not too impressed by the performance on Single's Day, the stock declines even though sales beat analysts' estimates of \$12 billion. (Lee, 2016)

By naming there are counterfeit products, questions may be raised, for example, is there any subjective prediction involved? Is there any solid research result to prove the counterfeit product is a fact? Is there any people bought products and got physical illness? Might it be Alibaba's business idea to promote its brand?

Without answering all above questions, to conclude counterfeit products controversy that is excessively early even if it might be true.

Alibaba has major audience groups in the stock decline process, that is, the investors. When stock declines, it influences the investors the most. Another audience is employees. Employees on the other hand are brand ambassadors too. Alibaba would need their support when facing the challenge. Employee would

also expect to have updated information from their company too. Third audience is the public, for example, when the counterfeit product controversy arises public attention. Social media, newspaper, TV, and other platform would state the controversy from different angle. As for Alibaba, their customers are supposed to listen to Alibaba's messages and trust it rather than the twisted new story.

### **Alibaba's response to stock declines**

Stock dropping's sign reflects that Alibaba's financial performance is not at the optimistic status. Alibaba gets a lot of attention from social media and industry professionals. Thus Alibaba's CEO, Jack Ma has to be careful, be prepared about what he is going to say in public. There is limited room for him to make mistakes. The response follows three steps guidance, first is what is the problem, second is what does the problem mean, third is what can CEO do about it.

First step is to identify the problem. Since we know the counterfeit goods controversial, second step is to see what does the problem mean to Alibaba. Third step is to apply the strategic communication plan.

Alibaba' CEO, Jack Ma, a billionaire entrepreneur, gets actively involved with the company campaigns. With the strategic plan, Jack Ma becomes a familiar face to people.

CEO Jack Ma's PR team offers two way of communicating. The first thing is to keep internal employees on a same page. The second step is to erase public concerns by working externally.

“There’s no ceiling for investing in fighting fake goods,” Jack Ma offered a speech to the employees and said that “We plan to add 300 more staff to fight fake goods and we’ll add more if it’s not enough.” His firmly attitude helps the company survive from all the criticism. (Chu, 2016)

What is more, Jack Ma participates in The International Anti - Counterfeiting Coalition (IACC). IACC is an association that sometimes held conference, panels and workshops regarding counterfeit activities. Jack Ma attended to one of the conferences in Washington DC. CNBC, The Times of India Tech, some mainstream news agencies quote CEO Jack Ma’s language: Alibaba CEO, Jack Ma, actively participated in the panel, conference and interviews. His attitude about the public concern is caring and proactive.

### **New move: Technology talk and new footprint in Australia in 2016**

#### Technology talk

Alibaba introduces an advanced shopping mask, which is going shopping neither retail store nor online website. The guest would need to put a customized mask on and see through the mask glass. The mask shows different clothes like in a real showroom. The guest could try the sizes, colors and styles. Standing in front of a mirror, the guest could see him/herself how does the outfit looks on his/her body.(Sina, 2016) It would be an interesting public relations campaign for Alibaba. New technology can bring people more convenient and fun shopping experience.

### New footprint in Australia in 2016

Alibaba announces a plan to open offices in Australia. China has huge demand for natural product, vitamin and baby formula products. Alibaba CEO Jack Ma has ambitious goal to expand the business to Australia. (McDuling, 2016) Australia would become the second foreign market (the first is the U.S.) where Alibaba will work with in the future.



## Sidebar: Amazon Case Study



Amazon.com, Inc. is an American e-commerce company. Amazon's headquarters is in Seattle, Washington. Amazon serves clients from all over the world. The U.S. Amazon has been a pioneer in the e-commerce industry growing from a bookseller. It keeps expanding into different line of businesses. The latest strategy of Amazon is to enter the cloud computing and data storage business. It has strong market presence in the U.S. and has strong brand value. Amazon is now leveraging it to break into new businesses and acting more like the GE of e-commerce.

In China, it is another story. Amazon has operated the branded site Amazon.cn for four years, but it is been in China since acquiring the book and music seller Joyo.com in 2004. Like eBay before it, Amazon has struggled against Chinese competitors including Alibaba and JD.com , which control the majority market share.

In the past year and a half, Amazon has signed agreements with two Chinese local governments, including Beijing, to offer cloud services within the country and run eight fulfillment centers. In 2015, the company's chief financial officer said that

in China, Amazon is “investing a lot and trying to grow the business.”

Despite the investments, Amazon China’s e-commerce market share in China remains tiny—less than 1.5%,

## **SWOT Analysis**

### Strengths

Amazon has been in the U.S. e-commerce market for decades. The deep understanding of the American customers helps Amazon achieve large-scale of success in this market. The business model is customer centric. The model is less complicated compared with business-to-business deal.

