

Issue about Taobao for countries other than China

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ABSTRACT

Taobao is a Chinese online shopping website, headquartered in Hangzhou, and owned by Alibaba. It is the world's biggest e-commerce website and the seventh most visited website according to Alexa. Taobao is the biggest consumer-to-consumer (C2C) e-commerce platform based in China. You can get clothes, accessories, gadgets and even computer hardware at very low prices. However, because the website is 100% in Chinese, this may be a barrier to those who want to shop but can't make heads or tails navigating through the shopping process.

Nowadays, Taobao has developed their business to international level. They start to provide international services to other countries other than China. Although the international services did provide convenience to people around the world, it did cause some inconvenience issues too. We are going to do research on those issues. The issues we found are in the area of language, logistic, scamming issues, purchasing issues and parcel tracking issues.

For example, Taobao uses only chinese in their webpages, this makes those potential customers who can't read the language cannot purchase things in Taobao. By doing this research, we manage to know how these issues affect the total sales of Taobao and how Taobao overcome these issues.

Introduction

Taobao is a Chinese online shopping website, headquartered in Hangzhou, and owned by Alibaba. Based on the research of Taobao.com Site Overview by Alexa in the year 2019, Taobao is the biggest consumer-to-consumer (C2C) e-commerce platform based in China. Taobao is founded by Alibaba Group in 2003, Taobao Marketplace facilitates consumer-to-consumer (C2C) retail by providing a platform for small businesses and individual entrepreneurs to open online stores that mainly cater to consumers in Chinese-speaking regions (Mainland China, Hong Kong, Macau and Taiwan) and abroad.

Taobao has started to provide overseas delivery services to the country other than China. The product may deliver to other countries through marine shipping and airway shipping. Even though it had provided such good and convenient services but Taobao is not yet as well-known as Amazon in the international market. In the international services that are provided by Taobao, it still got many aspects to be improved. We found out some issues that may cause troubles and difficulties to buyers from other countries.

The issues we found are in the area of language, logistic, scamming issues, purchasing issues and parcel tracking issues. In the aspect of language, it's hard for those buyers who are not good in Chinese to communicate with the seller. It would be hard to those buyers who can't really read Chinese to get the product they really want. Taobao takes a longer time to deliver their products to buyers at other countries as compared to their local shopping website. They are also some serious scamming issues occurred on Taobao due to some unscrupulous sellers. All buyers need to pay through Alipay in order to get the product from Taobao which Alipay is not that common in some other countries. They also have some problem with their parcel tracking issues.

We would like to study how these issues affect the buyers from other countries. We will give some suggestion on the solution to handle these issues.

Background of Company

Taobao Marketplace (formerly "Taobao") was launched in May 2003 by Alibaba after eBay acquired Eachnet, China's online auction leader at the time, for US\$180 million and became a major player in the Chinese consumer e-commerce market. To counter eBay's expansion, Taobao offered free listings to sellers and introduced website features designed to act in local consumers' best interests, such as instant messaging for facilitating buyer-seller communication and an escrow-based payment tool, Alipay. As a result, Taobao became mainland China's undisputed market leader within two years (2013 - 2015) Its market share surged from 8% to 59% between 2003 and 2005, while eBay China plunged from 79% to 36%.

In April 2008, Taobao introduced a newly dedicated B2C platform called Taobao Mall to complement its C2C marketplace. Taobao Mall established itself as the destination for quality brand name goods for Chinese consumers. Taobao Mall launched an independent web domain, Tmall.com, and enhanced its focus on product verticals and improvements in shopping experience in November 2010. It became an independent business in June 2011 and changed its Chinese name to Tian Mao (Tmall) in January 2012. As of October 2013, it was the eighth most visited website in China. Based on Alexa ranking, Taobao is the 9th most visited website in China for the year 2019.

In 2008, Taobao fueled the overall growth of the Chinese online shopping industry through execution of the "Big Taobao" strategy with the aim of becoming a provider of e-commerce infrastructure services for all e-commerce market participants.

In October 2010, Taobao beta launched eTao as an independent searching engine for online shopping, providing product and merchant information from a number of major consumer e-commerce websites in China. Online shoppers can use the site to compare prices from different sellers and identify products to buy. According to the Alibaba Group website (<https://www.alibaba.com/>), eTao offers products from Amazon China, Dangdang, Gome, Yihaodian, Nike China and Vancl, as well as Taobao and Tmall.

