

1. Commercialization

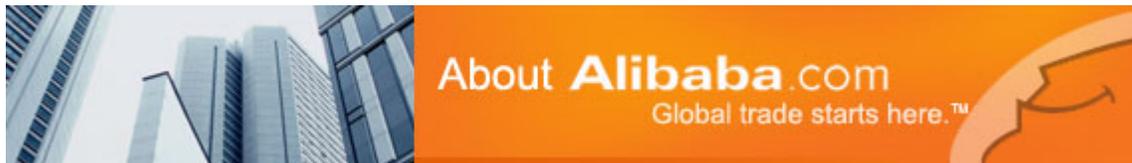
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| Commercialization | Education | Entertainment | Major Events of 2008 | Policies and Implemented Laws | The High Technological Era |
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1. ICT in Commercialization

1.0 Introduction

The concept of E-commerce was introduced to China in 1993, while the first online transaction in China was done in 1996. In 1998, the E-commerce demonstration project among enterprises which aimed to promote informatization of the national economy was initiated. The transfer of E-commerce from concept to practice started in 1999. Being expand from B2C to C2C (online audition) and B2B (emerged at the end of 1999), E-commerce showed a sound stability and growth in China.

1.1 Alibaba



Alibaba was founded by an English teacher, who was named Ma Yun (Jack Ma) in 1999. The main office was located in Hangzhou, Zhejiang. Alibaba is the first company in China to specialize in online trading at an international level. Alibaba has been experiencing market growth for years and it had been attracting a lot of big companies to invest money in it. It provides various products and services for both buyers and sellers on both the national and global level. It mainly caters to people who are well-versed in these three languages: English, Chinese and Japanese. The Chinese website China.alibaba.com is oriented to serve business-to-business (B2B) trades in China. English.alibaba.com is generally for global online trading businesses while the Japanese website facilitates business transactions from and to Japan. In October 2005, Yahoo! managed to attain the long-term strategic partnership with the Alibaba Group. Yahoo! invested US\$1 billion in Alibaba; Yahoo!'s Chinese assets (worth about US \$700 million) are also under the management control of Alibaba. On November 6 2007, Alibaba was listed on the Hong Kong Stock Exchange (HKSE).

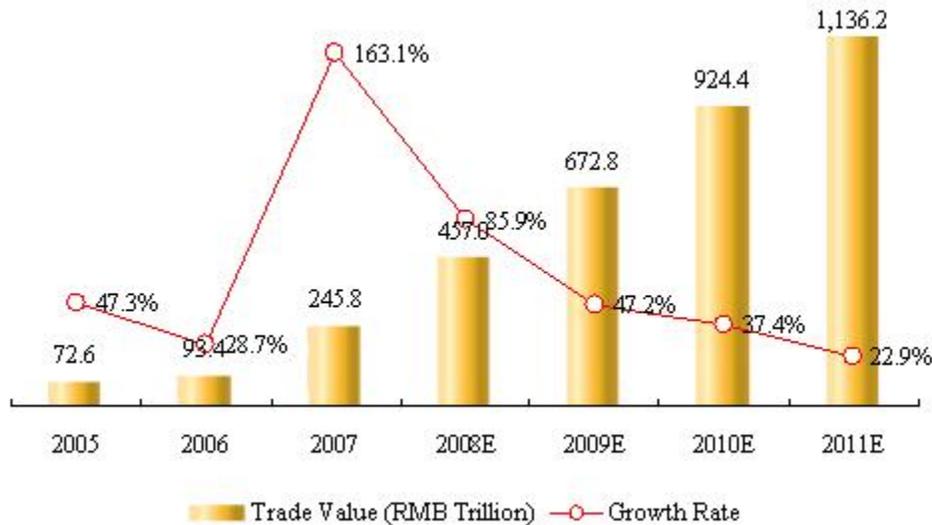
Besides alibaba.com which is the main subsidiary of the Alibaba group, there exist other sub-companies: **Taobao.com** is a consumer-to-consumer trade website for Chinese consumers; **Alipay**, the Chinese website for nationwide online payment; **Alisoft**, the platform for online services which specially caters to the small/medium sized enterprises; and **Alimama** the online advertising exchange, which makes online advertising and inventory trade possible.

Alibaba is not the only E-commerce business form in China. Currently, Alibaba is deemed to be the largest B2B marketplace worldwide. It is the Internet that makes the ultimate success of Alibaba possible. With the help of ICT, the global business is moving away from the traditional trade practices. Instead, it is gearing towards the more effective and efficient online trading.

1.2 Online Banking & Shopping

1.2.1 Current condition

ICT brings about much convenience in the daily lives of most people. The increase engagement in online shopping, one of the most predominant function of ICT over the years, had resulted in a more active involvement in online banking among the Chinese. The 2008 report with regards to the online banking market in China indicated that the growth rate of online shopping surged by 134.4% in 2007 and this had inevitably led the market size to rise, up till it reaches RMB 56.1 billion. Upon comparing with figures from a year ago, the increment was raised by 117.4%. In 2007, the entire volume of trade in China increased by 163.1% as compared to the prior year, which had been reported to be RMB 245,800 billion. The following chart shows the details.



