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Faculty of Business Administration
International Study Programs

E-commerce company improves customer services through social media

Case study: Alibaba company

Wang Li
BA in Business and Management
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Supervisor of the thesis: dr.Akos Varga
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Chapter 1 Introduction

1.1 Introduction

With the development of information technology, networking and globalization have become an inevitable trend in the world. As a result of the rapid expansion of networks users, many businesses and manufacturers focused their attention on Internet. It is through the Internet newer business models have been developed (Tuten & Solomon, 2014).

E-Commerce has a huge potential market with great prospects for development. E-Commerce is two-way information communication. It has flexible means of trading and rapid delivery characteristics. This brings great social benefits to the community. There is the ideology to promote the productivity of the whole E-Commerce provides more choices to consumers and also provide a better convenience (Reston Va. & Atlanta, GA.2013). It is an information revolution in the field of business. It has a fundamental impact the way of people's thinking, the human economic activities and the way of human work and lifestyle.

The factors that affect people purchase activities in the online forum are: competitive prices, detailed product description, good customer service, extensive selection of categories, commodity comparison function, product picture clarity, brand reputation, product rating, customer reviews, purchase guide, familiarity with the site and expert advice to name a few (Pei-Jung Lin. 2009).

E-Commerce site product reviews are a newer form of word-of-mouth marketing. Word-of-mouth marketing is characterized by a good sense of a product or service in their feelings of products and services to convey to a third party so that other people understand the product or service. In the current climate, shopping online is a typical example of word-of-mouth marketing. When consumer brows merchandise information, they read review of the goods before their purchase decision. According to the survey,
almost 90% of netizen believe that the review and make choices accordingly. However, these are dynamic and changed sporadically based on the current trends (Myles Anderson 2014).

The previous research analysis does not fully comprehend these factors. It is imperative to conduct analysis and develop the ways to connect with the customer. In the current times, the companies are constantly looking for newer ways to connect with the customer. They are unable to develop a niche consumer base with the heavy competitors across the world. Owing to this, successful companies and their variable can be used to understand the nuances of these situation. These factors need to be comprehended. The aim of this research is to understand these impacts by using a case study analysis. The reason for using case study is that it would factor in the subjective factors and the overall trends that impact the situation.

This purpose of this analysis is to study the importance of online evaluations impact on the customer buying decision. If E-Commerce sites want to innovate under new international market environment, they have to pay attention to customer relationship management. China is one of the big markers that utilize E-Commerce. In this paper, Alibaba Company is chosen as a case to understand the nuances of the system.

1.2 Objectives of the study
With the rapid development of the Internet, online shopping is a widely accepted trend by customers. This paper chooses online customer reviews from Alibaba online shopping platform as the research object and discusses the effect of online customer evaluation on the purchase decision. As well as importance of the detrimental online reviews impact brand reputation was detailed.

1.3 Research Aim
The aim of this research is to understand the ways in which social media can be used to
improve customer service in E-Commerce model.

1.4 Structure of the thesis
This paper includes introduction, theoretical background, methodology, practical problems analysis and conclusion those five chapters. It also has appendix and references towards the end of the analysis.

In Chapter 1, paper starts with introduction of background of E-Commerce generation and indicates how important to study customer online reviews. The relevance of the research and its implication for future are explained. In this chapter, it indicates the importance of the topic and the aim and objectives. Second, it describes the objectives of this paper, and research aim was explained.

In the chapter 2, literature review of the existing research was done. It explains some of the fundamental concepts such as meanings of social media in E-Commerce, which is necessary for the next part. Then it explains the concept of how social media impacts E-Commerce and the importance of customer relationship management in E-Commerce. Discussions about ARIS model application in E-Commerce is also done in this chapter.

In chapter 3, research methodology introduces the methodology approach and steps for conducting the research. Initially, it starts with describing sources of information and explains which methods are used in this thesis. Primary and secondary data analysis methodology has been described in the chapter and case study analysis and graph analysis will be included.

In chapter 4, there is data analysis and exploration of the data that was collated. The ARIS model is used as a formula to determine the research findings.

In chapter 5, conclusions are drawn along with future trends and challenges. References and appendix are done after this chapter.
Chapter 2 Literature Review

In this literature review, the existing E-commerce business models and the theoretical background for the same have been explored.

2.1 About E-Commerce

E-commerce business model allows consumers to have access to more selection. Consumers can use the Internet to understand about the goods and services. Because of the specific types of goods, product substitution is very strong and consumers have more choices. Network trade facilitates the ease of shopping from home. All E-Commerce marketing activities are done using the Internet. It uses computer communications technology, digital interactive media and modern communications technology to achieve marketing objectives of a part of the marketing approach. E-Commerce uses the Internet as a media through a series of attractive network marketing planning, development and implementation of marketing activities. It is more effective to promote personal and organizational transactions to achieve a new type of sales model (Ashley & Tuten, 2015). These are the broad overview of this business model.

2.1.1 Advantages of E-Commerce marketing

First of all, the network media has wide range and far reaching consequences. It has spread through many areas. There is no time and geographical constraints. Network media with detailed content, multimedia transmission, two-way communication and quick feedback are some of the implications of them. On the other hand, it’s efficiency to enhance the effectiveness of corporate marketing information dissemination and reduce the cost of corporate marketing information dissemination. One the other hand, E-Commerce marketing can achieve direct marketing function. It helps enterprises reduce inventory pressure and reduce operating costs (Ashley & Tuten, 2015). The most important of all, the Internet covers the global market.
In recent years, with the development of information technology, the information dissemination impacts people profoundly in their actions and consumer buying behavior. This is the opportunities and challenges to E-marketing (Mahabir, N. & Geeta, S. 2013).

