

## **CHAPTER4**

### **SWOT QUANTITATIVE MODEL CONSTRUCTION AND EMPIRICAL ANALYSIS**

#### **4.1 SWOT Quantitative Model for AliExpress**

SWOT analysis, a commonly used tool for strategic planning, is traditionally a form of brainstorming. Hence, it has been criticized that it is likely to hold subjective views of the individuals who participate in a brainstorming session and that SWOT factors are not prioritized by their significance thus it may result in an improper strategic action (Boonyarat et al. 2016).

So, the SWOT analysis model is based on the SWOT model, the Strengths, Weaknesses, opportunities and threats of SWOT will be digitized, it is more objective, and the strategic analysis and decision-making have a more intuitive representation of the actual situation. The most important principle of SWOT analysis model is to analyze the environment and the external environment, which is the internal environment and the external environment, which analyses the Strengths and Weaknesses of the enterprise itself through the internal environment and analyzes the opportunities and threats to the enterprise through the external environment. Including the current trends and trends in the future, the results of the analysis will be very helpful for the strategic decision-making of the enterprise.

Based on the SWOT model, this paper analyzes the Strengths and Weaknesses of the strategy selection of the internal environment and the external environment, and the opportunity factor and threat factors of the strategy selection. Next, quantify criteria and quantify the whole factor.

As a first step, the basic environmental analysis and environmental analysis are divided into the internal environment and the external environment. The common methods of internal environmental analysis are 4M analysis, McKinsey 7 's model, and the analysis method of external environment analysis representative has PEST environment analysis and five-force model analysis method. In order to obtain more accurate and true results, a questionnaire is used to supplement several factors in environmental analysis.

Step 2: Select the strategic factors. To find out the key factors involved in entering the e-commerce market in Thailand, these factors are divided into internal and external factors. Identify the strengths and weaknesses within internal factors, identify opportunities and threats in external factors.

Step 3, determine quantitative criteria and quantify. Determine the weight criterion and scoring standard. The information needs to be collected based on the defined quantitative criteria and methods. All the factors will be quantified and the total score will be summed up.

SWOT analysis is an effective and simple planning technique which addresses one aspect of many strategic planning processes (Ann 1993).

#### **4.2 Environmental Analysis and Factors in Thailand by AliExpress to Thailand**

SWOT analysis is an examination of an organization's internal strengths and weaknesses, its opportunities for growth and improvement, and the threats the external environment presents to its survival (Harrison, 2010).

The SWOT theory focuses on environmental analysis, which is divided into internal and external environment. Studying the two environments can help identify the strengths and weaknesses of enterprises themselves and the opportunities and threats facing the market, but also play a significant role in strategic planning and decision-making. This paper builds the SWOT quantitative analysis model from the research of internal and external environment and analyzes whether AliExpress should enter the e-commerce market in Thailand.

##### **4.2.1 Internal environmental analysis method**

Based on the 4M and 7 's models, this paper is used as a reference in the analysis of the internal environment.

The 4M analysis is a model for analyzing the internal environment, including manpower(Man), financial(Money), Material(Material), Management(Management). The first M(human) refers to the capacity of the number and personnel within the enterprise, including the ability of business leaders; the second M (financial position) refers to the financial position, debt situation and the flow of funds within the enterprise: the third M(material), which refers to the leading equipment and technology; the fourth M(management), It refers to the efficiency of internal management of enterprises.

The McKinsey 7'S model comprises Strategy, Structure, System, Style, Staff(Staff), Skills(Skill), Shared Values (Shared values). The first S(strategy) is the concentrated embodiment of business thinking, which is the result of a series of

strategic decisions, which is the result of a series of strategic decisions. The second S(structure) refers to the organizational structure. It is the organizational structure of an enterprise, that is, the enterprise's objectives, collaboration, personnel, the effective arrangement of position, mutual relation, information and other organizational elements; the third s(institution) is the institutional system of all aspects of the enterprise. The customization of the enterprise system is to implement the enterprise strategy, so the system should be developed in line with strategic thinking so as to avoid deviation from the strategy. The fourth s(style) refers to the management style of the enterprise, the capacity and management style of enterprise leaders is an important factor affecting the success or failure of the enterprise, the fifth s(staff), the manpower planning is the key to the strategy implementation, and the enterprise should allocate the employees reasonably. The expertise of different employees is also different; the sixth S(skill) refers to the skills required by the staff to master certain skills in the implementation of the enterprise strategy, which depends upon strict, systematic training; and the seventh s (common values), It refers to the basic idea, belief and value of the enterprise personnel, and also can be understood as the enterprise culture.