Source: 2008 Report on China Online Banking Market

1.2.2 Representative E-banks in China

Industrial and Commercial Bank of China (ICBC) and China Construction Bank (CCB) command the largest population of online users. This evidently shows that the two banks take up a large proportion of the market share in the banking industry. Besides these two banks, the Commercial Bank of China (CBC), a smaller bank, has also shown significant progress and growth over the years.

1.2.3 Online Shops

There is an obvious interdependence between online shopping and online banking. The increase in popularity of online shopping further pushes the utilization of online banking. In China, Taobao.com is perceived by many to be the most popular and trustworthy auction website. During the early quarter of 2008, Taobao.com launched a new marketing strategy for its clients. The strategy includes helping product manufacturers and retailers to deliver goods to their respective customers in China. It can be observed that many online shops proliferate in existence. Despite such a phenomenon, Eachnet.com, the Chinese version of E-bay, is still deemed by many others to be one of the most trustworthy online shops in recent years.



1.3 To Start a Career Online

1.3.1 The Entertainment Industry - Xiang Xiang

In the recent years, there have been a surge of superstar-wannabes, who have been making countless of attempts in order to carve a niche for themselves in the entertainment industry. They are usually armed with basic necessities required for a home-recording studio - laptop, headphones and a microphone. This advertising technique which was exercised by the acclaimed internet singer, Xiang Xiang, who catapulted the Chinese hit, "Lao Shu Ai Da Mi" to fame, was deemed as a strategic marketing tool as it managed to propel her to instant stardom.

According to the website which houses Xiang Xiang's home-made recordings, Xiang Xiang's recordings had managed to garner a billion downloads from fervent fans across Asia, namely China, Malaysia and Singapore.

It was stated that currently, there are 102 million people who have instant access to the internet.

Xiang Xiang once told the press that "It's unprofitable to publish a song on the internet." However, the internet medium can be effectively used as a marketing and advertising tool which eases communication between people. This characteristic of the internet can be palpably shown when her songs are able to reach out to many others (102 million people) across the world. Moreover, she offers her songs to fans online, without having them to make any payment for the songs.

Xiang Xiang's began to launch her singing career when she joined 163888.net, a China-based online enterprise which is mainly dependent on human traffic into the website. Whenever people log onto the website and listen to its online singers' demo recordings, advertisers would have to pay for its advertisements' billboard usage on the website, which indirectly generates daily revenue for the online enterprise.

Piracy, which is often labeled as "synonyms with popularity", hit Xiang Xiang hard during the peak of her career. With having more than three million copies of her pirated albums sold, Xiang Xiang's earnings remain at zilch. Fortunately for her, unless the ringtone industry adheres to copyright regulations, the singer of the ringtone sold will be able to earn royalties fees. The uprising ring-tone industry generates more than 25 million dollars each month as it managed to snag more than 20 million subscribers in total. Furthermore, from the graph above, when more people are aware and are able to make purchases online in the current years, Xiang Xiang and other budding singers should be able to conduct "listen to demos per payment" online money-making activities.

From the above, it is evident that the internet medium did play a crucial role in determining the careers of Xiang Xiang and other aspiring singers. This is mainly due to the easy accessibility of the internet by many which resulted in the enhanced communication processes between people from all over the world, and et-cetera.

1.3.2 The Book Authoring Industry - Anne Babe

Celebrity book author, Anne Babe, who originated from China, started to work on her literary talent years back. She began to publish literary compositions, short stories and articles on a famed literary forum entitled, Rongshuxia.com. Even though she was just a freelance writer back then, she was already competent in attracting thousands of readers to the site each day. Shortly, the remarkable writer managed to capture the attention of a well-known book publishing firm, which later, signed her on as a contracted book author. From then on, she continued to work hard and reap what she had sowed over the years in the book authoring industry.

Similarly like Xiang Xiang's case, together with the help of ICT, Anne Babe's foray into the book authoring industry was like an incredulous dream. The book publishing firm talented spotted her through the Internet medium and granted her a sizeable opportunity of being a contracted book author. Without the use of ICT, the book publishing firm may not have talented spotted Anne Babe and the rare talent may still be uncovered.

1.4 Useful Communication Between Companies

Cheap labour in China is often regarded as a major advantage when attracting investments from overseas. Due to the existence of such an advantage, many major parent companies set up their production houses in China.

Many multi-national corporations which have production houses in China, like Nike, Reebok and Lenova Laptops, will recognize the fact that ICT will bring about much convenience and ease when handling long distance business management. The parent companies can build and store database online and manage their business in China via the Internet and other communication devices. Moreover, the development of production houses in China will have the opportunities to expand business ties with domestic companies. The enhancement of business ties between both the foreign and domestic companies may aid business transactions and co-operations in the future as both companies can share data and materials online.

Besides having ICT as a medium to bridge long distance businesses, ICT can also be used to enhance business projects between foreign and local companies in China. Since 2000, Nokia has improved on its cooperation ties with China in the area of telecommunicating technology. Another company which uses ICT to enhance its business project and developments in China include Microsoft. It plans to set up the Microsoft Research and Development Centre in China in the upcoming years.

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Picture of Alibaba Courtesy of

<http://www.alibaba.com/aboutalibaba/index.html>