The Present and Future of C2B E-Commerce in China

Case KADANG

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Bachelor’s Thesis
As a comparatively new model, C-to-B e-commerce converts “enterprises push products sales” into “consumers pull production”. In this mode, consumers who have different consumption abilities and brand preferences can actively participate in product design, production and pricing activities to satisfy individual demands. The purpose of the thesis was to provide objective and comprehensive information about the current status of C-to-B e-commerce in China by using KADANG as a typical example.

The thesis was started with an integrated theoretical framework introducing the general overview of e-commerce in China and presenting C-to-B e-commerce profile, characteristics, advantages, different models and the application of Big Data. In terms of research, an online survey was conducted to collect and analyze information on consumers’ awareness of the C-to-B model and the potential improvement aspects for C-to-B e-commerce industry.

The research found that C-to-B e-commerce’s future development is tortuous but bright in China. Based on the research findings, recommendations were proposed to eliminate the existing problems of C-to-B e-commerce model from the viewpoint of local government and enterprises. Ultimately, personal feedback regarding the whole thesis work process was illustrated in the form of discussion.

Keywords
C-to-B e-commerce, customization, questionnaire, KADANG
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1 INTRODUCTION

Year 2014 is a landmark for e-commerce in China. In this significant year, domestic e-commerce embraced the largest “listed year” (Alibaba, 2014). At the same time, “Singles’ Day” created unexpected turnover over 571 billion Yuan (around 78 billion Euro). Accordingly, the national and the local governments promulgated measures to improve the social environment for e-commerce sustained and healthy development. Thereby, electronic business keeps booming and the turnover rate has maintained rapid growth momentum. (China Electronic Commerce Research Centre, 2015)

![E-commerce Market Transactions in China, 2010-2015](image)


According to the bar chart above from “2014 Online Retail Market Data Monitoring Report in China” which is published by China Electronic Commerce Research Center, it is obviously to find out that e-commerce’s development and prosperity has become a new growth point of Chinese economy. Especially, in 2014, Chinese e-commerce market transactions reached 13.4 trillion Yuan (about 1.8 trillion Euro), increase 31.4 percent from one year earlier. Wherein, B2B e-commerce market transactions amounted to 10 trillion Yuan (about 1.34 trillion Euro), a 21.9% percent increase over the same period last year. Online retail market size reached 2.8 trillion Yuan (about 381.7 billion Euro), rose by 49.7 percent year-on-year. Meanwhile, as a significant element for traditional industries’ upgrade, e-commerce has a profound impact on the retail industry, education sector, healthcare industry, farming, chemical industry, envi-
The report also shows that up to December 2014, e-commerce service enterprises’ directly employed is more than 2.5 million. And the indirect employment driven by the e-commerce has more than 18 million people. With the continuous expansion of the e-commerce scale, local government vigorously promotes the development of electronic business. Electronic commerce and other upstream and downstream industries have a strong influence. Thus, employment market has a substantial increase accordingly. (China Electronic Commerce Research Centre, 2015)

Under the prosperity and progress of electronic commerce, multiple types of electronic commerce are continuing to emerge. And at the same time, the competition between e-commerce suppliers is increasingly fierce. In 2008, the concept of C-to-B spread among electronic commerce industry. As a new model of electronic commerce, C-to-B gains an increasing number of attentions from electronic commerce websites, and majority of them hold a positive attitude towards the prospects for future development. Even Ma Yun (the founder and executive chairman of Alibaba Group) makes a prediction: C-to-B will become the future of upgrade industries. Namely, consumer-oriented, flexible production and customized production of C-to-B business model will replace the traditional manufacturing mass production business model. (iknow, 2015)

The purpose of this thesis is to provide an objective and comprehensive knowledge about C2B e-commerce current situation in China by using KADANG as a typical example. To a certain extent, enterprises or organizations which have the desire to participate into C-to-B business industry will learn from the practical experiences of Chinese C-to-B e-commerce existing company. For ensuring the research’s reliability, each result will be concluded through systematical and logical data analysis. Additionally, due to the greatly personal interests on the potential and infinite possibility of e-commerce, also the future further strategic career plan, the author determined to start this research study.

Quantitative method will be applied in research part. Specifically, a questionnaire will be designed by Webropol and published through a variety of social media for gathering and analyzing data within a particular time period. Except the primary data which could be collected via the questionnaire, the second data will be operated from multiple channels, such as electronic resource, literatures, journals and web pages.
The research has six chapters, but they can be divided into four main parts depending on the content.

Chapter 2 provides a general overview of e-commerce. Two main parts are presented. One of them is the basic knowledge of e-commerce, such as the e-commerce definition, advantages and disadvantages of e-commerce, business models of e-commerce. Another part describes the development of e-commerce in China, specifically, the history, development process and the current situation of e-commerce in China. Chapter 3 focuses on the C-to-B e-commerce in China. In this part, the model of C-to-B e-commerce, developing process, subsistent and potential challenges of C-to-B e-commerce, and how does the web 2.0 influence on C-to-B.

Chapter 4 is the vital part for this thesis research methodology. And it based on the case study and questionnaire. Chapter 5 and 6 give the final finding, recommendations and makes a summary of the thesis.
2 GENERAL OVERVIEW OF E-COMMERCE

In this chapter, the e-commerce concepts will be presented from multi-sources. And then e-commerce models will be introduced according to two different classification criteria.

2.1 Definition of E-commerce

Usually, E-commerce is regarded as an electronic intermediary to deal with transactions between organizations and third parties (Kalakota, R, 2001). And Kalakota and Whinston (1997) put forward the e-commerce definition from four perspectives: From a communication perspective, e-commerce means the delivery goods, service and related information through some electronic methods, such as network and telephone lines. From a business process perspective, e-commerce is a technology application toward automatic commercial transactions and workflow. From a service perspective, e-commerce like a tool that can mediate the demand from companies, customers and management to decline service costs while enhancing the products' quality and accelerating the service delivery speed. From an online perspective, e-commerce stands for the capability of buying and selling behaviors, online information and services.

Actually, the participants of e-commerce are not just emerging information technology companies and traditional industries, but also include all business activities related to e-commerce, such as individuals (consumers), partners (businesses) and government units. Meanwhile, e-commerce can get involved with most of business activities in enterprises: the discussions and information exchanges within the workplace; the production, management and financial activities; the contacts among company, suppliers, dealers and partners; the advertisement, exhibitions and customization of products and services; payment and logistics. (Khurana A, 2014)

From the economic management and information management perspective, e-commerce is a significant revolution. Along with the rapid growth on e-commerce, the boundary between traditional and electronic commerce will be dissolve gradually. E-commerce introduces advanced information technology and fresh management philosophy to reform the traditional industrial structure, operation and management structure. Thereby, production, marketing, financial management and tax payment obtain a great improvement. Furthermore, the administration and transaction costs are declining; good communications among companies, clients and government are
built; the market share and scope get expanding; also business opportunities are increasing. (Network Solution, 2014)

2.2 E-commerce Business Models

Paul Timmers (1998) brought forward the definition of business models. He thought that business model is an architecture that contains the goods, services and flow of information, and it also includes descriptions about the revenues’ sources, diverse commercial behaviors, potential profits and roles of business actors. Besides that, Bambury(1998), Rappa(2000) and Eisenmann(2002) also proposed their business models’ classifications (Wang C.P and Chan K, 2003). And the taxonomy of four types will be shown below:


<table>
<thead>
<tr>
<th>Author of Taxonomy</th>
<th>Numbers of Models in Taxonomy</th>
<th>Classification schemes of Internet Commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Rappa (2000)</td>
<td>9</td>
<td>“Merchant, Advertising, Subscription, Brokerage, Utility, Community, Manufacturer, Affiliate, and Infomediary”</td>
</tr>
<tr>
<td>Thomos Eisenmann (2002)</td>
<td>8</td>
<td>“Online Retailers, Online Portals, Internet Access Providers, Online Content Providers, Application Service Providers, Online Brokers, Online Market Makers, and Networked Utility Providers”</td>
</tr>
</tbody>
</table>
But a more common classification of e-commerce is put forward, and it is divided according to the transaction subjects (Sina Finance, 2014).