Traditional marketing trusts layers of rigorous channels. However, for this large number of human and promotional inputs to compete for the market base, it is time consuming and costly. In the Internet age, due to the widespread popularity of the Internet, businesses can use this network to expand the scope of business activities to the world. E-Commerce portals are simple and easy interface that enables the buyers and sellers on the network.

Through the development of E-Commerce, the openness of information on the network makes the market competition more equitable. In this schema, the industry boundaries become more vague, large enterprises not only face the competition of small and medium enterprises, peer companies are also facing competition from other industries. How to adapt the trend and take the appropriate strategy in a new competitive advantage have become the major business challenges. E-Commerce provides enterprises large market potential and new way of sales. The first business production is the information network production. If the enterprise is not innovative and it does not compete with the latest technology, the companies will disappear.

In the modern times people’s consumer behavior are more independent and the requirements of individuation in goods and services are getting higher and higher. The people are not satisfied with the conventional business types. They have preferences for new changes. In the E-Commerce conditions, each customer receipt information and content are faster. They desire innovation and changes become more intense. There is continuous emergence of new technologies, product upgrading is accelerating, customers demand for consumer goods will change with each passing day.

E-Commerce is based on the customer buying behavior that is personalized, and the
reaction of producers to market is more agilely. The possibility of direct trade between producers and customers are increasing, in this the role of intermediaries is weakened (Wei Rong 2014). At the same time, the customer’s dominance in the transaction is more prominent and the producer’s marketing strategy will emphasize how to meet the customer’s specific desire more convenient and timely.

The model of E-marketing is dialogue between customers and enterprises. The enterprises clearly understand customer’s personalized needs, make the corresponding strategy maximize the corporate profits. In this way, the relationship between business and customer is more and more important.

2.1.2 The Impact Online evaluation

The effect of development of the information media era is that people can quickly share information through the Internet, and the information is often recognized. Social media such as Facebook is a clear example of the changing trends of E-commerce. If people use social media to introduce and spread their services and product, it has significant impact. Positive evaluations have been observed to bring in more benefits than investing in advertising. The negative affect, the choice of potential consumers and even the evaluation are false and no factual basis.

Social media allows people to write, share, evaluate, discuss and communicate with each other through the websites and technologies. Social media is an important tools and platforms that people use to share ideas, opinions, experiences and opinions, it includes blogs, forums, podcast and so on.

In recent years, social media has developed at a rapid pace. The spreading of information has become an important part of people who browse in the Internet. Social media reaches a higher number of people than any other media. These services have led people into the “digital era”. From another point of view, “social networks” is the
advent of this media, because in this network platform, countless information filters and spreads by netizen, valuable messages will be quickly spread throughout the world.

That is the reason as to why E-Commerce portals and companies need to consider the customer online reviews. The positive reviews would increase brand reputation and help customer to make their shopping choices. The negative reviews would damage company’s images and lose customers. 88% consumers are willing to listen to other people’s shopping experience when they are shopping online. This is the reason as to why online reviews are best business marketing tool. Online reviews are key catalytic factors that drive potential consumers from buying intentions to buying operations. Therefore, studying customer relationship management is important for today’s E-Commerce market.

Figure 1: online customer reviews affect business

Sources: Local Consumer Review Survey 2014

2.1.3 the most important applied model (ARIS)
Architecture of Integrated Information Systems (ARIS) is process-based model structure. This is used to reduce the gap between enterprise and information technology
application framework. ARIS provides a business process concept that can accurately describe and provide detailed analysis of information. ARIS was originally proposed by Professor August-Wilhelm Scheer in 1990s. This model provides an inception point for the development of enterprise information system. It has become the world’s most influential business process modeling framework.

Requirements of ARIS are based on business-oriented mode rather than technology-oriented model. After considering of objectives such as time, cost, efficiency, redundancy and analyzing status, it generates a variety of options as to how the business processes can be improved. Depending on this specific problems required for the different options. From a technical point of view, it is necessary to consider what kind of information system are needed. From the basis of business processes, file management, database application integration are becoming possible to use. Then data, organization, functionality and resources are integrated through the ARIS control.(wikipedia.ARIS).

The ARIS is found to include the components of enterprise-wide business goal, it can optimize the business process design and analysis. In the field of E-Commerce, the use of ARIS can quickly develop a decision on E-Commerce process management. ARIS provides real-world simulation of available resources, activity-based cost analysis and web-based communication (messaging) for modeled and optimized business processes. There is a variety of models in ARIS and each model contains a series of items (objectives) and connections (relationships). ARIS classifies and organizes these objectives and connections through four views:

1. Organizational view: A static model of organizational structure including: the organization of human resources, production resources (such as equipment, transportation) and computer, communication network structure.
2. Data view: Static model of business information including: data model, knowledge structure, information carrier, technical terminology, database model and so on.
4. Control view: dynamic model which links the operation of the process, the business process, process-related resources, data and functions including: event-driven process chain, information flow, logistics, communication plans, product definitions, value-added maps and so on.