#### 4.2.2 External environment analysis method

For the external environment, the external factors involved are identified according to PESTS environment analysis and Porter's five-force model analysis.

(1) PEST Environmental Analysis means the analysis of macro environment, and PEST is the abbreviation of politics, economy, society and technology. In analysis the context of an enterprise group, it is often through these four factors to analyze the situation in which the corporate group is facing. First, politics. Mainly including political system and system, political situation, government attitude and legal environment, such as laws and regulations. Second, economy. Key strategic elements that form the economic environment. Third, society. It is about population and cultural backgrounds and values. Fourth, technology. Technological environment includes not only invention, but also new technology, new process, new material emerging and developing trend related to the enterprise market, and the background of application.

(2) The five-force model of Porter's five-force model is the force of competition in five affected industries by Michael Porter, and Porter draws a lot of different factors into one of their models to analyze the basic competitive situation of an industry. These five forces are derived primarily from the competitive ability of existing competitors, the ability of potential competitors to enter, the ability to substitute for

alternatives, the bargaining power of buyers, and the bargaining power of suppliers. Five forces selected according to the five-force model are: the competition of the existing cross-border e-commerce platform. the threat of the port on the entrants. Analysis of barriers to entry and potential retaliation, including customer loyalty, capital investment, customer switching costs, distribution channels and government policies, and the threat of alternatives. Including the Thailand domestic network purchase platform, through social network sales online store, the entity selling store and the official website of the official website of the bargaining power. It mainly considers the number and number of consumers buying and switching costs into the bargaining power of online merchants.

#### 4.2.3 Questionnaire investigation method

Based on the analysis of the external environment, the paper designs a number of questionnaires, which include finding out the views of Thai consumers in China according to the social factors design problem of PETS and finding out the threat of customer loyalty and alternatives according to the problem of five-force model design. Consumer bargaining power. In addition, a market survey of the e-commerce market in Thailand has also been included to study the online purchasing behavior of consumers in Thailand and to find out the visibility of the AliExpress platform in the Thai market.

### 4.3 Quantification Methods and Criteria for Internal and External Factors

Quantitative analysis of internal factors, including strength(s) and weaknesses(w); external factors include opportunities(o) and threats(t). Since its factor is not only one or two, the importance of different factors is different, so it is necessary to determine the weight of each factor before the next step quantization work can be carried out.

Weights are used to reflect the importance of this factor in the same level factor, and also belong to a cross-comparison method. The commonly used weight determination methods are: Delphi method, questionnaire method and analytic hierarchy process(AHP). Usually, each factor is weighted according to the importance of importance to the decimal representation of 0-1. The smaller the number indicates, the more important it is, the more important it is, the greater the number is, and the value of the number is equal to one, and one is the most important, and the sum of all the factors must be equal to that of the value. "One".

Quantification is a result of a longitudinal comparison, and a factor's score

reflects the strength of the factor in the same property. In order to be more efficient for grading work, the paper takes a 5-point score, which is represented by figures from 1-5(Table 1); the smaller the number; the opportunity; the smaller the threat. The following are five scores of scoring standards for four different factors. As a result, the final quantified result will be weighted by the score\* weight, assuming that the weight is represented by W (Weight), the score is represented by S (Score), and the final result is represented by F (Factor), that is  $F=W*S$ .