The first one is “Business to Business” (B2B). It means enterprises exchange products, services and information through internet with other companies (Rouse M, 2014). And usually the side of buyers will sell the products, services and information to the end users or final customers. Thus, to some extent, the buyer company is a middleman between the company and consumers. This model can decrease the purchase costs, like Wal-Mart (human resource, material recourse and financial resource); the purchaser has an opportunity to get bulk purchase discount; business organizations can control and decline storage costs through building an e-commerce system between suppliers and customers; enterprises will enhance the market share by finding potential clients and covering the market where the old traditional channels cannot touch. (Indo Asian News Service, 2015)

![Business to Business e-commerce model](Tutorialspoint, 2016)

The second model is “Business to Consumer” (B2C). It provides consumers with a new type of shopping environment through the Internet - online store, and consumers through the network to realize online shopping and online payment. This model saves time and space for both consumers and companies, and it also greatly improves the efficiency of the transaction, especially for office workers who are busy. But the features of online sale of goods are very obvious; these products are confined to some special goods, such as books, audio-visual products, digital products, flowers, toys and so on. These commodities have low requirements on purchaser vision, hearing, touch, smell and other sensory experiences. But when consumers meet some products like clothing, stereo equipment, perfume, which need specific sensory experi-
ence, they are more willing to believe their own experience the feeling to decide whether to buy. So far, B2C e-commerce payment method is combined cash on delivery and online payment, and most companies choose logistics outsourcing distribution to save operating costs. (tutorialspoint, 2016)

The third e-commerce model is “**Consumer to Consumer**” (C2C). C2C is a consumer-to-consumer transaction model, which features are similar to flea market. For example, a consumer has an old computer, and he or she sells it to another consumer through an online auction, this type of transaction is called C2C e-commerce. Theoretically, C2C model is best ambassador which can stand for the spirit and advantages of the Internet. And compared with the traditional second-hand market, it is no longer restricted by time and space; on the contrary, it helps on saving a lot of market communication costs. (Elaine J. H, 2013)

Fourth e-commerce business model is “**Consumer to Business**” (C2B). It is a new business mode in the Internet economy era. This mode changes the relationship between original producers (companies and organizations) and consumers. And the
core of C2B is based on consumer-orientness. To be more specific, consumers’ demand will be generated firstly, and then turned into production. Generally, customized products and the related price might be changed depends on consumers’ requirements. To sum up, customers will participate in design process, production process and pricing process actively. (Gobeyond, 2012)

“Business to Government” (B2G) is the fifth e-commerce business model. It refers to the operation model between companies and government transactions which conducted through the network activities, such as electronic customs clearance, electronic taxation. The characteristics of B2G are high speed and informative. Since the activities are finished online, so that companies not only can grasp government’s demands and tendency without time and space limitation, but also to reduce time delays and costs of intermediate links. A typical example of B2G is the online procurement, namely government agencies purchase and invite bids online about products and services. The advantage of this mode of operation is to reduce the cost of bidding. The supplier can download the request for proposals directly from the Internet, and sent it back in the form of electronic data. At the same time, suppliers can get more bidding opportunities. Due to the bid activity can be done through the network, even smaller companies can also get the opportunity to bid. (Techopedia, 2016)
The sixth e-commerce model is “Government to Business” (G2B). It refers to the e-commerce between government and enterprises. Specifically, government does electronic tendering and e-procurement through network system, thereby streamlining management of business processes and providing a variety of information services. Generally speaking, in the G2B mode, government mainly provides public services for enterprises via electronic network system. Recently, G2B mode is used in electronic biding and e-purchase, electronic license processing and approval, official policy releasing and providing advisory services. The aims of G2B mode are designed to break the boundaries of various government departments, to achieve various information services providing with a rapid and efficient way between different departments, to simplify approval procedures and to reduce burdens for enterprises to create a good environment for enterprises’ survival and promotion. (Management-Mania, 2013a)

![Diagram: Government to Business e-commerce model](image)

FIGURE 6. Government to Business e-commerce model (Tutorialspoint, 2016)

The last one is “Government to Citizen” (G2C). It refers to government provided services via electronic network system to citizens. And G2B mode is the same as G2C; it emphasizes on the external public service functions of government. The difference between G2B and G2C is that the former focuses on the enterprise, the service object of the latter is the public especially the private citizens. At the same time, the scope of services G2C model is much wider, such as: publishing guidelines, policies and important government information; introducing government agencies, functions, communication; providing interactive advisory services, education and training services; approving administrative matters; providing employment guidance, etc. The objectives of G2C are: government providing the public with convenient and high-quality services; establishing a positive interaction platform for government and the public communication. Finally, government can truly understand and satisfy the requirements of the public. (Management-Mania, 2013b)

![Diagram: Government to Citizen e-commerce model](image)

FIGURE 7. Government to Citizen e-commerce model (Tutorialspoint, 2016)
3 OVERVIEW OF C2B E-COMMERCE IN CHINA

With the new network environment created by combination of computer and communication technology, business activities by means of internet become the economic activity hotspot. This new business concept inspired a batch of entrepreneurs in China under the new economy:

In 1999, Ma Yun established Alibaba e-commerce site in Hangzhou, and at that time, the business vision of Alibaba’s partners is "making Alibaba can develop continually for a century", "promoting Alibaba to become one of the world's top website". Surprisingly, Alibaba which just provide services for small and medium size e-commerce companies in China, gained the British Airways five million dollars’ investment in the same year. (Walraven P, 2009) In June of 1999, four travel enthusiasts who from different industries set up “CTRP” to provide online booking of airline tickets, train tickets and hotel reservation. (CTRP, 2016) In November, Li Guoqing and Yu Yu built “Dangdang” to sale books online. (IFENG, 2010)


In this period, e-commerce’s explosive growth and development attracted more and more capital investment injected into the industry. And the accelerated development of Internet technology promotes the stock maintain a rising trend. In early 2000, all walks of life started to promote their own site in the media in order to compete for access of internet users. At this point, the Chinese people cannot escape the " . com" whether watching TV or reading the newspaper. However, in the middle of 2000, the Nasdaq began to fall, this phenomenon marks the bursting of the internet bubble. After that, plenty of e-commerce sites have been closed down; the development of the whole industry has been a seriously affected. (Walraven P, 2009)


After the traumatic experience during the adjustment stage, e-commerce finally embraced a good chance and broke through from a sudden outbreak of "atypical pneumonia" in 2003. Due to atypical virus spread very rapidly, Chinese people was in a serious panic. In the meantime, traditional business model had suffered a severe blow, while e-commerce had been gradually favoured by people for its trading patterns, because consumers can purchase online. At the same time, more venture
capital began to pour into the domestic e-commerce: in May of 2003, Alibaba announced they planned to invest 13.6 million euro to launch a personal online trading platform - Taobao. Two years later, Taobao had become China's largest personal trading C2C platform; in June, eBay announced that they will invest an additional $150 million to Eachnet; in October, the largest B2C site Joyo used two shares to get around 7-million-euro financing from Tiger Fund. (Walraven P, 2009)


In 2005, a new phenomenon was worth to be mentioned, which was the domestic Chinese companies acquired foreign-funded enterprises. Alibaba announced that they will take over all the assets of Yahoo China in 11 August, while gained $1 billion investments from Yahoo's. With this acquisition, Yahoo controlled the world's largest B2B market and began to penetrate into the C2C market in China; moreover, it was a win-win situation, Alibaba actually obtained sufficient funding to ensure Taobao can operate continually with free, and Yahoo’s powerful search technology also created a complete e-commerce chain and played down a solid foundation for Alibaba’s future development. (Walraven P, 2009)

Through this stage of acquisition and integration, the Chinese e-commerce sites' professional level and integrated services capacities has been improved.


Due to the impact of the financial crisis in 2008, a large number of traditional industries have transferred to electronic commerce platform, such as Haier, Lenovo, TESCO and other well-known domestic manufacturers began to participate in e-commerce. (Imp-Exp Executive, 2012)

Along with the continuous improvement of people’s consumption level, people are not only satisfied with some standardized goods. Therefore, diversification, personalized products gradually welcomed by consumers. During the Singles Day in 2012, Taobao tried C2B pre-sale mode for the first time. (Walraven P, 2009) Specifically, consumers choose goods according to personal preferences, and then pay a deposit for advanced orders. Subsequently, manufacturer will arrange purchase and production in line with orders. This attempt reduces the production and distribution costs, also speeds up capital turnover.
3.1 Definition, Features and Advantages of C2B

In 2006, C2B concept was first presented in China, and then spread fast in the area of electronic commerce in 2008. In China, “Group Buy” is the C2B model prototype, and after 2010, with the e-commerce development and promotion of new models, the number of Internet users who participate in “Group Buy” was increased significantly. (Statista, 2016)

“C2B (Consumer-to-Business) is a business model where the end consumers create products and services which are consumed by businesses and organizations” (MBAaskool). The real C2B is a business model which the customers describe the products and services that they want, and then these requirements will be collected and transferred by enterprises or organizations to purchasing and production. Consumers can not only determine the size and color of the product, but even participate in the production and pricing. And there are three basic components also the features of C2B: customer-defined value, personalized marketing and flexible production (Phonewo, 2016).