*Figure 2: Information model of the ARIS architecture*

![Information model of the ARIS architecture](http://www.pera.net/Methodologies/ARIS/ARIS.html)

**Information model of the ARIS architecture**


2.1.4 **CRM contribution to Enterprise**

With the rapid development of information technology and economy completion is increasing. Owing to increasing of the number products and apparently changing of market structure, consumers have choice when they are shopping online. That makes the enterprise to change from traditional seller’s market to the buyer’s market.
The changes of marketing concepts and marketing methods require business firms to respond quickly to market changes. Therefore, enterprises convert from original focus on profit into customer satisfaction. Customers are a valuable resource in business development of enterprise, and hence CRM (customer relationship management) becomes inevitable trend to improve enterprise’s competitiveness in Internet era.

Advanced computer network and management software have not only changed the enterprise management and operation mode, it also directly impacts on the competitiveness of enterprises. CRM management has been more and more accepted by enterprises. E-Commerce CRM is currently the fastest growing part of the market.

2.1.5 The concept of CRM

In 1999, Gartner Group Inc proposed the CRM concept (Customer Relationship Management).

CRM is a business strategy that maximizes long-term value by selecting and managing customers. CRM requires “customer is the center” to support effective marketing and service processes.

CRM is an internet-based application system. It integrates user information resources through reorganization of the enterprise business process. It also manages the customer relationship in a more effective way, and sharing information and resources within the enterprise, thus reducing the operating cost of the enterprise (Kapoor, 2014). CRM provides customer with more economical, fast and thoughtful products and services to maintain and attract more customers in order to achieve the ultimate goal of maximizing corporate profits (Kotler, Armstrong & Tait, 2010).

CRM is a new management mechanism designed to improve the relationship between business and customer, which is implemented in the enterprise’s marketing, sales,
service and technical in customer related areas (Porral & Stanton, 2017). CRM goal is providing faster and thoughtful service to attract and maintain more customers.

CRM is a system that specializes in management of the enterprises. CRM provides a system for collecting, analyzing and leveraging customer information in a variety of ways in a totally new business strategy and approach. It can help companies make full use of its customer relationship resources and expand new markets and business channels. CRM also can improve customer satisfaction and corporate profitability (Jobber & Ellis-Chadwick, 2012).

Customer relationship management provide the people with a full range of management perspective and give enterprises more perfect customer communication capabilities, maximize profitability to improve customer satisfaction.

The companies want to be able to understand the needs of customers more through the CRM system to provide customers with personalized products and services to improve business processes related to customer relationships in the areas such as sales, marketing, customer service and support (Tanner & Raymond, 2012). The implement of customer relationship management can develop long-term cooperation between customers, improve the core competitiveness of enterprises, reduce costs and increase revenue and enhance the profitability of enterprises (Kotler & Armstrong, 2013).

2.1.6 The core of CRM

The emergence of CRM requires enterprises transfer the from the business model from product to the customer. In other words, the focus of business attention should be transferred from the internal products operation to the external customer relationship (Hult & Sjölund, 2017). Customer relationship management is a process of continuously enhancing communication with customer, understanding of customer needs and improving the products and services to meet customer needs. It is the enterprise to use
information technology and Internet technology to achieve customer integration marketing. Customer relationship management is focused on the communication with the customer, rather than the traditional product or marketing (Constantinides, 2014). In order to facilitate communication with customers, customer relationship management can provide customers with a variety of channels of communication.

Companies can build “learning relationships” with customers, such as from contact with the customer to understand their names, addresses, personal preferences and purchase habits, and on this basis, company can provide “one to one” personalized service (Zhu & Chen, 2015). This is based on different customers to establish a different relationship and provide the concept of service according to its characteristics.

CRM uses comprehensive management of business processes to reduce the cost of business. CRM is a set of management software and technology. Using the CRM system, companies can collect, track and analyze the information of each customer to know who they are and what they need. CRM can observe and analyze the impact of customer behavior on corporate earnings through studying CRM optimized corporation profits (Agnihotri et al., 2016).

2.1.7 CRM in E-Commerce

Today E-Commerce has become world trend. This is because CRM for enterprise sales, marketing, customer service, technical support provides business automotive solutions, so that enterprises have frontier to face customer on E-Commerce (Tiago & Veríssimo, 2014).

Therefore, CRM can give enterprises the foundation to achieve the successful realization of E-Commerce. It can help enterprises to achieve the smooth from the traditional business model to E-Commerce based on the transformation of modern enterprise model.
Since 1997, the global CRM market has rapidly developed (Dolan, Goodman & Habel, 2014). CRM is the main application areas of manufacturing, telecommunications, public utilities, financial services and retail industries. Some online shopping enterprises have used CRM benefit from it. The use of CRM concepts has become an important factor in developing online business (Chaffey, Smith & Smith, 2013).

The famous Amazon.com bookstore (Amazon.com) can be described as a great miracle brought by the Internet, but the even more amazing is that it can keep annual sales of sustained high growth. One of the main reasons is that Amazon’s bookstore is use of CRM software to handle customer relationships. The implementation of CRM to improve customer trust and loyalty has given many companies a great profit. There are 65% customers in Amazon bookstore that is repeat customers (Ko et al., 2013).

2.1.8 Importance of CRM to E-Commerce

At present, many traditional enterprises are beginning to enter into E-Commerce market through E-Commerce optimize of business portfolio to improve the business situation. E-Commerce is a new sales channel, and it occupies a very important position under Internet environment. It is easier to shop using these channels.

Information system and technology are successful implemented in CRM. The main goal of the new customer relationship management system is how to properly choose the right means to discover and contact customers, develop appropriate products or services, and sell their products or services to customers (Rosenbloom, 2012). The purpose of customer relationship management is to find ways to retain existing customers. Instead of spending the cost on uncertain new customers, this way there can be niche consumer base

The implementation of customer relationship management must identify the real
customers of the enterprise, and it must follow the central concept, and provide a variety of personalized products and services, so that enterprises in the highly competitive market environment can achieve sustainable and stable development.