score	Strengths	Weaknesses	Opportunities	Threats
5.0-4.21	Strengths is very obvious	Weaknesses is very obvious	Opportunity is very obvious	Threat is very obvious
4.20-3.41	Strengths is clear	Weaknesses is clear	Opportunity is clear	Threat is clear
3.40-2.61	Strengths is generally	Weaknesses is generally	Opportunity is generally	Threat is generally
2.60-1.81	Strengths is not obvious	Weaknesses is not obvious	Opportunity is not obvious	Threat is not obvious
1. 80-1.0	There is no Strengths	There is no Weaknesses	There is no opportunity	There is no threat

#### **4.4 Analysis of AliExpress Platform Entering Thai E-Commerce Market**

##### 4.4.1 Introduction to AliExpress

AliExpress is officially launched in April 2010. It is the only online trading platform for Alibaba's only global market, which is called International Taobao by the majority of sellers. AliExpress to overseas buyers, through Alipay International account for the guarantee transaction, and the use of international express delivery. It is the third largest online shopping website in English. AliExpress is an online trading platform that helps small and medium-sized enterprises to contact with terminal wholesale retailers, to expand their profits and expand their profit margins.

The characteristics (1) small order, big market: the global trade under the new situation, the buyer procurement mode is undergoing drastic change, therefore, the multi-batch is forming a new trend of purchasing, and more terminal wholesale retailers are buying directly online. (2) Short cycle, high profit: direct to terminal retailer and online store to supply, shorter circulation channel, direct online payment collection, expand product profit blank ask, create more revenue. (3) Low-cost, high-security: buyers and sellers online communicate, order to pay one step in place,

international express delivery of goods, shorten the trading cycle; website integrity security system for the trading process to escort, avoid the money deceived.

#### **4.4.2 Internal environmental analysis of the AliExpress**

##### 4.4.2.1 Organization Structure

On July 23, 2012, Alibaba group adjusted the business structure and organization, adjusted from the subsidiary to the enterprise group system, set up treasure, a Taobao, the Tmall, Juhuasuan, Ali international business, Ali small business and Ali cloud altogether seven business groups.

On Jan. 10, 2013, Alibaba group will adjust the business structure and organization and set up 25 business divisions. The business development of the specific business department will be the responsibility of the President of the Business Division (General Manager). The new system consists of the Strategic Decision Committee (chaired by the Board of Directors) and the Strategic Management Executive Committee (chaired by the CEO).

##### 4.4.2.2 Financial Condition

According to data obtained from Alibaba Group's annual report in 2015, Alibaba Group's annual income and net assets increased significantly after the successful launch of 2014. The year-on-year growth rate was not high, but the annual revenue increased from 345.17 billion yuan in 2013 to 55.04 billion in 2014, compared to RMB7620.4 billion in 2015 and a trend of growth in the future. Asset assets rose from 111.5 billion yuan in 2014 to \$255.4 billion in just one year in 2015. In respect of the Company's debts, the total liabilities are less than half of the net assets

##### 4.4.2.3 Human Resources

After 16 years of development, Alibaba Group has recruited more than 30,000 employees worldwide, a talent-intensive company. Alibaba Group also maintained these talents by distributing equity to early and other high-caliber staff, cultivating loyal and dedicated staff to the group.

##### 4.4.2.4 Corporate Culture

Mission: A business that makes it difficult to do.

Vision:

1.Meet in Alibaba(Meet@Alibaba). Promote business and social interaction every day.

2.Work in Alibaba(Work@Alibaba). Providing customers with business infrastructure and data technology to enable them to build businesses, create value, and share results with other Group ecosystem participants.

3.Living in Alibaba(Live@Alibaba). To expand the scope of products and services, let Alibaba become an important part of our daily life.

4.To be a company that spans over 102 years across the three centuries. Core Value: Alibaba Group has a value in how to manage business, recruit talents, appraise employees and decide employee compensation plays an important role, namely customer first, team work, embrace change, integrity, passion and dedication.

#### 4.4.2.5 Strategic Development

The three strategies to be sold in 2016 are: 1. Thousands of people face each other. According to the buyer's shopping behavior to make personalized projection, and buyers establish interactive channel such as sign-in collar gold city and so on. 2. Funeng seller. Develop more wireless end transportation tools, let the sellers maintain their own shops, do some shop activities, and edit the wireless end of the merchandise page, to improve the brand and differentiation. 3. Supporting key sellers. It is based on the Chinese good seller's plan, in the exploration area to the key seller to do store weighted, shop direct, at the same time obtain exclusive resources.

