

How could alipay dominate chinese market essay



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As people's living standard promoting, ways of purchasing and shopping are keeping changing. More and more people are using online banking instead of traditional banking and using their cellphones to handle their business.

Nowadays, The Alibaba group is considered the dominator of Chinese growing e-market. In order to create more value for the costumers, one of this company's innovations, a third-party online payment platform, Alipay, debut to public.

A main marketing concept, customer value creation is about the customers perceive the value of the product and services, just like the main article states that Alipay group keep providing leading services as well as benefits to Chinese consumers. (Matt, 2014). In the rest of the essay, I will introduce the deeper meaning of customer value creation through sources firstly; why and how Alibaba group uses Alipay to create value for customers secondly; Then what the value or impacts that value creation can bring to the individuals and the firms.

According to Woodall(2003)'s definition, customer value is the value customer perceived or received and value for the firm. We focus more on the former, that the firm should understand customer's definition of value, and make it as their most important goal. From customers' perspective, the value they defined is the results delivered, not in the matter of product or services features. '(Simon, 2015) They are concerned with the performance, operating and asset productivity and the risk. For example, some busy people would rather go to McDonalds than to the high-class restaurant.

Not because McDonalds is cheaper or more nutritious but because McDonalds can save more time, which is more productivity for them. What I say above can demonstrate another scholar's explanation " a customer's perceived preference for, and evaluation of, those product attributes, attribute performances, and consequences arising from use that facilitates (or blocks) achieving the customer's goals and purposes in use situations" (Woodruff, 1997, page 8) Nowadays, we could achieve what Woodruff said by promoting our product and providing thoughtful support services.

Although Alipay was always defined as Chinese Paypal, Alipay provides more versatile, data-rich payment system for general public. " PayPal is best known as a payment option, a screen you may reach at the end of a transaction on a retail website, but with Alipay, customers can go directly to its app and website to make payments, check their investments, or buy movie or plane tickets. "(Christina, 2015) Alibaba group put all the options like buy tickets or pay water and electricity fee at the Alipay App home page.

This design of the home page promoting the performance of the product, every time when users open Alipay App it is high-efficient for them to find what they need. Take an decision which made by Alibaba group in 2014 as another example, Alibaba launch Alipay ePass as a tool to offers secure, cross-border transaction. Rachel Strugatz(2014) describes that ePass helps solving hurdles like the cumbersome shipping, tax and customs processes, for U. S. brands entering China via the e-commerce ecosystem.

In our main article Matt (2014) also admits that ePass giving direct access to their products to affluent Chinese who crave foreign brands and

merchandise. To make the customers shopping worldwide cheaper, quicker and easier will create value for the customers just like Woodruff says.

Secondly, Alibaba improved operating productivity. Alipay gradually cooperates with physical stores, such as supermarkets, restaurants or other entertainment industries. Assume you need to buy something but did not bring enough money, you will not feel helpless if you brought your cellphone.

Just open the Alipay app, show the cashier your Alipay bar code. The cashier will use the scanner to scan your code, then the transaction will be dealt.

The technological and operating promotion make people's life more convenient, they prefer just use cellphone to handle all the transactions.

Lastly, Alibaba is aiming for creating value for customers not bring them cost and loss. Thus, Alibaba group must spend a lot on safeguarding network security to reduce the risk of users. One small example, the bar code for every users will change every minutes to prevent fraudulent case happens.

Because we have two tools for creating value in market concept, the first one is creating value through benefits, the second one is through costs. For benefits aspect, Alipay has a function called "Yu-e bao" which is letting you to deposit your extra money in it, and the interest is higher than traditional bank. This marketing strategy will benefits customers such as improved their asset productivity, but will threaten the traditional banking industry. This is exactly one reason why Alipay can beat their competitors.

Promoting the quality of support services and the relationship management is what Alibaba keep pursuing. Data sources from The Statistical Portal shows that in 2012 the number of employee of Alibaba is 21, 930. In 2015,

the number boost to 34, 985. Alibaba hire more workers to process and collect the useful information and delete the useless information. For cost aspect, Alipay is a product that declared no charge fee when you dealing with every transactions. Sometimes even provide huge subsidy and promotions to the customers.

That means Alibaba group will bear the cost themselves but save the cost of customer. Alipay also famous for its creative payment way, users no longer need to bring wallet anywhere. Overall, it costs users less money, less time, and less effort. Besides, creating customer value will lead to firm value, " It accounts for 80% of all retail online sales in China "(Matt, 2014) If their performance increases, the share price of Alibaba group will also increases. On account of Alipay can bring huge value creation for customers, there must lead some other marketing concept.

For example, higher productivity and quality of goods and services will help Alibaba group retain their customers and enhancing the customer loyalty. A data shows, Alibaba have 289 million monthly active mobile users and 12. 7 billion annual orders in Alibaba's marketplace (Craig, 2015) Finally, it will building brand equity for the firm. Branding will associate and attract more customers and resist competitors, even expend and develop future global market. In conclusion, We can learn from Alibaba group's decisions and performance that they make good use of their sources to achieve value creation.

Such as designing and developing their products to benefit users, providing better services and management to the customers, establishing brand value

for customers. Also, they can create value through cost aspect. For example, providing more interests for the customers means the firms willing to bear the cost, such as maintenance cost or financing cost. Furthermore, creating customer value will enhance customer loyalty and bring value to the firm. Therefore, it is really important for a company to set creating customer value as their goals.

Reference

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