In May 2011, Alibaba Group opened a retail store in Beijing under the Taobao Mall brand. The five-story 25,000sqm Taobao Mall iFengChao Furniture Showroom opened as a complement to their online stores.

In June 2011, Alibaba Group Executive Chairman and former CEO Jack Ma announced that Taobao would split into three different companies: Taobao Marketplace (a C2C platform), Tmall.com (a B2C platform; then called Taobao Mall), and eTao (a search engine for online shopping). The move was said to be necessary for Taobao to "meet competitive threats that emerged in the past two years during which the Internet and e-commerce landscape has changed dramatically."

From 2012 onward, Taobao began to accept international Visa and MasterCard credit and debit cards; prior, only domestic banks were supported by AliPay.

On April 29, 2013, Alibaba announced an investment of US\$586 million in Sina Weibo. According to Reuters, the deal "should drive more web traffic to Alibaba's Taobao Marketplace, China's largest e-commerce website with a consumer focus." On August 1, 2013, Alibaba launched Weibo for Taobao, which allows users to link Sina Weibo accounts with Taobao accounts. (CIW Team, August 5 2013, Alibaba Release Weibo For Taobao with Sina)

Observation

We did some observation on the buyers behavior on Taobao. Especially when Taobao has an application as mobile apps, people did leave their review on Play Store and other places. For example, they urge Taobao to have an English version, but the improvement had never done although there are many voices of it. Through the observation, we may know more common issues face by international buyers of Taobao.

Based on the observation we have done; we realise that many users leave a message about the issue of can't understand the webpage. For example, user fromyg family (at 25th March 2019) send a review which stated the reason why he rates 4 stars only. Here is the original message: "lack 1 star because I don't understand anything. All in chinese, I can't read chinese. I love Taobao but please improve. I hope Taobao will have english version after this.Thank

you” User Ahmad Hanif Ahmad Din also leave a review on 22th March on Playstore with 1 star and the reason is no English version. He can't find the toggle and he can only see the satellite symbol, no English words.

We also do observation from our friends and relatives when they are buying things from Taobao. We collect the issue which are faced by our friends and relatives when they are using Taobao app, and we realise that many of our friends ever facing scamming issue. Many of our friends tell us that they receive a low-quality product and the product is not as good as the sellers described. Besides, our friends also always facing parcel tracking issue. Based on their experience, once the parcel had been sending out from the port of China, customers can no longer checking where their parcel is through Taobao apps. This is very inconvenient for those buyers who lives outside of China.

According to the observation we had done, we found out five main issues which normally will facing by buyers from the countries other than China. These five main issues are area of language, logistic, scamming issues, purchasing issues and parcel tracking issues.

Challenges faced by Taobao

The first challenge faced by Taobao is the **scamming** issue. There is no any direct contact between customers and businesses since the cost of opening stores has been greatly reduced, and this provides an extremely broad and convenient space for businesses and individuals who sell fake and shoddy products and low-quality and shoddy products.

Today, it is an indisputable fact that Taobao is the largest fake market in China. Among them, one of the most critical issues is that Taobao, as the platform's provider, does not make any commitment to the quality of goods, even the minimum supervision cannot be implemented. One might say that Alipay can solve the problem of commodity quality very well. In fact, Alipay plays the role of guaranteeing the quality of goods, but it's guarantee ability comes from the background strength of Taobao itself.

Once Taobao itself appears the credit crisis, or Alibaba appears the good faith crisis, the entire Alipay guarantee function will be greatly reduced. In addition, fake and shoddy goods continue to pour into Taobao, individual businesses casually come up to open stores without system, the real capital through Taobao and bring huge capital flows. In fact, these have begun to challenge the seriousness and authority of national laws and regulations. Fake goods into the market at will, tax evasion, money laundering and other issues have become so easy with the birth of Taobao, so blatant.

The other challenge that faced by Taobao is the **area of language** issue. As we all know, Taobao is a chinese-based website. For those potential buyers that are in other country and not speaking any Chinese are having difficulty to find what they are looking for on Taobao. If the buyer cannot understand Chinese, they can't even register a account on Taobao. The steps required to purchase with Taobao are all in Chinese. From registering a account, to searching for the things you want to buy, until the payment steps, all of these actions are in Chinese. According to the setting of official Taobao website, there is no choice to change the webpage language to English or other languages other than Chinese. Means that Taobao has not release English version of Taobao yet, and they have not prepared to expand their business to other non-chinese-based countries. Those potential buyers who cannot understand Chinese will not able to communicate with the seller also, since most of the sellers are not able to speak other than Chinese.