#### 4.4.2.6 In Thailand

This paper inquired about 2,500 people in Thailand's Internet users by questionnaire, whether or not they've heard or know how to sell through the platform and analyze the popularity of the fast-selling platform in the Thai market. The results showed that 57. 8% of Thailand's consumers who responded to the questionnaire were totally unaware of AliExpress; 12% of Thai consumers have heard but do not know what speed is being sold; 3. 5% of people in Thailand have never heard of a mention of the name of AliExpress. 26. 7% of people have heard and know how to sell through the platform. Therefore, it is not very high in the Thai market to show that the AliExpress is not well known in the Thai market.

### **4.4.3 The external environment analysis of e-commerce market in Thailand**

#### 4.4.3.1 PEST Environmental Analysis

##### 4.4.3.1.1 Political Situation in Thailand

Thailand's politics have been in a more volatile state in recent years, which have been staged several times and are still under the leadership of the military government. In terms of foreign trade policy, Thailand imports trade to most commodities, and only imports, tariffs and import licenses for some products. In terms of tariffs, Thailand's average tariff for WTO members is 11.2%. China and Thailand also share the ASEAN Free Trade Area, which is currently carrying out tax-free products such as fruit and vegetables, and imports from other fractional products and packages are subject to different tax revenues based on product types, prices and author rised products, and generally small products will not be taxed. Recently, however, with the development of cross-border e-commerce, a number of small packets sent from overseas sellers to Thailand are usually taken 'Gift' In Thailand, when customs clearance occurs, some are fined, some are buckled, cause multi-party problems. In addition, the problem of intellectual property rights of brand products has not been fully handled, prevention of illegal import goods, small package clearance can also be strictly checked.

Although the Thai government has introduced the relevant laws of e-commerce, it has not yet emerged as a complete law covering the scope of e-commerce as Thailand's e-commerce has developed.

##### 4.4.3.1.2 Thailand's economic situation

In recent years, Thailand's GDP and GNP are rising every year, and Thailand's GDP in 2010 is 16.6 trillion yuan, 161.9trillion in 2011, 181.7trillion in 2013 and 1840.2 trillion in 2014, with a per capital GNP growth. This means that Thailand's consumer purchasing power is rising gradually, and Thailand's market is promising.

##### 4.4.3.1.3 Attitude to Made in China

Thai consumers believe that the quality of the products manufactured by China is generally and is likely to be purchased, while a few believe that the quality is poor and that very few of them may not be purchased. The view of China's manufacturing products in some people is not so optimistic that Chinese businesses should solve the problem as soon as possible.

#### 4.4.3.1.4 Thai Electronic Business Environment

In 2015, Thailand's Internet users reached 39466260, whereas Thailand's broadband internet users were only 6402876, for the reason: first is that the internet is increasingly using mobile phones and the second is a number that can be used by multiple users.

According to the Internet speed ranking of the Asian countries(region) published by Ookla's NetIndex, broadband Internet speed and mobile network information transmission speed are divided into broadband Internet speed and mobile network information transmission speed, and the broadband internet speed in Thailand is 19.8Mbps, ranking eight in Asia as a whole. Mobile network information transmission speed is only 5.5Mbps side-by-side in Asian countries(region) 12th.

In general, Thailand's e-commerce technology environment is still well developed, and the Thai government encourages the communication company to improve the speed of mobile phone network, and Thailand's e-commerce development environment will be more optimized and more able to play the potential of Thailand's e-commerce.

#### 4.4.3.2 Five Force Model Analysis

##### 4.4.3.2.1 Competitors

For cross-border e-commerce platforms built in Thailand, there is a high profile and a large number of platforms, mainly eBay, Amazon, Lazada, Zalora platform, etc.

eBay's internationally renowned retail electronic market platform is most popular in Thailand.

