FACTORS THAT IMPACT ON THE SUCCESS OF E-COMMERCE FOR B2C SMES IN CHINA

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“Factors that impact on the success of E-commerce for B2C SMEs in China”

By Shaosong Zhang

A thesis submitted in partial fulfillment of the requirements for the degree of

Master of Business Unitec New Zealand

2017
DECLARATION

Name of candidate: Shaosong Zhang

This Thesis entitled: “Factors that impact on the success of E-commerce for B2C SMEs in China” is submitted in partial fulfillment for the requirements for the Unitec degree of Master of Business.

Candidate’s declaration:

I confirm that:

- This Thesis represents my own work
- The contribution of supervisors and others to this work was consistent with the Unitec Regulations and Policies
- Research for this work has been conducted in accordance with the Unitec Research Ethics Committee Policy and Procedures and has been fulfilled any requirements set for this project by Unitec Research Ethics Committee.

Research Ethics Committee Approval Number:

Candidate’s Signature………………………… Date

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Finally, I would like to express my gratitude to my parents, who always encouraged me to carry on and be confident and always respected me; I am so proud to be your daughter.
Abstract

Science and technology not only change life, but also change business models, with E-commerce being the best proof of this in recent years. More and more businesses began to develop businesses through E-commerce and emerging technologies also made a competitive business environment more changeable and challenged. It is therefore important to deliver an effective presence for businesses.

In China, E-commerce has developed quite fast in recent years. However, Small and medium-sized enterprises (SMEs) play a significant part in China’s economy. Once developing businesses on E-commerce, it is important to know, for Business to Consumer (B2C) SME owners or managers, how to manage businesses through E-commerce. This requires more knowledge, skill or strategies than traditional businesses. This research focuses on the B2C SMEs that have already implemented E-commerce for their businesses. The purpose of this research is to identify factors that impact the success of E-commerce performance for B2C SMEs in China. The study aims to provide factors that can lead to successful E-commerce implementation that can provide some knowledge and guidance for the owners of B2C SMEs in China. In this research, qualitative data was collected through in-depth face-to-face interviews with 15 owners of B2C SMEs in China, who have already adopted E-commerce.

Based on the results of this research, it can be concluded that B2C SMEs in China all recognized the current importance of E-commerce in China; are willing to continue to develop businesses through E-commerce in the future; and are trying their best to perform E-commerce, including identifying and determining success factors and strategies that suit their businesses. These businesses all have a basic understanding of E-commerce, but there are still many areas for them to improve. Due to the specific E-commerce environment in China, all B2C E-commerce SMEs rely heavily on third-party platforms and on third-party logistics. All SMEs still face limitations for developing E-commerce. The study therefore considered all the challenges noted above and developed factors that could guide B2C SMEs to successfully perform their business operations through E-commerce. Limitations of this study and directions for future research are also discussed.
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Abbreviations

B2B: Business to Business

B2C: Business to Consumer

C2B: Consumer to Business

C2C: Consumer to Consumer

CSF: Critical Success Factor

EC: E-commerce

GDP: Gross Domestic Product

IT: Information Technology

RMB: Ren Min Bi

SME: Small and Medium Enterprise

O2O: Online to Offline

UREC: Unitec Research Ethics Committee

WTO: World Trading Organization
Chapter 1. Introduction

1.1 Introduction

This chapter provides some background to the research, which represents the whole environment of E-commerce in China. The objectives and questions to be explored in this research are also presented. There are 5 sections in this chapter as follows: the background of the study, the description of problems of E-commerce for Small and Medium Sized Enterprises (SMEs) who focus on Business to Consumer (B2C) market in China, the main aims and objectives, the research question and sub-questions and the definitions of related concepts. Then the chapter outlines of this study are presented.

1.2 Background

Since the Alibaba Group was set up as a Business to Business (B2B) market place in Hangzhou in 1999, China has stepped into the world of B2B E-commerce. Alibaba's Consumer-to-consumer (C2C) portal Taobao also has boosted and helped Chinese enterprises to connect with the global market. In recent years, subsidiary websites of Alibaba — Taobao, Alipay (e-payments) and AliCloud (cloud-computing data services) — helped companies, even small businesses, extend the business by decreasing the barriers to sell online (Epstein, 2011). Alibaba has grown to be the dominant online trading website in China and is now the biggest E-commerce marketplace worldwide.

Taobao, the biggest third-party online shopping platform of China, was created in 2003 with a huge number of different retail products for consumers. It became the second most visited web site in China by January 2015 and benefited both B2C and C2C trading, offering free registration and free payment (Wikipedia, 2016). In recent years, along with the rapid development of science and technology, E-commerce has become more and more familiar to people all over the world; the enterprises realized the significance of using E-commerce as well. Moreover, E-
commerce turnover is growing rapidly each year. Table 1.1 shows the growth in five main regions of the world, and Figure 1.1 shows the annual turnover growth on E-commerce worldwide; E-commerce turnover increased 19.1 percent in 2015, compared to 2014. The B2C E-commerce turnover was strongest in Asia-Pacific with a turnover of $1,056.8 billion (bn). Figure 1.1 indicates that annual E-commerce turnover grows steadily. For example in 2014, the E-commerce turnover increased 23.2 percent (E-commerce Foundation, 2016).

Table 1.1 E-commerce turnover in five regions worldwide (2014 & 2015)

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
<th>Growth*</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>$1,895.3bn</td>
<td>$2,272.7bn</td>
<td>+19.9%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>$822.8bn</td>
<td>$1,056.8bn</td>
<td>+28.4%</td>
</tr>
<tr>
<td>North America</td>
<td>$572.5bn</td>
<td>$644.0bn</td>
<td>+12.5%</td>
</tr>
<tr>
<td>Europe</td>
<td>$446.0bn</td>
<td>$505.1bn</td>
<td>+13.3%</td>
</tr>
<tr>
<td>Latin America</td>
<td>$25.8bn</td>
<td>$33.0bn</td>
<td>+28.0%</td>
</tr>
<tr>
<td>MENA</td>
<td>$21.7bn</td>
<td>$25.8bn</td>
<td>+18.6%</td>
</tr>
</tbody>
</table>

* Growth rate based upon national currencies

(Source: E-commerce Foundation, 2016)

Figure 1.1 Global B2C E-commerce turnover growth rate (2014-2016)

(Source: E-commerce Foundation, 2016)
SMEs are important in both developed and developing countries because they contribute mostly to their domestic market and to their respective country’s GDP. Research indicates that "countries with large SME sectors also tend to benefit from the significant contribution which SMEs make to GDP” (WTO, 2013). China's retail E-commerce is almost entirely based on third-party platforms, when Taobao established, some Small and Medium Sized Enterprises (SMEs) were encouraged to implement E-commerce to develop their businesses. As Jack Ma said: “Alibaba is the platform that can help the development of SMEs, and SMEs in China are always playing a significant role in the Chinese economic system, helping SMEs manage and operate their online trading” (The Economist, 2011 p13). By 2011 Alibaba had 57 million users, which provides opportunities for SMEs to get customers and suppliers without going through costly middlemen.

According to the statistics, there are more than 4.3 million registered SMEs in China, which account for 99 percent of all of China's registered enterprises, 50 percent of tax revenues, 58.5 percent of GDP, and provide 75 percent of employment each year (Ministry of Commerce People’s Republic of China, 2012). SMEs are large enterprise group in China, as well as being creative and playing an irreplaceable role in economic development by encouraging innovation, increasing tax revenue, providing job opportunities, raising living standards and so on.

SMEs have advantages, such as lower cost, easy to adapt to changes and capability of operation on a part-time basis. E-commerce technology can help SMEs to enhance these advantages (Chen & Zhang, 2013). As there is a large number of SMEs in China, even many competitors in the same industry who focus on the same market or the same audience; so the big challenge for Chinese SMEs is how to make E-commerce effective and gain success in competitions; on the other hand, China has the largest number of Internet users in the world – 22% of the world’s internet user base in 2014; by 2015, China surpassed America and became the biggest E-commerce market worldwide, which accounted for US$ 541 billion in turnover; thus, China has the possibilities for SMEs to expand, with 49 percent of its population purchasing from the Internet last year; this figure is expected to rise to 71 percent by 2017 (Frontier Strategy Group, 2016).
In summary, China has the largest population and biggest market worldwide for B2C SMEs, this means there are unlimited business opportunities, but there are also challenges. In face of this, how can a SME stand out by doing E-commerce?

1.3 Problem description

Within the B2C E-commerce area SME owners have realized the significance of E-commerce for enterprises and many of them are willing to adopt E-commerce to enhance their businesses. SMEs play a significant part for the whole economy system of China, on the other hand, online shopping has been more and more popular in modern society. Fast development of E-commerce in China will boost both opportunities and challenges for SMEs.

China has the biggest population in the world and the biggest online trading platforms for B2B, such as Alibaba and T-Mall for B2C. More and more online trading platforms emerged in recent years, Dangdang, as well as other marketing platforms, such as Jingdong (360buy website), the increased numbers of users on Wechat and other E-commerce apps have made SMEs realize the importance of encouraging sales by E-commerce.

Although information technology is rapidly developing nowadays, while in China, it is still very difficult to find relevant information when trying to search for SME companies in the yellow pages via online search engines. The outputs are only about the company name or trading name and address, including telephone and other primary information. Some SMEs have a website but the website basically only contains enterprise information, enterprise culture and simple product information without any function of online purchasing systems. Chinese SMEs are involved in a limited range of business activities in E-commerce, which only tend to adopt the Internet for basic use. A large number of their online activities are focused on product information search retrieval and basic advertising and brand establishment. It indicates that SME owners do not use the technology system strategically. Statistics show that in China, although about 80 percent of SMEs have the capability of information interconnection, half of these SMEs only use email connections,
meanwhile 23 percent of them built a primary webpage simply for business information purposes, and only 18 percent established a web portal for strategic business purposes (Fong, 2011). In addition, a lot of users, who made bad experiences with purchasing products from Taobao or other third-party platforms, worry about the quality of products or even whether they are fake products or the wrong item, that does not match the product description. However, quality issues are always a big problem for SMEs to consider. Logistics is another problem, for example, delay in shipment and damage during delivery always cause complaints from customers.

Businesses have adopted IT to improve business processes including planning, controlling, cooperation and communication, information building, management and decision making and even business strategies. In contrast, the adoption of IT by SMEs is limited in developing countries, including China (Fong, 2011). Most SMEs in China lack high tech and finance; which are mostly labor-intensive companies (Dudovskiy, 2012). Although SMEs are willing to develop E-commerce, they still have a high degree of dependence on third-party platforms, which comes with benefits, but also risks. Despite the acknowledged importance and contribution of SMEs to the economy, SMEs across the whole country of China are still faced with a huge number of challenges that inhibit entrepreneurial growth.

However, there are some problems that need to be taken into consideration: 1) SMEs in China who focus on B2C markets do not have sufficient E-commerce or online marketing solutions of their own. They rely too much on third-party online trading platforms, such as Alibaba, Taobao and Wechat. Many B2C SMEs do not have their own online shopping website, some of them have websites, but without online purchasing functions; 2) Most B2C SMEs lack systematical knowledge and capability in Digital Marketing, E-commerce and Online-purchasing; 3) There is a range of problems that are caused by E-commerce, especially when third-party platforms are used. These are quality control, after sales service, repurchasing encouragement and other problems for customer management. In summary, product quality, technology adoption and finance are still big problems for SMEs to solve. The capability of capital assessment is mainly the root for many problems. Though many retail SMEs
began to adopt E-commerce, they cannot rely on getting the expected results or make success from it.

In order to make more success from E-commerce SMEs need more professional online marketing solutions to enhance the E-commerce and to survive competition. This research is trying to explore the factors or barriers that impact the effectiveness of adopting E-commerce for SMEs, as well as provide advice on strategic solutions that can lead to successful E-commerce for B2C SMEs.

1.4 Research aim and objectives

The aim of this project is to increase SME owners’ understanding of the problems for E-commerce performance, to raise awareness of the significance of strategic E-commerce in B2C markets and to explore key success factors for SME owners that help enhance the performance of their B2C E-commerce application to achieve business development and greater profits.

Thus, based on the research aims, the objectives of this project (OB) are indicated as follows:

- **OB1**: To evaluate the impact of E-commerce on business performance
- **OB2**: To identify the importance of adoption of E-commerce
- **OB3**: To access the level of understanding of E-commerce strategies that SME owners have
- **OB4**: To identify the significance of third-party trading platforms
- **OB5**: To identify the challenges that impact on the effectiveness of E-commerce
- **OB6**: To determine the factors that drive successful E-commerce performance

1.5 Research questions

The research of E-commerce is in fact broad in nature and it is difficult to explore the strategic solutions for SMEs in China before identifying barriers and factors that can affect the SME owners to make decision for their businesses. Therefore, strategic
solutions for using E-commerce effectively could be important for B2C SMEs. The primary research question to be explored and investigated in this thesis is therefore:

“What are the factors that impact on the success of E-commerce for B2C SMEs in China?”

In addition, this research will mainly focus on the four main issues developed as sub-questions below:

Sub-Question 1: How is E-commerce being applied by B2C SMEs in China?

Sub-Question 2: What are the key success factors for performing E-commerce

Sub-Question 3: How do B2C SMEs implement E-commerce strategically?

1.6 Outline of Thesis

This study is structured in six chapters. Chapter one provided the background and introduced the aims, objectives and research questions for this study.

Chapter two reviews the related literature, including the definitions, concepts and theories that can help the researcher as guidance for the data analysis. Chapter two also reviews similar relevant studies conducted by other researchers or scholars.

Chapter three discusses the research methodology applied in this research. The researcher discusses the definition and importance of research methodology, the differences between quantitative and qualitative research method, and the reason of adopting a qualitative approach for this research. It then discusses how the participants and samples were selected, method of data collection and analysis and ethical issues that needed to be taken into consideration.

Chapter four presents the findings and primary analysis of the in-depth interviews, which were conducted with participants who are B2C SME owners. The researcher identified the key themes that emerge from the results of all interviews in this chapter.
Chapter five is the discussion of the findings. The key research findings were translated and interpreted in chapter four and this chapter discusses the findings according to the framework and theories of the relevant literature review in order to support the research objectives and answer the questions of this research.

Chapter six provides a summary and recommendations and limitations of the research findings. This chapter also provides guidance and directions for future research.

1.7 Chapter Summary

This Chapter started with the overview and background of E-commerce in China, then the researcher described the problems faced by B2C SMEs. This chapter also explored the aims and objectives of this study. Then the main research question as well as the sub research questions were established for this study.

Chapter two discusses the relevant concepts and literature review for this study, which provides important theories and models to support and direct the research.
Chapter 2. Literature Review

2.1 Introduction

The main aim of this chapter is to review and discuss the existing relevant literature and theories, in order to answer the research question and sub-questions. This chapter explores the comprehensive literature relating to the area of E-commerce. The purpose of this literature review is to explore some findings relating to the research objectives that can help to answer the research question and sub-questions by means of review of related connections and studies on the performance of B2C E-commerce of SMEs in China. This chapter starts with an overview of a list of concepts and definitions on SMEs, B2C and E-commerce and then explores the literature and research in line with the research objectives: including the impact of E-commerce, the importance of adoption of E-commerce, the significance of Third-party Platforms in China and the challenges faced by B2C SMEs; it also explores the works of literature on key success factors and barriers that impact the adoption or performance of E-commerce, as well as frameworks on strategic solutions for SMEs to improve their B2C E-commerce performance.

2.2 Definitions and concepts

2.2.1 What are SMEs?

Many scholars or researchers, who have conducted different research or studies based on SMEs, have already recognized the importance of SMEs in economy structures. There are some scholars who have given different views according to different countries. Different scholars have different ideas on how to define SMEs. The definition of firms by size varies among researchers. Leopoulos (2006) mentioned, "The geographical placement of SMEs, as well as country specific legislation, influences the numerous SME definitions" (Cited by Yolande, 2012).

SME definitions can be broadly categorized into two, "economic" and "statistical", definitions (Table 2.1). Under the economic definition, SMEs are independent companies that have relatively small shares of their marketplace, are privately owned
and do not have formalized management structures; as for the "statistical" definition, SMEs can boost the size of the small firm sector and make a great contribution to tax revenue, employment and international trading (NCR, 2011).

Table 2.1. Different approaches to the SME notion

<table>
<thead>
<tr>
<th>No.</th>
<th>Approach Categories</th>
<th>Criteria</th>
<th>Name</th>
<th>Dominant characteristic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Economy sphere</td>
<td>Generalized</td>
<td>Establish different defining criteria of small and medium enterprises in all activity sectors.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Differentiate</td>
<td>Using various criteria of delineation of SMEs in taking into consideration the field of activity: transport, telecommunications, trade, etc.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Number of indicators used</td>
<td>Unidimensional</td>
<td>Using the definition of SMEs, a single indicator. The most common indicator is the number of employees.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Multi-dimensional</td>
<td>Define the size of SMEs based on several indicators. The most commonly used are the number of employees, turnover and capital.</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Nicolescu, Ovidiu; Nicolescu, Ciprian, 2008, cited in ROBU, 2013)

2.2.1.1 SME concept in China

Many scholars have introduced different definitions of SMEs based on different principles, in different industries and countries. SMEs are always defined according to the number of employees, turnover and total balance sheet capital, ownership independence, profit, assets, the total value of imports and exports and types of industry. However, defining SMEs in China is challenging, as each country has its own definition based on the national environment. As Dudovskiy (2012) agreed, most definitions of SMEs are based on the size or the number of employees. Since China is a big country, the definition of an SME is more complex. Based on the SME Promotion Law of China (2003), the identification of a business as SME is both decided by the characters of industry category as well as the number of employees, total assets and annual revenue contribution. Although the size of SMEs is rather small compared to large and listed companies in China, some SMEs have become larger in size because of their growth and improvement. Though there are some SMEs focused on international business, the main market for SMEs is still the domestic market of China, because most SMEs lack the capability and advantages of
competition in foreign investment and trading within the international markets (Dudovskiy, 2012).

In China, the maximum number of people required for industrial sector SMEs is 2,000, with an annual revenue under RMB300 million and total assets no more than RMB 400 million. Medium-sized enterprises should employ a minimum of 300 people. Their annual revenue and total assets should not exceed RMB30 million and 40 million, respectively, the rest are classified as small enterprises (Table 2.2). So, an SME in China may be quite large compared to SMEs in other countries. ("Definition Of SME In China ", 2015)

The definition of SME in China is indicated in the table below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees</td>
<td>Small: &lt; 300; Medium: 300 - 1000</td>
<td>Small: &lt; 300; Medium: 300 - 2000</td>
<td>Small: &lt; 300; Medium: 300 - 2000</td>
<td>Small: &lt; 300; Medium: 300 - 2000</td>
</tr>
<tr>
<td>Total Asset</td>
<td>NA</td>
<td>NA</td>
<td>40 million RMB</td>
<td>100 million RMB</td>
</tr>
<tr>
<td>Total Annual Sales Revenue</td>
<td>&lt;20 million RMB</td>
<td>20-400 million RMB</td>
<td>&lt; 30 million RMB</td>
<td>&lt; 100 million RMB</td>
</tr>
</tbody>
</table>


2.2.2 Concepts of E-commerce

2.2.2.1 Definition of E-commerce

Around the world, the exploration of E-commerce markets has never stopped and focus on the B2C E-commerce market has been growing greater and greater over the last 10 years. Ke & Sun (2014) also mentioned that there are many scholars interested in exploring different types of characteristics of E-commerce marketing (Ke & Sun, 2014).

E-commerce is short for electronic commerce and stands for any kind of business activities, including procurement, ordering, purchasing, customer service, conducted
by the use of electronic items or applications, “such as telephones, computers, fax machines, barcode readers, credit cards, automated teller machines (ATM) or other electronic appliances”, which do not have to make use of paperwork. A payment with a credit card made by a reader machine is also a kind of E-commerce activity (Business Dictionary, 2016).

E-commerce means the trading of products or service through electronic methods. Like any digital technology or consumer-based purchasing market, E-commerce has been developing for many years. In recent years, mobile devices such as smartphones and tablets have become more popular. E-commerce has therefore been implemented on mobile devices as well. Meanwhile, development of social media is also a significant driver of E-commerce (Arline, 2015). Turban et al. (2008, p.4) stated that E-commerce includes “buying and selling products and services, serving customers, collaborating with business partners, and conducting electronic transactions within an organization” (Cited in Xu & Quaddus, 2009).

However, E-commerce is a very broad concept, which is not only limited to computers or the Internet, but rather is a collection of a wide range of concepts. Knowing this, SMEs can wisely choose appropriate ways or combinations to realize strategic E-commerce performance.

2.2.2.2 Categories of E-commerce

As with traditional commerce, there are four principal categories of E-commerce: B2B, B2C, C2B and C2C. Electronic commerce operates in all four of the major market segment as follows:

**B2B (Business to Business)** — It means enterprises do business with each other, including manufacturers trading with distributors and wholesalers selling to retailers; the best example of this is the website Alibaba in China.

**B2C (Business to Consumer)** — B2C includes businesses trading with consumers by online methods, such as a shopping cart software. For example, Amazon, Jingdong, T-Mall.

**C2B (Consumer to Business)** — In C2B E-commerce consumers post products or projects with a set budget online and companies bid on them. The consumer will
select the company after reviewing the bids. The best example in China is "Juhuasuan", which is a sub-platform of Taobao.

**C2C (Consumer to Consumer)** — This involves the businesses within online classified platforms on which people can buy and sell products. For example eBay and Taobao. (Arline, 2015)

**2.2.2.3 What is B2C?**

B2B and B2C are the two main E-commerce transactions. Thus, before understanding B2C, we need to first know what B2B is, which is also the most significant segment of E-commerce. B2B is short for Business to Business, which has been defined in many literatures. In the past two decades, business to business marketing, also called industrial marketing, has been addressing the determinants by which the profitability and sustainability of inter-organizational trade and other exchanges contribute to stabilizing both supplier and customer firms (Moehring, 2014). Hutt and Speh (2004, p18) defined that B2B markets “engage in economic exchange activities with other entities. In particular, business-to-business markets have been differentiated into three market sectors commercial enterprises, institutions, and governments, whereas each of these sectors reflects distinctive characteristics” (cited in Döscher, 2014). The operations and functions are always similar between B2B and B2C enterprises, including, HR, Finance, training and manufacturing; but marketing is totally different in the B2B and B2C sectors (Geehan, 2011).

**Business to consumer** are activities both online and offline. B2C businesses developed very fast during the 1990s. Along with the development of the Internet, IT skills and new online models, more people devoted more time daily online; so the development of new technologies and new online revenue models was boosted; many B2C companies from different industries began to focus on developing businesses online (B2C Definition, 2016). Similarly, Hom (2013) defined B2C as a kind of commerce transaction where businesses can sell products or provide services to customers. He also identified that B2C used to mean people purchasing in real stores, such as buying clothing in a shopping center or having dinner in a restaurant. While in recent years, B2C is also regarded as online trading, sometimes called e-tailing, where
enterprises or retailers sell products or services to customers through the Internet (Hom, 2013). It means that companies sell products to end users directly through electronic methods.

Therefore, we can see that B2C is more and more important as one of the business models nowadays, and SMEs players are easily impacted by outside factors, including the trend towards E-commerce, and thus B2C E-commerce is the result of economic development.

2.2.3 Definitions of Third-party E-commerce Platforms

Alibaba, Taobao, Jingdong, Dangdang and so on, are all third-party E-commerce platforms in China. A third-party platform is also regarded as third-party marketplace, a web-based platform with multiple capabilities that can build connections between sellers and buyers, including wholesale companies and customers, retailers and consumers; third-party platforms offer people online places to realize product listings, ordering processes, purchasing, sometimes logistics solutions or ordering processes (Knowledge Brief, 2016).

2.3 Importance of adoption of E-commerce for SMEs

2.3.1 Significance and advantages of E-commerce

Many scholars and researchers have realized the significance of E-commerce for SMEs in China. Most scholars’ research focuses on the influence of E-commerce, or the significance or the effectiveness of E-commerce for SMEs. Some studies have been conducted to investigate the impact of applying E-commerce in other countries. For example, in China, Chen and Zhang (2013) showed that data indicates that the E-commerce market overall trade amount was up to 8.1 trillion RMB ($1.3 trillion) in 2012, accounting for 27.9 percent of overall trade amount nationwide. There is no doubt that E-commerce plays a significant role in the whole economic system of China.

