Chapter 4

Customer Engagement Strategies of China’s E-Commerce Industry and Their Impact on China’s Economy Transition

Liguo Yu
Indiana University South Bend, USA

Alok Mishra
Atilim University, Turkey

ABSTRACT

In the past 15 years, China’s e-commerce industry has grown tremendously and become the world’s largest e-commerce market. This chapter studies some popular e-commerce companies of China, including Alibaba, JD, and Pindoudou. Specifically, the customer engagement strategies of these companies are described and analyzed. This chapter helps readers understand how various customer engagement strategies of China’s e-commerce companies have facilitated the change of their consumers’ shopping habits—switching from offline shopping centers to online marketplaces and from cash-based payment to credit-based payment. The success of these customer engagement strategies has contributed to the performance improvement of e-commerce companies and could ultimately assist China to transfer from a production economy to a consumption economy. Moreover, these customer engagement strategies developed in China might also be applied to other e-businesses or marketplaces of different regions, especially developing countries that have a similar economy structure as China.

DOI: 10.4018/978-1-7998-1618-8.ch004
INTRODUCTION

China is world’s largest e-commerce market. In 2017, its online retail sales reached US $1.15 trillion (Tong, 2018). In comparison, the U.S. consumers spent US $453 billion on the web for retail purchases in 2017 (Zaroban, 2018). In addition, China’s e-commerce grows at a much faster rate. In the past several years, it has maintained an average of over 33% annual growth rate on total spending (Tong, 2018). Researchers believe that this is just the beginning. With the extensive urbanization and digitalization throughout the country, in the next 10-15 years, we expect the e-commerce sales in China might surpass its traditional offline retail sales and become the national supporting business.

Looking back, it is worth studying this dramatic transition. Many factors have contributed to the growth of e-commerce in China, such as adoption of smartphones, utilization of 4-G network, growth of middle class, millennial generation becoming the major consumers, and so on. However, one factor should not be underestimated, which is the customer engagement strategies utilized by e-commerce companies to attract and retain customers and eventually to reshape their shopping habits.

Currently, China is undergoing a transition from a production economy to a consumption economy. This fundamental national plan is a critical effort in dealing with its economic challenges both domestically and internationally. During this transition, e-commerce, as a major component of consumption economy, will play a unique role.

This chapter studies the representative e-commerce companies of China. Specifically, we investigate how these companies’ customer engagement strategies have helped them promote products and services, grow user base, and encourage user spending. We will also discuss how the booming of e-commerce industry might facilitate China’s economic transition. The remaining of the chapter is organized as follows. We first present the background knowledge and methodology of this study, including a brief description of customer engagement and China’s economy. Then we describe some representative e-commerce companies of China and their customer engagement strategies. Next, we discuss China’s economy transformation. Finally, we conclude the chapter.

BACKGROUND KNOWLEDGE AND RESEARCH METHODOLOGY

Customer Engagement

Customer engagement is to encourage customers to buy products or services and share their shopping experience with others to promote further buying opportunities
An Assessment of Federated Machine Learning for Translational Research
www.igi-global.com/chapter/an-assessment-of-federated-machine-learning-for-translational-research/246714?camid=4v1a

Customer Engagement Strategies of China's E-Commerce Industry and Their Impact on China's Economy Transition
www.igi-global.com/chapter/customer-engagement-strategies-of-chinas-e-commerce-industry-and-their-impact-on-chinas-economy-transition/241759?camid=4v1a

Consumer Protection in Online Shopping: An Investigation of Virtual Credit Card Awareness in Turkey
Emre Yildirim (2020). *Interdisciplinary Approaches to Digital Transformation and Innovation* (pp. 203-225).
www.igi-global.com/chapter/consumer-protection-in-online-shopping/246718?camid=4v1a