### Weakness

Thinking of the fact that Amazon is an online company, they only concentrate online service, which may limit its expansion plans especially in emerging markets.

In fact, Amazon is involved in many lawsuits in both actual and potential cases.

The lawsuit would distract their concentration on communicating with the public.

### Opportunities

Amazon has wide presence in the global market. The company plans to work with partners in Europe, Canada, Australia, New Zealand, South Africa, Mexico, Brazil, Japan and India regarding the Kindle press. (Global Data, 2015) With more people accepting online shopping, it is a good sign for the e-commerce company

to generate clients.

### Threats

The challenge Amazon also has is to increase the customer awareness in China and any other countries. The majority people in China would prefer Taobao rather than Amazon. Amazon barely has any social media campaigns or promotions. It is interesting to know that in a market as big as China, Amazon did not make a fortune of it.

### Conclusion

Amazon SWOT Analysis can provide a roadmap that the company can apply going forward. One thing could keep in mind is that to think the way that the audience think, give the information what the audience want to know.

## **Comparison and Contrast of Alibaba and Amazon**

Expanding business into a new market, both Alibaba and Amazon need strategic decisions with correct communication messages. Amazon has been in the U.S. e-commerce market for decades. The deep understanding of the American customers helps Amazon achieve large-scale of success in this market. As for Alibaba, it could be hard to win the same large scale of success like Amazon in U.S. market.

Amazon and Alibaba are two great leading e-commerce companies. From the customer trust standpoint, Amazon is more reliable but with fewer products

options. Compared to Amazon, Alibaba has unaccountable choices and options, but the consumer trust is relatively lower than Amazon's customer trust.

One finding of Alibaba and Amazon is that they make good use of mobile apps.

The idea behind the move is stay up to date.

One of the reasons why Alibaba is popular in China is that Alibaba cares for their customers. Alibaba understands the customers' needs and listen to them. Alibaba promoted a new "buy first, pay later" service called Mayi Huaba. It is a third party payment method like the way to use a credit card. In case customers are unable to pay right away, they are always welcome to use this service.

## **Qualitative Research Methodology: learn from the professionals**

The interview purpose is to have different up to date perspective regarding the same topic. The author interviewed four candidates individually. They all have different professional, educational backgrounds. The author enjoyed talking with candidates and listening to them. It is interesting how people answer questions from different perspective. Their answers help the author understand the topic more thoroughly.

The thesis includes four interviews. The purpose of doing interviews is to have deep insights from diverse perspectives. Two interviews are face-to-face interviews, one interview is through Skype, and one interview is over the phone.

### **About the participants**

The research has interviewees from finance, international law, consulting business, and public relations fields. Each interviewee has different expertise.

This research includes one participant from U.S., one participant from India, two participants from China. The youngest participant is twenty-five years old, The oldest participant is over forty years old. Some participants are entry-level young professionals; some participants have their own successful career.

The author noticed that around twenty-five years old young professional have the perspective that is more subjective, senior professionals have objective perspective.

The author also found that interviewees who work in law and math would be precise and would always use numbers to measure results/ outcomes. On the other hand, participants who works for PR is more thorough, sometime overthink and over analyze the situation. PR related professional would always say it depend on something else, PR professional wants to consider all the situations may happen in the next certain time period.

### **Interview 1**

- **Please introduce yourself.**

Hello, I am an Investment Banking practitioner. I am an assistant vice president at JP Morgan working in investment banking. My job at JP Morgan involves advising corporation in making strategic investments to expand their business in new market either through organic growth or inorganic growth. We are acquisition.

- **Tell me about your role in communication.**

Finance and PR for clients.

- **What challenges do you think Amazon has overseas, for example in China? Any recommendations?**

What Amazon is facing in China is exactly the same issue it is facing in India.

Price, local completion in China can beat Amazon any day. Thus amazon is trying some interesting moves. For example, Amazon had opened a store on rival Alibaba Group Holdings' Tmall platform, a website for verified brands like Nike, Apple and P&G to sell to Chinese shoppers.

Tmall is a prized venue for Western brands trying to reach Chinese consumers, who are increasingly concerned about product safety and avoiding fraudulent goods. Brands pay service fees to run their own stores on the site. Alibaba's other major platform, Taobao, connects millions of small sellers with buyers, who can find just about anything but have to worry about fake goods.

So Amazon has to get it message right in china of who they are. They cannot be the jack of all trades from start and need to pick a niche and communicate it effectively.