Yeung, Shim, and Lai (2003) stated that there are some advantages of adopting E-commerce: 1) Strengthen the communication and information exchange with
customers and suppliers, 2) Enhance the power of developing international markets. 3) Improve customer service and keep customer loyalty and retention 4) Reduce relative cost by web-based purchasing and procurement. Huang, Jiang, and Tang (2009) agreed that E-commerce, in fact, has opened a new marketplace for SMEs with lower entrance fees and enhanced effective competitions. They introduced the study of E-commerce performance assessment models in the retail sector of China, which identified that E-commerce has an important impact on mainly three areas, which are, “marketing and sales, customer service, and supply chain efficiency”. Moreover, E-commerce helps companies better understand demands of customers. Finally, E-commerce helps companies to reduce stock levels, costs as well as the time of delivery (Huang, Jiang & Tang (2009). Chen and Zhang (2013) stressed that E-commerce can enhance the performance of the businesses activities and relationships between businesses and customers or retailers and suppliers and the relationship among other groups. They mentioned that some SMEs use E-commerce to keep the capability of competition.

Similarly, Ashton (2015) listed seven benefits that E-commerce can bring to retailers: “1). Establish an Online Presence; 2). Attract New Customers; 3). Save on Operational Costs; 4). Better Understand Your Customers; 5). Boost Brand Awareness; 6). Equip Customers with Information; 7). Drive Conversions and Sales”. Currie (2000) concluded that there are benefits in another way. He agreed that E-commerce can enhance external/internal communication and increase revenues. He also said that E-commerce brings both tangible benefits, such as cost reduction and changes in work practices; and intangible benefits, such as improvement of employee morale and enhancement of customer satisfaction (Cited in Hosseini, Chizari & Manian, 2012). Thus, there are many benefits brought by E-commerce, both internal and external, tangible and intangible. E-commerce can connect people everywhere, it has brought more opportunities for SMEs to explore potential customers from other regions and also expand the businesses to other regions; it enhances the communication between businesses and customers, for example, when people select and purchase products on Taobao, they can use online Chatting Apps called “Aliwangwang” to ask any questions relating to the products; the communications become more effective, EC can also help reduce costs by avoiding some expenses on rental payments for real shops, employments and overhead expenses. As a result, E-
commerce improves the performance of businesses and keeps or enhances the capability for SME competition.

2.3.2 Factors that affect the adopting of E-commerce

2.3.2.1 Three contexts affecting the adoption of E-commerce

According to Tornatzky and Fleischer (1990), there are three category contexts that can affect the adoption of technological innovations, such as E-commerce: (1) **Technological context** – this means both internal and external technologies relevant to the business; (2) **The organizational context** – this describes descriptive measures such as business size and nature, management, human resources quality and other resources capabilities; (3) **The environmental context** – which is the arena that a business conducts its operations in: its industry, competitors, access to resources supplied by others and dealings with government (cited in Xu, 2010. p307).

Wymer, & Regan (2005) developed the three contexts and believed environmental factors include competitors, suppliers, partners and customers, market environment, government regulations and restrictions. Organizational factors should include internal resource availability and capability. Technological factors include technology for trading online, access, security and supporting facilities for Web and Internet Technologies, as well as capability and resources of existing technology.

2.3.2.2 Model of E-channel utilization in Micro-firms

Mazzarol (2012) proposed an e-business adoption model for micro firms (Figure 2.1), which includes possible inhibitors that can influence E-channel adoption and levels of E-channel utilization. He believed that there are three main factors that impact the adoption of E-channels: 1) Firm-Specific & owner-managerial factors; 2) Resource-related factors; 3) Environmental factors.

These frameworks are also agreed upon by many other scholars, for example, Fong (2011) examined the adoption of information technology of Chinese SMEs. She agreed that SMEs in China have a low adoption of information technology mainly
because they lack finance and IT knowledge. In her study, she found that about 58 percent of Chinese SMEs recognized the importance of a market information system for sustaining or improving their competitiveness in the marketplace.

**Figure 2.1. E-channel Utilization Model for Micro firms**

![Image of E-channel Utilization Model](image)

Source: Karjalutoto and Huhtamaki 2010, Cited by Mazzarol, 2012

Similarly, Zaied and Nasser (2012) conducted their research on barriers for adoption of E-commerce. They identified six categories of barriers including social and culture, technical barriers, economic, political, organizational and legal and regulatory barriers. For example, organizational barriers included lack of management support, limited use of internet banking, limited use of web portals. Technical barriers included lack of qualified staff, inadequate quality and speed of lines, etc. We can see therefore that, barriers are made up of internal and external barriers and internal barriers can be controlled by SMEs.

Furthermore, some other scholars have different views of barriers to effective adoption on E-commerce. For example, Mei Cao, Qingyu zhang, and John Seydel (2005) believed that system quality, information quality, service quality and attractiveness are key barriers for E-commerce adoption (Cited in Li, 2014). Chong, Ooi, Tak & Yang (2009) examined the driving factors for the adoption of E-commerce in Wujin, China. They found that organization readiness, innovation issues,
government influence and culture are all important factors that influence the adoption of E-commerce in Wujin. Though Wujin is only one city in China, there are still some similarities among all SMEs in different areas of China, so the factors – readiness, innovation, government policies and cultures – are also important factors that need to be considered for all B2C SMEs in China.

The significance of adoption of E-commerce for Chinese B2C SMEs has been recognized and studied. It is important to gain some understanding of factors or barriers of adoption of E-commerce, which can help us to understand the factors for success. SME owners lack knowledge of E-commerce and capital resource, which are in fact the barriers of implementing effective E-commerce. All these facts have been proven by scholars already. We can conclude that there are all kinds of relevant factors that can influence the adoption or the quality of E-commerce performance for SMEs in China. It is important to make SME owners aware of it or help them gain perspectives on it, which can help them solve the problems and develop effective E-commerce.

2.4 Understanding of E-commerce strategies in China

2.4.1 Level of Understanding Framework

![Bloom's Taxonomy](source: Bloom's Taxonomy, cited in Petram, 2010)
This model identified thinking skills according to six levels:

1) **Knowledge**: recall and express the primary nature of data, ideas and information
2) **Comprehension**: the ability to understand the meaning, explain, restate ideas and the capability to interpret or extrapolate.
3) **Application**: ability to use the learned material such as ideas, skills and information in new situations appropriately.
4) **Analysis**: analysis and buildup of relationships between separated information, ideas or material, as well as the ability to distinguish between fact and inference.
5) **Synthesis**: the ability to build a new relationship, structure or pattern with new meanings, from primary information or elements.
6) **Evaluation**: the ability to define the value of material and ideas against stated criteria, with appropriate statements and judgments. (Petram, 2010)

### 2.4.2 Understanding of E-commerce from SME owners

Though many researchers study E-commerce strategies, there are not enough studies that examine the understanding from the business owners’ perspective. Based on the levels of understanding framework described above, let us look at a success case.

Maibaobao is a business focused on B2C E-commerce only, which has built a proprietary website in 2007 and then developed iPad Apps in 2014. By now Maibaobao is one of the leaders in the bags industry. Why can Maibaobao be successful? When the managers talked about their strategies they mentioned that the first focus should be an accurate orientation and targeted marketing strategy and then a brand building strategy (Gong & Chen, 2013).

The website “Walkthechat” (n.d.) studied 4 successful Wechat E-commerce cases: “Kidsbookmama” (online shop name), offers limited editions and shop opened only part of the month, similarly to Apple’s “hunger marketing” strategy. “Luojisiwei” thought that “Creative products introduced by story” is a good way to attract customers, therefore we can conclude that their strategy is to create personality in products; “Aun Socks” uses aggressive market entry promotion, which also improved brand awareness; “WIS Professional” stated that successful E-commerce evolution & conversion strategies are very important, they also implemented clear branding & positioning strategies.
These success cases indicate that different businesses have different levels of understanding and opinions on E-commerce and strategies. The following section will explore the studies conducted on E-commerce strategies.

### 2.4.3 Strategies framework for B2C SMEs E-commerce

Kartiwi (2006) addressed the importance of the strategic use of E-commerce for SMEs and proposed the strategic E-commerce Adoption Framework for SMEs (Figure 2.3). This framework can be helpful for SMEs who want to build a stand-alone website of their own. These two frameworks aim to help SMEs make strategic decisions on how to use E-commerce and especially on how to develop websites. Looking back at SMEs in China, which rely heavily on third-party platforms, these SMEs also face the challenge of developing proprietary websites, which should belong to the stage of strategic use of E-commerce in the future.

**Figure 2.3. Proposed E-commerce adoption framework for SMEs**

![Diagram of E-commerce adoption framework](source: Kartiwi, 2006)

Evans and Knight (2014) suggested 12 E-commerce strategies for businesses (see as Table 2.3 shows):
Table 2.3. E-commerce strategies from Evans and Knight (2014)

<table>
<thead>
<tr>
<th>E-commerce strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Micro-Target an Online Audience.</td>
</tr>
<tr>
<td>2. Personalize</td>
</tr>
<tr>
<td>3. Create Content to Build Retention</td>
</tr>
<tr>
<td>4. Tailor the Browsing Experience to Target Segments.</td>
</tr>
<tr>
<td>5. Integrate Across Channels</td>
</tr>
<tr>
<td>6. Invest in Mobile</td>
</tr>
<tr>
<td>7. Tap into Logistics</td>
</tr>
<tr>
<td>8. Consider Subscription Commerce.</td>
</tr>
<tr>
<td>9. Bypass the Middlemen</td>
</tr>
<tr>
<td>10. Offer a Seamless Experience Across Channels</td>
</tr>
<tr>
<td>11. Curate a Proprietary Selection</td>
</tr>
<tr>
<td>12. Sell Internet-Only Merchandise</td>
</tr>
</tbody>
</table>

*(Created by researcher according to Evans & Knight, 2013)*

They believed that no matter what the products are, businesses should decide on a niche market they can penetrate online. Customers are searching and preferring "one-of-a-kind experiences that cater to their needs and interests". Customers are easily touched by individualized promotions tailored to them (Evans & Knight, 2014). From Table 2.3, we can also conclude that E-commerce strategies should be based on customers and the company’s ability to satisfy their needs.

In fact, there is barely any literature that focuses on this field, especially in China. Lin & Wang, (2015) believed the 4Rs (Relevancy, Respond, Relation, Return) marketing strategies, which are usually implemented in traditional marketing, should also be applied to online marketing. This means that the relationship with customers is the foundation of getting benefits for marketing. This is a valuable theory for the study to be taken into consideration for giving advice on strategies for B2C SMEs in China.

Yu, Lu, & Dong (2010) addressed the e-revolution and suggested a relation-based model for E-commerce strategies. This framework assumes a dynamic process of E-commerce innovation comprising three stages: Initial adoption stage, modification stage and innovation stage. The framework supports the idea that E-commerce innovation is required to follow a mixed pattern of "balanced exploitation and innovation", they believed “mixed pattern of E-commerce” is the trend for SMEs for the future. Thus, E-commerce strategies should be designed and determined by different situations, based on the different stage of the E-commerce development. The same solutions should not be used in different stages.
2.5 Significance of third-party trading platforms

Third-party platforms play the most significant role in the Chinese E-commerce market. Many scholars studied the reasons why third-party platforms are important for Chinese E-commerce development, as will be discussed below.

2.5.1 Overview of third-party trading platforms in China

As we mentioned above, Ma founded Alibaba, and then the subsidiary website Taobao. In 2008, Alibaba started Tmall.com as the specific online B2C marketplace. With RMB 51.7 billion (USD 9.3 billion) transacted on 11 Nov 2014 in a single day, Tmall is the largest B2C online marketplace in China to date (Cheok, 2015).

At present Tmall is a typical B2C business platform and for the current situation in China is even the most important platform for the Chinese E-commerce market, especially for SMEs, because most of the Chinese SMEs do not have their own specialized online-shopping websites. E-commerce for SMEs can only be achieved through a third-party platform. In other words, China's SMEs are overly reliant on third-party platforms. SMEs in China have a significantly close relationship with third-party platforms. With the development of E-commerce, more and more Chinese E-commerce platforms have come out. Now in China, the Top 10 B2C players, as shown in Figure 2.4, are T-mall (under Taobao), Jingdong, Amason, Dangdang, Yixun, Yihaodian, Vancl, Suning, Jiapin and Gome (Slideshare, 2013). Meanwhile, WeChat also became a popular E-commerce platform for SMEs. Most SMEs have public accounts on WeChat or Wei-shops on WeChat. WeChat introduced another big development in Chinese E-commerce. Figure 2.4 is the market share table of Chinese B2C platforms.
We can see not only the competition among SMEs, but also the competition among third-party platforms is becoming more intense. As for SMEs, there are more choices and more opportunities to select the most profitable marketplace for their E-commerce development. This section aims to present the relationship between SMEs and third-party platforms, as well as the current significance of third-party platforms. So, if we want to research E-commerce of B2C SMEs, we cannot ignore the role of third-party platforms.

2.5.2 Significances and advantages of third-party platforms

The report of the handbook of China declared that there are some advantages for businesses selling goods on platforms like Taobao and Jingdong in China. Many Chinese customers are getting used to buying products from this kind of platform and prefer their interface and functionality. Foreign companies should get used to the administration of these websites and particularly the ranking systems.

The report suggested that third-party platforms are essential for SMEs because of the following reasons:

1) It is outsourcing the complete IT aspect;
2) Chinese consumers are familiar with third-party platforms who have accounts already established and know the procedures;

The platforms provide more services including the after-sales management as well as delivery resources of the products. This means businesses can realize all steps of E-commerce through them (Koehler & Keohler, 2014).

From this report, we can also identify the significance of third-party platforms in China, especially for B2C SMEs, who have limitations on financial capabilities.

Hu (2016) mentioned some of the advantages and characteristics of third-party E-commerce platforms in his study; he said that third-party platforms can provide quality information services support, attractive website interface, high-level network influence, as well as professional website technology, which can help businesses to attract more customers and boost effective transactions, with a supporting services business model (Hu, 2016).

Fincher (2014) advised the features of effective E-commerce platforms, which are important because of the features they have:

1) Built-in Content Management & Design Tools; 2) Easy & Convenient Customer Interface; 3) Payment & Shipping Gateways.

**IT Support for Chinese B2C SMEs**

Combining the previous paragraphs, we can see, that B2C SMEs in China seldom have the mixed patterns or multiple websites for E-commerce models. In this paragraph, we will discuss the IT and B2C SMEs in China by reviewing some literature. It is easy for us to understand that SMEs relying on third-party E-commerce platforms are decided both by the E-commerce environment and the characteristics of SMEs. Many scholars and researchers have studied the subject of this area, as outlined below:

Chong (2011) stated that, the level of technology for SMEs in China is lower than the level in developed countries. In developed countries, most SMEs have their own websites, 50-60 percent of which have their own online purchasing system. Therefore,
they do not have to rely on third-party platforms, far less than SMEs in China. In China, all SMEs have to compete in the same platform phenomenon.

Ke & Sun (2014) said that, like in other regions of the world, the Internet technologies influence almost each area of China, both in society and culture. By the end of the year 2009, there had already been over 260 million Internet users, and the population of users doubled each year. Meanwhile, all kinds of businesses or organizations are eager to develop E-commerce to match their willingness for success in China (Ke & Sun, 2014).

As Jeffcoate, Chappell, & Feindt, (2002) have identified, the IT usage profile indicates a low adoption of electronic interconnection for strategic use, for example, although about 80 percent of SMEs have the capability to use electronic means more than half only use email. Meanwhile, 23 percent of these companies only use the webpage for basic business information and another 18 percent adopt websites for strategic business goals, E-commerce participation was significantly low, with only 13 percent of these enterprises adopting IT applications for this purpose, and it is important for SMEs to adapt to the Internet and exploit it for strategic use (Cited by Fong, 2011). However, the situation may be worse for SMEs in China. Regarding the above literature review, third-party platforms are important to SME owners because they can offer businesses basic but comprehensive online IT support.

One characteristic of SMEs is the limitation of financial resources and weakness in skills. Fong (2011) points out that SMEs find it expensive to employ dedicated IT staff and “all-rounded” skilled employees who are educated in using both hardware and software. SMEs have continually been troubled with the problem of keeping skilled and talented people due to their inability to match the salaries of large corporations. It was found that some of the staff in SMEs lack formal training. Chen and Zhang (2015) agreed that there are many issues during E-commerce development within most SMEs in China. Some SMEs owners are not fully aware of the importance of implementing E-commerce for their businesses; meanwhile, most of the owners lack a basic knowledge of how to perform E-commerce. There is insufficient IT infrastructure, staff training and management innovation for E-commerce development. But third-party platforms can provide professional services during all
the E-commerce process that can support SMEs when they feel insufficient in finance and skills.

In conclusion, the study on E-commerce marketing has never been stopped, though there was a gap in the study of B2C E-commerce for SMEs. However, more recently researchers have shown an interest in this subject. But there are only few studies focusing on China's E-commerce third-party platforms, which is why there is still a big research gap in this area. We can also conclude that less research has been conducted on how to use third-party platform strategically or how to make E-commerce more effectively so as not to only rely on third-party platforms and how to implement strategic solutions for E-commerce.

It will require a lot of effort if B2C SMEs in China want to develop their own specific and comprehensive E-commerce. After all, third-party platforms are developing fast and are becoming more and more efficient and comprehensive, continuously improving the inside capability day-by-day. With the rapid development of information technology and E-commerce, it is very important for SMEs in China how to use third-party platforms to improve the competitiveness and operational efficiency during E-commerce business. Though more SMEs began to adopt third-party platforms to boost their business, there are still more things to learn to improve the performance of E-commerce. It is significant for SMEs to gain more knowledge on E-commerce and technology skills, in order to avoid potential risks of relying too much on third-party platforms. This is very important for B2C SMEs in the long run.

2.6 Challenges impacting effectiveness of E-commerce performance

2.6.1 How E-commerce are impacting on business performance

Gunasekarana, et, al. (2002) conducted a study on E-commerce and its impact on operations management. They believed that E-commerce can impact the business in many ways; they emphasized that E-commerce is changing manufacturing systems from mass production to demand-driven. They also stated that E-commerce can impact the marketing, design, human resources management, warehousing and supplier development. For example, for the impact on marketing, they stated that it can impact the products promotion, new sales channels and the way of customer
services. We can see that they believed that E-commerce has positive impacts on operations management. Adenwala (2014) conducted a study on the impact of E-commerce on business performance, which focused on the travel industry. Adenwala agreed that E-commerce can influence promotion solutions and customer services. Adenwala also mentioned that E-commerce can have an impact on brand image. So, the scholars believe that E-commerce changes the behavior of running businesses in a positive way.

Besides the positive impacts of E-commerce, researchers seldom believe that there is also a negative effect of E-commerce. However, Lizarraga (2011) stated that E-commerce can result in price wars. She said that business traders who are used to selling in physical stores may feel more competitive pressure in E-commerce. Their products are displayed alongside competitive offers on the same platforms, where competitors may offer better prices. This can affect the retailer negatively, as they cannot sell as much as they expected and it can affect the consumer negatively when online stores cut corners to become more competitive or products are purchased from illegitimate retailers because they had the best price. So, price wars will eventually damage business profit and the whole management.

In summary, there are still risks for SMEs to develop businesses through E-commerce and it is important to use E-commerce wisely, to avoid the disadvantages but to make sure that E-commerce can impact the business positively.

2.6.2 Challenges faced by B2C E-commerce SMEs

It is obvious that E-commerce changes the way people represent their business. B2C E-commerce has been developing fast in China in recent years, which is closely linked to peoples’ daily life. In this part, we will review E-commerce performance from five aspects: The third-party B2C platforms, the IT capability review of SMEs, the barriers for adoption of E-commerce, the success factors and the strategies perceptions.

Lin (2007) stated that “Design, information levels, security responsiveness, interactivity, and trust are all factors can affect the purchasers’ satisfaction, which is
the important standard of access to the performance of E-commerce” (cited in Li & Jin (2014).

“Trust” was mentioned by many researchers, for instance, Zhang, Bian & Zhu (2013) have a similar view about “trust”. They believe “trust” is a big problem for Taobao and Taobao became aware of this problem and began to put in a lot of effort to detect online fraud. While Lu, Dong, and Yu (2006) believe that E-commerce trust has become the bottleneck of the development of E-commerce in China. Similarly, Cheok (2015) stressed two challenges faced by the Chinese E-commerce market, which is branding recognition and trust, customer support and payment. He also mentioned that both pre-sale and after-sale customer service are important for businesses to achieve sales conversion and build brand equity. Chinese customers always desire a fast response from businesses, so many businesses establish customer service hotlines providing extended support hours for customers to support and satisfy Chinese consumers.

Li (2014) stated that there are several factors that impact customers’ decisions on the website of purchase, including website design, website function, website information, and other services in B2C websites. This indicates that consumers are not only attracted by products, but also the characteristics they can get from the websites. Li & Jin (2014) found that, website design, transmission speed, information quantity, service quality and popularity are the factors that affect online performance. The following part will discuss the literature on key success factors specifically.

2.6.3 Measurement metrics of EC effectiveness

There are not many researchers who have conducted studies focusing on the measurement indicators or methods towards E-commerce performance. Boritz (2012) addressed some metrics for the measurement of EC performance. He suggested 5 categories of elements that should be considered to measure the performance: 1) traffic and site usage; 2) marketing; 3) finance; 4) other performance; 5) multi-dimensional. He said financial metrics, should involve revenues (sales), expenses (all costs), return on investment (ROI) and shareholder value creation. Boritz (2012) stated ROI is calculated as (Revenues – Expenses)/Assets. It combines with revenues
and expenses measures into a single composite metric. According to Boritz (2012), we can see that financial metric is a key element that can assess the performance of EC, which can be easily calculated and measured.

**Return on Investment (ROI):** this concept has been used in many areas for centuries. During the 1920s, ROI was the emerging tool to measure a value on the payoff of investments. In recent years, the concept has been used more widely, which has expanded to all types of investments including human resources, training and education, change initiatives and technology (Phillips, Stone & Phillips, 2001, p2). Selsky (2016) said that unfortunately ROI for E-commerce – while a simple metric on its surface – is one of the most difficult metrics to accurately determine for an E-commerce site. For B2B companies it can be especially challenging. It can also be more challenging than determining ROI for a B2C site, due to inherent differences between B2B and B2C.

2.7 **Success factors to perform B2C E-commerce for SMEs**

Many scholars and researchers studied the success factors to perform B2C E-commerce and some of them built up success factor models, which are clearly for later study. In the following some models are described in more detail.

2.7.1 **Molla’s Model of E-commerce success**

Delone and McLean (1992) proposed a model of information system (IS) success (Figure 2.5) that stated that system quality, information quality and user satisfaction can impact individuals and finally results in organizational impact. Molla and Licker (2001) developed the model further (Figure 2.6), they believed that E-commerce system quality, content, trust, support of the service and customer satisfaction are important factors and customer satisfaction results in success of E-commerce performance (Cited in Wei, 2012). DeLone & McLean (2003) updated their success model and emphasized that customer intention is important to the success of E-commerce. The researcher agrees that customer intentions is important and in most situations, repeat purchasing means customer loyalty, which also results from word of
mou{}h publicity. So, it is obvious that customer loyalty and repurchasing can increase sales revenue for businesses, which can lead to the successful performance of E-commerce.

**Figure 2.5. Delone and Mclean's Model of Information system success**

(Source: Delone and Mclean, 1992: 87, Cited in Molla & Licker, 2001)

**Figure 2.6. Model of Electronic commerce success**

(Source: Molla, 2001, Cited in Wei, 2012)

Other researchers suggested different success factors for E-commerce. For example, Eid et al. (2002) have a different view on critical success factors (CSFs) for E-commerce. They identified five categories CSFs, which are website building, marketing strategy, globalization, as well as internal and external factors. Wirtz and Kam (2001) and Paulson (1993) agreed that marketing strategy is an important factor, together with internal, inform action technology and governmental support. Chen, Feng, and Cai (2013) believed logistics is a significant factor for effective E-commerce performance and they suggested that a detailed and in-depth logistic plan
should be in place before choosing an appropriate logistic provider. Wang, Huang and Li (2005) agreed and proposed that the logistic plan should be designed based on the size of logistic distributions and the characteristics of customers’ demands for B2C. According to these researchers, logistics is a factor that impacts the success of E-commerce for SMEs.

However, there are still gaps in research for CSFs that focus on B2C E-commerce in the Chinese national market. Many studies are focusing on the B2B E-commerce or on exports. Fewer studies of CSFs have been conducted on B2C E-commerce SMEs. There is a big research gap for this area. There are some related studies on B2B, but only a few on B2C. There is still a gap in research on E-commerce for SMEs specific for the B2C market. It is necessary for B2C SME owners to focus on the efforts to understand their E-commerce behavior, in order to gain knowledge and solve the issues of their business strategy, financial, workforce and supply chains.

It is important for SMEs to acknowledge the CSFs of successful adoption of B2C E-commerce, where they can help them to solve problems, build up effective management, implement innovation and strategies and to enhance their EC performance.