There are some **purchasing** issues for the buyers from countries other than China as it is required to make an Alipay account if the buyer wish to make purchase. The Alipay apps is not that friendly to the buyers that are not from China as it required much procedures to make an account, for example: some of the buyer are required to upload the scanned version of their passport to make an Alipay account. There are some other ways to register for Alipay too, for

example Malaysian buyers can register for Alipay but they have to use online banking with local bank to reload some credits to the Alipay account. It might be an easier way for the buyers, but it still required the buyers to make extra payment for the online banking service charges. Some of the buyers might think it is an inconvenient job to register for Alipay so some of them rather to pay to the agent and let the agent make purchase for them by giving extra payment. Most of the potential buyers do not feel like doing the inconvenient procedures, so they will just give up buying from Taobao and pay more to buy the same stuffs at local stores. It could be a challenge to Taobao as people nowadays prefer things that made their life easier, once there is other apps that allow buyers to buy by one time transaction, Taobao will have a loss in their foreign customers.

For the aspect of **logistic**, Taobao takes a longer time to deliver their products to buyers at other countries as compared to the customer's local shopping website. In this era of globalization now, people will choose online shopping rather to shop in store. It is much more convenient to shop online nowadays. We can get the things we want at our fingertips. Most of the customers who prefer for online shopping will have a motto of 'I want it all, and I want it now.' This shows that people nowadays would go for online shopping because customers are urge to get everything they want online and they wish to get their things reach in a short time.

In China, Taobao is the biggest online shopping platform. Customers would receive goods in a short period of time. They are able to receive their parcel just after couple of hours they make ordered. This is a strong point to make Taobao a successful online shipping platform in China. However, Taobao still have a lot of improvement can make in the aspect of deliver their goods to overseas. It still takes a longer time to deliver goods out of China. As this situation happened, for customers other than China will still prefer to purchase goods through their local online shopping platform if they need the goods in rush. This is the one of the challenges faced by Taobao in overseas. If Taobao can overcome this problem and make the logistic system to overseas as comparable to overseas customer local online shopping platform, Taobao will have more overseas customers.

There is also some parcel tracking issue if Taobao deliver goods to some overseas country. The parcel tracking system works well in China. However, the goods can only be detected until it arrived the port of China. This means if an overseas user is buying goods from Taobao, it will be lost contact with their parcel until the parcel arrived at the port of China. This will make customer feel insecure as they wouldn't know whether their parcel arrived to their country safely. Taobao should improve this issue and provide parcel tracking system even if the parcel arrived overseas. This is because if the parcel did not update in the system, it would be a high possibility to lost the parcel. This will make customer loss of trust toward buying goods from Taobao.

Solution

For scamming issue, Taobao can improve the seller overall rating system. Customers can take the photo of their product received and upload it in the rating system. So that other customers can refer to the product picture from the other customers before buying the product. This can help us to avoid the seller who always sell low quality product. Other than that, Taobao can consider to let their customer to rate the sellers. Once the customer received a low-quality product, they can give a low rate to the sellers, and vice versa. This action can reduce the scamming issue of Taobao because the sellers can no longer sell low quality product to the customers. If the rating of the seller is low, no one will purchase the things from the seller again.

For languages issue, Taobao is suggested to add some option of languages to their website. For example, English. Based on the research by Joe Myers in 2015, English is the most widely spoken languages worldwide, with 1.5 billion speakers. If Taobao has a english version of website, those people who cannot speak and understand Chinese also can buy things from Taobao. It's easier for those potential buyers from other countries to understand the webpage of Taobao and find the things they want from Taobao. Moreover, Taobao is suggested to insert auto-

translate technique in the chat box between the sellers and the buyers. This enable the buyers who cannot understand Chinese to communicate with the sellers who can only speak Chinese. The buyers can ask the sellers for the details of the product smoothly with the help of auto-translate. The languages issue can be solved by adding other website languages option on Taobao and insert auto-translate in the chat box between sellers and buyers.