- **What have been your observations regarding the role of communication in e-commerce in general?**

Communication in e-commerce is very vital to the branding of the company. For example, Uber, as a young start up, was breaking into a traditional business dominated by old and regional players in the taxi market. The taxi industry is

fragmented with local players dominating markets at mostly city level. Uber had to communicate effectively its value proposition both all of its stakeholders, including the users, the customer and the drivers. Uber had to address the challenges of safety, reliability and availability of this service. Being a new player in several markets, Uber was able to identify the value proposition for each market and effectively communicate that. In LA and San Francisco where taxi market is not so robust, their message was availability and reliability.

- **What have been your observations regarding the general challenges you have noticed that e-commerce company/ expands market overseas?**

I have worked with several companies, who ever tried to expand the market overseas. One of the challenges: I have seen when these companies tried to enter the new market. I saw them tried very hard to have the product adopted in the new market. It is not about the repeating successful strategy in their original market. Since foreign markets are very different than the home markets, the company should adjust the strategy in the new market.

- **Provide three examples of challenges and how you/your company overcame them.**

1. Adoptability -



For example, when Amazon tried to operate in India, it is had the same supplier and same product that it carried in U.S. However, the Indian consumer had uniquely Indian shopping habit requirements. Majority of the purchase they made on a daily basis were low-end products for daily use. The Indian consumer tend to go retail store rather than online store if they want to buy products that are more expensive, the reason being warranties and product quality have been an issue. Since Amazon suppliers are all Americans, the products are priced higher vs. the local Indian competitors. Amazon lost market share even though the product offer the superior, Amazon had to change the strategy and buy local, change its pricing to compete with the competitors. And build a brand of trust for Indian consumer to buy products online by getting them to invest little and buy low end products at first from amazon. Once they found that the product quality was good and guaranteed by amazon, they started to move up the value chain and buy premium products.

## 2. Breaking in to the new market and maintaining its reputation –

One of the major challenge when Amazon tried to break-in to the Indian market was logistic issue as Amazon has create an image of prime delivery in two days; whereas the same logistics and infrastructure was not available in India. The average delivery time was around one week. Amazon faced customer dissatisfaction as the customer expected delivery in two days.

Amazon resolved the problem by communicating that Amazon India was an Indian company and its focus was to ensure quality rather than speed.

### 3. Relationship with local Merchants -

Last but maybe the most important challenge is relationship with local merchants.

We were advising an e-commerce company that has been very successful in the office wear and formal wear industry. The business model was very simple -- they had trained professional that they hired and groomed, gave them the platform and got high net worth clients. The business made commissions from selling products of merchants and fee that the clients paid.

The Retailer decided to enter the Asian market given the growth there. One issue they faced was that they could not rely on their local merchants and getting tailoring and supplies was causing delays and not profitable. The e-commerce retailer hired local fashion advisors but under the supervision of the design team. The local fashion advisors had local Merchant connections.

- **What are some lessons you have learned in communicating with global clients?**

Think global, act local!!!

Global clients have unique requirements, where they want one message that defines them, but that message is applicable to all the territories they operating.

This area is unique challenge as the customer in Japan is totally different the customer in Mexico. Thus, it is always essential to understand what the company is all about. So we know what drives the people and product, so we communicate the message with customers that resonate with them.

Any travel agency website will fall into this categories

- **What about e-commerce news/new policies/tax/tariff/ different regulations? Could communication bridge the gap between E-commerce in China and U.S.?**

In the midst of a consumer shift to online purchasing platforms, China's new Method of Network Payment Service Management for Third Party Payment Agents law looks to improve and protect customer rights and privacy within the e-commerce market. The new regulation, currently in its draft stage, limits the RMB amount of consumers' daily and annual online purchases through third party payment agents.

China's e-commerce market has grown remarkably fast in recent years, with companies Alipay and Tencent dominating the third party payment agents sector. China is currently home to 270 third party payment agents and over 430 million online shoppers. Alipay witnesses over 80 million transactions each day.

While the new draft law will present restrictions on private third party payment agents if passed, it is important to note that state-owned payment agents, such as

China UnionPay, will not be subject to the regulations.

Communication in such matters plays a very vital role for Amazon China to let their clients know that such measure will not affect them or how Amazon will help them so the clients can plan ahead, so that there will be no backlash or reputation damages.

- **What do you think about the news report that a lot “fake products” are sold in Alibaba**

When eBay started, they have counterfeit products, fake sellers and buyers, people would bid but not pay. eBay overcame that problem by introducing trade square and dispute resolution; where if the product delivered was not genuine or as described. In such cases, eBay will intervene and act as mediator thus making sure the buyer receives the products that paid for or the seller completing the payment, this took care the buyers and sellers as people input their back information. Once they bid, the bank will transfer the money, using this dispute resolution system, eBay communicated to its user that it is a trusted website, the buyers and sellers will be protected.