2.7.2. Hypothesis of E-commerce success factors

Wang, Huang & Li (2005) discussed both assessment indicators and impact factors for E-commerce success in their research; they proposed the assessment indicators and impact factors as the following figure:

**Figure 2.7. Hypothesis of factors affecting Success E-commerce**

(Source: Wang, Huang & Li, 2005)
We can see from the figure, that Wang, Huang and Li (2005) addressed 7 factor categories that result in successful E-commerce. These are: leadership, strategy, management, organization, technology, customers and suppliers’ factors (Figure 2.7). Based on the main categories of success factors, they also addressed some sub-factors as showed in Figure 2.8. They believed in their research, that leadership, strategy and organization factors are the critical factors affecting E-commerce success. Because E-commerce is in its infancy in China, leadership's support, E-commerce strategy and good organization are still very important for E-commerce success. From Figure 2.8, we can see that leadership belief, strategy, organization management, and business process/structure re-engineering are some of the critical sub-factors affecting E-commerce success.

Figure 2.8. Impact factors affecting E-commerce success

<table>
<thead>
<tr>
<th>Impact factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
</tr>
<tr>
<td>Strategy</td>
</tr>
<tr>
<td>Management</td>
</tr>
<tr>
<td>Organization</td>
</tr>
<tr>
<td>Technology</td>
</tr>
<tr>
<td>Customers</td>
</tr>
</tbody>
</table>

- Articulate a vision for EC use
- Formulate a strategy for EC use
- Establish goals and standards
- Belief in the potential of EC
- Believe EC will create a competitive arena
- Believe EC is a secure medium
- Believe EC is easily accessible

- Establish EC strategy
- Adjust EC strategy

- Have CIO management system
- Set up the project team
- Establish canonical EC operation process
- Input enough resource
- Improve perception, brand and trust
- Choose proper development partner
- Establish fast and efficient development process

- Reengineer business process
- Adjust organization structure
- Infiltrate EC knowledge into culture
- Raise the technical level of IT staffs and quality of employees
- Make a fast reaction and adapt with the changes of environment
- Have an incentive structure to exert technical staff's ability
- Enhance much of IT training

- Get information from intranet by employees
- Share information between systems
- Integrate systems seamlessly
- Transmit, integrate, and process data

- Customer consider EC important
- Disseminate customer feedback rapidly
- Resolve customer complaints rapidly
- Manage customer relationship
- Ensure security & privacy

(Source: Wang, Huang & Li, 2005)
Ke and Sun (2014) studied the CSFs in China's B2C E-commerce based on expert evaluation. They have different views and stated that there are three key factors that need to be considered for E-commerce marketing, which are consumers' preference, efficient transportation infrastructure and credit payment system. They also confirmed that customers should be taken seriously and the credit payment system also means technology is important for E-commerce success.

Xu & Quaddus (2009) discussed the CSFs in their book about E-tailing. They stated that it is useful for SME owners to understand the factors to improve performance of B2C E-commerce. However, information technology develops fast and the E-commerce market changes each year, so CSFs should also change based on the changing environment. Xu & Quaddus’ (2009) key success factors for E-commerce are as follows (Table 2.4):

<table>
<thead>
<tr>
<th>E-commerce Success Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Managing supply chain strategically</td>
</tr>
<tr>
<td>2 Selection of products and services</td>
</tr>
<tr>
<td>3 Customer services</td>
</tr>
<tr>
<td>4 Trust, Usefulness &amp; User friendliness</td>
</tr>
<tr>
<td>5 Leveraging multiple channels</td>
</tr>
<tr>
<td>6 E-Business strategy planning &amp; implementation process</td>
</tr>
<tr>
<td>7 Sound business model &amp; business practices</td>
</tr>
</tbody>
</table>

(Developed per Xu & Quaddus, 2009, p401-407)

In short, there are many factors that can lead to E-commerce success and many researchers have already provided their own findings on this topic. Since China is a big market, E-commerce has great potential with a great number of possibilities. There is still a gap in this field, however, which can focus much on B2C SMEs.

### 2.8 Chapter Summary

This chapter reviewed the literature and various theories, including definitions of SMEs and E-commerce and the role of E-commerce for SMEs. In addition, the review discussed the barriers to applying E-commerce and the success factors to perform E-
commerce. There was also a discussion on strategic E-commerce, in support of the analysis of findings.

Nevertheless, it is not certain what kind of factor can help B2C SMEs perform E-commerce successfully in China. This therefore becomes the main topic of this research. The following chapter discusses and explains the research methodology applied in this thesis.
Chapter 3 Research Methodology

3.1 Introduction
In chapter two, the researcher presented an extensive revision of the existing literature and various theories relating to Business to Customer (B2C) SMEs and E-commerce that can aid in answering the research question and sub-questions of this study. Chapter three will provide the research methodology used to design, collect and analyze the data in this study. This chapter is divided into seven major sections. Following the introduction, the researcher first presents the definition of research methodology. Then the next section examines both the quantitative and qualitative approaches and discusses advantages and limitations of each approach. The third section looks at the preferred approach for this study. The fourth section discusses the interview process for this study as well as data collection, coding and analysis techniques. Also discussed are the transcribing and translation of the data. The fifth section discusses the recruiting and sample collection techniques. The sixth section looks at the methods applied for data analysis. The final section discusses ethical implications to be considered for this research.

3.2 Methodology
Research is the process during which we gain knowledge and improve our understanding of a subject and the process of finding facts and transforming them to draw an image of the world. People need to keep in mind what knowledge is and how we can learn from the environment and things around us; this kind of acknowledgment will be based on a philosophical point of view (Walliman, 2011). Research methodology is the way of using systematic techniques to solve research problems. Methodology is using appropriate techniques in the correct way. It shows how well we draw conclusions and recommendations from the analysis of research data. It also presents the core concepts for a warrant for inferences. It makes no sense to analyze the study of the methodology according to each process of the whole research project (Principles of Methodology: Research Design in Social Science, p17). It is necessary for the researcher to know not only the research methods but also the methodology. Researchers not only need to understand how to examine or test, and how to analyze and calculate the tables or the chi-square or how to employ research tools, they also need to understand which methods are relevant, identify the meanings
and explain the reasons, as well as the assumptions via various techniques and decide on criteria to certain problems. Therefore, it is necessary for the researcher to design the methodology according to the research problem (Dhawan, 2010). This research aims to identify the CSFs for successful E-commerce performance for B2C SMEs in China. Based on the aim and objectives of this research, an evaluation and measurement of appropriate methodology to be applied should be discussed before the study is implemented and data collected. Before deciding on the approach, some knowledge of the two basic research approaches is presented in the following paragraphs.

3.3 Research approaches

3.3.1 Qualitative approach

A qualitative approach allows researchers to explore individuals’ or populations' experiences in detail by discussions in groups, observations, face-to-face interviews, conversations, analysis and life experiences or memories (Hennink, Hutter, & Bailey, 2010). A qualitative approach focuses on generating non-numeric data and the data is easy to examine. Qualitative research is to explore the hidden meanings behind numbers, including motivations, reasons for attitudes, decisions, beliefs, actions and behaviors. Therefore a qualitative approach can enhance the understanding of problems of populations (Hennink et al., 2010).

3.3.1.1 Advantages of qualitative research

- Questions and objectives can be measured in depth and in detail.
- Interviews are flexible in answering questions and can be guided by interviewers in real time.
- Researchers have good control of the research and can make sure the direction and structure of the research can be reviewed and modified based on emerging situations.
- The data in qualitative research comes from real talk and real experiences, which is more accurate and effective than data of quantitative research.
- Data is collected from only a few groups of people, without the requirements of larger population research.
Based on quality research, researchers always have clearer aims and vision. They can make good use of the data for research. (Occupytheory, 2014)

3.3.1.2 Limitations of qualitative approach

1) Built-In bias
The quality of the research relies on the researcher too much, so the interviewees are most likely influenced by the researcher's personal biases and idiosyncrasies. (Hamilton, 2015)

3) Lack of accuracy
It is hard to access objective outputs for a qualitative approach, which always involves the qualitative analysis from participants’ own perspectives; it’s difficult to form standards to determine the rigor (Hamilton, n.d.). Researchers cannot determine how many of the participants answer one way or another, which means it is extremely difficult to access solid statistics (Sheragy, n.d.).

4) Too time consuming
Applying qualitative studies requires researchers to spent time for each interview, including recording and to devote much more time on analysis of the records because the researcher must carefully pore over the data in detail while crafting the analysis. (Hamilton, n.d.)

4) Skill requirements for researchers
A qualitative approach involves more labor intensive and complex analysis processes, including categorization, recording, data collection, coding and in-depth analysis. All this requires a skilled interviewer (ACAPS, 2012, Cited by Choy, 2014).

3.3.2 Quantitative approach

Quantitative methods allow social researchers to systematically quantify the world in which we live. Common quantitative methods always involve surveys and unobtrusive measures, content analyses or artifacts analyses such as graffiti writings or case records (Donley & Grauerholz, 2012, p17).
While experiments and quasi-experiments are important in sociological research, a much more commonly used quantitative method is surveying. Surveys, in fact, have been the most common way to collect quantitative sociological data for decades. They allow for data to be collected on virtually any topic and produce generalizable results. By “generalizable” we mean that the results of a properly done survey can be applied to others in the population of interest (Donley & Grauerholz, 2012).

### 3.3.2.1 Advantages of a quantitative approach

1) Quantitative research is based on the measurement of numbers. It is applicable to phenomena that can be expressed in terms of quantity (Dhawan, 2010). Quantitative data can be measured accurately because it contains some form of magnitude, usually expressed in numbers. You can use mathematical procedures to analyze numerical data. These can be extremely simple, such as counts or percentages, or more sophisticated, such as statistical tests or mathematical models (Walliman, 2011, p72).

2) Samples of individuals, communities or organizations can be selected, which can assure that the results are accurate and can represent the population studied. So, the outcome is more reliable for critical analysis (Barnham, 2015).

3) Quantitative research allows repeats at different times and in different areas, which can be used for comparable findings. When quantitative research is conducted by online survey, participants or responders can do the questionnaires in their own space and own time without supervision (Barnham, 2015).

### 3.3.2.2 Limitations of quantitative research

1) Some information is difficult to obtain through structured data collection instruments, particularly on sensitive topics such as domestic violence or income, while some information may be inaccurate or incomplete (“Interaction”, 2015).

2) Quantitative research is expensive and time-consuming and even preliminary results are usually not available for a long period.

3) Research methods are inflexible because the instruments cannot be modified once the study starts.

4) Quantitative research does not study things in a natural setting or discusses the meaning things have for different people the way qualitative research does.
5) A large sample of the population must be studied; the larger the sample of people researched, the more statistically accurate the results will be. (Jones, 2012)

### 3.3.3 Preferred approach for this research

Based on the aim and objectives of this research, the approach for this research is the qualitative research approach; semi-structured interviews will be conducted for data collection. As discussed above, qualitative research focuses on details, which is more subjective and easy to observe and interpret. We can see that qualitative research is helpful in finding the factors and barriers influencing performance of E-commerce for B2C SMEs, and useful for formulating ideas of strategies or solutions. The interviews focus on the B2C SME owners' perception of E-commerce, the acknowledgement and understanding of EC that influences the business operation, the understanding of the barriers that restrict them from successful E-commerce, the CSF that lead to successful performance of B2C E-commerce, and what kind of strategic solutions can be implemented to overcome the barriers and to achieve successful E-commerce. It is hard for some of the respondents fully completing the questionnaires, and a lot of people do not answer them seriously, it is generally difficult to recover a questionnaire, so the proportion of the valid questionnaires is low, then the researcher may find it difficult to get enough real and effective data. Therefore, the qualitative approach is selected for this research.

**Interviews**

Interviews are just like a conversation. Though there is a list of questions to ask, the process of the whole conversation is flexible, which may bring up new questions. Qualitative interviews allow participants to talk about the most important opinions on each question. Since they are not being asked a specific number of questions with set answering options, information that the interviewer may not have even thought to ask can be unearthed. Qualitative interviews can take different forms, including unstructured and semi-structured (Donley, 2012, p44). In order to obtain more accurate information for the research objectives and questions, this study conducted in-depth, semi-structured interviews.
Semi-structured interviews: the researcher targets 15 B2C SME owners and makes appointments with them about the video interviews or telephone interviews. Each interview takes about 30 minutes. Interview question sheet are sent before the real interviews to make sure participants can review and have a prior understanding of it. All conversations are voice recorded based on prior permission by the participants. The researcher also records some detail or notes by pen and paper, in case there is something wrong with the recording. Recording the interview sessions can help the researcher to pay full attention to the ongoing conversation, making it crystal clear to the researcher. Data analysis is based on the coded in-depth semi-structured interview transcripts.

Translation: Because the official language of China is Mandarin and to get accurate data, all conversations are in Mandarin, which will be translated into English for later use. Paperwork such as question sheet are both English and Mandarin, with the Mandarin copies for SME owners to read. The researcher must make sure all the respondents can understand the questions and can explain them, in order to get the most accurate data with the original meaning, which is effective data for research analysis.

Coding: Because the data involved in a content analysis is not typically numeric, standard data analysis techniques are not appropriate. For content analysis, researchers use a process called coding to make sense of the information. Coding is the way in which the information in the artifacts is quantified. Researchers determine what to code for before beginning the actual coding process. (Donley, 2012, p33). Before formal interviews, all participants for this study will be coded, for example, Participant 1, Participant 2 and so on. Only the initial letter will be used, and so all participants will be coded as P1, P2, P3, until P10. The names of the companies are anonymous in this study. This is to avoid identification and ensure that there is no harm to the companies and participants.

Transcription: Interviews are often recorded, so the interviewer can focus on the conversation rather than focusing on taking notes. The records are typically transcribed for analysis (Donley, 2012, p45). During this study, all interviews were voice recorded and then the records were transcribed, which is an important step for later analysis. The researcher coded transcriptions manually.
Sample recruiting and selection

Sampling in qualitative research can follow different logics, which focus on persons or groups of persons (Donley, 2012, p37). Selection or sampling then refers to the documents to choose for building an archive of materials for analyzing the discourse or documents. Sampling in this kind of research first aims at constructing a corpus of material, which then can be a starting point for sampling inside the materials in this corpus (Flick, 2007, p110).

Sampling for qualitative research refers to the selection or setting of participants and groups to be studied, purposeful sampling and criterion sampling are always used; the researcher needs to identify purposeful sampling and set the criteria to select the samples (Merriam & Tisdell, 2015, p294).

Participants selection criteria: Based on the research aim and questions for this study, we need to investigate the B2C SMEs that have already been using E-commerce, so the researcher first selects participants from the top 10 third-party platforms, including Taobao, Jingdong, Wechat and Dangdang. All participants should meet the following specific criteria: 1) Already using E-commerce 2) SME targeted on B2C marketing 3) Have a willingness to continue and enhance their E-commerce performance. To make sure the data is more effective and avoid too much similarity between answers, five types of SMEs will be involved. The types of industries are selected based on the monthly top 10 best sales industries of Taobao, which are also popular industries closely related to people’s daily life. The five types are: clothing, electronic, food and beauty and house improvement. For each sector, the researcher will select at least 3 participants; this research will therefore obtain contact details of at least 15 SME owners to respond.

Table 3.1. Participants election criteria

<table>
<thead>
<tr>
<th>Participants selection criteria</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Already using E-commerce</td>
</tr>
<tr>
<td>2</td>
<td>SME targeted on B2C marketing</td>
</tr>
<tr>
<td>3</td>
<td>Have the willingness to continue and enhance their E-commerce performance</td>
</tr>
</tbody>
</table>

*(Developed by the researcher for this research)*
The researcher contacts the potential participants by email and social media, after agreement to participate in the interviews was received, the researcher arranged appointments and schedules with the participants. The participants were provided the interview questions in advance to help them fully understand the questions and prepare for them. There were 15 in-depth interviews for this study.

**Data analysis**

Because the data collected for qualitative research is textual and visual, not numeric, the way the data is analyzed differs from quantitative research as well. Qualitative data is typically coded and analyzed for themes or patterns; qualitative studies do not create statistically meaningful results and the results of the studies typically do not generalize to a larger population of interest. But qualitative research can provide a deeper understanding of social phenomena. It can illuminate the social world in a way, which is different from quantitative research. A qualitative approach consumes more time on generating data (Donley & Grauerholz, 2012). Coding and memo are also two significant manual tasks in qualitative analysis. For this study, after the data has been recorded and collected, the data will be coded or turned into analytic memos.

A code in qualitative research refers to a word or short phrase that connects with a summative and specific meaning for a part of language-based or visual data of interviews. "The data to be coded for first cycle coding processes can range in magnitude from a single word to a full sentence to an entire page of text to a stream of moving images. In second cycle coding processes, the portions coded can be the exact same units, longer passages of text, and even a reconfiguration of the codes themselves developed thus far." (Saldana, 2009, p14-15)

Coding can help the researcher categorize all the data and it makes it easy to identify or sort out the same codes or the different codes that stand for different answers of the interview questions. It makes it more convenient to analyze and form a report.

“Analytic Memos — is a “think piece” of reflexive free writing, a narrative that sets in words your interpretations of the data (Saldana, 2009, p98).” The memo refers to the process of recording reflective notes about the experience and outcomes gained from the data. Memos serve to assist the researcher in getting concepts from raw data.
and making conceptual leaps from raw data to those abstractions that explain research phenomena in the context in which it is examined. Memos can be effectively employed by both the novice and experienced researcher as a procedural and analytical strategy throughout the research process. Memoing will help the researcher save a lot of time on data analysis. (Groenewald, 2010)

Ethical issues
It is essential that research is designed and implemented so that the rights of human subjects are respected (Donley, 2012, p75). The awareness of ethical issues and concerns has grown considerably in the last decades of qualitative research. It is important to build several basic principles of ethically sound research. Ethics should play a role in your considerations of how to plan a study, who to work with and how you should act in the field (Flick, 2007, 77-79).

Before starting the formal research, the researcher needs to get approval and permission from all relevant groups relating to this research. The researcher should first get the official approval from Unitec Research Ethics Committee (UREC), who will provide the official documents on fundamental information including the background of the researcher, primary information about the research project, as well as the aims and objectives of the research. It also makes participants believe that all collected data will be securely and confidentially stored and specifically used for the study only. The researcher also informs the participants that they have the right not to answer questions which they are reluctant to.

Ethical issues are also considered in the design stage and analysis stage, to avoid questions that would cause discomfort and difficulties to participants in responding, and to avoid asking questions about privacies or business secrets, or cause any potential harm to participants. All these are requirements for the researcher to consider fully to make the interview go smoothly. When the researcher analyzes the data, and writes a report, as mentioned by Hennink, Hutter & Bailey (2010), the researcher should avoid making the details anonymous prior to analysis and to ethical reporting of quality data. This means the researcher should take responsibility to protect respondents’ privacy.
3.4 Chapter Summary

Chapter three defined and discussed the methodological approach taken for this research project. By comparing the differences and advantages of quantitative research and qualitative research, the researcher decided to choose a qualitative approach with in-depth interviews to obtain findings for this research. 15 participants will be then recruited as the participant samples to answer the interview questions.

The following chapter will present the findings of the semi-structured interviews from 15 SME participants and a primary relevant analysis of the data collected. These findings present the Chinese SME owners’ perspectives and understandings of the factors that influence the performance of E-commerce.
Chapter 4 Research Findings

4.1 Chapter Overview
This chapter focuses on presenting the findings for this research. Qualitative data was obtained from interviews that reflected the insights and opinions of how the B2C SME owners think about the important factors that can lead to the success of E-commerce. Using in-depth interviews helped the researcher to find out B2C SME owners’ opinions and themes of how B2C SMEs perform E-commerce in China and the key success factors. This chapter describes and discusses the findings that were gained from these interviews. This also helped the researcher obtain a full understanding of the participants’ attitudes and perspectives towards E-commerce in China.

Findings for every objective will be given a separate section in which the views of participating SMEs in relation to each research objective are clearly examined. These six research objectives have been introduced in chapter one already and are as follows:

• OB1: To evaluate the impact of E-commerce on business performance
• OB2: To identify the importance of adoption of E-commerce
• OB3: To access the level of understanding of E-commerce strategies of SME owners
• OB4: To identify the significance of third-party trading platforms
• OB5: To identify the challenges that impact on the effectiveness of E-commerce
• OB6: To determine the factors that drive successful E-commerce performance

The research findings are based on 13 in-depth interview questions answered by SME owners. The findings are derived by qualitative analysis through a number of figures and tables. The results provided the evidence for further discussion and recommendations for future research.
4.2 Interview results and findings

The researcher designed the interview questions to meet the research objectives and to answer the research sub-questions (Table 4.1). Findings will be allocated to the six research objectives of this study for better understanding.

Table 4.1. The research objectives and the corresponding interview question numbers

<table>
<thead>
<tr>
<th>Research objectives</th>
<th>Associated interview questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>OB1 To evaluate the impact of E-commerce on business performance</td>
<td>Q1</td>
</tr>
<tr>
<td>OB2 To identify the importance of adoption of E-commerce</td>
<td>Q2, Q3</td>
</tr>
<tr>
<td>OB3 To access the level of understanding of E-commerce strategies of SME owners</td>
<td>Q4</td>
</tr>
<tr>
<td>OB4 To identify the significance of third-party trading platforms</td>
<td>Q5, Q6, Q7</td>
</tr>
<tr>
<td>OB5 To identify the challenges that impact on the effectiveness of E-commerce</td>
<td>Q8, Q9</td>
</tr>
<tr>
<td>OB6 To determine the factors that drive successful E-commerce performance</td>
<td>Q10, Q11, Q12, Q13</td>
</tr>
</tbody>
</table>

(Source: Developed by the researcher of this study)

4.2.1 Objective One: Evaluate the impact of E-commerce on business performance

Q (1): Do you think that E-commerce has brought value and benefits to your business? What kind of benefits or value have you experienced?

Question 1 is to ask the participants to share their experiences of values or benefits they have gained from E-commerce adoption. All participants agreed that E-commerce has brought them a lot of benefits, so they all mentioned more than one benefit, and they provided some detail of the benefits they had experienced. The researcher refined the themes according to their ideas towards this question.

There are in total 8 themes raised by participants towards this question (See Table 4.2)
Table 4.2. Perspectives of SME owners towards benefits gained through E-commerce

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Customer numbers increased</td>
<td>P1, P2, P6, P7, P9, P10, P11, P12, P2, P14, P15</td>
<td>73.33</td>
</tr>
<tr>
<td>2 Turnover increased</td>
<td>P1, P3, P4, P8, P12, P13, P15</td>
<td>46.76</td>
</tr>
<tr>
<td>3 Reputation increased</td>
<td>P4, P7, P8, P9, P12</td>
<td>33.33</td>
</tr>
<tr>
<td>4 Cost reduced</td>
<td>P5, P9, P10, P12</td>
<td>26.67</td>
</tr>
<tr>
<td>5 Business scope expanded</td>
<td>P3, P14</td>
<td>13.33</td>
</tr>
<tr>
<td>6 Customer retention improved</td>
<td>P12, P15</td>
<td>13.33</td>
</tr>
<tr>
<td>7 Reduced transaction time</td>
<td>P2, P10</td>
<td>13.33</td>
</tr>
<tr>
<td>8 Enhanced communication</td>
<td>P5</td>
<td>6.67</td>
</tr>
</tbody>
</table>

The findings show, that “customer increased” was mentioned by 73.33 percent of participants, followed by “turnover increased” (33.33 percent) and 26.67 percent of participants stated “reputation increased” as the benefit they gained from E-commerce.

The following are the statement details of answers to question one from the participants:

**Theme 1: Customer numbers increased**
E-commerce has brought us many benefits. Our customer base expanded from regional to national, as a virtuous cycle. Customer numbers increased so purchase numbers increased and then profit increased (P1).

E-commerce can expand the coverage of customers, (P2) ........

E-commerce involves many people from anywhere all over the country; naturally, this brings more customers to us, and our company’s reputation increased as well (P7).

... expand visibility, and increase customer numbers (P9).

E-commerce business is not limited by time and place restrictions; we can see the rapid increase of customer coverage (P10).

Yes, I experienced some benefits from E-commerce. Since using E-commerce, my business reputation has increased a lot. E-commerce can help me attract new customers and keep the relationship with current customers, which can build customer loyalty. Besides that, attracting more customers can increase the company's income. Moreover, using E-commerce helped my business save a lot of operational costs such as labor costs, renting fees and other facility costs (P12).

Surely. E-commerce boosted customer purchases. E-commerce is not restricted by location as compared to a real store; lower costs, bigger customer coverage (P13). Customer numbers increased a lot, and there is no doubt customer numbers increasing can boost the turnover (P15).

Theme 2: Turnover increased

Turnover increased several times in the years since we started business on E-commerce (P1).

After using E-commerce, I gained more profit income, (P3) ...
The annual turnover of my company increased from 100 thousand to 10 million within 4 years, I was excited because this is big growth for a small business in China (P4).

E-commerce allows customers communicate with us for the first time, which can strengthen purchase confidence; thus, our company can get more income (P8).