The first feature of C-to-B is customer-defined value. A typical process which is usually adopted by a company to define value as followed: firstly, hiring a number of personnel; then, designing and conducting research in a closed environment; finally, a new product or service will be released suddenly. Apple is a good example to explain the whole procedure. But the core point of C-to-B is that the real value should be determined by the consumers rather than companies. (CCIDnet, 2013) Unless the value of products meets consumers’ requirements, there is no sense of their exist-
ence. Fortunately, in contemporary society, internet, social networks and big data build a platform which provides a convenient communication between enterprises and customers. For example, some companies collect customers’ feedback through the establishment of "consumer community", and they even encourage customers participate in the product design, manufacturing and brand communications. (TECH2IPO, 2013)

Followed one is personalized marketing. It is worth to mention that the Social Network Site (SNS) marketing and Real Time Bidding (RTB) advertising. SNS marketing is based on social relationships to realize precision and personalize; while RTB is based on big data technology and advertising, which means it will automatic serve audiences who are interested in it. (TECH2IPO, 2013)

The last part is flexible production. The so-called flexible production means the supply chain has sufficient flexibility, the capacity can make a quickly respond according to market demand. Regardless of the number and the size of order, replenishment can be quickly achieved, quality of products is unified, costs are non-discriminatory and delivery speed is prompt. (TECH2IPO, 2013)

And in the C2B model, benefitting both parties (consumers and businesses) each takes what he needs. In other words, enterprises can acquire benefits from the pricing, data providing and marketing of customers, while customers will profit from high efficient on payment and service, low-cost price and so on. (Arline, 2015)

Besides these, C2B also has following advantages (iResearch, 2015):

From consumers’ perspective: C2B changes consumers’ weak position in the traditional electronic businesses and it reflects the consumer as the core concept of consumption. Concretely, consumers can save more time and energy without walk into a real store or have a bargain with merchants. Because once you publish demand information, companies which can accept the price and requirements to bid for it.

C2B expands the enterprises’ development space for enterprises. It declines the cost of small and medium size companies, and enlarges virtual trading market share. Meantime, online sales of goods increase the profits of producers, cuts down intermediate channels and decreases inventory costs.
3.2 The Model of C2B E-commerce in China

From the level of implementation and customization of view, C2B existing models in China are summarized as follows.

The first type is a **poly customization**. It means companies through the aggregation of customer demand for arranging bulk purchase and mass production to benefit consumers (WOSHIPM, 2015). Pre-sale at Single Day in Tmall is a typical example of this type. Before the Single Day, consumers should pay a deposit in advance to seize a place for getting preferential price, and then pay the balance on the day of the double 11. The significance of C2B form for the seller is they can lock user groups ahead of time, which can effectively alleviate the aimless production and reduce the waste of resources. Also, the costs of production and inventory will be declined and product turnover will be improved. (Sheng C, 2013)

The second model is **modular customization**. Poly customization focuses on polymerize consumer demand; it does not involve the B-side. As for modular customization, it provides consumers with a modular, menu style customization with limitations. (iResearch, 2015) The C2B modular customization pioneer is undoubtedly Haier because it is the first enterprise which introduces the concept of customization. Consumers can choose the size, material and appearance design in Haier mall. But if the renovation cost of the entire supply chain was taken into account, then fully personalized services for each consumer is still not realistic. Thus, it requires consumers to adapt to the existing supply chain of enterprises. (Haier Global, 2015)

The third kind is **deep customization**, also known as **participatory customization**. That is to say, customers can participate in the whole process of custom. Products can be completely personalized according to customer needs, and each product can be regarded as a separate product. At the moment, the vital issue of deep customization is how to solve the contradiction between mass production and customization. A typical representative of the deep customization named SHANGPINZHAIEI gives us the suitable solutions. In this case, IT technology and Internet technology are integrated deeply, and through perfected system (such as design system, online order management systems and production scheduling system) to solve the critical issue which mentioned above. (iResearch, 2015)

Classification from product attributes, C-to-B can be divided into physical customization, service customization and technical customization (iResearch, 2015). The above
mentioned cases like custom clothing, shoes, furniture and so on are belonging to physical customization. Most people are very familiar with service customized, for extent, tourism, wedding company, housekeeping company and other high-end industries. The most cutting-edge technology customization is 3D printing technology. As "a popular star" in scientific community, 3D printing has been throughout all areas of aerospace, medical, food, clothing, toys, etc. Actually, 3D printers are also the product of C2B era, if we can solve the high speed of mass customization, it might lead the next wave of the industrial revolution. (Clarysse, 2014)

3.3 Applications of Big Data on C2B e-commerce

Viktor Mayer Schönberger and Kenneth Cukier's gave the best explanation for Big Data in the title of their book- “Big Data: A revolution That Will Transform How We Live, Work, and Think”. As a term, Big Data gives a description about structure and unstructured large volume of data, and it could promote organizations or individuals make valid decisions. (Thomas, 2016.) The definition of big data in McKinsey Global Institution report: “its size in the acquisition, storage, management and analysis are far beyond the capabilities of traditional database software tools for data collection, which has four characteristics- massive data scope, fast data flow, a variety of data types and low value density”. The processing mode of big data is a new technology model which relying on information technology and Internet technology. It not only can effectively handle large quantities of data, but also can ensure the safety and reliability of the information to a large extent. The big data processing model breaks through the information search and storage of information in the traditional way, it provides effective data capture and information management, and has a stronger decision-making power and insight. (Manyika J et al, 2011)

At the beginning, Laney (2001) pointed out that the big data has three main features which are Volume, Velocity and Variety, they were summarized as 3V’s Theory. And after that, Villanova University added “Veracity” as the fourth feature. Shortly afterwards, “Validity” and “Volatility” enriched the theory and called by 6V’s (Bhandar). Here are descriptions of each “V” in details.

**Volume:** means numerous volumes of data. And it is related with storage issues usually (Normandeau, 2013).

**Velocity:** it refers to the high speed of flow information between building and transforming and all issues should be deal with timely (Thomas, 2016).
Variety: stands for the diversity database. From blogs, videos, pictures, stock data to GPS and so on (STAMFORD, 2011).

Veracity: explains the biggest challenge for data collection and analysis (Normandeau, 2013).

Validity: the correction and accuracy are vital for big data; it will affect the decisions direction. (Normandeau, 2013)

Volatility: means the time of data can be valid and available (Normandeau, 2013).

In C2B model, it requires consumers’ actively participation, but this behavior’s implementation will spend the company a lot of human and financial resources investment and increase the cost burden on the company. But under the influence of the era of big data, “big data customization” model of C2B can be realized by gathering and analyzing huge amounts of data. It can help companies to find more valuable information and then according to the data which extracted from the information flow to combine social resources to production. For example, companies can dig users’ needs out from the mass data to provide personalized marketing programs; consumer structure, page visits, click rate, preferences and purchase cycle will generate a great amount of data on the e-commerce platform, which makes businesses can accurately target consumers and provide personalized and accurate service. (Gan & Tu, 2013)

But at the same time, Big Data also sets four requirements for the enterprise: 1. having abilities to collect a sufficient amount of consumers' information; 2. having analysis capabilities and technologies when they face with such a large data; 3. figuring out the most valuable information effectively; 4. identifying potential information risks promptly. Only with the above capabilities, the company could avoid waste of resources, to implement effective consumer information analysis and then to ensure the right decision-making, and ultimately to make a profit or earn market shares. (Wang, Jin X&Cheng X, 2013)
4 RESEARCH PROCESS ON KADANG

KADANG was established in June of 2006, and located in Hang Zhou where the high e-commerce-intensive area is. The company is committed to providing personalized but inexpensive custom services online and then structuring a C2B platform for third part. Recently, the main product lines of KADANG include fashion accessories, jewellery, watches, customize photos, official stationery, etc. (KADANG, 2014)

As a foreign-owned enterprise, KADANG possesses ten million risk investments from NEA, RED POINT and Oak Pacific Interactive and owns 230 staff working in 8 departments (purchasing department, technology department, customer department, quality test department, finance department, human resource department and administration department respectively). (KADANG, 2014)