- **Tell me your understanding about Alibaba in China and U.S.**

Alibaba in China

Alibaba is a fantastic example of Chinese company that leverages of the local

knowledge to capture/ become one of the top players in the industry. The success of Alibaba in China was a perfect example of how supply creates it's own demand.

The e-commerce in china was fragmented when Alibaba started out.

B2B and B2C sites were local and not on any national scale. Alibaba was able to solve this by being a supersite that connected the whole country.

Alibaba in the U.S.

The move to biggest e-commerce market is in U.S. That makes sense. However, several challenges are there for Alibaba in U.S. such as unique value proposition, adoptability and competition from EBay and Amazon. The U.S. market itself is very saturated, but Alibaba has to communicate to the customers that they can provide service that eBay and amazon are not able to. Alibaba is able to give access to the Chinese suppliers and buyers in the Mainland which eBay and Amazon cannot. This will create more options for users who use amazon or eBay. Also, Alibaba can leverage reputation with the Chinese community in the US. The Asian community has a high purchasing power and if Alibaba can create a niche market. It will be able to secure a foothold into the US e-commerce market and expand to international market.

Unlike its U.S. rivals, Alibaba does not own any inventory so its relationship with their merchants will be critical to its success. Farfetch.com as a more direct competitor to the Chinese player, compared to Amazon, because the former also

doesn't own any inventory and plays the role of an aggregator for merchants selling high-end and luxury goods.

## **Interview 2**

- **Please introduce yourself.**

I am a PR practitioner. I am a NYU student. I study Public Relations and Corporate Communication

- **Tell me about your role in communication.**

I am a communication practitioner and active across all disciplines.

- **What have been your observations regarding the role of communication in e-commerce in general?**

I feel e-commerce been tremendously in communication, if one does not know the thing of to purchase goods on this media.

- **What have been your observations regarding the general challenges you have noticed while e-commerce company expands market overseas?**

The biggest challenge is shipping and customs of good services along with sizing. Clothing size, is not universal and not standardized. And some countries don't know/ don't allow access to sites, or e-commerce sites.

- **What are some lessons you have learned in communicating with global**

**clients?**

I worked for Plaza Hotel as a waiter for 5 years. I saw people from all over the world. My clients are people who sit and dining. To answer this question, I would say is be sensitive of clients non-verbal language. If it comes to e-commerce, I would say the lesson I learned is to learn clients' needs.

- **What about e-commerce news/new policies/tax/tariff/ different regulations? Could communication bridge the gap between E-commerce in China and U.S.?**

Yes. It can. I believe both markets are willing and able to participate in foreign e-commerce. Customer need to know when to they can purchase goods from e-commerce sites.

- **What do you think about Alibaba counterfeit goods controversial?**

Not a unique problem for Alibaba.

Challenge for the market, but not for the Alibaba.



### Interview 3

- **Please introduce yourself.**

I am an entrepreneur now working at a technology-consulting agency. I am from China.

- **Tell me about your role in communication.**

I have over 20 years working experience. I do a lot PR for clients. We serve international clients too.

- **What have been your observations regarding the role of communication in e-commerce in general?**

Communication is an important business element. It is kind of sad for me because in China, a lot of leaders on boards don't realize the importance of corporate communication.

The communication department is understaffed. When there is a time period for budget shrink, the first department to be cut is the communication department.

- **What have been your observations regarding the general challenges you have noticed that e-commerce company expands market overseas?**

I think the challenge is at the customer service department. Because if an

employee doesn't have a clear idea of his/her clients' needs. It would be a hard time for both the company and the customer.

Another challenge is that the company has to go through the government regulations and all the other paperwork. It could be time-consuming even though the procedure has to be taken some how.

- **What are some lessons you have learned in communicating with global clients?**

The lessons I have learned in communicating with global clients are to learn how to listen. Before talk, it is important to listen to others even in the business world. Business is a back and forth process. Before close a deal, investor relations is very important.

- **What about e-commerce news/ new policies/ tax/ tariff/ different regulations? Could communication bridges the gap between e-commerce in China and U.S.?**

Of course. That is the magic of communication -- to bridge the gap between e-commerce in China and e-commerce in U.S.

- **What do you think of Alibaba counterfeit goods controversial?**

I think it is a process of learning. Anything should start with learning. And the next step is invention.

I would not deny that the counterfeit goods do not exist. I would rather say it is a way of learning. It is like when people are young, we learned painting by painting another painting. When a learner is good with all the technic and procedure, then it is right to create.