...It brings benefits and convenience to customers, because the purchase process is easy and fast, and we can also deliver product details or reports to customers, so customers can compare easily via E-commerce. Then there would be a virtuous circle in selling and purchasing, as a result, it brought more profit to us, so the turnover increased (P13).

Customer numbers increased a lot, and there is no doubt customer numbers increasing can boost the turnover (P15).

Theme 3: Reputation improved

E-commerce helped me gain a lot of values; the annual turnover increased from 100 thousand to 10 million within 4 years, and the company grew from an unknown business, to now having a good customer base with wide awareness and popularity. Our company reputation rating on the platform is very high, which is gold crown rating. Meanwhile, good reputation also makes our products’ brands easily recognizable (P4).

When I started my E-commerce business, I applied the public WeChat account to my company, which made us known to the public in a short time. So, I would like to say that, using E-commerce enhanced the publicity and the awareness of both our company and the products to the customers...” (P8)

…expand the visibility, and increase customer numbers (P9).

Theme 4: Cost reduced

After adopting E-commerce promotional costs, as well as purchasing costs and other operational costs all reduced. We can seek the most favorable suppliers with good
prices and good quality; we can also share information with suppliers and customers and reduce the intermediate costs and losses (P5).

I gained so many benefits from E-commerce, it helped the company reduce costs and create more purchasing opportunities (P9) ...

Compared to our physical store, our online store saves costs in many ways, (P10) ... 

Theme 5: Business scope expanded

... the global trend is E-commerce; customers get used to the habits of purchasing leaving the house (P3)

E-commerce helped us expand the scope of our business. We now have 2 storage rooms, while last year we only had one, but the cost was reduced at the same time, because we can launch as many products as we can. There is no space limitation for online stores, which means customers have more choices of products, we can update the latest products quickly, then customers can review and choose and buy immediately. During this process, we don't have to spend too much on new product promotion. The customer base increased a lot during these years after we started to use E-commerce (P14).

Theme 6: Customer retention improved

“...E-commerce can help me attract new customers and keep the relationship with current customers which can build customer loyalty...” (P12)

It retains old customers easier than a real store. The customers are more loyal. Customers only need to save our store into their favorites and then they can easily come back for a second purchase. So in my opinion, E-commerce helps me boost my customer numbers and retain customers (P15).

Theme 7: Reduced transaction time

… It is a great experience that E-commerce can help me realize timely information transmission, because through chatting applications or online chatting tools you can react and reply to customers immediately, and all the processes from purchasing and
arranging products for shipment are all faster than with traditional trading methods. (P2)"

...E-commerce is not subject to geographical restrictions, and it realizes **timely information transmission**, more conveniently than a physical store (P10).

**Theme 8: Enhanced communication**

...*We can talk easily and we can also share the latest product information with suppliers and customers as soon as possible* (P5).

➤ **Summary for Objective One:**

In summary, in relation to the objective of evaluating the impact of E-commerce on business performance, we can see from the findings of the interviews, that E-commerce impacts the participants’ businesses in many ways. The most common benefits recognized by the 15 participants were customer number increase, turnover increase, reputation improvement, cost reduction and business scope expansion; all of which are more easily realized by E-commerce than the traditional way. Most participants share the believe that E-commerce has helped them increase the number of customers; some of them also gave different reasons as to why E-commerce can increase customer numbers for them, some agreed that their turnover increased noticeably after implementing E-commerce. Some participants considered reputation most important when they thought about benefits of E-commerce, it means they care about their reputation, which is very important in SME owners’ perspective. It is also emphasized that E-commerce saves money in many ways. There seems to be no doubt that saving transaction time is an advantage of E-commerce. These participants believed that repeat purchasing is another benefit gained through E-commerce. E-commerce makes customer loyalty more realistic than through traditional business.

**4.2.2 Objective Two: To identify the importance of adoption of E-commerce**

To identify the importance of adoption of E-commerce, the researcher first examined the conceptual understanding of E-commerce, which should be the foundation for
B2C SMEs to start E-commerce business.

Q (2): Do you know the difference between E-commerce and online shopping?

To examine the SME owners’ understanding of the concept and scale of E-commerce, participants were asked to share their perspectives on how they think E-commerce and Online Shopping differ. As per the perspectives of participants, E-commerce includes Online Shopping, but if people look at E-commerce in a narrow concept, E-commerce sometimes can be regarded as Online Shopping. The participants’ perspectives were divided into the following main themes:

Table 4.3. Themes of differences between E-commerce and Online Shopping

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Different categories and models</td>
<td>P4, P5, P8, P9, P11, P12, P13, P15</td>
<td>53.33</td>
</tr>
<tr>
<td>2 Different channels</td>
<td>P3, P4, P8, P11, P12, P15</td>
<td>40</td>
</tr>
<tr>
<td>3 Different parties involved</td>
<td>P1, P2, P6, P11</td>
<td>26.67</td>
</tr>
<tr>
<td>4 Different activities</td>
<td>P1, P3, P7, P8, P9, P13</td>
<td>40</td>
</tr>
<tr>
<td>5 E-commerce broader than Online Shopping</td>
<td>All</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2. Comparison chart of main differences between E-commerce and Online Shopping

(Source: Developed by the researcher from the findings of this research)

As can be seen from Figure 4.2, all participants have realized that E-commerce is a broader concept than Online Shopping. They almost agree that online shopping is just one model belonging to E-commerce, which indicates that 100 percent of participants have a basic understanding of E-commerce. They said that E-commerce and Online Shopping contain different categories, different channels, different parties and
different activities. Some participants emphasized that E-commerce and Online Shopping have different categories and models, accounting for 53.55 percent. There are 40 percent participants realized that E-commerce can be conducted through more paths, which are not limited to the internet, though they could not figure out all the paths or electronic medias which can be used for E-commerce.

Table 4.4. Details of differences between E-commerce and Online Shopping as seen by SME owners

<table>
<thead>
<tr>
<th>Differences</th>
<th>E-commerce</th>
<th>Online-Shopping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Categories</td>
<td>Internet, Telephone, Fax, Ethos Machine...</td>
<td>Internet</td>
</tr>
<tr>
<td>Channels</td>
<td>All parties, businesses, governments, individuals, suppliers, retailers,</td>
<td>Traders and buyers.</td>
</tr>
<tr>
<td>People involved</td>
<td>Purchasing and other business activities, financial or un-financial</td>
<td>Gateway of purchasing</td>
</tr>
</tbody>
</table>

The following are the statement details from participants regarding question 2:

**Theme 1: Different categories and models**

... Online shopping is just a branch of E-commerce. E-commerce includes B2B, B2C, C2C and B2M. Online shopping mostly refers to the B2C model.

... On the other hand, E-commerce can be B2B, B2C, C2C or O2O (Online to Offline), while online shopping is mostly B2C and sometimes C2 (P15).

... The scope of E-commerce is very broad, including online shopping. Online shopping is usually B2C, while E-commerce can be B2C, O2C, B2B and more; it is an integrating concept (P4).

Online shopping should be one category of E-commerce. E-commerce should be a broad concept and always defined in a broad way. It can be commercial activities between business and consumer (B2C), business to business (B2B), business to employee (B2E), consumer to consumer, consumer to business, government to government, business to government and so on. There are many categories E-commerce can cover, but online shopping just means the trading between retailer and
buyer; it mostly means B2C or sometimes C2C, while in a narrow concept, if somebody thinks E-commerce is online shopping, it is OK (P5).

We are usually familiar with two models of E-commerce, **B2B or B2C, C2C or O2O**. E-commerce also includes the product information exchange between enterprises and enterprises or between enterprises and customers (P9).

In my opinion, E-commerce is the business transaction that involves a transfer of information through the Internet and online shopping is a part of E-commerce. Online shopping refers to the business listing of products on the Internet and customers go to the website to choose and buy it. It means the whole process of payment and all transactions will be on the Internet. But E-commerce means a lot, other than online shopping, it can also be the order through an E-mail or a negotiation by fax and so on (P12).

**Theme 2: Different electronic channels**

The concept of E-commerce is broader, including business to business, business to consumers and even consumers to consumers, while online shopping is based on the Internet; or we can say online shopping is the Internet plus shopping, which belongs to E-commerce. Online shopping always means business to consumers. The characteristics of electronic commerce are 1), achieving zero inventory; 2), achieving fixed sales; 3), improving the efficiency of sales (P8).

Online shopping is limited, E-commerce is broad and flexible, it can be both online and offline integration. It is a very broad concept, when there was no online shopping the orders or purchases realized from email or fax or other electronic ways are all E-commerce. I know some people define E-commerce in a narrow way, which regards E-commerce as online shopping (P11).

...Online shopping refers to the business that list the products on the Internet and customers go to the website to choose and buy them. It means the whole process of payment and all transactions will be on the Internet. But E-commerce means a lot, different from online shopping, it can also be the order through an E-mail or a negotiation by fax and so on (P12).
E-commerce is broad; it means the business activities that are engaged with a variety of electronic tools. These tools can be telegraph, telephone, radio and television fax, computer, NII, GII, and the Internet. While the business activities can be physical and non-physical, commercialized or non-commercialization of goods. Online retail, online classifieds or online marketplaces are all different types of E-commerce. Online shopping is selling products online. It generally is a single merchant or seller selling goods online, and customers purchase the goods online (P14).

Electronic commerce means that the entire trading process and activities are electronic, electronic doesn’t mean the Internet only, there may be other electronic methods or ways, while shopping online only means the purchasing achieved through the Internet. On the other hand, E-commerce can be B2B, B2C, C2C or O2O, while online shopping is mostly B2C and sometimes C2C (P15).

**Theme 3: Different activities**

Some participants addressed the differences based on the activities involved in E-commerce and Online Shopping. They stated that E-commerce includes more kinds of business activities.

*E-commerce can be any activity by a business, but online shopping should only be an entire purchase process (P1).*

*E-commerce, in my opinion, refers to all the commercial activities realized through the network and other electronic paths; both parties involved in these activities do not have to meet. And E-commerce is also the way to realize online shopping not only for consumers, but also merchants, from transactions, and electronic payment, and other financial activities, business activities and other activities (P13).*

*We are usually familiar with two models of E-commerce, B2B or B2C, C2C or O2O. E-commerce also includes the product information exchange between enterprises and enterprises or between enterprises and customers. You know O2O refers to offline or online, while online shopping must be online, which is the process of searching, request and order products through the Internet, and then the manufacturers or*
companies send the goods out to the customers through couriers. So, we can see E-commerce is an integrated concept, which includes online shopping. (P9)

**Theme 4: Different parties involved**

E-commerce is a very broad concept, including online shopping, and micro-channels between businesses and contains interactions between individuals and between individuals and businesses. E-commerce is a subordinate of online shopping. E-commerce can be any activity that is due to a business; but online shopping should only be an entire purchase process (P1).

Online shopping is limited, E-commerce is broad and flexible, it can be both online and offline integration, it is a very broad concept, when there was no online shopping the orders or purchases realized from email or fax or other electronic ways are all E-commerce. I know some people define E-commerce in a narrow way, which regards E-commerce as online shopping (P11).

**Q3: What are the reasons for using E-commerce in your business?**

Question 3 is to find out the reasons why B2C SMEs adopt E-commerce, which can also reveal the advantages of E-commerce from participants' perspective. SME owners' emphasis on the advantages of E-commerce as well as the essential factors of using E-commerce during the interviews.

The participants stated their perspectives in the following main themes:

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Enhance business performance</td>
<td>P2, P6, P7, P9, P11, P12, P14, P15</td>
<td>53.33</td>
</tr>
<tr>
<td>2 Remain competitive</td>
<td>P1, P3, P5, P6, P7, P9, P11, P13, P14, P15</td>
<td>66.67</td>
</tr>
<tr>
<td>3 Customers’ habits</td>
<td>P4, P7, P8, P9, P12</td>
<td>33.33</td>
</tr>
</tbody>
</table>

*Table 4.5. Reasons for using E-commerce from participants' perspective*
Based on the findings (Table 4.5), there are mainly three reasons for B2C SME owners to adopt E-commerce. 53.33 percent agreed it is because E-commerce can enhance business performance, 66.67 percent believed that E-commerce can help them remain competitive and 33.33 percent said that now customers have habits of purchasing from EC and therefore businesses should adopt E-commerce like customers do.

The following are some selected statements from SME owners in regard to question three:

**Theme 1: Enhance business performance**

*Electronic commerce can enhance the performance of the business activities based on the Internet, so costs on communication (between businesses and customers) are low, but faster, especially when using the mobile internet technology, that is why we began to use E-commerce (P2).*

*It enhances the performance of the business process for a small and medium-sized enterprise. We can understand the demands in real time and enhance communication and cooperation with other businesses; within the organizations, it can enhance the brand's images and strengthen information management. That’s why I decided to adopt E-commerce to develop my business (P6).*

*Compared to the physical store more convenient and easier to access for the customer (P7).*
Minimum cost with maximum benefit. We can provide more product information to customers by the simplest way by E-commerce; customers can quickly find their own needs, then find our products (P9).

The Internet is developed and it is the right time to use E-commerce. Using E-commerce, I can make money 24/7; customers can buy products anytime at anyplace. It creates conveniences for both customers and my business as well (P12).

One should consider the importance of E-commerce, as well as its advantages. As to the importance of E-commerce, firstly, it is already part of peoples’ life, and even a kind of habit and the future trend for businesses. Secondly, even though all competitors are using E-commerce, if we do not, we will lose the capability of competition. About the advantages, as I have mentioned in Q1, are lower costs, increasing customer numbers and revenue; compared to the physical store, there are a lot of obvious advantages (P15).

Electronic commerce is obviously the business activities based on the Internet, so costs on communication (between businesses and customers) are low but communication is faster (P1)

Theme 2: Remain competitive
I think E-commerce is the future trend of commercial development, and same with the physical stores. E-commerce should be developed as a long-term view. E-commerce provides huge opportunities and potential for SMEs; SMEs should take the opportunities (P1).

E-commerce is now the trend, now even cross-border electricity suppliers and customers use E-commerce. Customers are willing to buy products through E-commerce when they have no time to go outside or when they feel too tired to go shopping. This means, as a business, you must catch up with the habits of customers and the trend of the economy. I do not believe E-commerce can last long at the very beginning, so I started E-commerce later than many SMEs. When it developed so fast and was accepted by the audience easily I realized I must start E-commerce business as some of my competitors had already been successful in E-commerce (P3).
E-commerce, especially the third-party platforms, can offer us SMEs competition advantages with big enterprises (P5).

It is what I stated just now, for customers, E-commerce is part of our life. On the other hand, as an example, I always receive some business cards from E-commerce operators, so we can see that E-commerce is the future trend (P6).

This is a big trend, and now consumer spending habits are also more able to accept E-commerce (P7).
The most important reason is to remain competitive, you know that every SME or even individuals and large enterprises began to run business by E-commerce, this became the trend and customers also got used to the model of purchasing. If we do not use E-commerce, we will lose the competition (P11).

I think E-commerce is the trend of the future. When customers all prefer online purchasing, I have no excuse to deny this method; we must join this trend to remain competitive (P14).

... it is already part of peoples’ life, and even a kind of habit, also the future trend for businesses (P15).

P1 also stated that E-commerce provides huge opportunities and potential for SMEs

Theme 3: Because of customer habits:

... E-commerce has huge customer potential; more and more people buy products through E-commerce, which has already become part of peoples’ life, or even the habits of their purchasing methods. E-commerce platforms always have a big customer base; it is easy for SMEs to start businesses on them. E-commerce businesses can attract national and even global customers (P4).

➢ Summary for Objective Two:

To identify the importance of adoption of E-commerce, the researcher asked participants two questions. From question two we can see that almost all the participants have a basic understanding of E-commerce. In question three participants shared their reasons for adopting E-commerce and the top reason for them was the
believe that E-commerce is able to **enhance business performance**. This means that some owners can realize that E-commerce contains more categories and refers to different business models. For question three, according to participants’ perspectives, E-commerce is now a big trend in the current economic environment and this means they must go along with the development of E-commerce; if you cannot go with the trend you will become history, and customers’ habits are also a motivation for SMEs to adopting E-commerce. There is no time and regional restriction for E-commerce, and can provide convenient, fast, quick communication with maximized profit. The adoption of E-commerce can enhance the business performance, as stated, and that the advantages of E-commerce are motivations that made them adopt E-commerce in their business. Another significant reason for adopting E-Commerce is it can save a lot of costs.

Therefore, there are several motivations that encourage SMEs to conduct E-commerce, both internal reasons and external reasons. The most significant reasons that motivated SMEs to conduct businesses through E-commerce were, first, the advantages of E-commerce, second, current trends (economic environment), and third, the policy environment. The findings showed positive attitudes toward adopting E-commerce. According to the participants' statements, E-commerce application can strengthen the market competitiveness of SMEs. Through E-commerce the target market is not limited to their original market but is as big as the Internet can reach. Using E-commerce SMEs can circumvent previous limitations, making use of more opportunities provided by E-commerce to sell their products to various provinces or countries and regions in the whole world. SMEs can enhance competition through E-commerce. It is essential for SMEs to implement E-commerce to survive.

### 4.2.3 Objective Three: To access the level of understanding of E-commerce strategies that SME owners have

**Q (4) What is your understanding of strategies of E-commerce among SMEs?**

For question 4 participants were asked about their understanding of strategies of E-commerce among B2C SMEs. Their statements mainly focus on marketing strategies and strategic planning of E-commerce processes, which is mainly focusing on the
following seven elements relating to strategies raised by participants in this study (Table 4.6):

Table 4.6. Themes of E-commerce strategies

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Strategic planning</td>
<td>P5, P9, P12, P13, P14,</td>
<td>33.33</td>
</tr>
<tr>
<td>2 Ads solutions on third-party platforms</td>
<td>P2, P4, P6, P10</td>
<td>26.67</td>
</tr>
<tr>
<td>3 Events promotions</td>
<td>P1, P6, P10, P8, P9, P10, P12, P15</td>
<td>53.33</td>
</tr>
<tr>
<td>4 Products and new product solutions</td>
<td>P3, P4, P10, P15</td>
<td>26.67</td>
</tr>
<tr>
<td>5 Co-Branding</td>
<td>P1, P14</td>
<td>13.33</td>
</tr>
<tr>
<td>6 Special offer</td>
<td>P7, P9</td>
<td>13.33</td>
</tr>
<tr>
<td>7 Brand building</td>
<td>P11, P15</td>
<td>13.33</td>
</tr>
</tbody>
</table>

Figure 4.4. Strategies perspectives for E-commerce performance

Based on the findings shown in Table 4.6 and Figure 4.4, we can see that events promotions is the top strategy recommended by 55.33 percent of participants. Strategic planning is mentioned by 33.33 percent of participants, who believe that a sound and well-thought-out strategic plan is important for SMEs if they want to improve E-commerce performance.

The following are the detailed statements from participants in regard to question four:

**Theme 1: Strategic planning**

*Strategies should be long-term planning, because, we want to grow, to expand, to be successful. SMEs should focus on long-term planning, to improve the profitability and develop the enterprise step by step (P5).*
For the whole E-commerce process, I must say that small and medium-sized enterprises in our country are still weak in scale, capital, and management. E-commerce can provide new energy and solutions for their management and administration. We can make use of the Internet: to set up good channels, create tight market supply chain marketing, to reduce transaction costs and enhance efficient customer service; these are all the new strategic development solutions for SMEs (P9).

Before doing business, I need to understand what is my business doing? Who are my customers? Is it necessary to change to E-commerce? After clarifying all aspects, I decided to apply E-commerce for my business. I changed the business step by step. Firstly, I created the online shop and encouraged customers to check the products on the website (P12).

I think comprehensive and strategic planning should be considered first to achieve E-commerce success (P13).

...E-commerce should be considered systematically, so not only promotion, recruiting and management should be considered in the strategic process (P14).

Theme 2: Purchasing third-party platform advertisings (Ads)

Third-party platforms offer many plans for businesses. I believe we can get benefits if we make good use of third-party platforms for online promotions. For example, I paid for keyword searching on the platform so that when people want to buy a "mobile drive", they search in the engine, and my products will show on the first page, it is very helpful and worth it (P2).

Our company has spent a lot of money, we do online advertising, online promotion and we also have an agreement with Taobao's advertising package and plan. We pay Taobao to do the advertising release, such as keyword search rankings: Generally consumers do not want to turn over more than 3 pages when they search products they are looking for, so we pay for the first three pages of keyword searching. We also have constant promotions all year around; there are different promotional activities in different periods (P4).
We also pay for an advertising and marketing plan from Taobao, which offers us a package of advertisement and promotions, as well as keyword searching. Third-party Platform Events sale is very effective for SMEs, for example, Singles Day promotion is a great successful event for all E-commerce businesses in China. It can always bring us times of profit within that day. Last year on 11th of Nov alone, the turnover was about 1000, 000 million RMB (P9).

Theme 3: Event promotions
We promote with our own products booklets, we also have geographical advantage (we are situated in Yiwu, which is the biggest international trading city), so we always try directly promotions together with event promotions on websites(P6).

We mainly use the online promotion tools or methods hosted by the third-party platforms, such as holiday and event promotions, for example, single day event, and new year event, and so on. We also do some offline promotion as required (P10).

.... Meanwhile, we also do some offline promotion, such as the auxiliary publicity in the store, such as product brochures together with delivery, which helps customers know more about our products and our business (P15).

Theme 4: Products and new product solutions
Star Products: ...we have our own star products, which are designed not for profit but to gain more awareness and popularity, as well as increase the number of transactions, which can help us enhance the visibility of our whole company (P4).

Product Personality: To reduce cost (investment and HR), to stand out and to realize customer focus, these can form our competitive advantages (P3).

New Products: We launch new products on top lines regularly to attract customers’ attention. If you can keep on providing new things to customers, customers will maintain interest in your business (P10).

Product Personality: Products always have many categories, so the value of the product itself needs to be delivered to the consumer. But there is so much information,
during the period of information explosion, how to deliver information directly to customers is very important for businesses to consider. In my opinion, firstly, the product should meet the needs of customers, then the image of the product should have a unique personality; for example, Durex advertising describe “sex” as an interesting thing, which is easily accepted by customers and this is a good example of product personality (P11).

Theme 5: Co-Branding
We currently use E-commerce sites and another network for co-branding deals. This way the sale of products can take advantage of a broader platform to expand consumer groups in space, expanding sales and good marketing campaigns (P1). Promotion, I always link with other products, for example, I sell clothes, and I cooperate with a make-up product company. When customers purchase my clothes, they can get a free package of make-up. And E-commerce should be considered systematically, so not only promotion and recruiting, but management should be considered in the strategic process as well (P14).

Theme 6: Special offer
Discount solutions: We have online VIP cards for customers who can get discounts and other point collection rights. On the one hand customers can save money on this, on the other hand this encourages repeat purchasing (P7).

Bundle offer: For marketing, I pay for keyword searching, and I also align with event promotions with third-party platforms, for ourselves. I do bundle offers, this is an effective method for promotion, you know, all people like free offers (P9).

Theme 7: Brand building
Color, packaging, prices, are all factors relating to the brand, but in fact, the brand is not defined by the business, the brand is defined and recognized by the customers because the customers’ perceptions of the brand form their brand awareness and understanding of to the products. Consumers care about the brand, but the brand value is finally defined by the consumer (P11).
First, we need to enhance product capability, so we need to try our best to deliver good quality and products appealing to customers; product content is also important, so we should deliver information or content to consumers along with products, to attract consumers. Second, we also need to enhance brand capability (image); third,
we always need to try to find more channels to promote our products, such as industry websites, including group purchasing websites. Products should be lifelike and attractive; products are not only products but also the goods with values that can change peoples’ life (P15).

➢ Summary for Objective Three:

In summary, objective three aims to examine the level of understanding of E-commerce strategies of SME owners. The participants shared their views on this and mentioned several strategies they currently use (Figure 4.1). Their suggestions on E-commerce strategies mainly focused on strategic planning, management strategy and marketing strategy. Marketing strategies are mostly considered by those, which included Co-branding, new products, or products solutions, special offers, event promotions and advertising packages on third-party platforms in their strategies. Most participants use multiple strategies, while third-party platforms provide some solutions for them, for example, events promotion, keyword searching and so on.

4.2.4 Objective Four: To identify the significance of third-party trading platforms

Q (5): What E-commerce platform(s) are you currently using in your business?