Amazon's platform, also known as a cross-border e-commerce platform, is one of the most popular platforms in the world to start online shopping, where e-commerce in Thailand has not yet started. People need to buy it online. It's only through them, but they're still quite small.

Lazada Platform and Zalora are a company, and Lazada is doing its best in recent years to expand the E-commerce market in Southeast Asia, which began in 2012 and currently covers six countries in Southeast Asia, namely Thailand, Vietnam, Malaysia, Indonesia, the Philippines and Singapore. Lazada, known as Amazon, South-East Asia, is the core of the platform's ability to sell its first time to six

countries in South-East Asia, which is basically like Amazon, and Lazada is now having a big impact on Amazon's shopping behavior. It not only makes BASF buy domestic products from Dazzada, but also can buy imported products from abroad, experience a website both domestic and cross-border e-commerce platform, while Zhalora's market is different from Lazada, Zaleara more value brands and quality, its relationship is similar to Taobao and Tmall relationship.

#### 4.4.3.2.2 Industrial Rate

Because e-commerce has just begun to develop in Thailand, cross-border e-commerce entities are also seen as newer ways of shopping and are not welcome. But according to Lazada's performance report, Thailand is the highest-growing country among South-East Asian countries.

#### 4.4.3.2.3 Entry barriers

Entry barriers to entry into the e-commerce market in Thailand are three:

First, in terms of capital investment, one of the most important factors in the e-commerce industry is technology. Because Thailand has its own language and culture habit, the Internet shopping is also based on the traditional payment method, resulting in many fraud collection cases, so as to lack confidence in the purchase of the net purchase.

Second, access to existing barriers to Thailand's market, although AliExpress of its own logistics services and overseas warehouses, but the main cross-border logistics mode is to arrive at the destination country after country post in the domestic distribution package, and Thailand post is still under development status, by asking long, violent pie in delivery, some Thais are disgusted at the delivery of Thailand's postal services.

Third, Amazon's online shopping is different from other countries, modern consumers like to play social networks and buy and sell products via social networks.

#### 4.4.3.2.4 Consumer bargaining power

The customer loyalty of Thailand's consumers is low, because it is at an early stage and at a more mature stage, so it is now a good time to move into the Thai market and build a platform. However, from another point of view, customer loyalty

and conversion cost also make the customer's bargaining power improve.

#### 4.4.3.2.5 bargaining power of suppliers

Most of the businesses that have set up shop on the platform are small and medium-sized enterprises, some of which rely on the platform to develop their business and order, and their dependence on the platform is higher. Although there are several cross-border e-commerce platforms on line, but in line with China's small and medium-sized enterprises and high reputation is not a lot. And globally famous e-commerce platform such as Amazon and eBay set up shop procedures and audit more complex, the standard is higher, some individuals, small and medium-sized enterprises cannot meet the requirements of the platform requirements, if you want to establish own e-commerce platform, but also have to put into human and material resources, most sellers can't afford the cost, so their choice still goes back to China's built-up platform. Now AliExpress has released a new strategy, the platform whole body into the B2C platform, requires the individual shop transformation for the enterprise, the business license, a lot of business license businesses have complained, this shows that they have less bargaining power on the platform, it is obvious to rely on the main business of the platform.

#### 4.4.4 SWOT Quantitative Analysis to AliExpress

The following is the SWOT quantization analysis table with four factors: the strengths, weaknesses, opportunities and threats to sell-on platform, and the weight of each factor is divided according to the weight standard, then the score will be graded according to 5 scores, and the score will be weighted and the final total score will be obtained. The weights and scores are derived from the internal and external environment analysis references. Quantification of strengths, weaknesses, opportunities and threats, as table (2-5).