#### **Interview 4**

- **Please introduce yourself.**

Hello, I am a young professional. I just graduated from graduate school. My interest is in International law.

- **Tell me about your role in communication.**

My role in communication, I guess, is to help my clients have better understanding about the regulations. Thanks for having me. I study Chinese law back in China at Tsinghua University. Last year in 2015, I graduated from Harvard and passed the U.S. law bar test. My interests are at international law. I might not have strong communication background, but I would like to share my ideas with you.

- **What have been your observations regarding the role of communication in e-commerce in general?**

For me, I think, communication may not be seen and be intangible in e-commerce. It is not like law. Law is very precise and detail-oriented. Communication is more flexible. The messages are situation- oriented.

- **What have been your observations regarding the general challenges you have noticed that e-commerce company expands market**

**overseas?**

I am trying my best to answer this question... a company may have challenge about adjusting the company to pass the local regulations when expands overseas.

- **What are some lessons you have learned in communicating with global clients?**

When I interned at UN, I helped deal with cross-cultural cases. One take away for me is to always keep conversation moving forward. Ask questions.

- **What about e-commerce news/new policies/tax/tariff/ different regulations? Could communication bridge the gap?**

I think, the difficult part is shipping. Import and export is not like shopping at retail store. The goods have to pass the custom. What products are allowed pass the custom depends on each country's import law.

- **What is your understanding e-commerce in China and U.S.?**

I think, e-commerce in China equals to taobao.com. I could assume everyone who has Internet connection would shop on taobao.com. Alibaba has huge influence on Chinese's life.

E-commerce in U.S. is humanized. The customer service in U.S. is very good in a way of high efficiency. For example, if the product has any problems, once I call

the customer service, most of them are always happy to help.

- **What do you think of Alibaba counterfeit goods controversial?**

In my opinion, on one hand, China wants to have fast-growing economy. The regulations have to be open or in the other words, loose. The government encourages retailers sell more products, and generate more money. The result is, the boundary is blur. What is good to sell does not mean the products are good to generate profits. For example, I am selling Brand A, a running shoes brand.

Everyone wants it for good price and good looking style. Brand A generates a good fortune. But, The design of Brand A looks like Brand B. On the opposite, Brand B is limited. Even though it may have better quality, people do not pay for it.

For the matter of growing economy, what model do we choose? Do we choose low selling numbers with high standards and longer quality test procedures or, do we choose high selling numbers with fast quality test and better price?

As where there has market needs, where will be buying and selling. Hope I answered your questions.

## **Conclusion and recommendations**

Amazon and Alibaba are two leading e-commerce company. They played successful and great role in this industry.

Corporate communication in e-commerce is a time sensitive, strategic and consumer trust oriented process. Alibaba and Amazon set two great example of how the following e-commerce companies could do.

One finding is that the purchasing opportunities are for the sellers rather than for the consumers. It means that Alibaba expands to oversea markets is to sell products to Chinese customers who live overseas but not to the international buyers. Chinese customers could enjoy the shipping services even if they live in another country. The global shipping service would not happen until 2014's campaign Global Shipping Festival. Marketing expansion is a good opportunity for the sellers who are based in China and want to sell overseas. Compared with the large base of Chinese customers, Taobao.com has small scale of international customers.

In order to generate more international customers, the author suggests to corporate with local brand. The strategy has three steps, customer awareness, customer acceptance, and ask for action. The author tailored three key corporate messages example that can help along with the campaign. First, Alibaba has a strong network of people to access for career and economic opportunity. Second,

Alibaba is a business destination that provide people great business opportunities that unlike other e-commerce company. Third, Alibaba has plenty options of product that can make online shopping easier.



## **Appendix (Interview Questions)**

Interview questions are designed to learn the most recent fresh ideas.

- Please introduce yourself.
- Tell me about your role in communication.
- What have been your observations regarding the role of communication in e-commerce in general?
- What have been your observations regarding the general challenges you have noticed that e-commerce company expands market overseas?
- What are some lessons you have learned in communicating with global clients?
- What do you see about e-commerce news/ new policies/t ax/ tariff/ different regulations?
- Could communication help the in e-commerce in China and U.S.?
- What do you think of Alibaba counterfeit goods controversial?

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## **About the author**

Erna Li is a social media specialist, a strategic communicator, and a Public Relations Master's degree candidate. From her past experience, she conducted social media campaigns for product promotions, managed a crisis communication recall-planning project, and specialized in internal employee communications.

Erna is working on her Master of Science degree at New York University majoring in Public Relations and Corporate Communication.