This research tries to find the most popular platforms in China and then identify if the platform can influence the performance during E-commerce implementation. The participants were asked about the platform(s) they are using for E-commerce business and most participants provided several answers. The main platforms used by participants are shown in Table 4.7 and Figure 4.4 shows the comparison of proportion from participants’ perspectives.
Table 4.7. Main third-party platforms currently used by participants in this study

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 T-Mall</td>
<td>P5, P9, P12, P13, P14,</td>
<td>53.33</td>
</tr>
<tr>
<td>2 Taobao</td>
<td>P2, P4, P6, P10</td>
<td>40</td>
</tr>
<tr>
<td>3 Jingdong</td>
<td>P1, P6, P10, P8, P9, P10, P12, P15</td>
<td>26.67</td>
</tr>
<tr>
<td>4 Dazhongdianping</td>
<td>P3, P4, P10, P15</td>
<td>33.33</td>
</tr>
<tr>
<td>5 Wechat</td>
<td>P1, P14</td>
<td>26.67</td>
</tr>
<tr>
<td>6 Dangdang</td>
<td>P7, P9</td>
<td>13.33</td>
</tr>
<tr>
<td>7 Apliexpress</td>
<td>P11, P15</td>
<td>13.33</td>
</tr>
<tr>
<td>8 Other (Group-buy Websites)</td>
<td></td>
<td>13.33</td>
</tr>
</tbody>
</table>

Figure 4.5. Comparison of third-party platforms used by participants

Platforms belonging to Alibaba group represent the biggest proportion of third-party platforms used by SMEs with 53.33 percent. 40 percent use Taobao. T-Mall and Taobao both belong to Alibaba, which indicates that B2C platforms belonging to Alibaba are the first choice for SMEs, with the second choice of platform being Jingdong. In regard to the findings, most participants use multiple platforms, trying to make sure their business can reach as many customers as they can. The next question asked participants what the barriers were that kept them from using other platforms.

Q (6) When you were selecting the platforms mentioned in Q5, were there any challenges or barriers that prevented you from selecting other platforms?
This question asked participants to comment on their views on the challenges or barriers that prevented them from selecting other platforms. Participants gave reasons why they did not choose platforms other than the platforms they currently use and gave opinions as to why they did not build up stand-alone websites by themselves. There are seven themes in total relating to this question, as shown in Table 4.8:

**Table 4.8. Themes of barriers that prevent SMEs from selecting other platforms**

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence of websites</td>
<td>P3, P5, P9, P12, P13, P14, P15</td>
<td>46.76</td>
</tr>
<tr>
<td>Convenience and safety of websites</td>
<td>P5, P14</td>
<td>13.33</td>
</tr>
<tr>
<td>Consumer stickiness</td>
<td>P2, P6</td>
<td>13.33</td>
</tr>
<tr>
<td>Financial issues</td>
<td>P5, P7, P8, P10</td>
<td>26.67</td>
</tr>
<tr>
<td>Technological capabilities</td>
<td>P5, P9, P11</td>
<td>20</td>
</tr>
<tr>
<td>Economic environment</td>
<td>P7, P9</td>
<td>13.33</td>
</tr>
<tr>
<td>Return on investment (ROI)</td>
<td>P11, P15</td>
<td>13.33</td>
</tr>
</tbody>
</table>

Financial reason is emphasized by 26.67 percent of participants. They think it is too expensive to do that, and meanwhile there are risks, because it is hard to attract as many people as third-party platforms can. 46.76 percent of owners emphasized that the website influence is important to them to consider before choosing another method because they believe that the influence of a website sometimes stands for more popularity with a big customer base. For example, almost everyone knows...
Taobao in China; Taobao has a great influence on customers and is always the first choice for many businesses.

**Theme 1: Influence of websites**

The influence of the platform, the base and the degree of consumer stickiness to the platform (P2).

The influence of third-party platforms is the first thing I always consider; we must choose platforms which are popular (P5).

First, there is not enough information and knowledge about other E-commerce platforms. Second, as far as I know, other platforms are too cluttered to use at this point, they are not as good as the one I use currently and some are not popular with customers. I think the popularity of the platforms is a factor that I consider before I decide on another platform (P9).

It will be difficult to decide on a new path, but I think the influence of platforms is the first thing that comes to my mind. The bigger influence the bigger the customer base and the popularity of the platform. We do not want to build our own online purchasing platform, because we cannot attract so many customers by ourselves, and we need to put in more effort to create awareness for our website. This costs too much time and investment and carries big potential risks (P12).

The popularity of the third-party platform is the first thing I consider when I start thinking of using another platform (P13).

Third, there is no capability to develop our own online shopping system, the reason is obvious, customers are getting used to third-party platforms. And we are a SMEs, we do not have a reputation as big enterprises, so if we launched our own online shopping website, nobody would know it, we would need to promote it and that would cost too much (P14).
We still need to rely on third-party platforms because customers would like to use them. So, the influence of the website is, of course, one standard for me in choosing a new platform (P15).

**Theme 2: Convenience and safety of websites**

The convenience of third-party platforms or another method, including the registration process, the payment method and the security of payment (P14).

**Theme 3: Consumer stickiness**

I think it should be the habit of customers, customers’ choice is our choice, so before we choose new platforms I always do some research or investigate to know customers’ preference, to know the customer base of the websites, to make sure it has a big customer base (P6).

P2 also mentioned about customer “stickiness” as an important standard to measure the effectiveness of the website; the higher customer stickiness, the more repeat purchasing, the more effective the website.” (P2)

**Theme 4: Financial issues**

Financial resources, we do not have enough money to support us on more choices. And we do not have the capability to borrow money from the bank(P10). The most significant barrier is financial issues. When we do not have enough money, we will be careful about choosing new platforms or make a new decision (P7).

In my opinion, E-commerce has limitations for some industries still, so we need to consider carefully before we choose a new platform; and on the other hand, financial constraints prevent us from using more platforms and E-commerce suppliers, or even a breakthrough in technology (P8).

P5 also mentioned

**Fees and cost:** First, it is the convenience of third-party platforms or another method, including the registration process, the payment method, the security of payments.
Second, I consider costs a lot and different platforms have a different fee structure. SMEs are always serious to do new investment. Now I don't think I have the financial capability to afford another platform. Third, when considering other websites, we need to consider the model of my business, the fees and consider whether it is suitable for my business. For example, Taobao charge us security deposit and service fees. While, Amazon require no deposit, but the commission should be paid for each transaction, storage costs are also required. In the final analysis, I look at the site of the rankings, traffic, but also consider whether it is suitable for our products (P14).

Theme 5: Technological capabilities
First, lack of capital and the degree of IT knowledge and people prevent us from using more platforms or methods (P5).

There are many reasons: first, there is not enough information and knowledge on other E-commerce platforms and we have limitations in both hardware configurations and people (P9).

Another participant also agrees with this: We do not consider other platforms or methods at this moment, because we do our business regionally, providing local service. The positioning is determined by the product characteristics and our services aims. Though we can do it on other platforms, our current technology and employees capabilities cannot achieve that (P11).

Theme 6: Economic environment
...Second, from the perspective of the social and economic environments, there are some problems, such as imperfect laws, imperfect credit and payment systems, all these make us consider carefully before taking new platforms or methods (P7).

Theme 7: Return on investment (ROI)
I think it is significant for the medium and small businesses to calculate the return on investments (ROI) towards platforms, we need to balance the potential expense and income before we make decision (P15)
Q (7) Do you see your business discontinuing business with third-party platforms in the next 5 years? If yes, why?

This question asked participants to comment if they will discontinue the use of third-party platforms and reasons behind this. All SME owners said that they will continue to do business with third-party platforms in the next 5 years or even longer. All the participants recognized that third-party platforms play a significant role in China's E-commerce. The participants’ reasons are listed in Table 4.9.

Table 4.9. Themes of reasons preventing businesses from discontinuing third-party platforms in the net 5 years

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage (\text{percent})</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Integrated functions</td>
<td>P2, P3, P6, P9, P10, P12, P14, P15</td>
<td>53.33</td>
</tr>
<tr>
<td>2 Keep up with competitors</td>
<td>P1, P4, P5, P7, P15</td>
<td>33.33</td>
</tr>
<tr>
<td>3 Customer base</td>
<td>P2, P7, P8, P11, P13</td>
<td>33.33</td>
</tr>
<tr>
<td>4 Financial capability</td>
<td>P2, P8, P11, P12</td>
<td>26.67</td>
</tr>
<tr>
<td>5 Business environment</td>
<td>P1, P9</td>
<td>13.33</td>
</tr>
</tbody>
</table>

Figure 4.7. Comparison of reasons preventing SMEs from discontinuing third-party platforms in the next 5 years

According to the results from this question (Table 4.9), 53.33 percent of participants think that they should continue using third-party platforms because they have integrated functions. This means third-party platforms provide all functions of E-commerce, from listing products, ordering system, purchasing method and delivery support, despite some restrictions that support both businesses and customers. The second most important reason was agreed upon by 33.33 percent of participants, who believed that third-party platforms can make sure they keep up with competitors at all times. 33.33 percent said they would continue with third-party platforms because they have a mature customer base. Figure 4.6 shows the comparison of these reasons and it is obvious, that “integrated functions” is the top reason for participants in this research.
The following are some statements from participants in regard to the reasons why they will be continuing with third-party platforms in the next 5 years.

Theme 1: Third-party platforms provide function integration

Because it costs a lot for us to build our own E-commerce system, mature third-party E-commerce platforms have unparalleled advantages in terms of technology, promotion methods and standardization (P2).

No. Third-party platforms are very important for SMEs in China. Third-party platforms can provide a series of services to deal with all issues relating to E-commerce. The most basic service is to provide online-signed agreement services, and third-party online payment services, which both protect the profit of customers and sellers. Third-party platforms also have customer management functions as well as the purchasing process management, from purchasing agreement to achieving online transactions and design tools that we can use by ourselves. They also have functions of hosting service contracts, transaction records, customer data and other information, these make SMEs have the confidence to conduct E-commerce, which is necessary and acceptable for SMEs (P3).

No. Third-party platforms provide a safe and fair trading environment for buying and selling. China is a country with a huge population, there are a lot of consumers and businesses. Businesses need such integration platforms to develop electronic commerce; it has become an inevitable choice for our small and medium-sized enterprises to implement E-commerce shops (P6).

...And they are specialized in the whole process of E-commerce. As a service platform, third-party E-commerce platforms provide professional technical support and transaction places, including order management, payment security and logistics management, which are safer and more convenient for both buyers and traders (P9).

Third-party E-commerce service platforms mainly consist of three functions: First, is the technology support function, second is the services management function, third is the E-commerce trading function. Especially regarding the trading function, third-
party platforms provide a more convenient customer interface by which we can talk with customers easily; they also have separate communication applications. Third-party E-commerce service platforms play an important role for SMEs to perform E-commerce. Third-party platforms not only bring new development opportunities for us but also support for E-commerce implementation; they are irreplaceable (P10). Third-party platforms provide both businesses and customers a one-stop service. For businesses, we can easily use the built-in content management and other tools, we can also manage promotion and advertising easily; for customers, the search process is powerful and convenient (P12).

Each third-party E-commerce platform has already been established and matured, with a stable customer base and its own annual plan. We do E-commerce through third-party platforms and can save a lot of energy on research and development or other efforts, including management and marketing. We can enjoy third-party platform results directly. Now in China, the main third-party platforms are working well with great potential, so we should make good use of them to gain more benefits for ourselves (P14).

**Theme 2: Keep competition advantages**

No, for the long-term development, I will focus on using third-party E-commerce platforms, which in China are still a long-term trend of development for E-commerce, and this is decided by the whole economic and business environment of China. I believe that in the next 5 years in China, there won't be a better method than third-party platforms for E-commerce of SMEs (P1).

We will keep on doing business on E-commerce platforms, moreover, we will pay more close attention to the development of third-party platforms with a long-term view, which in China is still a long-term trend in the future. According to our experiences, it is easy for us to open up new online stores on other platforms, but expensive to set up our own E-commerce system. The cost of our new shop is very low. But it is difficult to attract a lot of customers to build our own shop, so third-party platforms are a wiser choice than setting up our own online shopping platform (P4).

Third-party platforms are important to help me remain competitive (P5). …help us monitor competitors easily…(P7).
We will not give up third-party platforms because the current third-party trading platform has already formed as an industry, which is an important development direction and trend of E-commerce in the future of China. Third-party trading platforms are essential for E-commerce transaction services and other E-commerce services. SMEs have limited capacities in many areas, so we will continue using third-party platforms to realize our E-commerce achievement (P15).

**Theme 3: Customer base**

Five participants confirmed the advantage of the customer base of third-party platforms.

Now customers in China have the habit of purchasing on third-party platforms, so we can have access to customers directly when we use third-party platforms (P2).

No, we will continue to use E-commerce platforms. The third-party platform model is the main method for E-commerce trading in China, and they are easy to access, systematic, provide a lot of third-party services that can help us implement E-commerce easily and there are also many advantages of E-commerce, for example, they are saving us a lot of time and money (P7).

No. Third-party platforms have a big customer base because customers already formed the purchasing habits: "...All companies want to keep competitive advantages, so nobody would like to give up this channel to realize it. At present, customers (including my clients, both individuals and companies) are willing to find the needed services or products through the network, we cannot ignore the habits of customers (P8)."

No. Third-party platforms already own a huge number of customers with purchasing habits, why would we not persist on and make use of it? (P11)

Of course not, E-commerce develops faster and faster. Businesses or individuals are all hoping to gain benefits through third-party platforms, although they also have some drawbacks, but the advantages outweigh the disadvantages. If we only use our website, it is hard to attract many customers in a short time, but third-party platforms
already have a big customer base. I also believe that third-party platform runners will continue to improve the platforms, which can make us more confident to do business on them (P13).

Theme 4: Financial capability

No. It would cost a lot if we built our own platform, so by using third-party platforms we save a lot to start an E-commerce business (P2).

No. Third-party platforms should be the main trend of E-commerce model in China. Secondly, we SMEs are small and always lack financial recourses, and we are not as famous as the big companies; so we have a great attraction to third-party platforms (P5).

No, along with the expansion of the market and development of the economy, E-commerce will be more and more mature; so we will not be discontinuing business on E-commerce but will increase the intensity of E-commerce business activities. Of course, I will consider how to use it as per my needs and my financial capability, and you should admit that, if we built our own website, we would have to invest much on technological maintenance and people hire and therefore it is not realistic for us (P8).

No. Because third-party platforms have great potential, all developers of third-party platforms want to survive and will try their best to make third-party platforms effective and better, so if we continue to do business on third-party platforms, they save us a lot of time and money to develop our own websites. We can see the huge opportunities especially from the micro-business on WeChat or community economy. They do good development in their segment market. Third-party platforms are and will be the best choice for SMEs to implement E-commerce for the next 5 or 10 years (P11).

No, I will keep using third-party platforms in the next 5 years. Third-party platforms can provide professional services, management and support for SMEs. These functions can greatly alleviate financial pressure for us, including reducing the cost of training and hiring and the cost of developing our own platform; moreover, third-party platforms are convenient and efficient, and are accepted by all customers. We must choose what customers choose. Anyway, if we want to keep core competitiveness
in the short-time, we must continue to use third-party platforms for E-commerce development (P12).

**Theme 5: Due to the business environment in China**

*China is different with other countries. It is big, the whole economic environment pushed you to make use of third-party platforms rather than doing your own online purchasing websites (P1).*

No, in the long-term the charges we need to pay for third-party E-commerce platforms are gradually increasing; meanwhile, government regulation and restriction will enhance, so the role of third-party platforms in E-commerce will weaken more and more, but in the short-term, at least within the next five years, third-party platforms are still very important (P9).

**➢ Summary for Objective Four:**

In summary, based on the fourth research objective, Q5, Q6, Q7 are all relating to third-party platforms and try to identify the significance of third-party trading platforms for SMEs. It can be concluded that the influence of websites and financial capability were the first most important considerations before owners chose a new platform. The fact that SMEs are considering the popularity and the customer base as well as other factors to decide on E-commerce platforms means, that they think the platform can somewhat influence the success of E-commerce.

Taobao, as well as T-mall, which in fact exist in the same platform, is still the number one platform in China. Third-party platforms play a significant role in China, especially for B2C SMEs, so when we discuss success factors, we should take this into consideration. SMEs do not want to give up third-party platforms mainly because of the following reasons:

First, third-party platforms play a significant role in E-commerce and they have many advantages: they provide integrated functions, the help B2C SMEs keep competitions, they have big and steady customer base…
Second, the reliance on third-party platforms is determined by the characteristics of SMEs and the economic environment in China. Third, third-party platforms have already become an industrial trend in China, which will continue to influence the whole E-commerce performance in China. It can also be concluded that third-party platforms will still play an important role in China's E-commerce market, especially for domestic SMEs. SME owners are also confident to develop business through them. Findings in this section have shown a positive attitude of those, who believe third-party platforms will develop as industry and provide them with more benefits and conveniences.

It can also be concluded that the influence of websites and financial capability were the two most important considerations before owners chose a new platform. The fact that SMEs consider the popularity and the customer base as well as other factors before deciding on an E-commerce platform means they think the platform can somewhat influence the success of E-commerce.

4.2.5 Objective Five: To identify the challenges that impact on the effectiveness of E-commerce

Q (8) What do you think are the challenges you face in developing E-commerce?
Participants perspectives focus on the relationship with customers, competitors, security issues, trust problems and delivery capabilities, and raised 6 themes towards this question (Table 4.10):

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Competitors</td>
<td>P1, P2, P3, P6, P7, P15</td>
<td>40</td>
</tr>
<tr>
<td>2 Customer relations</td>
<td>P8, P9, P13, P13</td>
<td>26.67</td>
</tr>
<tr>
<td>3 Trust and security</td>
<td>P5, P9, P11, P15</td>
<td>26.67</td>
</tr>
<tr>
<td>4 Delivery</td>
<td>P10, P12, P14</td>
<td>20</td>
</tr>
<tr>
<td>5 Government regulations</td>
<td>P1, P7, P13</td>
<td>20</td>
</tr>
<tr>
<td>6 Talent shortage</td>
<td>P8, P14</td>
<td>13.33</td>
</tr>
</tbody>
</table>
As seen from Figure 4.8, competitors are regarded as the most powerful challenge for the participants (40 percent of participants). Customer relations is also a big challenge for 26.67 percent of participants, who believed that bad customer relations is not good for the reputation of their business and that only good customer relations can increase customer numbers by word of mouth. Trust and security are also mentioned as big challenges for B2C SMEs by 26.67 percent of participants.

The following are statements from participants towards question eight:

**Theme 1: Competitors**

_There are two categories of competitors for us, first physical stores, online shops cannot get the same products as physical stores, especially new products, so we still must compete with some physical stores. The other competitors are E-commerce businesses of our industry, there are too many competitors, including current competitors, and new competitors. It is too easy to enter E-commerce, so there are new competitors starting E-commerce every minute. Anyone can go to a third-party platform, and some consortiums do E-commerce on the same platforms, which make us feel a lot of pressure (P1)._  

_Now more and more businesses and individuals began to develop E-commerce; the competition is very fierce (P2)._  

_There are two things: first, there are more and more competitors, second, the requirements for product diversification. So, we try to provide best quality products with competitive prices (P3)._
Too many competitors on the same platform (P6).

Whether physical stores or E-commerce businesses, the biggest challenge is always competitors; we should always keep an eye on customers to adjust our plan, or design our products, or prices, or market orientation. Competitors are the challenge and the motivation for us (P7).

Theme 2: Customer relations
Our industry and products require focusing more on customer demands, customer variety and changeable demands are still problems for us to face (P8).

I think we are always serious about customer satisfaction. Information spreads fast and any bad reviews and experiences from customers may influence the business reputation, so we try our best to make customers happy and hope they can understand us as well (P9).

Sometimes we cannot effectively solve contradictions with customers, or conflict, effective ways and solutions are limited. Third-party platforms have a standard process and guidance for us to solve problems with customers. But rules have limitations, it cannot always be effective. So, we need to invest more effort on this. Another big challenge, in my opinion, is delivery. There are so many E-commerce businesses and a huge quantity of customers, so I see that the logistics capability already cannot keep up with the development of E-commerce, and many problems have arisen from delivery (P10).

From the consumers’ perspective, third-party platforms still have some limitations in terms of the services; once there are disputes between businesses and customers it cannot be solved effectively. It is a big challenge for us to maintain good relationship with customers. There are so many social media platforms, and information exchange is fast and negative feedback from customers may ruin the whole business for us (P13).

Theme 3: Trust and security
Security and trust issues, personal information and account information are sometimes exploited, which harms the customers’ financial safety and privacy information. Due to the sharing and openness of the Internet, it has brought several security risks for customers as well as businesses due to E-commerce activities (P5).

...Second, the trading security issue is always the most important problem, how to ensure the security of E-commerce activities will be the core concern for us...(P9)

I think trust is always a challenge for all E-commerce businesses. We understand that E-commerce means you purchase without a meeting, so for the first few years customers do not believe online purchasing. Now platforms have some solutions to guarantee the security. But on the other hand, fishing websites and crooks always exist, these discourage consumer confidence in E-commerce. Meanwhile, some unscrupulous businessmen sell fake and shoddy goods and blow consumer confidence, which has an impact on us. We should try our best to build trust with customers, let them develop buying habits (P11).

There is a trust crisis between customers and businesses. There are so many platforms and similar product businesses and you cannot decide if they are good or not. Unscrupulous businesses cheating, poor quality, false delivery, and there are also some criminals using this platform to gain consumers’ information or even money. Bad business can harm the interests of consumers, on the other hand, the criminals cause consumer panic and make consumers lose confidence towards the entire industry (P15).

Theme 4: Delivery

...Another big challenge, in my opinion, is delivery. There are so many E-commerce businesses, and a huge quantity of customers, so I see that the logistic capability already cannot keep up with the development of E-commerce and many problems have arisen from delivery (P10).

In my opinion, the biggest challenge E-commerce businesses will face is delivery; this is quite important and hard to fix (P12).
Logistics is a big challenge for us, which is a very important part of E-commerce, and it is the fundamental guarantee for the realization of electronic commerce. China's E-commerce develops fast, while the logistics distribution develops slowly, which has already greatly affected the efficiency, speed and advantage of E-commerce business (P14).

Theme 5: Government regulations

...Government regulations and restrictions must be more and more tight in the future, which will greatly affect us. Though the Chinese government is now encouraging E-commerce, tightened policies can be forecasted. For example, more tax and more restrictions on rejections, new laws for E-commerce and so on (P1).

On the other hand, policies, laws and restrictions are tighter than ever before, for example, some analysis already explored that the government will charge tax for E-commerce trading. I think it is not good news for most E-commerce businesses (P7).

National policy is also a consideration for me to develop the business through E-commerce; I sometimes worry about government policies, especially restrictions (P13).

Theme 6: Talent shortage

There are not enough IT skills and employees; we must try to improve them. Our industry and products require focusing more on customer demands; customer variety and changeable demands are still problems for us (P).

People is also a key element for E-commerce application. The application and implementation of E-commerce requires not only an understanding of the network technology but also knowledge of the management. Talent shortage has been an important issue, especially in some rural areas. Many SMEs do not have professional E-commerce talented people, so they cannot develop their businesses effectively (P14).

Q (9): What are the most common complaint(s) made by your customers when purchasing using E-commerce platforms?
Question nine asked participants to talk about the common complaint(s) raised by customers when they purchase on E-commerce platforms. Based on participants' statements, customers' complaints mainly focused on four categories: Product quality, delivery, customer service and websites or system (Table 4.11 and Figure 4.6):

Table 4.11. Themes of common complaints

<table>
<thead>
<tr>
<th>Theme</th>
<th>Complaints from customers</th>
<th>Percentage (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quality</strong></td>
<td>1) Unaffordable quality</td>
<td>P3, P6, P9</td>
</tr>
<tr>
<td></td>
<td>2) Actual products do not meet the descriptions</td>
<td>P1, P4, P7, P8, P11, P13, P14</td>
</tr>
<tr>
<td></td>
<td>3) Cost performance low</td>
<td>P5</td>
</tr>
<tr>
<td><strong>Delivery</strong></td>
<td>1) Slow delivery</td>
<td>P1, P3, P9,</td>
</tr>
<tr>
<td></td>
<td>2) Delivery quality not good</td>
<td>P2, P4</td>
</tr>
<tr>
<td><strong>Customer service</strong></td>
<td>1) After-sale services</td>
<td>P10, P13</td>
</tr>
<tr>
<td></td>
<td>2) Communication quality</td>
<td>P3, P8, P11</td>
</tr>
<tr>
<td></td>
<td>3) Response time</td>
<td>P3, P6</td>
</tr>
<tr>
<td><strong>Website &amp; system</strong></td>
<td>Not Convenient</td>
<td>P5, P11, P12</td>
</tr>
</tbody>
</table>

(Developed by the researcher based on participants’ statements)

Figure 4.9. Customers' complaints comparison

From Table 4.12 we can see that quality was mentioned by 73.33 percent of participants, while customer service was mentioned by 46.76 percent and delivery by 33.33 percent of participants. Figure 4.8 provides the comparison of these themes and shows that quality is the strongest complaint issue.

In the following are the views on this question:

Theme 1: Product quality

Sub-Theme 1: Unaffordable quality
Some customers cannot accept the quality and ask for returns. Quality maybe not good enough for customers (P3).

Quality problems are inevitable, we are not a producer, so I think we need to re-consider the source of the products, choose suppliers wisely and seriously (P6).