2.1.9 CRM improves Customer Relationship
CRM was developed with Internet and new age technology. Online communication with customers and produce transactions that are beneficial for the stakeholders. CRM enables with the ease to help this step to achieve (Pride & Ferrell, 2016). CRM and electricity business are complementary. CRM is conducive to open up a broader space for E-Commerce and it is conducive to improve business processes.

In fact, in the case of the continuous development of information technology and network technology, the E-function of the manufacturer’s function improves the efficiency and transmission speed of internal and external information communication, which is helpful to the establishment and operation of CRM.

Suppliers lost their customers because they pay their customers. The customer is more concerned with the degree of care and attention given by the supplier (Cockayne, 2016). The degree of supplier care for the customer can be reflected in the details of many business operations. Through customer relationship management, companies can tap the potential customers, improve customer loyalty and master more business opportunities. CRM is a tool that aims to reduce operating costs and increase sales and customer satisfaction.

Advanced customer relationship management application system uses Internet tools and platforms to achieve a variety of customer relationships, channel relationship synchronization and support E-Commerce development strategy. These can ultimately become the basic driving force to achieve E-Commerce. Electronic is the basic development of CRM.
2.2 The advantage of CRM

CRM can improve the operational efficiency of enterprises. CRM achieves this integration of all business segments and resource systems (Shen, 2016). It can be extended to all aspects of corporate channels. These would include integrated traditional telephone center and customer agencies. It also can be combined with enterprise portal, network sales, online customer service and other E-Commerce content. Resource system integration is used to achieve enterprise-wide information sharing, it greatly improved the degree of automation of business processes and staff work capacity.

CRM can enable companies to retain old customers and attract new customers. On the one hand, the integration of customer information could help enterprises to capture and track customer statue. Therefore, enterprises can better manage sales, service and customer resources to provide customers with fast and helpful service (Pride & Ferrell, 2016). On the other hand, customers can choose their own way to communicate with the enterprise. Customer satisfaction team can be improved will be able to help enterprises to retain more old customers and effectively attract customers.

Customer relationship management can reduce the cost of the enterprise. Good customer relationship management can greatly reduce the cost of business. Especially in particular advertising costs, advertising costs accounted for the majority of the proportion of business costs. Customer relationship management can help enterprises have a clear investment plan, and suppliers will not blindly put advertising costs (Cavusgi et al., 2014). CRM helps in deeply understand customer. Then enterprises can do selective advertising. After better understanding customer’s needs, enterprises can produce significant products to meet customer’s need.

Companies can continue to expand the market space. Enterprises can use the new business model expanding sales and service system, expanding the scope of business activities, timely grasping the new market opportunities and occupying more market
share. In short, customer relationship management is an inevitable choice of modern enterprise to win customers (Kotler & Armstrong, 2010).

Chapter 3 Methodology

To reach the objectives in the study of this paper, this chapter describes the research methodology in the thesis. Research method present the research approach, design and sampling, data collection procedures. It also shows how to achieve an outcome. The research method combined the qualitative and quantitative in order to improve the reliability of the research outcomes. Two types of data are used in this study which is primary research and secondary research. For the primary research, the content analysis research and the method will use for the data collection and analyses. After that, sample selection will describe the case company and respondents.

3.1 Sources of information

The analysis has obtained information from peer reviews journals, websites, news, articles and books. The primary research data was collected from Alibaba’s Facebook post and Alibaba online shopping platform.

Articles: some opinions are obtained from articles and used in this paper, which are related to E-Commerce. The paper used those opinions and cites in the references.

Websites and news research are also mostly used in the whole thesis.

Books: There are collections of books that are used in this paper, such as “CRM concept, method and overall solution” by Zhu Yun Long and “Entrepreneurial Networks and Business Culture” by Clara Eugenia Núñez.

3.2 Primary Research

Primary data in this thesis was obtained from Alibaba Facebook post and Alibaba customers who used one star online review is used in this paper. In this paper, the main purpose is studying how the E-Commerce enterprises efficiently use the social media to improve their customer services. Alibaba is used as a case that needs to be studied. For
these thesis analysis total posts of Alibaba in Facebook in one month as objectives, analysis the content of Alibaba Facebook posting, such as what’s kind purpose in posing the status and how frequently is it?

This paper selected 50 one star customer online reviews from Alibaba shopping platform as research sample. To comprehend why those customers gave one star reviews, and conducted the study by performing a content analysis of complaints from Alibaba shopping platform website and then, classified those complaints and built a complaints framework. This was done to find is that Alibaba use their social media response or solve the online negative reviews.

The plausible limitation was that there could be biased reviews from the consumers. To overcome these issues, there was the use of secondary sources of data that has already been published.

3.2.1 Case study analysis
To reach the objective of this study, the analysis was about Alibaba. While looking at the competitor such as Amazon, their customer reviews on SiteJabber average rating are 4.5 stars which are much higher than Alibaba. That is the reason why it’s important for Alibaba to study their CRM. The issue with case study analysis is that it would narrow the scope of the variables. To address these challenges, there was the use of secondary data.

3.3 Research method
In this paper research, was about the combination of the Primary and secondary sources of data. It analyzes of the amount of Alibaba post in Facebook and the content of posting and also classifies the content of Alibaba online shopping platform. The process of content analysis is the process of hierarchical reasoning.

