

# Swot of taobao

[Finance](#), [Financial Analysis](#)



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### **Business: Taobao online trading platform Strengths:**

- The leading individual trading online platform in Asia provided B2C and C2C e-commerce business model.
- Create (Lead) a convenient and easy online shopping channel for consumer without using traditional retail channels.
- Connect with a reliable payment method and online trading & paying system (Alipay???)
- A well-known brand for online trading platform in business field that can attract businesses to join and be the alliance with Taobao.
- Gather millions of domestic businesses, personal customers, global businesses and global customers (users) to trade and access to a variety of products and services (in a lower price) without constrains of time and distance.
- Self-help system is promoted to make users have better personal trading place.

- Strategies like 7-day/30-day Safety Guarantee for Shopping and Shipping/ Shopping Insurance, in Taobao build up customers' confidence.
- Rich human resources to have a better development for the business.

### **Weaknesses:**

- There are many counterfeit and pirated goods appeared in Taobao as the supervision is poor. It damages the confidence of the buyers who have bought the fake one while the sale of sellers who are selling genuine is also affected.
- Credit evaluation system is not comprehensive with poor management while sellers can easily delete a bad comment or evaluation from users (or they can pay and hire someone to evaluate positive comments). It provides low reference values for users.
- Without effective control, Thousands of online advertisement increased causes the falsity of the advertising also increased.
- The trading models of Taobao are easily being copied. For example, the Group buying nowadays in Hong Kong was originally started in Taobao.
- Businesses might withdraw from Taobao and to have their own trading and shopping platform/ they will distribute their resources in different online trading platform when they expand to a certain business scale. Then those businesses will become the competitor of Taobao. Personal information leak may happen, including names, phone numbers and home addresses when businesses get all these information.

- Taobao does not provide a natively English version for the platform. It limited its expansion in global market.

### **Opportunities:**

- The increasing usage of the Internet and technology development helps the expansion of Taobao.
- The smartphone technology increases the efficiency and convenience of online shopping and builds up an efficient network business culture. People are confident and motivated to buy more.
- Government launched a lot of policies to standardize the operation and development of different industries. It indirectly provides an elastic and loose developing environment for online trading platform.
- Different banking system corporates with Taobao (alipay) to launch different system to provide more services for online users, such as bills payment, insurance or auto paying expenses.
- The growing economy in China encourages people's consumption on online shopping platform.

### **Threats:**

- Different competitors in Asia is following behind Taobao and sometimes that its position is threatened, such as QQ Mall, 360buy, Amazon. cn etc.
- There are many new online paying platforms appeared to challenge the position of Alipay, such as Tenpay (by Tencent) , Baifubao (by Baidu) as they fail to corporate with some third parties (banks, insurance companies) .

- The quality of different logistic service providers is uneven. There are many complaints about courier stealing goods/damaging goods from customers at Taobao. It will affect Taobao's expansion until they build up their own systematic and uniform logistic system.
- Government policy about e-commerce business model is not fully established. Existing law and regulations always fall behind to define the attribution of the burden of proof. It somehow causes online transaction disputes between buyers and sellers.
- Traditional shopping platform provide a direct way for customers to look, feel and touch with the product. A big market will still stick with traditional trading platform (like malls, markets or shops in real).