The second is the real quality problem. I must admit that sometimes quality issues are hard to be avoided; some customers are disappointed with the products received, these always cost us much energy and time to solve and sometimes we even lose money (P7).

Sub-Theme 2: Real products do not match the description
For us, the most common complaints are when the products received by customers are not the same as the pictures they saw on the website. Another one is that delivery times are sometimes outside the expectations of customers, you know, this cannot be controlled by ourselves, many factors can impact the speed of the delivery (P1).

...Second, there is a gap between the product and the customer's expectations. One of the reasons maybe that the customer expected too much or the customer did not understand the product enough (P4).

Sometimes customers complain that physical products and the products shown in pictures are somewhat different, in fact, I think this is a normal problem, maybe not that serious and not necessarily about the quality of our products. I also purchase from E-commerce and I have the same experience that sometimes when I received the product, I thought: "Oh, is this the one I purchased? It seems not the same and in fact, most of the time, the products are not as good as pictured, occasionally better than imagined. I think this is a common psychological phenomenon (P7).

Another frequent complaint is the deviation of photos and the actual product, this is indeed a very serious problem for us (P8).
There are a relatively large number of customers who complain that physical experiences of *products do not match the photos (inconsistent)* and the characters stated in the details (P11).

The actual products have differences from the products in pictures, some customers are very angry about it and they feel cheated, but in fact we do take real photos of the products and we do provide actual information of the products, so I think sometimes it may because we do the PS too much, and the statements may also cause some misunderstandings for customers (P13).

The shooting techniques, such as the use of background, light, filter and even Photoshop application, can make the products more attractive in the pictures. So when the customer receives the product, there will be a proportion of customers who feel disappointed in what they received. I think this is not necessarily the problem of our products, it is not a quality issue, but the customer's expectation of the product is too high. So, I think there is a long way to go to making customers understand, and a long way to making communication effective. Of course, I think it is also necessary for us to adjust the photography and description of the photos in the future (P14).

**Sub-Theme 3: Cost performance is low**

*Quality maybe not good enough for customers, product prices are a little bit high for these group of customers, maybe the cost performance is low (P5).*

**Theme 2: Delivery issues**

**Sub-Theme 1: Delivery speed**

Another one is that delivery time sometimes are outside of the expectations of customers, you know, this cannot be controlled by ourselves. Many factors can impact the speed of the delivery, but there is always a negative impact on us when the delivery speed is outside of customer expectation and they may not purchase in our shop again (P1). The other participants said customers always complain that delivery fees are too high but shipping times are always too long (P3).

Delivery problems. We cooperate with 3 logistics companies, who offer different prices. One of them is much more expensive which targets overnight shipment or 1-3
working days shipment for long distance deliveries; the other too are cheaper, but cannot make sure the goods are received in target time. It is hard to balance customer demands, when they choose the cheaper shipment they worry about the speed when they choose the faster delivery they are not satisfied with the price. And sometimes due to holidays, weather, and other factors, delays in shipment can happen, but customers cannot stand in your shoes (P9).

Sub-Theme 2: Delivery service quality

...Communications are not perfect, that means the customer service needs to be improved. There are some customers who are not happy with logistics because sometimes delivery cannot be on time. There are also a few customers who said that the ordering system is not convenient (P2).

First, about delivery, some think it is too slow and some are not satisfied with the service quality and attitudes of delivery people. For example, damage to the goods, during the logistics process leads to customer complaints, while it is hard for us to coordinate, we need to confirm with logistics company and we also need to make customers happy (P4).

Theme 3: Customer service

Sub-Theme 1: After-sale customer service

After-sale services. For example, when customers are not satisfied with the product, they want to refund or exchange, and according to the refund policy, we need to deal with this step by step. Some customers cannot understand, so they will complain (P10).

After sale services are not good enough for some customers; some customers may find problems after they received the products, and they always come to communicate directly, but sometimes we cannot react immediately, or maybe some staff cannot solve the problem properly the first time. This causes complaints as well (P13).

Sub-Theme 2: Customer communication
**Communication** still needs to be improved, some feedback from customers says they are not satisfied with the communication style and some felt offended (P3).

The whole services process, including **pre-sale and after—sale customer service**, we admit that there is much more we need to improve (P8).

**Communications** are not perfect, that means the customer service needs to be improved (P11).

**Sub-Theme 3: Response time**

*And our reaction to customers is said to be too slow.* Sometimes if we cannot react or reply quickly, customers may go to other shops. Logistics is not a problem because we can distribute ourselves (P6).

**Theme 4: Websites or system**

**Not professional nor convenient:** Product listing is not professional when I first built my company website. Customers always said it was difficult to search for products and the product information was not clear. After getting some ideas, I have changed my web page style and arranged the links professionally which is clear and easy to use (P12).

I always review the feedback from customers and sometimes receive the complaint directly. Some said that product introductions are not accurate enough, the searching function is not convenient to them, so the appearance of the online store needs to be improved; it seems it already influenced the performance of E-commerce (P5).

...Some customers think the product listing pages and models are **not convenient** to them (P11).

➤ **Summary for Objective Five:**

Product quality issues have been mentioned by participants 11 times; in relation to this, 46.67 percent people said that customers always complain because they think they received the "wrong" product, which does not match the product pictures and
information on the website. The second most common issue is delivery: China has a huge quantity of businesses and customers and delivery cannot meet the requirement of E-commerce, so some customers are not satisfied with the speed of delivery, which may affect repeat purchasing.

Based on the data collected from the interviews, the challenges faced by the participants to develop E-commerce are mainly competitors, customer relations, delivery, government regulations and talent shortage. We can see that, although there are so many differences between E-commerce and physical businesses, competition is still the biggest challenge for businesses, especially SMEs, in China. There are so many platforms, so many businesses and so many customers who can purchase, and therefore more competition. Customer relations mean more than just customer service, it means businesses always need to do all they can to make customers happy, to build a good relationship with them, because the reputation is more important than in traditional business. After understanding the challenges, it will be easier for the researcher to identify the success factors.

Moreover, customer complaint issues are from both external and internal, product quality is an internal issue that can be controlled by businesses, while delivery is mostly an external issue. Although businesses can try to choose a better logistics company, it is still out of SMEs' control. Though delivery problems have been mentioned by 5 participants only, from the statements of participants we can see, logistics issues seem a serious one faced by owners. The customers who complain about the delivery mostly focus on the speed of shipment and some on the delivery service quality.

4.2.6 Objective Six: To determine the factors that drive successful E-commerce performance

In order to examine objective six, the researcher designed four questions to determine the success factors of E-commerce, which is also the main topic of this study. Before touching on the success factors, participants were asked to list the factors that contribute to customer satisfaction. Customer relations are significant to the success
of B2C E-commerce, and regarding the participants’ perspectives, third-party platforms also impact on the performance of E-commerce. After the owners rated their E-commerce performances, they also advised the reasons that lead to the current performance of their business.

Q (10) What factors do you think contribute to customer satisfaction in E-commerce?
This question is designed to ask participants what kind of factors can contribute to customer satisfaction. Seven themes were raised by the participants. (Table 4.12)

Table 4.12. Themes of factors contributing to customer satisfaction

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Accurate description and information</td>
<td>P1, P2, P3, P4, P6, P8</td>
<td>40</td>
</tr>
<tr>
<td>2 Improve product quality</td>
<td>P4, P6, P8, P10, P12</td>
<td>33.33</td>
</tr>
<tr>
<td>3 Safety and convenience</td>
<td>P7, P11, P14, P15</td>
<td>26.67</td>
</tr>
<tr>
<td>4 Online store appearance</td>
<td>P1, P5, P7, P9</td>
<td>26.67</td>
</tr>
<tr>
<td>5 Improve brand capability</td>
<td>P11, P13, P15</td>
<td>20</td>
</tr>
<tr>
<td>6 Improve customer service</td>
<td>P2, P3, P5, P6, P9, P13, P14</td>
<td>46.67</td>
</tr>
<tr>
<td>7 Quality delivery solutions</td>
<td>P2, P4, P8</td>
<td>20</td>
</tr>
</tbody>
</table>

Figure 4.10. Comparison of factors contributing to customer satisfaction

According to the results shown in Table 4.13 and Figure 4.9, 46.76 percent of participants think that it is important to improve customer service if they want to improve customer satisfaction, and 40 percent agreed that the description and information of products should be accurate. It is obvious from Figure 4.9 that improving customer’s services is most important to the participants.
The following statements present the details of the perspectives from participants to question 10:

**Theme 1: Accurate description and information**

Try to make sure that the **real products match with the one in the pictures and descriptions**, this means we should emphasize on the photography skills and that descriptions respect the truth, without excessive advertising design modification. The model and design of the online stores should be simple and eye-catching and easy to read text (P1).

Try your best to make the **product information accurate and detailed in description**, which can best describe the characteristics of goods; efficient and timely delivery, patient communication (P2).

The **information content of products is very important**, including the details and description of products and the pictures (P3).

The information you deliver to customers is the first thing we need to improve; it must be attractive but accurate. You cannot make customers confused or expect too much from the products (P4).

For E-commerce, we must **transfer the right and attractive information** to customers, so the content and the details of products should be presented in a good way. For example, when we list a product of computer, we must list all the details customers may want to know, the physical details such as size, model, color, guarantee, and the user guides; you cannot be lazy about this (P6).

As I was told that customers always complain about the actual products, so I think the thing that satisfies customers should first be the **content of the product**, which means both **description and pictures**; these should reflect the condition and information of the products (P8).

**Theme 2: Improve product quality**

**Improve and keep the quality of products**, and realize the standardization of products (P4).

For any businesses, not only E-commerce, but also physical stores, **quality must come first**, and we also need to classify customers' different demands and then
position the products, for example, some customers value quality and some innovation, while some see the price first (P6).

The design of the store is important to attract customers and **quality is also always important** to gain customer satisfaction and loyalty (P8).

No matter if we are doing business on E-commerce or in physical stores, we are retailers, who provide products to customers, so the most important thing for us, I think should always be the quality, at least, make sure customers get good value for money when they purchase (P10).  
In my opinion, price and quality are the two most important factors which can gain customer satisfaction. They trust my business; they agree to pay for my products. Therefore, my company also fulfills their trust which gives them quality products at affordable prices (P12).

**Theme 3: Safety and convenience**  
For E-commerce, itself, the purchasing process should be safe and easy, customers who prefer E-commerce always want to save time and money. So the price should be acceptable and the websites and **payment system should be easy to use** (P7).

There is no doubt that product and service are the two things customers care about most, but safety is sometimes cared most by customers (P14).

**Theme 4: Online store appearance and outlook should be clear and attractive**

... we better not use Photoshop too much, and on the other hand, make the **appearance of the websites** and advertising clear, and easy to be understood (P1).

The **outlook and the design** of the online store, which can attract customers, the system’s use should be easy and convenient and safe to customers, so if we only use third-party platforms, this means we must choose the right one to develop E-commerce (P5).
The appearance of the online store, the design of the store, how the online products are listed is similar to the decoration and display in a physical store. When I am a customer I am easily attracted by stores that look excellent (P7).

A similar opinion stated that websites and payment system should be easy to use (P9).

Theme 5: Improve brand capability

**Brand capability and pre-sale**, we need to determine accurately the target market and we also need to brand our products which can be easily recognized from similar products; the product qualities should always be as good as we can deliver (P11).

Try to enhance the **awareness and visibility of our brands** ...(P15)

Theme 6: Improve customer service

I think **customer service** should always come first (P2).

... I think **service support** is important, including the pre-sale and after-sale, customers always ask a lot of questions before they decide to purchase, so the quality of our answering and communication can sometimes impact the results of customers’ determination. The after sales determine the customers re-purchasing and loyalty (P3).

**Classify customers’ demands**: classify customers’ different demands to improve the products and services, and then position the products (P6).

There is no doubt that **product and service** are the two things customers care about most (P14).

I always tell my employees to be as patient as you can be when communicating with customers; **communication** is very important to make the customer happy or not (P2).

...Second, I think **service support** is important, including the pre-sale and after-sale, customers always ask a lot of questions before they decide to purchase, so the quality of our answering and communication can sometimes impact the results of customers’ determination. The **after sales service** determines the likelihood of customers re-purchasing and loyalty (P3).
...On the other hand, service is a significant issue we face, fast and efficient response to customers, perfect after-sale services (P5).

First, listen to the voice of the customer. Second, deal with customers' complaints and provide good solutions. Third, stand in customers' shoes, solve any problems to satisfy them (P9).

...After-sale services are also very important (P14)

Theme 7: Enhance delivery solutions
Second, try to choose the best courier company, unless the courier companies can improve their service level (P4).

I think it is significant to find a good delivery supplier to reduce the complaints from customers (P8)

Q (11): What are your business expectations from E-commerce?
Question 11 aims to gain insight into the participants’ business expectations from E-commerce in the future, this is also a question that can judge the willingness and confidence of participants on persisting with E-commerce. Participants have different considerations based on their experiences and E-commerce performance when they answer this question. There are mainly the following categories, as shown in Table 4.13.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Percentage (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Expand business scale</td>
<td>P1, P4, P6</td>
<td>20</td>
</tr>
<tr>
<td>2 Increase sale</td>
<td>P2, P5, P7, P8, P10, P11, P13, P14</td>
<td>54</td>
</tr>
<tr>
<td>3 Increase reputation</td>
<td>P9, P12</td>
<td>13</td>
</tr>
<tr>
<td>4 Globalization</td>
<td>P3, P15</td>
<td>13</td>
</tr>
</tbody>
</table>
We can see that participants have different expectations for their businesses, 8 of them want to increase the sales in the next 5 years (54 percent); 3 of them want to expand the business scale, 2 want to increase their reputation and 2 want to expand their business worldwide.

The following are the statements of participants towards question 11:

**Theme 1: Expand business scale**

*We hope we can expand the size of our business, and start a second online store next year (P1).*

*Enrich our product lines, explore and develop more online shops on different third-party platforms in the future (P4)*

*I hope we can have at least 3 T-mall shops by the end of next year (P6).*

*…We will open chain online stores (P9)*

**Theme 2: Increase sale**

*using the two most influential third-party platforms to achieve Top 10 on sales of similar products (P2)*

*rather than just confined to the business of the customer or a certain region. Multi-channel development and sales maximize the benefits (P3)*
.. hope to have a breakthrough in turnover, with growth from 10 million to 50 million (P4)

Achieve a steady increase in sales and annual profit (P5)
I expect more customers and hope that the sales can be doubled next year (P7).

I want to gain more customers and want to bring more good experiences to customers, which can also promote purchasing in our shop. Definitely, more and more orders or deals is my expectation (P8).
I hope the revenue can be increased further, or we can gain bigger success and more profit in return with lower costs (P13).
Maximum benefit and coverage, with lowest operation fees (P10).
More sales, more turnover (P11).

I am even worried about the survival of the business. I just expect that I can remain the sales growth steadily, because I just start business on E-Commerce, I am still learning (P14).

Theme 3: Increase reputation
I am planning to develop our own brand (P9)
I mentioned above, using E-commerce will help me to gain more customers, increase revenue and enhance business reputation. These were all my expectations when I decided to use E-commerce (P12).

Theme 4: Globalization
By using third-party platforms to make our business global, we develop our business in foreign countries (P3).
.. I hope we can realize worldwide trading in the next few years (P9).
P13: I hope to expand our business worldwide. Globalization is the final trend for all businesses, I hope I can introduce my products to the whole world.

E-commerce is the trend of the world. Now my business operated well nationwide, for the next step, I want to explore my business globally. Now that competitors are increasing in E-commerce; globalization can provide another chance for me to
increase the revenue. And of course, this is also my mission, I hope people all over the world can use my products (P15).

This question can see the confidence of participants, from the result we can see that 14 out of all the participants are confident with the future of businesses, so their business expectations seems positive, only one owner is worried about the business development, so the owner expected his business remain the balance of "investment and income". Some participants emphasized that they need to realize their business expectations through third-party platforms.

We can summary that, third-party platforms helped E-Commerce, and E-Commerce in China is now developing as a positive trend, that is why owners expect more success from E-Commerce implementing. Identify this can …

Q (12): What do you think is the most significant factor that can lead to the success of E-commerce for your business?

Question 12 asked the participants directly about their perceptions on the most important factors that lead to the success of E-commerce for their business. Nine participants believed that customers are the most significant factor for their E-commerce performance; they talked about the significance of customers in more than one way, including customers’ loyalty, customer satisfaction, relationship with customers, to understand customers, and offering good customer services. Nine themes in total were raised by the participants (Table 4.14):

Table 4.14. Theme of B2C E-commerce success factors

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Frequency</th>
<th>Percentage (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Customers</td>
<td>P1, P2, P3, P5, P6, P8, P9, P10, P11, P12, P14</td>
<td>11</td>
<td>73.33</td>
</tr>
<tr>
<td>2 Branding</td>
<td>P5, P6, P9, P10, P14</td>
<td>5</td>
<td>33.33</td>
</tr>
<tr>
<td>3 Delivery</td>
<td>P2, P5, P9</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>4 Management</td>
<td>P2, P8</td>
<td>2</td>
<td>13.33</td>
</tr>
<tr>
<td>5 Products</td>
<td>P2, P5, P6,P7,P8,P11, P15</td>
<td>7</td>
<td>46.67</td>
</tr>
<tr>
<td>6 Technology</td>
<td>P8, P13</td>
<td>2</td>
<td>13.33</td>
</tr>
<tr>
<td>7 Observe competitors</td>
<td>P12, P13</td>
<td>2</td>
<td>13.33</td>
</tr>
<tr>
<td>8 Websites</td>
<td>P1, P5,11</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>9 Marketing strategies</td>
<td>P4, P7, P8, P10</td>
<td>4</td>
<td>26.67</td>
</tr>
</tbody>
</table>
“Customer” is the number one factor in the participants’ perspectives, 73.33 percent agreed upon this (Table 4.14 and Figure 4.7). The second most significant factor is “products”, mentioned by 7 SME owners, with a percentage of 46.67 (Table 4.14 and Figure 4.7). In the participants’ opinion products, should always be important for both traditional businesses and E-commerce businesses.

The following present the details of perspectives from participants in reference to question 12:

Theme 1: Customer:

Sub-theme 1: Customer retention

Customers re-purchasing is one of the most important factors, I think, which can lead to E-commerce success, because repurchasing is representing the customers’ satisfaction to your business, and they can bring new customers as well (P6).

Loyal customers are very important for a business; customer loyalty means you can achieve more sales through repurchasing and oral reputation, and then we can have our own brand. Then we can save a lot on marketing and maintain customer relationship easily (P11).

Sub-theme 2: Customer satisfaction P1, P2, P14
So firstly, I think **customers** are the first thing we need to consider, including their demands, and how to serve them, how to make them **satisfied by products** and services (P1).

Another important factor is a **good relationship with customers**; E-commerce relies on ratings from customers, so you must try your best to build a good relationship with customers and satisfy them (P2).

You must always try your best to **make customers happy**, we need oral reputation and we need loyal customers, only this can make the business grow and survive in the long-term development (P14).

**Sub-theme 3: Relationship with customers** (P3, P8, P9)

**Building good relationships with customers**, understand their demands, react to them as fast as we can, provide good services and good communication, solve their problems effectively. The successful site owner responds to customers immediately, can communicate via online formats and is a phenomenal resource for customers. If you have a knack for writing then take advantage of that at every turn, whether it is via a blog or some featured relevant articles on your site. Always ask yourself how you can connect and build trust with your customers (P3).

I believe that SMEs **should take good care of their customers** (P8).

**Sub-theme 4: Understand customers**

We should keep on learning about what customers want and what they desire from products, what kind of design they like, what characters of products they seek. We should know different people prefer different colors, different functions, different personalities.... and we should make an effort to meet the diversity of customer needs (P2).

Listening and observing from customers and competitors are the most significant factors that can lead to the success of my business (P12).

**Sub-Theme 5: Customer service**
Participants viewed customers from different angles, but most of them realized the importance of customers and that to make customers happy is significant to the success of E-commerce performance.

**Theme 2: Branding**

Four participants thought that brands are important for products because there are so many businesses and products on the same platform. Branding the products can make products more easily recognizable.

_Every year there are many new businesses in fierce competition in the E-commerce market. The E-commerce model and service has gradually become homogeneous; in the face of fierce competition in the market, E-commerce enterprises need to establish the brand to distinguish themselves from competitors, with the brand to form customer loyalty and win the competition on behalf of the enterprise or product as a visual, emotional and cultural image. It is the existence of a thing in the minds of consumers. On behalf of all the content of the enterprise, it is not just a logo, but also the credibility of signs as a commitment to consumers (P5)._  

_If you are a customer, when you want to buy products, you will search keywords on E-commerce platforms, then where will be a huge number of products for you to choose from. For us SMEs, the question then is why should customers choose us? So, I think product brands are important; if we want our products to be recognized easily and have a reputation, we must build our own brands first (P6)._  

_I think there are three things that are most important, they should be brand, reputation, and customer satisfaction. Brand and reputation here mean the same thing; it means people believe this company and its products (P14)._  

**Theme 3: Delivery**

_I think branding is significant for SMEs if you want to stand out among so many products and companies; brands can help us improve our own reputation (by improving customer satisfaction) and boost sales (P9)._  

**Theme 4: Great team**
Great entrepreneurial team with passion and vitality (P2). Well-built team with skilled people, especially skilled in communication and technology and great team leader who can govern the whole team and company (P8).

Theme 5: Products
Five participants mentioned the significance of focusing on products, they said that not only product quality but also product innovation are important to make sure E-commerce performs successfully.

Sub-theme 1: Product innovation
P6: Accurate product positioning and continuous product innovation

The market is changing fast, consumer demand is also changing fast, so product innovation becomes more important than ever before. To meet the changing needs of customers is to ensure maintaining a competitive advantage (P7).

P6 also mentioned the product innovation’s significance.

P15: Product creation. Customers' demands change, we should always understand their demands and meet them; product creation means you should always match customer demands and provide new things to them and encourage sales.

Sub-theme 2: Product information

Comprehensive product details and information are important to make customer know more about our products and help them to make purchasing decisions (P5).

First, product capability; second, brand capability (image); third, product content. We should deliver information or content to consumers along with products, to attract consumers (P11).

Sub-theme 3: Product quality
In fact, there are many factors that are important for E-commerce. In my opinion, the first three are: Extensive publicity, which means we should do more marketing and promotions, and then we should provide good quality products to customers, and then
we should offer good services. P8 also mentioned that good quality is important (P8). P10 stated a similar opinion.

**Theme 6: Technology:**
...mature technology is important, E-commerce requires IT skills and people; secondly, invest effort on product selection or design and product quality control (P13).

**Theme 7: Observe competitors:**
Two participants emphasized the importance of observing competitors to be one of the success factors of E-commerce performance.

One said that: Listening and observing customers and competitors are the most significant factors that can lead to the success of my business. Businesses should keep on tracking competitors’ prices, new products, and promotions. Monitoring competitors should be a continuing activity for E-commerce SMEs to remain competitive (P12).

Another owner also agrees that... you cannot ignore competitors’ efforts all the time, there is a saying in China, it says that: Know the enemy and know yourself, and you can fight a hundred battles with no danger of defeat (P13).

**Theme 8: Website presentation**
... E-commerce is different from physical stores, so I think IT is also important for SMEs, including website design, convenience, the style of the online shop, and thirdly, for E-commerce, product information is very important as well (P1).

... Moreover, a sound website, comprehensive product details, good price, quality after-sales service and delivery service in a timely and efficient manner (P5).

First, the product capability; second, brand capability (image); third, product content. We should deliver information or content to consumers along with products, to attract consumers. We always need to try and find more channels to promote our products, industry websites, including group purchasing websites. Products should be lifelike
and attractive; products are not only products but also the goods with values that can change peoples’ life. When competing with a similar product, it is not the price, not the product itself, but the product information or content that can realize the communication between customers and businesses. Color, packaging and other factors of appearance are all factors relating to the brand, but in fact, the brand is not defined by the business, the brand is defined and recognized by the customers because the customers' perceptions of the brand forms their brand awareness and understandings to the products (P11).

**Theme 9: Marketing**

Four participants recognized that marketing activities are important to E-commerce success.

*Products, prices, promotions, are all important factors to be considered. Promotion is especially critical, we should cooperate well with third-party platforms, and do promotions effectively. Because there are too many competitors who run E-commerce, if you want to be picked up by customers, you must do more of these (P4).*

...I think we should use all channels we can use to do marketing, to have our products and company awarded by customers; marketing is important in a competitive market (P7).