Chapter 4: Data Analysis
Data is collated from the online portals related to reviews. This has been used as the primary sources of data. Alibaba Company uses the social media to market its products and services. The effort that is taken by the company to develop a brand identity has been explored in the following

4.1. Social Media Marketing

An analysis was done to see the current efforts that were taken by the company to market its products and services. The frequency of the Facebook posts by the company was documented.

4.1.1 Content Analysis of Posting Information

As of May 2017, Alibaba Facebook posted 28 times in the month of May of 2017. On an average, Alibaba posted in Facebook portal once a day. For 3 days, Alibaba posted 2 posts in one day, and for 6 days May of 2017, Alibaba did not post in social media.

Chart 1: Number of Alibaba post in Facebook in May of 2017

![Chart 1: Number of Alibaba post in Facebook in May of 2017](chart1.png)

Source: Appendix 2

To reach out to a large consumer base, the company had posted in Facebook. This is a low-cost effort to reach out to a larger group of audience. Facebook is an influential social networking site. The site allows company to reach a large global audience and specific target customer group. It allows opportunities for companies to develop their
online marketing strategies. The company had comprehended about the impacts of social media. It is taking efforts to display information about the products and services. It can be alluded that any company would benefit from these aspects of social media marketing. Since Alibaba is already harnessing the social media, it is expected that the company would continue to do so. Almost all the companies now have a social media presence. It is important for the companies to stand apart from the competition and deliver to the niche consumer base. For this, the message content must be analyzed and developed by the companies. The messages that are conveyed to the audience need to retrospect to comprehend the requirements of the future. Hence the following section details about the message that Alibaba Company conveys to the people.

4.1.2 Categorization of the Alibaba Facebook posts
According to the research of Alibaba Facebook posts in May of 2017 was considered. The posts on the Facebook pages can be served as a basis of analysis. Four distinct categories of content were identified, and they are:

- Products advertising: 32.1% are products advertising
- Platform advertising: 46.6% of Alibaba posts during the month are about platform advertising
- Status updates: 3.6% are status updates
- Article Sharing: 17.9% were about sharing of information.
- Customer Grievance: 0%.
According to content analysis of Alibaba Facebook posts, it was found that these were generic messages that were posted to the audience. There was no space to listen to the grievances of the consumers. Focus was given about the products that are sold.

The post of platform advertising is care about the introduction of new policy of their company such as RFQ services and trade insurance. No response was discussed about negative reviews complained. These impacts of not responding to the consumer feedback create the impression of a complacent company.

4.2 Social Media Impact for Alibaba

The influence of social media is widespread. People spend about 110 billion minutes on social media sites that equate to 22% of all online time. Different from the traditional advertising exposure, through the promotion of social media, users will take the initiative to put the brand’s attention and like to participate. Social media is conducive to foster customer’s brand loyalty. At least half of Twitter and Facebook users believe that they are more interested in talking, recommending or buying the company’s products after they start to focus on a business in social media. Brand through social media can easier to reach in-depth communication with the user, through the creative
content and interactive quality, and ultimately get the formation of long-term “fan” level user base (Ebert et al., 2015).

Social media feedback and subsequent interaction in a timely manner would enhance the brand’s user experience. Traditional media uses a lot to attract and it use excessive information to bomb the consumer, and social networking sites let consumers decide to focus on what brand and on some aspects. Social networking this feature become the future of the enterprise and primary means of transmission. In addition, the social media provides users with the share function. Social media is an effective channel for brand enterprise public relationship department (Ivey, 2010). Especially, the act of using social media was to establish a set of appropriate brand crisis system that E-Commerce enterprise can quickly and effectively reduce the negative impact of the corporate images (Ashley & Tuten, 2015).

This impact of the company on social media is that the company does not care about the grievances of consumer. It is assumed that are detrimental to the impact of brand image. With the development of digital technology and network technology, the role of social media in E-Commerce marketing is more and more apparently. Using social media can facilitate E-Commerce enterprises to understand customer needs. Social media carries a lot of effective information and with lower cost which facilitates E-Commerce enterprises to accurately understand customer needs. E-Commerce companies can use social media to better understand the needs of customers, timely feedback and thus constantly adjust the marketing strategy (Posner, 2011). Social media makes E-Commerce between enterprises and consumers and consumers and consumers have a more accurate and high-quality communication and timely feedback (Gbadamosi, 2013). The E-Commerce enterprises through this cheap and efficient social media can get real and accurate customer demand information and provide better service.

The development of social media makes E-Commerce marketing channels more abundantly. E-Commerce enterprise can attract customers through network marketing
and enhance customer stickiness (Ennew, Waite & Waite, 2013). E-Commerce companies can use social media to attract potential customers and increase the viscosity of the unstable customers.

E-Commerce enterprises can enhance their brand image through social media. Each post and participant in the social media can be a certain communication attribute. This can become a source of information, when the information penetrates into networks, it may form a large-scale dissemination. Customers in this process of interaction giving positive reviews to products and services in fact, it is a free advertising to the enterprise (McDaniel, Lamb & Hair, 2011). That’s why enterprise should efficiently use their social media platform.

Hence from this, it can be deduced that the company only cares about advertising. It needs to address the consumer complaints (Alserhan, 2015). The consumer complaints for the company are discussed in the data analysis.

4.3 Data of customer complaints

For this analysis, 50 reviews that were only a single star review AliExpress for the same time period. These substandard reviews accounted for 11 percent of the 456 online reviews in studying sample after removing those with no complaints. This study performed a content analysis of complaints within 50 negatives.