The mission of KADANG is “More colourful life because of custom”, and this enterprise’s vision is to build the world’s largest private custom trading platform, bring the world into a custom era, and provide extreme private experience. Besides that, KADANG has six core values which also is the cornerstone of the corporate culture and a vital part of company’s DNA. The six core values are described below (KADANG, 2014):

![Six Core Value of KADANG](image)

FIGURE 9. Six Core Value of KADANG (KADANG, 2014)
4.1 PESTEL analysis of KADANG

“PESTEL is an initialise word which in its expansion mode denotes P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental”. And PESTEL forms a basic framework which used to observe and analysis the organization’s external macro environment. (PESTLEANALYSIS, 2016)

**Political and Legal:** Chinese government attaches great importance to the Internet laws and regulations construction in order to build Chinese Internet standardization, and other infrastructure work. Therefore, the government has been published and implemented the “National Standing Committee’s Decision on Internet Security”, “Commerce Development’s Thirteenth Five-Year Plan”. (Ministry of Commerce of People’s Republic of China, 2015) And “Electronic Signature Law” and “Electronic Payment Guidelines” which promulgated in 2013 were being perfected. In order to providing a more effective legal protection during online transactions process, these new changes are in favour of the government on the future of e-commerce standardization guide and promote more conducive to long-term development of e-commerce market. (China Electronic Commerce Association, 2013)

**Economic:** In 2015, China’s GDP is 67.7 trillion Yuan (about 9.3 trillion Euro), increased 6.9%; the national consumer price index rose 1.4 % over the previous year; import and export value is 25.8 trillion Yuan (about 3.5 trillion Euro). At the same time, Chinese e-commerce market scale reached 16.4 trillion Yuan (about 2.24 trillion Euro), the online shopping market transaction size more than 1.85 trillion Yuan (about 246 billion Euro), and Chinese online travel market deal scale reached 220.46 billion Yuan (about 30 billion Euro). Accompanied with retailers accelerate the pace of electric development and the rapid growth of the mobile online shopping, China’s online market maintain rapid growth. (National Bureau of Statistics of the People’s Republic of China, 2015)

**Social:** Consumers become the main core also the actual purchasing power in e-commerce with the implementation of broadband network because the number of users is increased and the channels of internet are also increasingly diverse. The purposes of using internet no longer limited for reading news and emails, shopping, hunting a job, travelling arrangement, medicine care and banking and other online services enhance people’s quality of life. The lifestyle changes have directly effect on social and ideological. And this makes it possible for consumers to accept the ad-
vanced operation way—e-commerce. (China Electronic Commerce Research Centre, 2015)

**Technological:** The wave of information technology revolution and the business globalization, promote the great development of network economy. Computer technology, communication technology, network technology as the core of the IT group, pulling the online activities such as banking, trading, ordering, payment and other network technology to become more matures, and also providing a stable platform for modern e-commerce technology development.

4.2 SWOT analysis of KADANG

SWOT analysis is used to help the company determine their own competitive advantages, competitive weaknesses, opportunities and threats, thus the company’s strategy, the internal resources and external environment will be combined organically through a scientific method. Usually, SWOT analysis could help organizations to identify elements which effect their business situation whether inside or outside, and also guide them to make effective strategies and decision-making. (Mind Tools, 2016)

As the picture shows below, the SWOT analysis have four main parts: strengths (positive) and weaknesses (negative) which are belong to internal element, and opportunities (positive) and threats (negative) constitutes external part of a company (Businessballs, 2016).
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Attract more customers. Customized and personalized products can meet the different needs from different consumers;</td>
<td>1. High cost. Customized products refer to high production cost for each one;</td>
</tr>
<tr>
<td>2. Broaden the enterprise development space;</td>
<td>2. Supplier selection and management are hard (Manufacturers and suppliers are not interested in small orders.)</td>
</tr>
<tr>
<td>3. Reducing intermediate channels to increase the profit of producers;</td>
<td>3. The design level is not high. Most products do not have a famous brand, or an attractive designer.</td>
</tr>
<tr>
<td>4. Seller’s credit is more transparent, good reputation will be build;</td>
<td>4. Located in Hangzhou, lack of the ability to guide the popular trend;</td>
</tr>
<tr>
<td>5. Creating a new e-commerce platform;</td>
<td>5. Promotion ways are limited. Advertisement is not good.</td>
</tr>
<tr>
<td>6. High quality of products and services.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The position of consumers in the traditional e-commerce is changed. (consumer-oriented, product innovation and research will include the customer’s opinions;)</td>
<td>1. The preference of consumers is always change;</td>
</tr>
<tr>
<td>2. C2B is a new e-commerce form in China. And KADANG is the pioneer in this area;</td>
<td>2. The willing of purchasing customized products from customers is low;</td>
</tr>
<tr>
<td>3. New demands from consumers are produced gradually;</td>
<td>3. Some brands are not support it;</td>
</tr>
<tr>
<td>4. Competitors are not so much.</td>
<td>4. New potential competitors entry in this market.</td>
</tr>
</tbody>
</table>

FIGURE 10. SWOT analysis of KADANG

4.3 Research objective, questions and data collection

The objectives of this thesis are providing a reasonable and objective prediction basis on C2B e-commerce existing situation while giving some pertinent suggestions for KADANG’s further development.
Here are the research questions of this thesis:

- What is the basic awareness currently from consumers about C2B E-commerce? (Through KADANG case study)
- In which aspects do C2B e-commerce companies can make improvements? (For example, consumers’ participation, services, products, etc.)
- The factors (existent or potential) that will affect consumers’ customized experiences.
- Does the C2B e-commerce will has a great forecast in China? Make reasonable and valid predictions.

As Buglear (2012) stated that numbers are part of our life and enhance our understanding about surrounding, especially in the business world. Thus, except using the SWOT tool, a quantitative method was also adopted in case study—questionnaire. A questionnaire was created and published by Webropol, a frequently used program in Savonia UAS for data collection and numerical analysis. The target group of questionnaire is the people who had custom experiences or online shopping experiences or even people who are interested in custom in China. And from the IFENG new report in 2015, there are around 4 billion Chinese had online shopping experience (IFENG, 2015). Based on the sample size calculator system, assuming that confidence level is 95% and confidence interval is 5% to calculate the ideal sample size is 384, but actually, total number of respondents is 319, which took up 30% of the amount of visitors. The schedule task of questionnaire was started at 25 April 2016 and ended at 14 May 2016. And the public links was published through multiple social medium such as WeChat, Weibo, Renren, Tencent QQ, etc.

The questionnaire has 12 mandatory questions, and for improving feedback rate and avoiding the side effects from impatience, the forms are only taken by multiple selection and scale selection. And the questionnaire can be divided into three main aspects. Questions 1 to 5 is concerned with general background, it will ask about the respondents’ basic personal information such as gender, age, income and educational background. Questions 6 to 9 provide what are the potential elements which can stimulate customers choose C2B model. And questions 10 and 11 illustrate in which aspects does KADANG or other C2B companies could do to improve promotion, products positioning, etc. The last question uses scale to value the respondents’ approval degree of each statement: Strongly agree=1, Agree=2, Neutral=3, Disagree=4, Strongly disagree=5. It could provide suggestions for C2B companies to enhance consumers’ customized experiences.
4.4 Data analysis

The majority respondents are female which up to 58.1% while 41.9% male participated in this questionnaire. The age structure is divided into five stages, there were under 20 years old (7.9%), the age between 20 to 30 (50.3%), the age from 31 to 40 (30.5%), from 41 to 50 (8.5%), and over 50 years old (2.8%). The respondents’ educational background was constituted by secondary school (5.0%), junior high school (13.8%), undergraduate (46.9%), postgraduate (30.5%), Doctor (3.5%) and others (0.3%) respectively. The occupation of respondents was composed of 27.9% student, 21.9% employed of state enterprises, 28.2% worked in private enterprises, 2.5% military personnel, 12.5% self-employed and 6.9% on retired or other durations. The monthly income ranked from high to low as followed: the highest percentage of monthly income is below 2500 CNY (27.0%); the second one is between 4000 to 5500 CNY (22.9%) which is a slightly higher than the income between 2500 to 4000 CNY; the income from 5500 to 7000 CNY holds 17.6% while above 7000 CNY occupies the least income 11.0%.