**Theme 10: Marketing positioning**

*Accurate product positioning, target customers should be identified at the very beginning of E-commerce business (P6).*

*Firstly, we should conduct accurate market positioning, according to this, we need to spend much on market analysis and planning. Positioning is very important for SMEs to enter E-commerce business (P13).*

We can conclude that all the factors are mainly focusing on organizational factors, technological factors and environment factors. Based on the participants’ statements we can summarize the success factors as well as sub factors into the following table (Table 4.15):
Table 4.15. E-commerce success factors for B2C SMEs in China

<table>
<thead>
<tr>
<th>Success factors for B2C SMEs in China</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Success factors</strong></td>
</tr>
<tr>
<td>Sub success factors</td>
</tr>
<tr>
<td><strong>2. Customers</strong></td>
</tr>
<tr>
<td>Customer loyalty</td>
</tr>
<tr>
<td>Customer satisfaction</td>
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<tr>
<td>Relationship with customers</td>
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<tr>
<td>Understand customers</td>
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<tr>
<td>Customer service</td>
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<tr>
<td><strong>3. Branding</strong></td>
</tr>
<tr>
<td><strong>4. Delivery</strong></td>
</tr>
<tr>
<td><strong>5. Management</strong></td>
</tr>
<tr>
<td>Leadership</td>
</tr>
<tr>
<td>Great team</td>
</tr>
<tr>
<td><strong>6. Products</strong></td>
</tr>
<tr>
<td>Product innovation</td>
</tr>
<tr>
<td>Product information</td>
</tr>
<tr>
<td>Product quality</td>
</tr>
<tr>
<td><strong>7. Technology</strong></td>
</tr>
<tr>
<td><strong>8. Observe competitors</strong></td>
</tr>
<tr>
<td><strong>9. Websites</strong></td>
</tr>
<tr>
<td><strong>10. Marketing</strong></td>
</tr>
<tr>
<td><strong>11. Marketing positioning</strong></td>
</tr>
</tbody>
</table>

(Developed by the researcher according to the findings of this research)

Q (13) How would you rate your business performance in E-commerce and the reasons for the performance?

This question asked participants to rate their E-commerce performance, as well as list the reasons for it. All 15 participants rated their business performance in E-commerce; more than half are performing above average, two participants are confident to state that their business is performing excellently in E-commerce. Two owners rate their E-commerce excellent, three believed it to be very good, four thought that their business was performing well on E-commerce and regard it as acceptable, three rated their performance as fair, and only two as poor. Table 4.16 lists the results of participants’ ratings of their E-commerce business performance.
Table 4.16. Self-evaluation of E-commerce performance from B2C owners' perspectives

<table>
<thead>
<tr>
<th>Themes</th>
<th>Participants</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Excellent</td>
<td>P5, P6</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2 Very Good</td>
<td>P13, P14, P15</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>3 Good</td>
<td>P1, P7, P9</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4 Acceptable</td>
<td>P10, P12</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>5 Fair</td>
<td>P2, P3, P11</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>6 Poor</td>
<td>P8, P14</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4.13. Performance self-evaluation of B2C E-commerce owners

As seen in Figure 4.13, the majority perform well enough, 14 percent of owners believed their business is doing excellent on E-commerce, 22 percent regarded their E-commerce performance as very good, 22 percent rated it as good and 14 percent thought the E-commerce performance is acceptable. Only 7 percent of owners think the business performance on E-commerce is poor.

After the participants rated their E-commerce performance, they provided the reasons or the factors that impacted the performance (Table 4.17):

Table 4.17 shows the primary perspectives of the factors that influence the performance of E-commerce. Based on Table 4.17 the researcher summarized the factors that have affected the performance of the businesses in this research as following (Table 4.17):
Table 4.17. Primary reasons for current E-commerce performance raised by participants

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Themes of Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>Right platforms</td>
</tr>
<tr>
<td></td>
<td>Great team</td>
</tr>
<tr>
<td></td>
<td>Persistence on Leadership</td>
</tr>
<tr>
<td></td>
<td>Strategy</td>
</tr>
<tr>
<td>Very Good</td>
<td>Branding</td>
</tr>
<tr>
<td></td>
<td>Third-party platforms</td>
</tr>
<tr>
<td></td>
<td>Advertising and Promotions</td>
</tr>
<tr>
<td></td>
<td>Passion</td>
</tr>
<tr>
<td></td>
<td>Great team</td>
</tr>
<tr>
<td>Good</td>
<td>Planning</td>
</tr>
<tr>
<td></td>
<td>Third-party platforms</td>
</tr>
<tr>
<td></td>
<td>Great team</td>
</tr>
<tr>
<td></td>
<td>Leadership and management</td>
</tr>
<tr>
<td></td>
<td>Government support</td>
</tr>
<tr>
<td>Acceptable</td>
<td>Management</td>
</tr>
<tr>
<td></td>
<td>Team</td>
</tr>
<tr>
<td></td>
<td>Products</td>
</tr>
<tr>
<td>Fair</td>
<td>Increasing fees (Financial Reason)</td>
</tr>
<tr>
<td></td>
<td>Skills and knowledge</td>
</tr>
<tr>
<td></td>
<td>Failure in choosing right platform</td>
</tr>
<tr>
<td></td>
<td>Persistence</td>
</tr>
<tr>
<td>Poor</td>
<td>Financial reason</td>
</tr>
<tr>
<td>Very Poor</td>
<td></td>
</tr>
</tbody>
</table>

(Developed by researcher per this study)

Table 4.18. Themes of reasons for E-commerce performance

<table>
<thead>
<tr>
<th>Themes of Reasons</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choose Right platforms</td>
<td>40</td>
</tr>
<tr>
<td>Great team (Staff)</td>
<td>46.76</td>
</tr>
<tr>
<td>Passion &amp; persistence</td>
<td>33.33</td>
</tr>
<tr>
<td>Leadership &amp; management</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>26.67</td>
</tr>
<tr>
<td>Branding</td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td></td>
</tr>
<tr>
<td>Government support</td>
<td>6.67</td>
</tr>
<tr>
<td>Products</td>
<td>6.67</td>
</tr>
<tr>
<td>Skills and knowledge</td>
<td>13.33</td>
</tr>
<tr>
<td>Financial reason</td>
<td>13.33</td>
</tr>
</tbody>
</table>

(Developed by researcher based on the findings of the study)
From Table 4.18 and Figure 4.14, 46.76 percent of participants believed, that the whole team can impact the performance of E-commerce and that the level of people skills, knowledge, team spirit and teamwork may impact the whole E-commerce performance. Secondly, 40 percent mentioned that platforms can influence the performance of E-commerce.

The following are the stated reasons of current performance towards question 13:

**Rating 1: Excellent**

*I think the operation is very successful. In fact, there are many reasons relating to success. But there are some more significant ones. The platform is very important for SMEs. In addition, a professional team, as well as their hard work, is very important. I choose people seriously, and all my staff is very dedicated with both professional knowledge and communication skills and have the spirit of entrepreneurship. We have a excellent structure of whole year planning, including flexible and wise use of promotion strategies. There is another important thing you need to do and that is persisting; never give up, I have been implementing E-commerce for more than 3 years, and I also experienced bad times when you want to give up, but when you overcome it, you will have realized that there are always difficulties at the very beginning, no business can claim success at the first day (P5).*
Excellent. The professional third-party platforms help us a lot. The right thing I have done, for me, is choosing the right platform. On the other hand, I appreciate the great leadership of the top management in our company, who are talented in managing, planning and implementing and so on (P6).

Rating 2: Very good

We implement enough branding activities to create public awareness. I believe branding is an effective strategy. I think company awareness and reputation shouldn't be relying on the product sale only, you must have brands that customers can recognize and remember out of so many products. Another reason is that now the third-party platforms have package plans for advertising and promotion. We do not use it too much, so I think next year we should plan more budget for this (P13).

We chose the perfect third-party platform and know how to make the best use of it. Third-party platforms themselves provide a lot of opportunities and solutions for us. We never missed them, they are of much help. And of course, you cannot rely on the third-party only, we put in a lot of effort on how to present products, how to attract customers; so passion is important at this stage. Lastly, when you have a great team with excellent managers and staff, you are half way to success (P14).

Planning should be sufficient, we should treat E-commerce as the entire project, not only as a single business activity. In the beginning, we did not realize the importance of planning. Because the entire E-commerce operation management was weak and we also lacked planning, so the whole operation was plunged into chaos, from sourcing, sales, processing orders, delivery, and even the express company communication, including customer service. We suffered a lot of issues in the last period, because we haven’t got plans. Industry competition is too intense, the price war is forming a vicious circle, suppressing profits and the market share has not increased. But when we build a plan, we forecast all potential risks in advance, and we can always solve problems fast, we also have planning strategies that help us to develop series activities and promotions to boost sales (P15).

Rating 3: Good
So far I am satisfied with E-commerce and it helps the business grow. I think for external reasons, it is due to the wise choice on third-party platforms, and on the other hand, we should thank the support of government, who encourage E-commerce in policy. For internal, it is due to great management and our excellent team. No matter how great the third-party platform is, we must rely on the work of people. I have reliable managers to be responsible for each department, and all employees have team spirit and are reliable (P1).

We have a great team and responsible employees with team spirit. I think the other most important thing is we chose the right platform. Taobao is great for SMEs to start E-commerce, it is convenient, has a huge customer base, is popular and easy to manage (P7).

The leadership in our company is good enough. I always participate in training where I can learn some skills on management and leadership. I also train my managers to let them recognize the importance of leadership, and they can do a good job on management as well; the whole team did not spend too much effort on the electronic commerce platform (P9).

Rating 4: Acceptable
Product awareness is not as good as expected. Our E-commerce business is still in the process of growing, so there are many things we need to improve. I think the most important one that we face is management; we need to enhance the management, then the employees can find the right direction as well (P10).

My business performance is ok now, I and my team still need to learn and update the system which can help the business continue to grow. I should thank all my employees who devoted so much effort to make our E-commerce business better and better. And I also need to thank my suppliers who always introduce the best products, that helped me earn a lot of loyalty customers; your products should fancy the customers (P12).

Rating 5: Fair
Fair. The performance is just so-so, not as good as I expected at the very beginning. Mainly because of the lack of talented people, fierce market competition; on the other
hand, the third-party platforms began to **charge higher fees** on promotion and other costs than ever before, which has eroded the operating profit (P2).

We still have many things to learn and to improve, and even many problems to solve, we keep on learning. I think the reason that we have not achieved the success is mainly because: First, we **lack technology and E-commerce knowledge**, so we **didn’t use E-commerce platforms wisely** and cannot maximize the profit through it. Second, Taobao is not enough for SMEs, we should develop T-Mall like other businesses, but T-Mall charge more fees than Taobao, now customers are more confident to buy from T-Mall other than Taobao. On the other side Aliexpress, is still developing and growing as an international E-commerce platform, so it is also a hard time for SMEs who run businesses on it. Meanwhile, **language and technologies** are our own barriers to developing international trading. It means we should have the right orientation and choose platforms wisely, and we must be professional and skillful (P3).

We are still far away from success; it is just the beginning of E-commerce business for us. The actual condition is not as good as expected, and there is a gap in defining the target customers. In my opinion, it is important to fully understand the business and **persist** in your industry, to find a better way and solutions of development. We always keep on trying to **solve trust issues** to enhance customers’ confidence (P11).

**Rating 6: Poor**

Not successful. Insufficient financial resources make us unable meet the requirements of the operating costs, and meanwhile, we cannot control the increasing fees from third-party platforms; when we do not have enough money, we cannot hire better people, and we also do not have enough budget for promotion and even new products. This may lead to a vicious cycle in our business. I also realized that the selection of products and persistence are very important; some products of my shop seem not that attractive to customers, so maybe I need to consider to change suppliers and seek more interesting things for people. In general, choose the right product, and make sure new products emerge regularly in an endless stream and constantly innovate, to **keep the competitive advantage** (P5).

There were no participants who rated their E-commerce performance as very poor.
Summary for Objective Six

In summary, based on the results that impact the performance of E-commerce, we can see that the first 3 significant reasons mentioned by participants are "choosing right platforms, great team, and management". These replies prove the significance of third-party platforms again. Leadership and management are very important as an organizational reason, meanwhile, a great team can support all services and other tasks to make the performance effective. Some owners believe that persisting on the implementation of E-commerce is also important. I agree that E-commerce should have the same market life cycle as traditional businesses, which should also experience different stages: emerge, growth, maturity and decline, so owners shouldn't expect success at the very beginning. Patience and persistence are two important attributes during the first years.

Regarding the most significant factor that can lead to the success of E-commerce, customer is the first significant one according to participants’ perspectives, which means SME owners should pay attention to customer service, encouraging costumers retention, improving customers’ satisfaction, maintaining customer relationships. Then, products, branding, delivery, marketing strategies, management, technology, websites, observe competitors are all regarded as important factors that can lead success of E-commerce.

4.3 Chapter Summary

Chapter four displayed the findings of the in-depth interviews that focused on six research objectives relating to B2C E-commerce for SMEs in China. Most participants understand the factors leading to E-commerce success. From the perspective of B2C owners, we can conclude some basic factors for success such as customer, quality, branding and delivery.

The participants explained their opinions based on their own experiences, which are valuable data for this study. However, the research presented findings, analysis as well as a summary for each research objective, which can help the discussion of the study. The next chapter will provide a detailed discussion of the findings presented in this chapter, especially the important factors that lead to successful E-commerce for B2C SMEs.
Chapter 5: Discussion

5.1 Chapter Outlines
Chapter Four presented the findings from the interviews and analyzed the data about SMEs' use of E-commerce in China. In Chapter Five the researcher will provide a comprehensive discussion, based on the primary findings, and will also build links between the discussion and the relevant theories and works of literature that have already been presented in Chapter Two.

The main purpose of this research is to identify factors, which can lead to successful E-commerce performance for B2C SMEs. This chapter will take the findings in relation to the objectives into consideration and discuss these to answer the three sub-questions that were presented in Chapter One.

5.2 Discussion of interviews
All questions for the research are designed to meet the objectives and answer the research questions. Research objectives are the specific goals that can help answer the research questions. In the last chapter, the researcher present the findings for each objective. While in this chapter the discussions are allocated to the research objectives as well, the researcher will answer the research questions as summary.

5.2.1 Impact of E-commerce

According to the responses of the participants, the benefits of using E-commerce are plentiful.

Findings for this research suggests that there are 6 most important benefits for SMEs owners getting from E-Commerce:

1). Customer number increase: 73.3 percent participants emphasized that customer numbers increased after they started to use E-commerce. This is agreed upon by Ashton (2015), who stated that E-commerce can attract new customers who had never heard about the business and products. This finding indicates that online search engine
results can be helpful to increase traffic on their websites, no matter if the business is famous or not, thus customer numbers will increase for the business.

2). **Turnover increase:** Another important finding in this research is, E-commerce can increase turnover for businesses, nearly half participants mentioned this, and Ashton (2015) agreed on this as well. Ashton (2015) also supported that E-commerce can help save operational cost, which are lower than the overhead of a physical store, while in this study, four participants agreed that E-commerce helps them save and reduce the ongoing cost in some way.

3). **Reputation increase:** About one third of the participants agreed that their reputation has been enhanced since using E-commerce, this is also supported by Ashton (2015), who said that E-commerce can boost brand awareness. Increased brand awareness and visibility online will make customers more familiar with the brands of the firms.

4). **Competitors monitoring:** Besides, some participants mentioned that EC can help them monitor competitors on the platforms, as supported by Hosseini, Chizari & Manian (2012), who also agreed that E-commerce can bring both tangible, such as reduced cost on equipment and furniture, and intangible benefits, such as an enhanced competitive position.

5). **Reduction in cost:** Another benefit of E-commerce in the current study is reduction in cost. This is somewhat agreed by Huang, Jiang and Tang (2009), who also stated that, E-commerce helps companies to reduce operation cost and stock levels, which means, businesses do not have to stock a lot of products, and they can save spaces and cost on stocks and rental; meanwhile, they do not have to spend much time on managing stocks. But reduction in stocks was not mentioned by the participants in this research.

**5.2.2 The importance of adoption of E-commerce**
5.2.2.1 Advantages of E-commerce

Next the researcher will cover the advantages that motivate SME owners to start E-commerce businesses. The responses from the participants showed that the main advantages for adopting E-commerce were:

1). One of the findings agreed that E-commerce can enhance business performance, including that businesses can understand the customers’ demands well, improve communication and enhance cooperation with other businesses. Meanwhile, within the organizations, E-commerce can enhance the brand's images and strengthen information management. This is supported by Huang, Jiang & Tang (2009), who investigated and confirmed that E-commerce can enhance the performance of customer service, marketing and sales, supply chain efficiency and financial performance.

2). E-commerce can help businesses to remain competitive, it means E-commerce is already trend, and businesses should catch up with this trend to keep competitive, it also suggested that businesses can monitor competitors easily through E-commerce platforms. Huang, Jiang, Tang (2009) also agreed that E-commerce can support retailers to remain competitiveness when they do business by E-commerce.

5.2.2.2 Understanding of E-commerce

The researcher examined the participants’ understanding of E-commerce, the result showed that, all participants can provide an understanding of E-commerce and 100 percent of participants believed E-commerce should include online shopping. Therefore we can see that all SME owners in this study have a broad view on the concept of E-commerce.

53.33 percent of participants identified the differences by categories of E-commerce, which as been addressed in chapter two, 40 percent by channels, 26.67 percent identified the differences according to the type of people involved in E-commerce or online businesses. Based on the findings, it is obvious that participants recognized that E-commerce can involve more groups of people. It is hard to find literatures from other researchers that study the businesses owners’ understanding of E-commerce. It is important to identify SME owners’ understanding of E-commerce, because this helps the researcher to decide if the results are valuable or not, though there is very little research into this to date.
5.2.2.3 Factors that impact the adoption of E-commerce

Another question asked the participants what the barriers were that encouraged them to select other E-commerce methods. When participants answered about the challenges or barriers that prevented them from selecting other platforms, they addressed seven reasons and the top four were: 1) the influence of the platforms; 2) convenience and safety of the platforms, 3) consumer retention and 4) financial issues. These findings can be supported by the three contexts from Tornatzky and Fleischer (1990), which are: 1) technological context, 2) organizational context and 3) environmental context (cited in Xu, 2010). As for the technological context, participants mentioned the convenience and safety of platforms, and their own technological capabilities; for the organizational context, they considered the financial issue, and for the environmental context, they considered the whole economic environment that they run their businesses in.

Financial issues: Nearly one third participants agreed that financial issues prevented them from selecting other platforms. This finding is also supported by Mazzarol’ (2012) utilization model, which also emphasized that financial factors can impact the adoption of E-channel; and as discovered in this study, financial issues prevented participants from selecting other platforms or build their own websites. This is also agreed upon by Tornatzky and Fleischer (1990), who regarded this as an organizational context factor.

Return on investment (ROI): 13.3 percent of participants considered ROI when selecting other E-commerce methods, this means they considered the performance of the platform when they decided to use other platforms. This can be supported by Boritz (2012), who advised ROI as one aspect of the financial metric for the measurement of E-commerce performance. Though ROI was used to measure E-commerce performance, it appears to be a good method to consider new platforms for SMEs.

5.2.3 The level of understanding of strategies of E-commerce
All participants could identify some views on strategies that can be used to affect the performance of E-commerce, based on their own experiences and knowledge. According to the framework of Bloom’s Taxonomy (Figure2.2), mentioned in Chapter Two, all participants can explain their own perspectives on E-commerce strategies, and some of them have already implemented the strategies they mentioned just at or above the level of application.

1). Strategic plan: Looking at the strategies from participants’ perspectives, the findings show that 33.33 percent of participants indicated that a strategic plan is important for the whole E-commerce implementation. This was supported by Kartiwi (2006), who proposed the strategic E-commerce adoption framework, which also means the strategic planning for E-commerce, but it focuses on website planning, while the participants think the comprehensive overall planning for the E-commerce process is important.

2). Products solutions: 26.67 percent of participants suggested that product solutions can be effective and event promotions have been used by participants in this study. Evans and Knight (2014) also agreed that customers are searching and preferring "one-of-a-kind experiences that cater to their needs and interests". Customers are easily touched by individualized promotions tailored to them. So, promotions are still an effective way to boost sales, similar to traditional businesses.

3). Co-branding: Another important and valuable strategy emerged by participants is “co-branding”, it is very effective strategy according to the participants’ perspectives, but there is seldom research or theories that can support this. It means there is still limitations on researches and studies in this area. But co-branding was proved to be effective by the participants in this study.

4). Specific advertising solutions: The results also suggested that specific advertising solutions purchased from third-party platforms is a workable strategy for E-commerce; two participants suggested to do special offers which means provide some discount or bundle offer to customers, because there are too many businesses on E-commerce platforms and they want to offer a good deal to attract customers. While Lizarraga
(2011) worried about this and said, there is a potential risk that E-commerce can bring about a price war as a negative result.

Most of the strategies mentioned by participants are based on the specific E-commerce environment of China, which is valuable and useful for later studies.

5.2.4 Significance of third-party trading platforms

As mentioned in Chapter One and Two, third-party platforms play a significant part for B2C SMEs in China. The results of the interviews also supported this.

1). The findings showed that almost every SME that developed E-commerce businesses needs to rely on third-party platforms. All participants in this research are third-party platforms users and have no self-standing online shopping websites. Some participants stated that the outlook and appearance of websites are very important to attract customers. Clemes (2014) also has the same opinion in his research, he said that websites are fundamentally store houses of information that can aid customers when they search for information. Shergill and Chen (2005) also agreed and support this finding, they said he design characteristics of a web page may also impact on consumers’ online buying decisions. Ranganathan and Gananathy (2002) supported this B2C websites are sites that enable consumers to make purchases through the world-wide web.

2). The participants also commented on the third-party platforms they currently use, and as for to the favorite third-party platforms in China, the findings are supported by the China Internet watch (2015), and almost the same as shown in Figure 2.4, which presented the market share of Chinese B2C platforms mentioned in Chapter Two. Participants in this study use two or more E-commerce platforms, with 53.33 percent using Tmall as the main platform. Tmall separated from Taobao in 2012 and now firms set up online flagship stores on it. According to the interviews, 40 percent insist on using Taobao, 26.67 percent use Jingdong, 33.33 percent use Dazhongdianping, a third-party platform that has emerged in recent years, which is favored by customers, because they can post comments on it. Positive comments can attract new customers
and benefit the business. This result can mostly be supported by the figure presented by China Internet Watch (2015), which showed that T-Mall is also the most favorite platform with the biggest market share in China.

As mentioned above, third-party platforms are proven to play a significant role in China’s E-commerce development.

5.2.5 The challenges that impact the effectiveness of E-commerce

1). Trust and security: One challenge to come up repeatedly during the interviews is "trust and security", this is emerged from about one third of the participants. This is also agreed on by Zhang, Bian & Zhu (2013), who stated that there are fraudulent activities such as fake transactions and fake positive feedback, which can impact customers’ decisions. It is also supported by Cheok (2015). Brand Recognition & Trust is a big challenge in the implementation of E-commerce. He said that the Chinese market faced challenges of fake products, while Tmall.com requires "tighter seller selection and controls", which ensure the quality and trustworthiness needed by Chinese consumers.

2). Customer relations: There are 26.67 percent of participants mentioned that customer relations are one of the significant challenges faced by B2C SME owners. Cheok (2015) agreed, that customer support is a big challenge for E-commerce runners. He said that in order to deal with the challenge, many hotlines provide extended customer service hours to make sure customers are happy.

3). Competition: Another main challenge mentioned during interviews is competition, it is said that the Chinese market is too big and there are so many SMEs in China, which leads to many competitors on the same third-party platforms. Therefore, in China SMEs face more pressure from competitors than in other countries.

4). Government regulations: Government regulations are believed to be a challenge by three participants because there are some facts that show that the government will introduce more restrictions in the future, though now the government is trying to
encourage SMEs doing business via E-commerce. It seems seldom researchers concentrated the government regulations when they study challenges of E-commerce, but this finding indicates that, in China, government regulations impact the development of E-commerce heavily.

5). **Talent shortage**: This was mentioned by 13.3 percent participants, this finding suggest that, the lack of skilled people may impact the business performance on E-commerce.

5.2.6 Factors that drive successful E-commerce performance

5.2.6.1 Factors contributing to customer satisfaction:

From the findings, the main factors mentioned by participants that contribute to the customer satisfaction were as follows:

1). **Accurate description and information**: Participants mentioned that many customers complain that the products do not match the description and pictures. When participants think about how to improve customer satisfaction, 6 people recommended that accurate description and information was important, which refers to “content quality” in Molla’s (2001) E-commerce Success Model. Based on this model, it is easy to understand that during the online ordering process, accurate information refers to quality content information delivered to customers, which helps customers better understand what they are purchasing.

2). **Safety and convenience**: a total of 46.67 percent of participants said safety and convenience is important, this factor refers to “Trust”. 26.67 percent said that online store appearance is important, this refers to content quality. A total of 46.67 percent recommended that SMEs should improve customer service and 3 believed that delivery solutions should be of good quality, these two factors refer to “support and service” in Molla’s (2001) Model. As mentioned, customers always complain about delivery, so efficient and timely delivery is a significant factor in improving customer satisfaction. 20 percent of participants said that brands capability is important, which were not mentioned in this model.
Since the current findings are mostly supported by Molla (2001), with the Model of Electronic commerce success. Molla (2001) stated that the E-commerce system content quality is important to customer satisfaction, which will result in E-commerce success; in other words, customer satisfaction is one of the important factors that lead to E-commerce success. Lin & Wang (2015) also agreed and said that customer repurchasing, which is based on satisfaction, perceived value and usefulness of products, corporate image, and assurance, is far more important for B2C E-commerce marketing.