This paper used a reduplicate process in developing the complaint framework. The two judges independently classified all online complaints and AliExpress management responses. The complaint included some main issues. They were delay in delivery, defective or damaged products, color change of the products, lower quality than advertised, customer did not receive the goods, high costs of shipping, no proper response were some of the common issues. These were the main issues that the consumer had to face. Lack of communication was a major factor. AliExpress did not respond properly. The most important thing that can be seen from this is the framework that AliExpress customer services is the lack of responses. These were the main reasons
for one star review complains. AliExpress customer services had even said AliExpress trade insurance is not useful.

AliExpress reviews was analyzed on SiteJabber were 70% of all reviewers were one star(SiteJabber online review). The 50 reviews that had given one-star online reviews the paper analyzed there are 94% one star online reviews complained AliExpress customer services. No matter what’s kind problem did customer complained most of them complained AliExpress customer services as well. Because customer contacted with AliExpress customer services when they in trouble, there is nobody reply their message, or they have to wait for a couple of days, even few weeks getting the reply from customer services.

Some of the common issues that were encountered by the customers and the responses of the company have been tabulated in the table.

- 38% of negative review was about late shipment,
- 18% complained for supplier send worry color or worry type of products,
- 10% is about defective products,
- 6% is about order that does not match the consumer’s expected,
- 4% was about high shipment cost,
- 4% complained about not getting money back after canceling the order and contacted with customer services nobody response to it,
- 4% complain was about low quality,
- 2% one star reviews complained they did not receive the products,
- 2% complained that AliExpress does not accept return the products.

Table 1: Alibaba online review complaint framework

<table>
<thead>
<tr>
<th>Complaint</th>
<th>Alibaba responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late delivery of shipment</td>
<td>No compensation</td>
</tr>
<tr>
<td>Issue</td>
<td>Solution</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Defective or lower quality products</td>
<td>Part refund</td>
</tr>
<tr>
<td>Color of the products</td>
<td>No responses</td>
</tr>
<tr>
<td>High Shipping cost is too high</td>
<td></td>
</tr>
<tr>
<td>Damaged goods</td>
<td>No compensation</td>
</tr>
<tr>
<td>Trade insurance issues</td>
<td></td>
</tr>
<tr>
<td>Did not receive goods</td>
<td>No compensation</td>
</tr>
<tr>
<td>Customer services communication</td>
<td></td>
</tr>
<tr>
<td>Alibaba did not accept return product</td>
<td></td>
</tr>
</tbody>
</table>

There is charting of the issues based on the different kinds of complaints

*Chart 3: percentage of different types complaint of AliExpress*

Source: Appendix 3.

It has been determined that these kinds of complaints cause the companies to lose credibility and brand image is severely impacted. These must be addressed in order to
develop feasible and cohesive solutions.

4.4 Addressing of issues
From the content analysis of negative reviews of AliExpress, some main problems of customer complaints would be products problems, logistics problems and customer services problems.

4.4.1 ARIS application for CRM in E-Commerce
Customer complaints can be analyzed and used to test ways as to how business processes can be implemented. Even though many mature processes are organized through testing of customer shopping experience is not familiar with the activity. The reduced customer shopping experiences will have a significant negative impact on customer perception and loyalty in long term (Peltier et al., 2010). Owing to this, it is impossible to directly understand the customer’s mind, so enterprises need to use other ways to get customer feedback. Hence, E-Commerce enterprise needs to do the following functions in their ARIS system model.

- Dynamic, integrated customer data management and query functions. The data warehousing is used to provide some basic information and the historical transaction behavior of the customer on time and timely supply the new information after the customer completes each transaction (Henley, Raffin & Caemmerer, 2011). The customer data should be integrated in different subsystems of the company that staff in every different department can implement different information query and update functions.

- Customer purchase behavior reference function. Customer information data warehouse records the customer’s habit of buying behavior, so that company can provide more targeted personalized service to customer (Hair et al., 2012).

- Customer leaving warning function. For the enterprise, the cost of developing a new customer is much higher than retaining
the old customer. Through the observation and analysis of the customer’s historical transaction in the customer information data warehouse, it can alert losing the customer.

**Figure 3: ARIS system**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Cause-and-effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial perspective</td>
<td>Reducing purchase costs</td>
</tr>
<tr>
<td>Customer perspective</td>
<td>Has very strong influence on</td>
</tr>
<tr>
<td>Process perspective</td>
<td>Improving customer relations</td>
</tr>
<tr>
<td>Learning and growth perspective</td>
<td>Increasing productivity</td>
</tr>
<tr>
<td></td>
<td>Integrating information</td>
</tr>
<tr>
<td></td>
<td>Upgrading service</td>
</tr>
<tr>
<td></td>
<td>Has normal influence on</td>
</tr>
<tr>
<td></td>
<td>Has strong influence on</td>
</tr>
<tr>
<td></td>
<td>Ability to cope with market changes</td>
</tr>
</tbody>
</table>

Source: Challagalla, Murtha & Jaworski, 2014

After customer behavior and complaints, those information need to be analyzed by using ARIS system. Then enterprise can classify those customers into different group and each group has specific staff to help them.

Research indicates that the companies can implement the following means to improve their company’s reputation.