From the table 2, it can be seen that 185 respondents had custom experience while 126 people did not have. And the ratios of female respondents are higher than male group in each situation. Within the male side, 42% respondents had experience of product customized while a slightly higher about 43% male did not have. On the contrary, the proportion of respondents had custom experience (58%) is slightly more than those who had no custom experience (57%) in female side.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Do you have any experience of custom products?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes (n=185)</td>
</tr>
<tr>
<td>Male</td>
<td>42%</td>
</tr>
<tr>
<td>Female</td>
<td>58%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>
TABLE 3. The gender of respondents choosing online method or entity shop method to satisfy custom requirements (n=311)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Online (n=132)</th>
<th>Entity shop (n=179)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>39%</td>
<td>45%</td>
</tr>
<tr>
<td>Female</td>
<td>61%</td>
<td>55%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

And the table above shows the gender effects on choosing online or entity shop method to satisfy people's custom requirements. 179 people tend to go to entity shop if they have custom requirements, and 132 of respondents prefer to use online method. And the female group occupies a higher proportion than male despite which method they choose. There are 61% female select online methods, at the same time, the ratio of female whose option is entity shop accounts for 55%. Comparing with 39% male choose online to satisfy their custom requirements, majority of male around 45% prefer to walk into an entity shop.

TABLE 4. The different age groups of respondents having experiences of custom products or not (n=311)

<table>
<thead>
<tr>
<th>Age</th>
<th>Yes (n=185)</th>
<th>No (n=126)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20</td>
<td>4%</td>
<td>13%</td>
</tr>
<tr>
<td>20-30</td>
<td>48%</td>
<td>54%</td>
</tr>
<tr>
<td>31-40</td>
<td>37%</td>
<td>21%</td>
</tr>
<tr>
<td>41-50</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Over 50 (inclusive)</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The table above presents the respondents' custom experiences in different age groups. All respondents are classified as the age under 20, from 20 to 30, those ages from 31 to 40, from 41 to 50 and over 50 years old. The age from 20 to 30 accounts for 48%, which holds the largest proportion of 188 respondents who had custom experience. Meanwhile, 54% people whom age from 20 to 30 did not have any related custom experience. Those ages from 31 to 40 reach a peak, about 37% respondents had custom experience, and however 21% participants said they did not have any
experience on custom products. The ratios of respondents who had or did not have custom experience are equal (9%) between 41 to 50 years-old. And it is obvious that the people who had custom experience under 20 and over 50 hold a smallest percentage 3%, 2% respectively. In comparison, the proportion of respondents who did not have any custom experience is greater than those who had custom experience located at the age under 20.

TABLE 5. The different age groups of respondents choosing online method or entity shop method to satisfy custom requirements (n=311)

<table>
<thead>
<tr>
<th>Age</th>
<th>Online (n=132)</th>
<th>Entity shop (n=179)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>20-30</td>
<td>69%</td>
<td>37%</td>
</tr>
<tr>
<td>31-40</td>
<td>15%</td>
<td>41%</td>
</tr>
<tr>
<td>41-50</td>
<td>3%</td>
<td>13%</td>
</tr>
<tr>
<td>Over 50 (inclusive)</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

From table 5, one can be seen is that the total participants are 311, and 179 respondents choose entity shop method to satisfy their custom requirements. Nearly 70% respondents who ages from 20 to 30 choose online custom method, and at the same age period, 36% respondents rely on entity shop. The age from 31 to 40 (15%) have a slightly possibility to choose online custom method than those whose age under 20 (13%). Meanwhile, 41% of respondents age from 31 to 40 would like to choose entity shop for customized, it is almost three times as much as the proportion of respondents who choose online method at that age period. Clearly, respondents whose age over 50 will be never choose online method for customization in China.

One can see from the table 6 is that the undergraduate held the majority proportions in both side (52% and 40%). Respondents who have master degree accounts 31% of having customization experience and 29% of do not having any related experience. And 12% of the respondents who studied in junior high school have customization experience while 17% of them did not have. The respondents in secondary school have the similar situation with junior school students. The respondents who own a
Doctor degree have the lowest ratio on both situation, which accounts for 3% of having customization experience and 5% of having no related experience.

TABLE 6. The educational backgrounds of respondents having experiences of custom products or not (n=311)

<table>
<thead>
<tr>
<th>Do you have any experience of custom products?</th>
<th>Yes (n=185)</th>
<th>No (n=126)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational background</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary school</td>
<td>3%</td>
<td>9%</td>
</tr>
<tr>
<td>Junior high school</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>52%</td>
<td>40%</td>
</tr>
<tr>
<td>Graduate</td>
<td>31%</td>
<td>29%</td>
</tr>
<tr>
<td>Doctor</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Others(Primary school, etc)</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

As it shown in table 7, undergraduates have 54% possibility to choose online method while 42% prefer entity shop. Next, graduates have more willing to go to entity shop for satisfying customized requirements (35%) than online (23%). As for respondents in secondary school and have Doctor Degree, although they have a slightly possibility to choose entity shop method, the proportions of online method and entity shop method are very low.

TABLE 7. The educational backgrounds of respondents choosing online method or entity shop method to satisfy custom requirements (n=311)

<table>
<thead>
<tr>
<th>If you have custom requirements, will you choose online method or entity shop method?</th>
<th>Online (n=132)</th>
<th>Entity shop (n=179)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational background</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary school</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>Junior high school</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>54%</td>
<td>42%</td>
</tr>
<tr>
<td>Graduate</td>
<td>23%</td>
<td>35%</td>
</tr>
<tr>
<td>Doctor</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Others(Primary school, etc)</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
TABLE 8. The occupations of respondents having experiences of custom products or not (n=311)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Yes (n=185)</th>
<th>No (n=126)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>20%</td>
<td>41%</td>
</tr>
<tr>
<td>Employee of state enterprises</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>Employee of private enterprises</td>
<td>31%</td>
<td>23%</td>
</tr>
<tr>
<td>Military personnel</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Other (retired, unemployed, etc)</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 8 illustrates respondents’ customized experience in different occupations. And the occupation is divided into six types: student, employee of state enterprises, employee of private firms, military personnel, self-employed and other (retired unemployed). The respondents who worked in state enterprise and in private firms have almost same percentage on having customized experience, which are 29% and 31% respectively. But the ratio of people who worked in private companies (23%) is twice as those people worked in state companies (12%) of having no customized experience. It can be seen clearly that 41% student did not having any custom experience while 20% of them having related experience. Only have 1% of military personnel having custom experience.

From the table 9 below, it can be seen that approximately 40% student have willing to choose online customization, however 21% student choose entity shop. The next occupation type which accounts for 30% of online customization is employee of private enterprises, while the employee who worked in state companies accounts for 18%. In contrast, the proportion of people who worked in state firms or state companies has basically same ratios 25%. Especially, self-employed respondents have stronger willing (17%) to choose entity shop method for satisfying custom requirements than online.
TABLE 9. The occupations of respondents choosing online method or entity shop method to satisfy custom requirements (n=311)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Online (n=132)</th>
<th>Entity shop (n=179)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>39%</td>
<td>21%</td>
</tr>
<tr>
<td>Employee of state enterprises</td>
<td>18%</td>
<td>25%</td>
</tr>
<tr>
<td>Employee of private enterprises</td>
<td>30%</td>
<td>26%</td>
</tr>
<tr>
<td>Military personnel</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>6%</td>
<td>17%</td>
</tr>
<tr>
<td>Other(retired, unemployed, etc)</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

TABLE 10. The monthly incomes of respondents having experiences of custom products or not (n=311)

<table>
<thead>
<tr>
<th>Monthly income</th>
<th>Yes (n=185)</th>
<th>No (n=126)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 2500</td>
<td>17%</td>
<td>44%</td>
</tr>
<tr>
<td>2500—4000</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>4000—5500</td>
<td>27%</td>
<td>17%</td>
</tr>
<tr>
<td>5500—7000</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Above 7000</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 10 presents respondents’ custom experiences in different monthly income levels. According to the third national economic census data from National Bureau of Statistics of China, the average per capita wage was 5169 CNY (about 700 €) in 2015. (National Bureau of Statistics of the People’s Republic of China, 2016) Obviously, when the monthly income of respondents below 2500 CNY (around 339 €) or above 7000 CNY (around 948 €), the proportions of having custom experience are at the lowest point (about 15%). But most of respondents who did not having any custom experience accounts for 44% when their income per month is below 2500 CNY (around 339 €), and the only 4% respondents with the highest income but without any custom experience. The income per month between 2500 to 4000 CNY (about 339 €
to 542 €) has equal ratios which is 21% on both situations. Between 4000 to 5500 CNY (about 542 € to 745 €) monthly income, the proportion of people who have custom experience is up to 27% while 17% respondents did have any related experience.