5.2.6.2 Success factors for B2C SMEs:

In the following the researcher will present the significant factors that can lead to the success of E-commerce as identified by the participants:

1). Customers: The first significant factors raised by 73.33 percent of participants, making it the most important factor leading to E-commerce success. Participants think that for successful E-commerce implementation customers should be the first consideration, including knowing their demands, meeting their demands, provide good quality customer service and build and maintain good relationships with them. Though E-commerce improved the communication with customers, businesses cannot service customers face to face. Especially when owners need to deal with conflicts or complaints a higher level of customer services is required to understand customers, to satisfy customers and to build relationships with customers; this way they can keep loyal customers and achieve repurchasing from them. This finding can be supported by 7 factors addressed by Wang, Huang & Li (2005), who believed leadership, strategy, management, organization, technology, customers and suppliers are factors that affect E-commerce success. They also regard “customers’ as an important factor impacting E-commerce success.

2). Products: The second most important factor is products. SME owners believe that though it is E-commerce, products should always be an important factor that makes the company develop and grow. This should include product quality and product innovation. SME owners agreed that it is important for them to provide good quality products and develop new and attractive products to attract customers and to meet changeable customer demands. After all, products themselves are always the first
thing customers purchase for, and products should be as important as for traditional businesses. But there seems to be a gap in the literature to support this outcome; it is hard to find literature that emphasizes products for E-commerce implementation.

3). Branding: The third significant factor emerged from 5 participants is “branding”. These participants believed brands can make their products differ from the competitors' and help them gain reputation from customers. It is hard to find literature that can support this view, but I agree that brands are quite important for B2C SMEs in China, because the Chinese market is huge, and there is a large number of competitors on the same platform. Brands can make customers recognize and trust the products and this supports the reputation of a business.

4). Strategies: The fourth significant factor from participants’ perspective are strategies. They believe effective strategies can help them achieve business goals more easily, so some owners recommend E-commerce businesses should have flexible strategies. This is also supported by Wang, Huang & Li (2005), who mentioned strategy as one of the 7 success factors in their study and emphasized that businesses should establish an E-commerce strategy and adjust their EC strategy regularly according to the situation.

5.2.6.2 Factors impacting performance of E-commerce

When participants talked about the performance, the researcher suggested to measure performance based on the financial metric, which is clearer to understand and easy for participants to identify. 13.33 percent of participants regarded their E-commerce performance as excellent, 20 percent as very good, 20 percent as good, 13.33 percent as acceptable, 20 percent as fair and 13.33 percent as poor. It is obvious that most B2C SMEs in this research feel good about their performance, which shows the satisfaction and confidence about E-commerce implementation. Most participants mentioned that it is very important to choose the right third-party platform for the performance of their business. The significance of third-party platforms was supported by Hu (2016), who said that third-party platforms provide quality information services support, professional website technologies, attractive website interfaces, a large customer base and high-level network influence. All these
features can help businesses to attract more customers and boost effective transactions, with a supporting services business model.

5.3 Chapter Summary
This chapter discussed the findings presented in Chapter Four. The research focused on interviews with SME owners of B2C in China. All participants presented their perspectives according to each objective set out by the researcher in support of answering the research question and sub-questions. The findings show the confidence of B2C SMEs to continue the businesses via E-commerce. The outcome of the findings revealed that customers were regarded as the most important factor by most SME owners in this research. Other significant factors that can lead to the success of E-commerce implementation for B2C SMEs are branding, delivery, management, products, technology, keeping track of competitors, websites and marketing strategies. Furthermore, most participants mentioned that choosing the right third-party platforms can impact on the performance of their E-commerce implementation. Chapter Six will present the conclusion of the research, which includes recommendations, limitations of this study and future research directions and opportunities.
Chapter 6: Conclusions and Recommendations

6.1 Introduction
Chapter Five discussed the findings based on the objectives, which also answered the main research question and sub-questions. Chapter Six focuses on proposing a conclusion based on the research questions for this study and to summarize the entire study, then outline the contributions of the research and identify the recommendations for B2C SMEs in China, limitations of the research, as well as the future direction for later researchers.

6.2 Research Conclusions
This research focused on exploring the E-commerce success factors for B2C SMEs of China, via qualitative research methods, collecting data on the perspectives of SME owners through one-on-one interviews. The researcher gained primary results from the participants, who were happy to discuss interview questions with the researcher.

➢ How is E-commerce being applied by B2C SMEs in China?
Referring to research sub-question one, it was found that in China, due to the E-commerce environment of China, SMEs who conducted businesses through E-commerce will still need to rely heavily on third-party platforms in the future. All fifteen participants gained benefits from using E-commerce, thus E-commerce can help SMEs grow their businesses. All participants have a basic acknowledgement of E-commerce and almost all participants realized the importance of E-commerce and the significance of third-party platforms. All owners would like to explore more opportunities on E-commerce platforms and therefore B2C SMEs have a long way to go.

➢ What are the success factors for performing E-commerce?
Referring to the success factors for E-commerce performance, the study found that "customers" are the most significant factor for B2C SMEs during E-commerce implementation. Besides "customers", there were eight more factors agreed upon by
the participants, which are brands, delivery, management, products, technology, competitors, websites and marketing strategies (see Table 4.14). This means that SME owners are likely to take these factors into consideration when they want to make their E-commerce businesses successful.

Referring to “customers” includes customer service, customer demands, customer management and customer relationship. Customer satisfaction can directly impact on the success of E-commerce businesses.

Products are regarded as an important factor just as in traditional businesses. Some participants believe that only good quality can make sure their business maintained its competitive advantage. On the other hand, technology develops fast and customer demands are changeable and varied, therefore SMEs should try to introduce or develop new products to customers.

Delivery is important because the quality of delivery directly impacts the satisfaction of customers. So some of the participants mentioned that some customers complain about the delivery, and some participants agreed that delivery should be one of the success factors for B2C SMEs.

Moreover, the Chinese market is huge. Online searches for products reveal a large choice, so in this research, some participants believed that the brand is much more important for a business, especially for SMEs in China.

➢ How do B2C SMEs implement E-commerce strategically?

Referring to sub-question three, it is necessary to first understand that the Chinese market is huge. There are huge opportunities and there are also huge challenges. SMEs in China face more competitors than in other countries.

All participants had already applied strategies in their E-commerce businesses, some of them realized the importance of strategic planning and most participants preferred using event promotions to boost sales for their businesses. The results of this study also indicated that there are some strategies the participants believed can lead to the successful performance of E-commerce, such as co-branding, new products strategy and third-party platforms advertising. SME owners should understand the E-commerce environment and their businesses’ E-commerce situation. It is important to implement E-commerce strategically knowing the success factors, and it is better to plan the process of E-commerce implementation.
6.3 Recommendations for owners of domestic SMEs

The researcher suggests the following recommendations for E-commerce implementation to B2C SMEs owners in China:

- **Focusing on customers:** here “customers” includes customer satisfaction, retention, relationship with customers, understanding customers and customer service. B2C SMEs should intend to maximize the satisfaction of customers and build good and longtime relationships with customers. For this they can:
  1) Provide fast responses to customers' requirements, orders and complaints;
  2) Set up a separate customer relationship management team, to manage customers’ complaints and manage customer relationship;
  3) Improve the solutions for customer complaints, try to make each customer happy;
  4) Investigate and observe customers, try to understand the customers expectations and the levels of customer satisfaction;
  5) Improve employees’ communication skills that can help them understand customers better and communicate better.

- **Developing improved product offerings:** SMEs should focus on product innovation, product quality and product information delivered to customers.
  1) Markets change fast, technology develops fast and customer demands also change. SMEs should keep up product innovation to introduce and provide new products to meet the changing demands of customers.
  2) Product quality is as important as for traditional businesses. It is important for SMEs to provide products with good quality to customers because good quality can ensure the loyalty of customers and can enhance word-of-mouth reputation.
  3) Make sure product information on the website is accurate and true, which can best reflect the characteristics and conditions of products. Pictures of products should also be real photos of products.

- **Integrating overall marketing strategies:**
1) Marketing strategies should be linked to the overall strategic planning. Strategic planning is very important for B2C SMEs in implementing EC businesses, which can provide direction and guidance for them. Meanwhile, B2C SMEs should try to control the budget of their strategy, based on their financial capability and ensure maximum efficiency with strategy expense. On the other hand, due to the large number of SMEs, owners should try to adjust strategies according to situations and changes.

Efficient planning will help a business to achieve its goal. Looking at the E-commerce process, it is not only the action of listing goods on websites; it is a complex process that involves many activities and parties. The researcher suggests that SME owners should focus on developing an E-commerce plan for their businesses, which offers clear direction, clear labor division and clear activities of the entire process. They should also make annual development strategies and implement the plan step by step, which is beneficial for them to realize the goal of the enterprise.

2) SMEs should make effective use of all resources on third-party platforms, and cooperate with third-party platforms to promote their own businesses and products.

3) Event promotions have been proven as an effective strategy, B2C SMEs should enhance event promotions in the future.

4) SMEs should make sure the market positioning is accurate, knowing what their products do, the personality of the products, and who they are for; who are the competitors and what the prices should be, delivering unique images of the products and businesses to the target customers. So, customers can recognize the difference of the business.

5) Adjust strategies regularly according to the emerging situation and changes.

- **Building brand advantages**: SMEs should build brands, to ensure that products can stand out amongst many similar products, to attract customers’ interests and purchasing; to gain the reputation of enterprises. Building self-owned brands is not only about brand names, slogans, images or logos. There are two elements to be considered:
1) Differentiation: Try to identify the differentiation of the products in order to be distinguishable from the products of competitors, to make sure the brands have personalities that can encourage customers to purchase and experience.

2) Value: To create values for the brand, the brand helps customers to recognize the business, but customers always care about what they can get from products. So, SMEs should always remember to provide valuable goods to satisfy customers.

- **Choosing and cooperating with logistics suppliers strategically:** delivery is a big challenge for SMEs in China, B2C SMEs need to rely on third-party logistics to help them achieve the shipment of goods to customers. Delivery efficiency always impacts part of the customer service. Logistics directly impacts the users' experiences of E-commerce; better delivery solutions can enhance the competitiveness for the business. The researcher recommends that:
  1) SME owners should draft and sign agreements, defining the rules, restrictions and responsibilities for the delivery process.
  2) Different logistic companies have different advantages and disadvantages, so try to use multi logistics to provide more choices for customers.

- **Strengthening Management:**
  1) Input as much resources as possible, which means SMEs should try their best to attract skilled employees, to gain more capability on finance and to enhance IT capabilities.
  2) Establish different departments for different responsibilities, enhancing the division of jobs and cooperation among different departments.
  3) Establish standardized work processes, which should be more efficient and fast.
  4) It is recommended to provide regular staff training, to enhance their work skills. Employees should have a basic knowledge of E-commerce and customer service skills; professional customer service can help SMEs gain advantages among competitors. Moreover, the market environment is changing rapidly, the concept of technology is also changing every day; it is significant to let employees master the latest technology and skills to adapt to market changes and customer needs.
Choosing platforms and websites wisely: The researcher suggests that owners should fully understand their enterprise and choose the third-party platforms based on their own characteristics, including positioning, consumer groups, type of products, prices and so on. Only when SMEs have the best understanding of themselves can they make the best choice. Secondly, choose third-party platforms according to the characteristics of third-party platforms. For example, size of the third-party platforms, fees, influence, functions, supporting services, security and so on. Large scale, high visibility E-commerce platforms always have better service and a big customer base.

Monitoring competitors: E-commerce requires SMEs to concentrate more on competitors because there are so many competitors from every city of China on the same platform. This means SMEs face more pressure from competitors than traditional businesses. Therefore, it is important for them to observe and learn from competitors:
1) Visit competitors' online stores to know their products, prices and promotions. Compare and analyze their operation to see what is good and what is wrong; then adjust your own activities to improve the business performance.
2) It is better to build the relationship as a customer with competitors, this can help SMEs thoroughly understand how they service. It is a good way to learn from competitors if they perform better.
3) Review annual E-commerce reports to understand the industry situation, trend and environment and to know the ranks and ratings of competitors, which will benefit businesses to decide on future business actions.

Updating Technology: Electronic commerce emerged because of the development of technology. If SMEs want to maintain the competitive advantages of E-commerce they should remain aware of the most advanced technology and apply it when necessary. Moreover, third-party platforms are constantly updating and Improving. Therefore, it is essential to keep abreast of times, from the renewal of equipment, mastering new functions of third-party platforms, to staff training on technology to serve consumers better.
6.4 Limitations of this research and directions for future research

6.4.1 Limitations

All research has limitations; the limitations of this study is based mainly on the following:

- First, the selected sample group cannot cover all B2C industries in China. The selection of samples is more concentrated in the top 10 popular industries, thus the results will have some limitations and bias. The property of the industry also has an impact on the survey results. Different industries have different products, focus on different markets, face different challenges and have different success factors for E-commerce performance. The findings of this study came from the perspectives of B2C owners and will inevitably contain subjective feelings. Therefore, the results cannot be completely objective. The investigation results and the age of respondents, level of education, businesses experience and gender also have impacts on the results.

- Second, this study collected data from interviews of qualitative research and the researcher collected the data from different perspectives. To try to find similarities among all findings the researcher also needed to make sure all participants understood the questions by delivering important information to participants. All these processes are subject to bias.

- Third, the size of the sample is also one of the limitations for this project. The researcher only conducted in-depth interviews with 15 participants, which could not cover all the B2C owners’ perspectives in China. Meanwhile, all participants answered the questions in limited time and could not provide all the perspectives in the short time available. This required the researcher to devote more effort on grouping the themes and analyzing the data.

- Fourth, the researcher designed and conducted the interview questions. The research may be influenced by the researcher's own perspectives and biases because qualitative research is heavily dependent on the individual skills, experiences and knowledge of the researcher.

- Fifth, all participants for the interviews were B2C SME owners; some of them may not have a high-level related education and have limited knowledge on business
management as well as E-commerce. This may lead to the omission of some information that could influence the results.

6.4.2 Future research opportunities

The researcher suggests that further studies should be conducted with quantitative research, examining the success factors for different industries to find out if the factors can be suitable for any industry. Moreover, as E-commerce is becoming international and more businesses do business worldwide, it is recommended to conduct a similar study focusing on international B2C SMEs.

The researcher also suggests that further studies should be conducted from customers' perspectives to gain more information from the customers' side, and for researchers to get a deeper understanding of the topic they study.

The researcher suggests more studies should focus on investigating the relationship between customer satisfaction and successful performance of E-commerce and propose solutions and strategies for improving customer satisfaction.

The researcher suggests that future qualitative research can increase the sample size, which can help the researcher get a more accurate and deeper understanding of the investigated problem.

6.5 Summary

China's E-commerce market is different from other countries. China is characterized by a large number of businesses and consumers, where large or small enterprises have to rely on third-party platforms. This means, B2C SMEs in China, face more challenges and more pressure from competition than SMEs in other countries.

The majority of small and medium-sized enterprises in China need third-party platforms to gather all SMEs who want to do businesses through E-commerce. For B2C SMEs third-party platforms are a necessary choice because of the advantages of third-party platforms. Although independent purchasing systems will not cost much more money, they introduce risks. Therefore, for Chinese B2C SMEs third-party platforms are the best decision for E-commerce implementation at present. Choosing the right kind of platform, how to choose and how to use the third-party platform, are all significant issues for B2C SMEs to consider.
It can be concluded that B2C SMEs play a critical role in the E-commerce market of China. However, all owners need to face both opportunities and challenges when they do business through E-commerce. Implementing E-commerce is not only the action of listing goods on websites, it should be a process that is involved in many business activities.

Customers, products, branding, delivery, marketing strategies, competitors, technology, management, platforms and websites should all be considered as important factors that can lead to E-commerce success for B2C SMEs. The new success factors proposed by the researcher will be helpful for B2C SMEs. It is hoped that this study can provide valuable information to help B2C SMEs gain new knowledge of performing E-commerce. Meanwhile, it can serve as guidance for SME owners to remain competitive and develop their businesses by E-commerce strategically and effectively. The researcher believes that this study and the proposed success factors can help B2C SME owners make the right decision on E-commerce implementation and help them to find the right solutions when they experience problems using E-commerce. It can also help them to improve their whole E-commerce performance and achieve the business expectations more easily.
References:


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Appendices

Appendix 1: The interview questions

Q (1): Do you think that E-commerce has brought value and benefits to your business? What kind of benefits or value have you experienced?

Q (2): Do you know the difference between E-commerce and online shopping?

Q (3): What are the reasons for using E-commerce in your business?

Q (4): What is your understanding of strategies of E-commerce among SMEs?

Q (5): What E-commerce platform(s) are you currently using in your business?

Q (6) When you were selecting the platforms mentioned in Q5, were there any challenges or barriers that prevented you from selecting other platforms?

Q (7): Do you see your business discontinuing business with third-party platforms in the next 5 years? If yes, why?

Q (8): What do you think are the challenges you face in developing E-commerce?

Q (9): What are the most common complaint(s) made by your customers when purchasing using E-commerce platforms?

Q (10): What factors do you think contribute to customer satisfaction in E-commerce?

Q (11): What are your business expectations from E-commerce?

Q (12): What do you think is the most significant factor that can lead to the success of E-commerce for your business?

Q (13): How would you rate your business performance in E-commerce and the reasons for the performance?
Appendix 2: Information for potential participants for the interviews:

Research Project Title
Factors that impact on the success of E-commerce for B2C SMEs in China

Synopsis of project
E-commerce develops rapidly in China recent years. Small and Medium Enterprises (SMEs) play a significant part in economics, while most of them rely on third-party E-commerce platforms much. SMEs are important to the whole economy of China. There are some problems need to be taken into consideration: Firstly, SMEs in China who focus on the B2C market do not have sufficient E-commerce or online marketing solutions of their own, they rely too much on third-party online trading platforms, such as Alibaba, Taobao, and Wechat. Many B2C SMEs do not have their own online shopping website, some of them have websites, but without online purchasing functions. Secondly, most B2C SMEs lack of systematically knowledge and capability on Digital Marketing, E-commerce, Online-purchasing. Thirdly, there exist a range of problems that caused by E-commerce, especially when they use the third-party platforms, such as, quality control, after sales service, repurchasing encouragement and other problems for customer management. So it is meaningful and significant to explore the key success factors of E-commerce for B2C SMEs.

What we are doing
The aim of this project is to raise SMEs owners’ understanding of the problems on E-commerce performance, the awareness of the significance of strategic E-Commerce in B2C market; to explore key success factors for SMES owners to enhance the performance of their Business to Customer (B2C) E-Commerce application, which can help them to achieve business development and greater profits. The objectives of this project are:

• To identify the importance of adoption of E-Commerce
• To access the level of understanding of E-Commerce strategies that SMEs owners have
• To identify the significance of third-party trading platforms
• To evaluate the impact of E-commerce on business performance
• To identify the challenges that impact on the effectiveness of E-Commerce
• To determine the factors that drive successful E-Commerce performance

The main question of this project is “What are the factors that impact on the success of E-commerce for B2C SMEs owners in China?” Sub-questions are:

• Question 1: How E-commerce is being applied by B2C SMEs in China?
• Question 2: What are the key successful factors for performing E-Commerce for B2C SMES?
• Question 3: How does the B2C SMEs implement the E-commerce strategically?
Qualitative Research Approach will be applied in this research. The reasons are: firstly, this approach allows researcher to explore in-depth analysis; secondly, qualitative research is flexible and easy to be observed., Third, base on the aim and objectives of this project, data in details is needed, qualitative research is helpful for us to find out the factors influence performance of E-commerce, and useful to formulate ideas of strategies or solutions. The interviews focus on the B2C SME's' owners' perception of E-Commerce, the acknowledgment and understanding of EC that influences the business operation, the understanding of the barriers that restrict them from successful E-Commerce, the key success factors (CSFs) that lead to the successful performance of B2C EC. The tool for this project is semi-structured interviews. Interviews questions are designed as open-ended, which will be asked by the researcher during the interviews. After data collection, the primary data will be coded and analyzed for themes or patterns.

**What it will mean for you**

Semi-structured interviews questions have been designed for the participants, and I need the support from you to answer the questions by face-to-face online video cams. The time of each interview is estimated to be 30 minutes. I will ask the questions and explain how you can answer it. Questions sheet will be sent to you before the formal interviews. All participants will be anonymous; the researcher will be responsible for protecting your privacy and the information of your business.

If you agree to participate, you will be asked to sign a consent form. This does not stop you from changing your mind if you wish to withdraw from the project. However, because of our schedule, any withdrawals must be done within 2 weeks after we have interviewed you.

Your name and information that may identify you will be kept completely confidential. All information collected from you will be stored on a password-protected computer, all hard copies will be stocked at Unitec, only the researcher and our supervisors will have access to this information.

Please contact us if you need more information about the project. At any time if you have any concerns about the research project you can contact our supervisor:

My principal supervisor is Dr Andries J du Plessis, phone 815-4321 ext. 8923 or email aduplessis@unitec.ac.nz
My supervisors are: Nitin Seth, phone: 815-4321 or email: nseth@unitec.ac.nz; and Denisa Hebblethwaite, phone 815-4321 ext 8476 or email:dhebblethwaite@unitec.ac.nz;

**UREC REGISTRATION NUMBER: 2016-1046**

This study has been approved by the UNITEC Research Ethics Committee from 13/07/2016 to 20/07/2016. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretary (ph: 09 815-4321 ext 8551). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.
Participant Information Form

My name is Shaosong Zhang. I am currently enrolled in the Master of Business Management degree at Unitec New Zealand and seek your help in meeting the requirements of research for a Thesis course, which forms a substantial part of this degree.

The aim of my project is:
To raise Small and Medium Enterprises (SMEs) owners’ understanding the problems for them and the awareness of the significance of strategic E-Commerce in Business to Customer (B2C) market and explore the solutions for SMES owners to enhance the performance of their B2C E-Commerce application, where they can make achievement in business development and greater profits.

I request your participation in the following way: We will have a one-to-one interview from video or online chat; it will spend you about 30 minutes to answer the questions which have already listed on the question sheet, I will ask you and explain how you can answer them, just talk about your own views or opinions about this questions.

Neither you nor your organization will be identified in the Thesis. The results of the research activity will not be seen by any other person in your organization without the prior agreement of everyone involved. You are free to ask me not to use any of the information you have given, and you can, if you wish, ask to see the Thesis before it is submitted for examination.

I hope that you find this invitation to be of interest. If you have any queries about this research, you may contact my supervisors at Unitec Institute of New Zealand.

My principal supervisor is Dr Andries J du Plessis, phone 815-4321 ext. 8923 or email aduplessis@unitec.ac.nz
My supervisors are: Nitin Seth phone: 815-4321 or email: nseth@unitec.ac.nz; and Denisa Hebblethwaite phone 815-4321 ext 8476 or email:dhebblethwaite@unitec.ac.nz;

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Appendix 3: Participant Consent form (interviewees)

Participant Consent Form

Research Project Title:
“Factors that impact on the success of E-Commerce for B2C SMEs owners in China”

I have had the research project explained to me and I have read and understood the information sheet given to me.

I understand that I don’t have to be part of this research project should I chose not to participate and may withdraw within 2 weeks after the agreement of participation.

I understand that everything I say is confidential and none of the information I give will identify me and that the only persons who will know what I have said will be the researchers and their supervisor. I also understand that all the information that I give will be stored securely on a computer in the researcher’s house until the project finalized.

I understand that my discussion with the researcher will be taped and transcribed.

I understand that I can see the finished research document.

I have had time to consider everything and I give my consent to be a part of this project.

Participant Name: ……………………………………………………………………………………

Participant Signature: …………………… Date: …………………………………

Project Researcher: …………………………… Date: …………………………………

UREC REGISTRATION NUMBER: 2016-1046)
This study has been approved by the UNITEC Research Ethics Committee from 13/07/2016 to 20/07/2016. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretary (ph: 09 815-4321 ext 8551). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.
Full name of author: …..Shaosong Zhang..........................

ORCID number (Optional): .................................................................

Full title of thesis/dissertation/research project (‘the work’):
Factors that impact on the success of E-commerce for B2C SMEs in China .................................................................

...................................................................................................................

Practice Pathway:
Business ..............................................................................................

Degree: ..................................................Master of Business.................................

Year of presentation: ........2017.............

Principal Supervisor: …..Dr Andries Du Plessis.................................

Associate Supervisor: ..........Dr Nitin Seth and Denisa Hebblethwaite........

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