**Defective products**

The seller must have quality controls that are internal. This is imperative to address the issues of the market demand. They need to understand the homogenous product quality and develop appropriate solutions (Brunswick, 2014). They need to address the product categories that are done to meet the overseas market demand. The cultural context of expectation with regards to the product quality needs to be developed (Nahavandi,
Sellers need to strictly control the quality of own goods. These include production, raw material procurement, commodity size and shelves management.

**Logistics and Distribution problems**

At present, the international logistics uses international express delivery and overseas warehousing delivery. Cross-border E-Commerce companies use multi-channel distribution to ensure the distribute shipment on time (Armstrong et al., 2015). Of course, if the strength of enterprise is strong enough, it can build overseas warehouses. However, these logistical issues for products cause shipment delays. A more robust framework must be in place by the companies to address these requirements.

**Customer service problems**

Customer services staff increases the speed of dealing process when customers are not satisfied and response on time. It is important to develop the right attitude to build brand reputation and catch the customer, the staff of customer service department should increase the public relations awareness.

These are some of the ways in which the companies can address the issues of consumer complaints. This aids in the brand building process. By addressing the issues of consumer complaints, the companies can develop brand building process (Nwankwo & Gbadamosi, 2010).

This is not appropriately addressed by Alibaba. A more robust framework is needed to meet the consumer demands

**4.5 Recommendation for Alibaba**

E-Commerce enterprise should clear their target groups and strengthen service awareness. In the fierce market competition, E-Commerce enterprises have to understand and meet the real needs of the customers and make a higher demand.
E-Commerce enterprises should stand in the consumer’s position to consider the issue and strengthen the sense of service in order to maintain a certain degree of competitiveness in the market (Scott, 2015).

Strengthen the communication with the customers, and timely integrate their social media platform, such as Facebook is required.

The advantage of social media mainly should be interactivity, it focuses on timely and accurately feedback information, E-Commerce enterprise should take the advantage of this advantage. In the basis of good product quality, in addition to focus on traditional marketing brand management, advertising, channel laying, promotional strategies. E-Commerce enterprises should integrate a variety of social media in the dissemination of effective marketing and achieve effective communication with customer.

The application of social media is no longer just the technical department. E-Commerce enterprises should make full use of social media. E-Commerce enterprises should also consider the consumer’s evaluation of products or services and then make effective business strategy. In short, E-Commerce enterprises should combine their own development to social media and achieve the integration of corporate marketing strategies in the competitive market (Hair & Lukas, 2014).

The social media not only changed the way of the previous transactions, but also changed the relationship between consumers and suppliers, which in essence changed the traditional marketing model. E-Commerce enterprises only make full use of the advantages of social media, improve service awareness and further expand marketing in order to make themselves in the competition in an invincible position.

**Consumer empowerment**

In the final analysis, this is one of the core issues of social media that social media must be controlled by the user. In general, companies are reluctant to let users talk about the
brand. However, in the cases of social network, if the consumer’s speech goes through the editing and audit of the enterprise, there can be loss of credibility for the brand. Hence customers should have freedom on talking about the brand and reviews in the enterprises official network page. The consumer needs to have a space to vent their issues and feel valued. They need to have a portal where the company addresses their specific issues. This caring of consumers would lead to brand building and development of consumer confidence. More transparency and accountability of the process are required to address the consumer complaints.

The company can handle the issues of consumer complaints by using certain data mining tools. They are explored in the following.

4.6 The Application of CRM in E-Commerce Platform

Data Mining of customer data and providing with different services

By digging and analyzing the customer order transaction data in the CRM database, CRM provides more professional and targeted recommendations to help E-Commerce enterprise to develop network marketing strategy, thereby enhancing the customer’s product competitiveness.

Strengthen customer loyalty management

Platform operators should create a fair and reputable platform environment, such as implemented users’ certification. Although the number of customers is reducing, high-quality customers have been retained.

Improving the quality of handling consumer grievance

The platform operators have the responsibility to take a certain system and technical means to help customers get valuable inquiry to strengthen the management of buyers.
Maintaining valuable customers

Maintaining customer loyalty, E-Commerce enterprise should provide customers with high quality services and products to prevent the loss of valuable customers. Analysis of the reasons of losing customers can help enterprises timely take measures to maintain valuable customers and improve customer service quality.

Chapter 5 Conclusion

5.1 Summary of the thesis

The purpose of this paper is to analyze was to understand E-Commerce enterprise through social media to improve their customer service. After analysis of the 50 one-star reviews of AliExpress and Alibaba posts in Facebook certain allusions were drawn. Figuring out importance of E-Commerce enterprises in managing their social media and using ARIS model to improve the customer and maintaining the valuable customer. The following conclusion was derived.

1. Social media carries a large number of effective information to facilitate enterprise accurately understand the customer needs with low cost. The enterprise should focus more on social media marketing, do the core-target of customer social relations maintenance and provide marketing content with more personalized categories.

2. CRM improves the enterprise sales process and provides a guarantee for the success of sales activities. CRM provides an excellent way to access the share of the knowledge base. CRM helps enterprise to understand which channels will help them improve their revenue, how to combine the company’s various facilities, technology, applications and marketing.

5.2 Future trends

5.2.1 The future trend of mobile shopping

The penetration rate of mobile phones is much greater than the PC penetration rate (ATHIRA ANAIR. 2017) (Appendix 3). E-Commerce future main battlefield is not in
the PC but on the mobile device and mobile users have a lot of features. Initially buying frequency is found to be higher. Mobile shopping is not simply moving the PC E-Commerce to mobile phone, but it makes full use of the characteristics, such as mobile devices. It includes scanning features, images, voice recognition features, sensing features.

