

# **ALIEXPRESS'S STRATEGIC CHOICE FOR ENTERING THE E-COMMERCE MARKET IN THAILAND**

## **CHAPTER I INTRODUCTION**

### **1.1 Background, significance of the study**

#### **Research Background**

With the popularity of the Internet and the continuous development of smart-phone technology, global people are more accessible to e-commerce sites and engage in more multi-line activities, making modern e-commerce more than just the rise of one or two countries, but with the rapid development of all countries around the world. In traditional trade, many enterprises in the world have purchased goods from China to sell or processed and re-exported, but now based on e-commerce development, trading patterns have changed. Most producers or enterprises in China are selling products and services through e-commerce platforms at home and abroad. The new transaction model of cross-border e-commerce has been entered into the standardization and internationalization by step-by-step approach to standardization and internationalization, both of platform building, marketing mode, payment system, personal authentication system and logistics service.

Cross-border e-commerce is an international commercial activity based on a network, referring to transactions conducted through e-commerce platforms through e-commerce platforms, including payment settlement and delivery of goods through cross-border transportation. With the promotion of global economic integration, cross-border e-commerce has attracted increasing attention and discussion. China's enterprises and governments also pay special attention to cross-border e-commerce, which has become a leading position in the global region, especially in Asia, through the efforts of enterprises and government support in recent years. Among them, Alibaba Group is representative, Alibaba Group's cross-border e-commerce platform is divided into: B2B mode Alibaba platform, B2C mode of AliExpress and B2C mode of day Tmall, both from China's export platform, the latter is a platform for foreign imports. The AliExpress is China's retail goods platform for global consumers.

For the search for new markets, one of the world's most pressing hot-spot e-commerce markets is the Southeast Asian market, in the initial stages of e-business development, an emerging market with huge potential and has a strong appeal for

investors from all sides. Thailand is the fastest-growing and fastest-growing country in the region. While Thailand's e-commerce is at a nascent stage, the e-commerce market is expanding as the number of internet and smart phones in the country continues to grow, and the Thai market has huge potential purchasing power as GDP and GDP grow every year.

Due to the immature situation of e-commerce market in Thailand, with the rich experience in E-commerce, the market share is very good for cross-border e-commerce in China, and the two countries have a good trade relationship, and the geographical location is close to that of the two countries. "Belt and Road" It is advocated that the highway from Kunming to northern Thailand has been turned on, has great help for logistics, and now can use Alipay account in Thailand, which have created basic conditions for cross-border e-commerce in two countries, and has increased the realization.

Therefore, this paper chooses the e-commerce market in Thailand as the research object and analyzes the strategy of entering the e-commerce market in Thailand by means of Alibaba's global fast-selling platform.

### Research Significance

China's e-commerce market has entered a mature stage, Chinese companies want to find new business opportunities and turn around to search for more opportunities for cross-border e-commerce enterprises. For the choice of the new market, Thailand is a good choice, which located in the heart of Southeast Asia and will be the major e-commerce market, logistics and technology development center in the region in the future.

According to this paper, we need to make a series of research systems for cross-border e-commerce enterprises in China, while SWOT analysis in strategic research tools is suitable for analyzing this problem. In order to make the research more objective, the paper will digitize the SWOT analysis. A SWOT quantitative analysis is used to study the subject. From the angle of entering the E-commerce market in Thailand, this paper explores and studies the e-commerce market in Southeast Asia and has a certain theoretical and practical significance to guide China's cross-border e-commerce into the Thai market. In addition, the study will have great realistic significance for the trade between China and Thailand.

This paper makes use of SWOT quantitative analysis to enter the Thai market for China's cross-border e-commerce platform and make a strategic research on this case

at Alibaba's AliExpress. Identify whether China's cross-border e-commerce platform should enter the Thai market by identifying the Strengths and Weaknesses of the platform itself and the external opportunities and threats facing it. Including advice and strategies on how to successfully enter and occupy positions in the Thai market.

## **1.2 Methodology and content of research**

At the beginning of its development, SWOT analysis is widely used to plan the development of companies and industries in the United States. Later on, SWOT analysis was adopted by organizations in other fields. In a study, van Wijngaarden et al. attempted to modify the method of SWOT analysis to develop a strategic planning of health care organizations in the Europe. Another study employed SWOT analysis to plan the significant changes at the University of Warwick (Husni & Endang, 2017).

SWOT analysis has its origins in the 1960s (Learned et al.1965). In addition to this, the key tool used presently in planning the national sustainable development is Strengths, Weaknesses, Opportunities and Threat (SWOT) analysis, which originates from the business management literature and was adopted in the 1980s by public administration across such areas as regional development and municipal planning (Markovska, Taseska &Pop-Jordanov, 2009). SWOT analysis is an important decision-making support tool and is commonly used to systematically analyze the strategic situations and identify the level of organizations from their internal and external environments (Gao & Peng, 2011). Having identified these factors strategies are developed which may build on the strengths, eliminate the weaknesses, exploit the opportunities or counter the threats (Dyson, 2004).

This analysis helps organizations, projects or even individual about systematic thinking and comprehensive diagnosis of factors. In addition to this, the organizations can identify their positive and negative factors and then develop and adopt a strategy resulting in a good fit these factors (Gao & Peng, 2011).

By using SWOT analysis to find out the strengths, weaknesses and external opportunities and weaknesses faced by the platform itself, the strategy of entering the e-commerce market in Thailand is analyzed.

According to the 4M analysis(Man), Financial Condition(Money), Materials(Materia) and Management(Management), the strengths and weaknesses of internal environmental factors are analyzed.

Using the McKinsey 7 's model to complement the strengths and weaknesses of the internal environment, the model includes Strategy, Structure, System, Style, Staff,

Skills, Shared Value.

This paper analyzes the four aspects of political(Political), Economic, Social(Social) and Technology(Technological) using the PEST macro-environment analysis model.

Using Porter's five-force model to analyze the external environment of speed-sale: existing competitors, potential access to threats, bargaining power of suppliers, bargaining power of customers and the threat of alternatives.

A survey of e-commerce market in Thailand was conducted to find out the cognitive degree in the market in Thailand; the online shopping behavior of Thailand's consumers, values, loyalty, transformation costs, and rescue of a platform; 4P 's effect on purchasing behavior of consumers in Thailand; Thai consumers prefer a price advantage to the e-commerce platform.