No.	Strengths Factor	Weighting	Score	Root Score
S1	Alibaba Has a High Reputation	0.03	2	0.06
S2	Superior Leadership	0.02	3.5	0.07
S3	A Great Deal of Experience Fengguan's e-Commerce Talents	0.1	4.5	0.45
S4	Strong Business Ability, Rich Experience	0.1	5	0.5

S5	Large Amount of Investment Funds	0.1	4.5	0.45
S6	Platform Has Price Advantage	0.2	5	1
S7	Good Credit System and Payment System	0.2	4.5	0.9
S8	There Are Numerous Suppliers and Tens of Thousands of Commodities	0.1	4.5	0.45
S9	Most of The Goods Are Exempt from Freight	0.15	4.5	0.675
	Amount	1		4.555

Table 3: The weakness

No.	Weakness Factor	Weighting	score	root score
W1	Considered a medium-level platform	0.05	2.5	0.125
W2	Lack of understanding of Thai consumers	0.2	6	1.2
W3	Mobile App does not have Thai version	0.15	7	1.05
W4	The Thai version of the website is translated through translation software	0.15	5	0.75
W5	Social networking tools not communicating with Thai people	0.1	6	0.6
W6	The Seller shall take effective control of illegal packing list measures against the seller	0.1	5	0.5
W7	Failure to fully control intellectual property issues related to branded products	0.05	2	0.1
W8	Low visibility in Thailand	0.2	5	1
	Amount	1		5.325

Table 4: The opportunity

No.	Opportunity Factor	Weighting	Score	Root Score
O1	Consumers Have a Large Potential Purchasing Power	0.13	4.5	0.585
O2	Thailand e-Commerce Market Is the Fastest Growing Asia In Southeast Asia	0.13	4.3	0.559
O3	Customer Loyalty Is Not High	0.18	4	0.72
O4	There Are Highways in China and Thailand	0.08	3.5	0.28

O5	Platform Will Be Upgraded From c2c	0.06	4.5	0.27
O6	Thailand e-Commerce Market Has Great Development Space	0.19	5	0.95
O7	Lower Bargaining Power of Suppliers	0.1	3	0.3
O8	Cross-Border E-Commerce Market Is Not Fierce	0.13	4	0.52
	Amount	1		4.184

No.	Threat Factor	Weighting	Score	Root Score
T1	Instable Political Situation	0.05	3	0.15
T2	Low Number of Cross-Border E-Commerce in Thailand	0.15	4	0.6
T3	Thailand's Domestic Logistics System Is Not Perfect	0.15	4	0.6
T4	The Consumer Has the Advantages of Low Conversion Cost and Strong Bargaining Power	0.1	3.5	0.35
T5	The Threat of Substitution Is High	0.2	6	0.12
T6	Higher Input Cost	0.15	4	0.6
T7	Thai Consumer Positioning in China	0.05	3	0.15
T8	The Customs Clearance of Small Bags Is Strictly Checked	0.1	3	0.3
T9	China's e-Commerce Law Lags Behind	0.05	3	0.15
	Amount	1		3.02

#### 4.4.5 AliExpress Enters Thailand's E-commerce Market SWOT Quantitative Analysis Conclusions

Through the analysis of the internal and external environment through other analysis methods, such as questionnaire survey, the SWOT analysis of the e-commerce market of Thailand has been made. The results show that the weaknesses of AliExpress system is higher than the strength, and the chances of entering the e-commerce market in Thailand are higher than that of the threat. So AliExpress overcome internal weaknesses and grasp external opportunities (Table 6).

Table 6
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Strengths	Weaknesses	Opportunities	Threats
4.555	5.325	4.184	3.02

Although AliExpress to Thailand's e-commerce market inexperienced, in many ways need to explore and build, but Thailand e-commerce market place of business opportunities also many, E-commerce in the early development of Thailand, has a very fast rate of growth, As compared with other developing countries in South-East Asia, the market value of e-commerce in Thailand will increase year by year, with the increase in GDP and GNP, with great development space and regional positioning, as Thailand is at the heart of Southeast Asia, It is a good opportunity to develop and develop Southeast Asia market. Therefore, for entry or entry into the Thai e-commerce market, the suggestion of this article should be entered. At first, AliExpress should overcome several internal weaknesses, fully consider and research into the way of entry, then make use of mature platform management experience and investment funds to grasp existing opportunities, develop and develop the e-commerce market in Thailand, and strive for more customers and cross-border e-commerce market share.