From the table 11 below, it states that the proportions of choose online method by respondents showed decreasing state with their increasing wages. But choosing entity shop method to satisfy their custom requirements keep steady state when respondents' monthly income below 2500 CNY (around 339 €), from 2500 to 4000 CNY (around 339 € to 542 €) and from 5500 to 7000 CNY (about 745 € to 948 €), which are 20%, 19% and 21% respectively. Especially, when respondents' monthly income between 4000 to 5500 CNY (about 542 € to 745 €), they have more willing (26%) to go to entity shop.

TABLE 11. The monthly incomes of respondents choosing online method or entity shop method to satisfy custom requirements (n=311)

<table>
<thead>
<tr>
<th>Monthly income</th>
<th>Online (n=132)</th>
<th>Entity shop (n=179)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 2500</td>
<td>39%</td>
<td>20%</td>
</tr>
<tr>
<td>2500—4000</td>
<td>25%</td>
<td>19%</td>
</tr>
<tr>
<td>4000—5500</td>
<td>19%</td>
<td>26%</td>
</tr>
<tr>
<td>5500—7000</td>
<td>12%</td>
<td>21%</td>
</tr>
<tr>
<td>Above 7000</td>
<td>5%</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

In order to understand the basic awareness of the public and potential consumers about custom brands, a total of eight representative brand names were put forward. YXP is well known by its custom photo products; the main business area of ARTIST is clothing custom; YADAN and DEWEIER focus on custom wardrobe while SHANGPINZHAIEI’S business fields are centralized on suite decoration and furniture customized; SOPHIA pays attention to wardrobe and matching furniture’s customization; CHINA VISION MEDIA GROUP LIMITED is committed into C-to-B movies and drama production; KADANG’S main business is personalized and creative custom gifts.
FIGURE 11. The general situation of respondents' basic understanding on custom brand name in various fields (n=311)

One can see from the bar chart above, about 44% respondents know SOPHIA, and CHINA VISION MEDIA GROUP LIMITED is known by around 26% respondents. Next, SHANGPINZHAPEI gets about 22% ratios and followed by YXP which owns 21% respondents' vote. YADAN and KADANG have equality of vote (approximately 16%), and around 13% respondents know about ARTIST which is poorly understood. In the open text option, nine participants provide their own opinions. Seven of them said that they never heard one of these brand names, and the remaining two people have had customized experiences, including one had a custom bicycle from Giant, another bought a custom wallet in an ordinary online shop.
According to Figure 12, the number of respondents is 311 and the ratio of people who know about KADANG accounts for 16.09%. Thus, only 50 participants heard about KADANG before they answered the questionnaire. From the pie chart, it can be seen clearly that the OTHERS (the open text option) occupies a large proportion which up to 34%, which majority of them expressed they never heard about KADANG. The most frequently channel is internet for those people who know about KADANG, and the next two common channels are by TV or radio and recommendation from friends or family members which accounts for 12%. At the same time, around 8% respondents know KADANG through newspaper or magazine. The proportions are equal via billboard and email to know about KADANG.
Association between targeted variables analysis

TABLE 12. Association between respondents’ age and promotion factors of customization online (n=311)

<table>
<thead>
<tr>
<th>Promotion factors</th>
<th>Below 20 (n=26)</th>
<th>20-30 (n=155)</th>
<th>31-40 (n=94)</th>
<th>41-50 (n=28)</th>
<th>Above 50 (n=8)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Festival or Anniversary</td>
<td>44%</td>
<td>49%</td>
<td>54%</td>
<td>63%</td>
<td>67%</td>
<td>55%</td>
</tr>
<tr>
<td>Curiosity</td>
<td>48%</td>
<td>27%</td>
<td>27%</td>
<td>11%</td>
<td>22%</td>
<td>27%</td>
</tr>
<tr>
<td>Quick Delivery</td>
<td>20%</td>
<td>28%</td>
<td>30%</td>
<td>11%</td>
<td>11%</td>
<td>20%</td>
</tr>
<tr>
<td>Unique Experience</td>
<td>60%</td>
<td>59%</td>
<td>66%</td>
<td>44%</td>
<td>44%</td>
<td>55%</td>
</tr>
<tr>
<td>High Product Quality</td>
<td>12%</td>
<td>38%</td>
<td>53%</td>
<td>44%</td>
<td>22%</td>
<td>34%</td>
</tr>
<tr>
<td>Individual Service</td>
<td>16%</td>
<td>48%</td>
<td>38%</td>
<td>41%</td>
<td>33%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Table 12 states general overview of the association between participants’ age and promotion factors. The necessity and importance of analyzing these two variables could help C-to-B e-commerce companies to understand targeted consumers’ expectations and then to place reasonable emphasis on business future arrangement. In the row variable, ages are divided into five levels, and promotion factors which were multiple-option (respondents can choose at most 5 options at the same time) are shown in the column variable. It can be seen from the table above, when the respondents’ age from 41-50 and above 50, over 60% of them choose custom product online because of festival or anniversary, and these two age groups have same ratio on unique experience promotion factor which accounts for 44%. But they do not because of the quick delivery and curiosity to choose customization online. Meanwhile, the age from 20 to 30 (59%) and from 31 to 40 (66%) of respondents will choose online customization in view of unique experience. And it is worth to note that the respondents whose age below 20 not prefer to select online custom products because of high quality.
And on the basis of the average value of festival or anniversary (55%) and unique experience (55%), it can be assumed that they should be regarded as the top two promotion factors of customization online of customers.

**TABLE 13. Association between respondents’ monthly income and custom products preferences online (n=311)**

<table>
<thead>
<tr>
<th>Monthly income</th>
<th>Below 2500 (n=86)</th>
<th>2500-4000 (n=67)</th>
<th>4000-5500 (n=72)</th>
<th>5500-7000 (n=53)</th>
<th>Above 7000 (n=33)</th>
<th>Average x̄</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products preference</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing and Shoes</td>
<td>57%</td>
<td>67%</td>
<td>58%</td>
<td>64%</td>
<td>57%</td>
<td>61%</td>
</tr>
<tr>
<td>Jewelry</td>
<td>34%</td>
<td>20%</td>
<td>22%</td>
<td>30%</td>
<td>40%</td>
<td>29%</td>
</tr>
<tr>
<td>Decoration and Furnitures</td>
<td>34%</td>
<td>57%</td>
<td>58%</td>
<td>57%</td>
<td>60%</td>
<td>53%</td>
</tr>
<tr>
<td>Foods</td>
<td>23%</td>
<td>33%</td>
<td>25%</td>
<td>20%</td>
<td>9%</td>
<td>22%</td>
</tr>
<tr>
<td>Digital products</td>
<td>26%</td>
<td>38%</td>
<td>41%</td>
<td>21%</td>
<td>34%</td>
<td>32%</td>
</tr>
<tr>
<td>Office supplies</td>
<td>14%</td>
<td>12%</td>
<td>23%</td>
<td>14%</td>
<td>31%</td>
<td>19%</td>
</tr>
</tbody>
</table>

In this table, it presents the association between monthly income and respondents’ custom products preferences online. Evaluating these two variables will contribute to providing consumers’ preference on product kinds and help C-to-B e-commerce companies have reasonable market segmentation. From the figures, it should be mentioned that respondents have a great willing to buy custom clothing and shoes online regardless of how much they can earn. There is a slightly difference about customized furniture online, in spite of those people whose monthly income below 2500 (around 339 €), the rest of wage levels hold high ratio about 53%. Also, from the average values, customization on clothing and shoes and furniture are the top two options for respondents.