For payment issue, Taobao that are tied with Alipay may have switch to other payment method for other countries buyer to increase the convenience in purchasing items. Taobao apps for international buyers should increase the payment method that allow them to make payment through direct e-banking or make payment at convenient store. For example, Althea that is selling korean made cosmetics directly from Korea had offered the international buyers to pay through e-banking, payment at 7-Eleven and also through master card. Taobao may learn from other website that also selling items to international buyers to improve the payment method and solve the purchasing issue.

In the aspect of logistic system, Taobao can improve the system by shorten the delivery time of sending off the parcel. Taobao should choose an international shipping country wisely. Taobao can go for those company which has a shorter delivery time to overseas. Taobao should investigates different delivery option and find out the best option to solve this issue. Besides, Taobao can also considered of using automation. Taobao can start to vet a fulfillment warehouse. It should have the best technologies available to make delivery time faster. Automation plays a big part in speeding up processing and delivery time.

For parcel tracking issue, Taobao can make some collaboration with express and courier service in overseas country. The collaboration can be made such as allowed them to enter the Taobao system and update the recent information of the parcel. This allowed the overseas customers easily track their parcel even though the parcel had sent out of China. If this problem is solved, more customers will increase their confidence to buy goods from Taobao.

Methodology

We have done some research on topic of Taobao which is a well-known online shopping platform. We have found some finding about issue of Taobao using by the customers from countries other than China. We found the information mostly through internet. Some customers gave some reviews on issue about purchasing goods from Taobao from other countries. From that information, we found out that the issue is making inconvenient towards customers from countries other than China. We also have done some research on to improve on those issues. If those issues are settled, Taobao will be a worldwide online shopping platform which attract more customers from overseas to purchase goods from Taobao.

Next, we have also done some research through interviewing the people that used Taobao which are not from China. We have asked them more details questions about the experience that had when using Taobao. By getting know the different experience of the buyers, we know the challenges face by Taobao in a more details way and so we may figure out the solutions which might be the best for them.

We did make some reference on journal to get more information on our research. To understand more about our research target, we read through the journal about online shopping and also the factors that affect the behaviour of customer when doing online shopping.

Conclusion

Taobao is a well-known Chinese consumer-to-consumer (C2C) e-commerce platform and Taobao has grown rapidly in Chinese-speaking regions such as Mainland China, Hong Kong, Macau and Taiwan these few years. Although Taobao is already a successful online shopping website in China, but they are facing some issue that makes them hard to expand their

market to the countries other than those Chinese-speaking regions. These issues make the customers from other countries do not choose Taobao as their online shopping website because Taobao is not user friendly to them.

First of all, the area of language issue. Taobao is a 100% Chinese-based online shopping website and they don't provide any other languages option for their customer. The customers cannot understand the webpage and it's hard for them to look for the goods they wish to purchase from Taobao. The customers also cannot communicate with the sellers through the website because of languages issue. The suggested solution we would give is Taobao should add some option of languages to their websites and insert auto-translate in the chat box between sellers and buyers.

Furthermore, scamming issue. Taobao does not involve any direct contact between customers and sellers and this causes the customers always receive low quality product. Our group suggest that Taobao can improve the seller overall rating system and let the customers to rate the sellers after purchasing. These actions can help Taobao to solve scamming issue and add good faith to their customers.

Moreover, purchasing issue. Customers can only make purchase on Taobao if they have an Alipay account and Alipay apps is not that user friendly to the buyers that are not from China. Our group suggest Taobao to increase the payment method such as direct e-banking or through mastercard for all the buyers. For parcel tracking issue, the parcel tracking issue only works well in China but no other countries. Buyers from other countries always facing problem such as lost contact with their parcel after the parcel leave the port of China. Taobao should make some collaboration with express and courier service in oversea country so that Taobao system can update the buyers with the recent information of their parcel.

For the aspect of logistic issue, Taobao takes a very long time to deliver their product to buyers outside of China. It's not convenient for the buyers who live outside of China especially when the buyers need the product urgently. Taobao is suggested to collaborate with the company which has a shorter delivery time to overseas.

In conclusion, Taobao had to make some improvement on these five-issue listed above in order to expand their market to other countries such as United States, United Kingdom, and other countries other than those Chinese-speaking regions. We hope this research can help Taobao to make some improvement so that it can become more user friendly especially to those customers who cannot understand Chinese. We also hope that this research will helps Taobao to expand their market to other countries.

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