Figure 4: online retail forecast

Source: Forrester Data: online retail forecast, 2016-2021 (Asia pacific)

5.2.2 The future trend of platform
Online Platform uses their own visitors’ flow to make the greatest benefit of goods and services. Platforms can make up the richness of their products, increase their wealth of goods and increase services and geographical coverage (Cavusgil et al., 2014).

5.2.3 The future trend of application of large data
The next ability is data, such as a large number of E-Commerce customer behavior data. This ability is the highest level of profit for E-Commerce. Data is a gradual upgrade process. The original data is fragmented and its value is very small, but these data through filtering, analysis and it becomes information (Lilien, Rangaswamy, De Bruyn, 2013). 0. The information can become a basis of establishing of models. Those
models can support the decision-making.

5.2.4 *The future trend of precise marketing and personalized service*
This demand was based on the hope would cause personal relationship with the buyer. People want the most efficient application of marketing channel. The marketing tooling is narrow marketing, and everyone is well aware of his needs, providing him with personalized marketing and service.

5.3 *Future challenge of social media*
Although E-Commerce companies have been at the forefront of the era of large data, it should be alert to the challenges and risks.

5.3.1 *Enterprise information investment*
The electric business transaction information, including goods, logistics information, and user’s social information, location information and so on become the main source of large database of enterprise data. That information is far beyond the existing enterprise. In addition, the electricity business enterprises will also face data quality, data structure and other data governance issues. Electric business enterprises should find new information technology investment and information construction if they want to rely on large data to benefit.

5.3.2 *The relevant management policy is not clear*
The data is an asset, and the cloud provides a place for storage and access to data assets. Cloud computing provides software services, application platform services and infrastructure services, but cloud computing services management and policy do not have clear standards yet.

5.3.3 *Data security and privacy issues*
On the one hand, a large amount of data collection, including a large number of business
operations data, customer information, personal privacy and the details of the customer behavior and the risk of data leakage will increase. Electric business companies should not only prevent the data lost in the cloud, but also prevent data that was stolen and tampered. On the other hand, the ownership and use of sensitive data are not clearly defined, and many large data-based analyzes do not take care about the privacy issues of the individuals.

5.4 Limitations and further research

This thesis is aimed at studying the relationship between customer’s complaints and E-Commerce enterprises CRM. In other words, how can E-Commerce enterprises improve the customer service through social media? However, the paper chose AliExpress as a case to study. This paper has its limitation. The major shortcoming in this thesis is the limited number of customer’s complaints. Therefore, the findings cannot be represented for all customer online reviews of AliExpress. To overcome these issues, the use of secondary data has been used.

Further studies can be carried out in many areas. These needs to focus on the development of the CRM and consumer relationships.
References


Mahabir, N. & Geeta, S. (2013). *Impact of information technology (IT) on consumer purchase behavior*


Pei-jung Lin. (2009). *Factors Influencing Purchase Intention for online travel products-case study of Taiwanese consumers*


Reston, Va. & Atlanta, GA.(2013) *Consumers Want Choices and Convenience When Shopping Online*


Appendix

Appendix 1: The content analysis of Alibaba Facebook posts in May of 2017

<table>
<thead>
<tr>
<th>Date</th>
<th>Title</th>
<th>Type</th>
</tr>
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<tr>
<td>May.01</td>
<td>Article about Internet as a business tool</td>
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<tr>
<td>May.02</td>
<td>Fish net advertising (no fish were harmed)</td>
<td>PRODUCT ADV.</td>
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<td>May.03</td>
<td>Platform advertising</td>
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<td>May.04</td>
<td>Alibaba NEWS (How to make profits in your business)</td>
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<td>Storage tank</td>
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<td>Early bird 50% discount</td>
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<td></td>
<td>ADV</td>
</tr>
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<td>May.14</td>
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<td>How big data is changing the way SMEs do business</td>
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<td></td>
<td>ADV.</td>
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<td>Alibaba articles</td>
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<td>None</td>
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<td>May.28</td>
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<td>None</td>
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<td>May.31</td>
<td>Platform article</td>
<td>PLATFORM ADV</td>
</tr>
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</table>

Source: own elaboration (From Alibaba Facebook posts in May of 2017)
Appendix 2: number of Alibaba everyday Facebook posts

<table>
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<tr>
<th>Date</th>
<th>Number of post</th>
</tr>
</thead>
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</tr>
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<td>MAY.2</td>
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<tr>
<td>MAY.3</td>
<td>1</td>
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<tr>
<td>MAY.4</td>
<td>1</td>
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Source: own elaboration (Number of Alibaba everyday Facebook posts in May 2017)
Appendix 3: content analysis of AliExpress one star reviews

N=50

<table>
<thead>
<tr>
<th>Issue</th>
<th>Count</th>
<th>Percentage</th>
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<td>19</td>
<td>38%</td>
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<td>Defected products</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Worry color,numbers or worry products</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>shipping cost is too high</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>Order is not match the expect</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>Bad quality</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>Cancel the order don't get maney back</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>Don't receive the products</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Not accept return products</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Bad customer services</td>
<td>47</td>
<td>94%</td>
</tr>
</tbody>
</table>

Source: own elaboration (50 one star reviews of AliExpress platform)

Note: among 50 customer complaints there are 47 complain complain customer services as well when those customer complain for other problems.
Appendix 4: Mobile users are greater than PC users

Source: Morgan Stanley Research

Mathew Ingram Apr 12, 2010. (Mary Meeker: Mobile Internet Will Soon Overtake Fixed Internet)