At the same time, office supplies (average 19%) become the last choice for people who have willing to buy custom products online. And the respondents who earn salary above 7000 (around 948 €) have quite low possibility to choose custom food online.
TABLE 14. The elements affect consumers’ custom experiences (n=291)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
<th>Average</th>
<th>St. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement 1</td>
<td>42</td>
<td>107</td>
<td>92</td>
<td>44</td>
<td>6</td>
<td>291</td>
<td>2.5</td>
<td>0.98</td>
</tr>
<tr>
<td>Statement 2</td>
<td>73</td>
<td>98</td>
<td>94</td>
<td>24</td>
<td>2</td>
<td>291</td>
<td>2.3</td>
<td>0.95</td>
</tr>
<tr>
<td>Statement 3</td>
<td>85</td>
<td>118</td>
<td>66</td>
<td>21</td>
<td>1</td>
<td>291</td>
<td>2.1</td>
<td>0.91</td>
</tr>
<tr>
<td>Statement 4</td>
<td>139</td>
<td>103</td>
<td>40</td>
<td>7</td>
<td>2</td>
<td>291</td>
<td>1.7</td>
<td>0.84</td>
</tr>
<tr>
<td>Statement 5</td>
<td>146</td>
<td>108</td>
<td>25</td>
<td>5</td>
<td>7</td>
<td>291</td>
<td>1.7</td>
<td>0.88</td>
</tr>
<tr>
<td>Statement 6</td>
<td>68</td>
<td>98</td>
<td>99</td>
<td>22</td>
<td>4</td>
<td>291</td>
<td>2.3</td>
<td>0.95</td>
</tr>
</tbody>
</table>

Due to the original descriptive statements contains too many words, for simplifying the analysis, the statements are made the following changes: “website design is beautiful and simple” is replaced by statement 1; “fast speed on page open and the links between navigation and categories is stable” is replaced by statement 2; statement 3 substitutes for “customer services provide timely service and full follow-up”; statement 4 is instead of “customers have a high degree of participation during customization process”; statement 5 replaces “customized products meet customer requirements from all aspects”; the last one statement 6 is in place of “the company offers a personalized way to promote and maintain customers’ interest with the community”.

From the Table 14, most of the votes located intensively in “Strong agree”, “Agree” and “Neutral”. One can be seen that the respondents show a positive opinion on the six statements because the average of each statement is fewer than 3. Statement 4 and statement 5 get 139 and 146 votes respectively; they seem like the most critical elements which affects customers’ custom experiences online. Inversely, statement 1 gets 44 disagree and 6 strongly disagree votes.

4.5 Survey findings summary

Over 60% respondents had custom experiences and the ratio of female is higher (16%) than male within this group. Meanwhile, 42% participants have tendency to choose custom online. And especially, the proportion of female who select online option is up to 61%. Therefore, it can be assumed that female have more possibility to become the potential consumers of customization products.

As for the age, under 30 years old of respondents, the number of having no custom experience is higher than those who have. But when the age is from 31 to 49, the situation is just the opposite. At the same time, majority respondents whose age is
over 31 choose entity shop to satisfy their customization needs while those who is under 30 years old respondents prefer online custom method. Thus, it can be concluded that people over the age of 31 are more in favor of the physical store customized products, and the people under 30 years old might become the main force of consumers because they have a strong online custom intention.

There is an obvious polarization on educational background. Over 80% of respondents who had custom experience and 70% people who had no related experience are intensively located in undergraduate and graduate. The same situation occurs in the custom methods choosing (online or entity shop) except the respondents who own a graduate degree prefer customization in a real shop than online. To sum up, people who have undergraduate degree or graduate degree is the main force online customized products.

In view of respondents’ occupation, students, employee of private enterprise, employee of state enterprise, including independent operators, the four groups of had a custom experience accounted for 94% of the total. Moreover, in the respondents group which choose having no custom experience, students and the private company’s employees accounted for more than 60%. Within the people who select online method to satisfy personal custom needs, nearly 70% respondents are students or employees of private enterprises. The rest respondents who choose entity shop are mainly consisted by employees in private and state-owned enterprises (about 70%). Consequently, students and employees of private companies have great opportunity to become the main support for online customization. And similar polarization situation still exists in this part.

The last variable is monthly income. Only when respondents' monthly salary level between 2500 to 5500 had a custom experience, and the ratio accounted for over 20%. In choosing the crowd without custom experience, more than 60% people of the wage level is less than 4000. In addition to only 5% of the wage is higher than 7000 and nearly 40% of the salary is less than 2500 people choose online customization, the proportion of rest income brackets which choose online or entity shop is floating from 15% to 25%. In a word, the custom market in the middle and high income crowd has great development potential.

It is worth to mention that nearly half of the respondents heard of the brand name of SOPHIA. Among the eight custom brand name, a quarter of participants heard of China Vision Media Group Limited, YXP and SHANGPINZHAPEI, and only 15%
respondents heard of the rest brand name which including KADANG as well. In other words, only 50 people know about KADANG. And the main channel for respondents to know about KADANG is through network, followed by “TV or radio” and “recommendation from friends or family members”. A few respondents know the brand name via “Newspaper and Magazine”, “email” and “billboard”. These phenomena are explained KADANG’s brand awareness in consumer crowd is quite low, and the company’s promotion methods are deficient and the market share is hard to raise accordingly.

And on the basis of the average value, it can be assumed that “festival or anniversary” and “unique experience” could be regarded as the top two promotion factors of customization online of customers. Additionally, the age from 31 to 40 of respondents also concentrate on high product quality; individual service is a key factor for both respondents’ ages from 20 to 30 and the age from 41 to 50. What’s more, when the respondent is under 20 years old, curiosity becomes an important promotion element. From the association between respondents’ monthly income and custom products preference online, it can be concluded that “clothing and shoes” and “decoration and furniture” are the top products preference no matter how much they can earn in each month. Digital products can be ranked as the third product preference in respondents’ hearts. Hence, a suitable promotion management is vital depends on the target group preferences during development process.

4.6 Reliability and validity of research

Reliability refers to the degree of consistency of the same results by using a particular tool, test (such as survey or questionnaire) or procedure. Validity is used to measure and evaluate whether a system can reflect the evaluation purpose and requirements accurately. (Rovert P & Priest H, 2006)

According to the sample size calculator system (confidence level is 95% and confidence interval is 5%), the ideal sample size is 384 in this case. In fact, only 319 respondents give feedbacks. Additionally, owing to the author negligence, which leads to part of the questions had not been set as mandatory form, and then it reduces the amount of effective data. The low response rate (around 30%) might increase the risk of final conclusion.

But majority of the feedback can be regard as reliable data because of the questionnaire was conducted anonymously, it can promote participants give their honest opin-
ions. Besides that, the questionnaire link was published through multiple social medium to public. Under the strong support from social relations, the questionnaire visits reached 1167. And also because of the social relations, the respondents are mainly composed of alumnus, household and employees from enterprise and public institution. However, most of respondents have unwilling to provide specific description when they choose “Others, please specific” in some multi-choice questions. It could become an obstacle to get accurate answers and decline the reliability and validity in research finding to some extent.
5 CONCLUSION AND RECOMMENDATION

On the basis of information collected and analyzed from research, potential main consumer groups about online custom products have the following characteristics: female-dominated; age groups concentrated under 30; monthly income at the middle and high level; have undergraduate and graduate degree; customized product preferences focused on shoes and furniture or decoration; choose online customization mainly because of unique experiences and anniversary or festival.

Sensibility as a synonym for women, which determined their consumption pattern is dominated by internal feelings. Undoubtedly, shopping online belongs to a type of desire or impulse consumption pattern. In particular, the concept of customized products shows a strong attraction to women. With online customization mode in China is still in the preliminary stage of development, so that consumers who participate in are general youth. As young people purse fresh consumption concept and do not have a long-term financial plan, they have strong consumption power consequently. And since the cost of customized merchandise online is general higher than conventional mass commodity, only high income level people have the ability to pursue personalized custom goods. There is also some companies’ emphasis on mass customization, although students do not have fixed income, they are still likely to become the main force of consumers. Fast-paced metropolitan life encourage more employees choose online shopping. Similarly, it can be deduced that online customization increases the time efficiency for employees and also reflects their personalities. Moreover, Chinese attach great importance to relationships and social connections, so each festival and anniversary will be a good opportunity for custom online promotion. Custom product preferences focused on footwear and furniture or decorations industry is due to these two industries have been through a long-time development in China. Therefore, the quality of products and services, and users’ experience are in the mature stage. There are many enterprises gradually shift from mass production to C-to-B modular customization, and even make a simulation platform at the end. These companies which have a certain number of customers are more conducive to their future custom development.

At the same time, through KADANG analysis and C-to-B e-commerce survey reflect some pressing problems. With KADANG as an example, the brand awareness is low; promotion methods are insufficiency; the corresponding market share is relatively low. These provide a good explanation that after 8-year development period, KADANG’s
situation is not positive even still far away from its original expectations. The key issue is that KADANG does not have brand recognition in China. Thus, the main objective is brand promotion for KADANG. To be more specific, gaining more target consumers and enhancing people’s recognition brand are vital for KADANG.

Customers choose products cautiously because they lack of recognition on new brand. Usually, target customers’ attitudes can be divided into four kinds: ignorance, concern, attempt to try, play as a transmitter. At this time, a promotion plan which is drawn up from market survey might be beneficial to help KADANG to lock targeted consumers and find out their basic requirements. During this stage, the main methods can be used are: Blog updated, website redesign and service system updated, outdoor advertising media, media report. The reasons of choosing the former three methods and how to implement them are shown below:

<table>
<thead>
<tr>
<th>METHODS</th>
<th>Why choose this method?</th>
<th>How to implement it?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blog updated</td>
<td>➢ Attract potential customers, establish interest community;</td>
<td>➢ Make a long-term marketing plan;</td>
</tr>
<tr>
<td></td>
<td>➢ Decline the cost of internet marketing;</td>
<td>➢ Create a good blog environment;</td>
</tr>
<tr>
<td></td>
<td>➢ Increase the opportunity for users to find the enterprise information through search engines;</td>
<td>➢ Comprehensive utilization of the blog and other marketing resources;</td>
</tr>
<tr>
<td></td>
<td>➢ Increase the number of links with company website;</td>
<td>➢ Insist on updating blog</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ To evaluate the effect of blog marketing in a fixed duration;</td>
</tr>
<tr>
<td>Website redesign and service system updated</td>
<td>The effect of web design will affect the brand image of a web site and the effect of direct marketing.</td>
<td>➢ set a title for each page and perfect the META tags to improve the search engine ranking;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ increase the download speed;</td>
</tr>
<tr>
<td>Outdoor advertising media</td>
<td>Strong penetration;</td>
<td>➢ Choose appropriate circuit;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ Targeted release (beneficial to cooperate seasonal promotions);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ Release form-whole vehicle prints</td>
</tr>
</tbody>
</table>

FIGURE 13. Three main methods to enhance consumers’ recognition of KADANG
In addition, media report is an efficient way to attract public eyes immediately and produce persistent effects for a relatively long-term period. To win media reports, the first thing is looking for the enterprise strength from the perspective of media, which can cause the attention of the public. Generally speaking, media forms are regular reports, interviews, industry project and so on, for getting more and keeping sustainable attention from media, then interaction is necessary (for instance, to establish good cooperation relations with the media personnel).
6 DISCUSSION

In general, the purpose of this thesis is to understand the current situation of C-to-B e-commerce industry in China, and find out the potential consumers and their characteristics and preferences through case research of KADANG, so as to provide suitable suggestions on their future development. In the process of thesis construction, I have been enriched theoretical knowledge, and the research capacity has also been enhanced. But there are still two aspects make me feel depressed during thesis process.

In the theoretical part, relevant literatures are quite difficult to be found and collected. Due to C-to-B e-commerce is in the early stage in China, although the media and Chinese periodicals mentioned this topic frequently, the number of relevant literatures which can be found is still small and with great difficulties. It leads to the theories used in thesis are fragmented and unsystematic. In addition, a big accident happened on questionnaire design, which all the questions have not been set as “mandatory” form, resulting effective data filtering in the late stage takes a plenty of time and energy. Furthermore, the reliability and validity of the questionnaire design had not been demonstrated before it published through Welbropol. For example, some overlapping questions or inaccurate descriptions confuse and then mislead the respondents to some extent. It could lead to a slight and unpredictable deviation between the final data and the actual situation. But fortunately, an ideal amount of respondents was collected within a short period of time (three weeks) through a variety of social media.

If I have a chance to start again, the construction of the theoretical framework and a logical questionnaire design which based on systematic theories (including the repeated demonstration of reliability and validity of questionnaire) are the two vital parts before writing a thesis. Meanwhile, only quantitative method was used in research part, if the author could win the case company’s support, which means the practical significance of entire study will be enhanced accordingly.
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Hello everyone!

I am a business student in Savonia University of Applied Science in Finland. And I am conducting this survey for analyzing the C2B e-commerce situation in China of year 2016. The survey is anonymous and all data is only used for statistical analysis. Thank you very much for your participation and providing your real opinions kindly. Should you have any questions concerning this thesis, please contact thesis supervisor VIRPI.OKSANEN@SAVONIA.FI.

大家好！我是来自savonia大学的商科学生。我正在做一个分析2016年C2B电子商务在中国发展现状的调查。该调查采用匿名形式，且所有的数据只作数据分析。非常感谢你的参与和所提供的宝贵意见。如果您有任何有关该论文的疑问，请联系论文导师VIRPI.OKSANEN@SAVONIA.FI。
C2B E-Commerce Situation Research Survey

1. Gender 性别
   - Male 男
   - Female 女

2. Age 年龄
   - Below 20 小于 20 岁
   - 20—30 20 至 30 岁
   - 31—40 31 至 40 岁
   - 41—50 41 至 50 岁
   - Above 50 50 岁以上

3. Education Background 教育背景
   - Secondary School 初中
   - Junior High School 高中
   - Undergraduate 本科
   - Graduate 硕士
   - Doctor 博士
   - Others (Primary School, etc.) 其他，小学，等等

4. Occupation 职业
   - Student 学生
   - Employee of State Enterprises 国企员工
   - Employee of Private Enterprises 私企员工
   - Military Personnel 军人
   - Self-employed 个体经营者
   - Other (Retired, Unemployed, etc.) 其他，退休，待业，等等
5. Monthly Income 月收入
   - Below 2500 低于 2500
   - 2500－4000
   - 4000－5500
   - 5500－7000
   - Above 7000 7000 以上

5. Do you have any experience of custom products? (For example, tailored suit, custom-made furniture, etc. These products are designed and produced according to customer’s preference, so the appearance of them has strong personal characteristics.)
   你曾经有过定制产品的经历吗?(例如，定做西装，定制家具，等等。这些产品根据顾客偏好而设计生产，具有强烈的个人特色。)
   - Yes 有过
   - No 没有

6. If you have custom requirements, will you choose online method or entity shop method?
   如果你有定制需求，你会选择网上定制还是实体店?
   - Online 网上
   - Entity Shop 实体店

7. What factors will prompt you to select custom products online? (Max 5 options)
   哪些因素会促使你选择网上定制？(Max 5 options 最多选 5 项)
   - Festival or Anniversary 节日或纪念日
   - Curiosity 好奇心
   - Quick Delivery 快速送达
   - Unique Experience 独特体验
   - High Product Quality 高品质产品
   - Individual Service 私人化服务
   - Others, please specific: 其他，请简述:

   ______________________________________
9. Have you ever heard one of following custom brand name?  
你听过下列哪些定制品牌？(Max 4 options 最多选 4 项)

☐ YXP 网易印象派
☐ ARTIST 雅迪斯
☐ YADAN 亚丹
☐ Deweier 德维尔
☐ Sophia 索菲亚
☐ China Vision Media Group Limited 文化中国
☐ SHANGPINZHAPEI 尚品宅配
☐ KADANG 卡当

Others, please specific: 其他，请简述:
☐

10. How do you know about KADANG?  
你是如何得知卡当的？(Max 5 options 最多选 5 项)

☐ TV or radio 电视或者广播
☐ Newspaper or Magazine 报刊杂志
☐ Internet 网络
☐ Email 电子邮件
☐ Recommendation from Friends or Family Members 来自朋友家人的推荐
☐ Billboard 广告牌

Others, please specific: 其他，请简单描述:
☐

11. Which of the following products would you choose custom online?  
以下哪些产品会让你选择网上定制？(Max 4 options 最多选 4 项)

☐ Clothing and Shoes 服饰，鞋子
☐ Jewelry 珠宝
☐ Decoration and Furnitures 装饰，家具
12. To what extent would you agree with the following elements will affect your custom experience online?
你从何种程度上同意以下影响你定制体验因素的描述？

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website design is beautiful and simple 网页设计美观简单</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Fast speed on page open and the links between navigation and categories is stable 网页打开速度快，导航和分类链接稳定</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Customer services provide timely services and full follow-up 客服提供及时服务且全程跟踪</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Customers has a high degree of participation during customization process 定制过程中顾客全程参与</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Customized products meet customer requirements from all aspects 定制的产品从各个方面满足顾客需求</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>The company offers a personalized way to promote and maintain customers’ interest with the community 公司提供个性化方式来促进并保持顾客与兴趣社区的联系</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>