The Digitization of Business in China: Exploring the Transformation from Manufacturing to a Digital Service Hub

Abstract of each chapter

Part 1
Chapter 2: China’s Online Peer-to-Peer (P2P) Lending Platforms - by Dr Michelle W. L. Fong
China’s online P2P lending industry first emerged in 2007 and grew at frenetic speed between 2012 and 2015 in the shadow of the banking industry. The lack of market entrance thresholds, sound regulations and regulatory oversight led not only to an unreined and rapid proliferation of online P2P lending platforms but also to a surge in the number of problematic platforms as a result of their lack of experience in managing such businesses, their mismanagement and/or their fraudulent practices. The Chinese government thus faces a huge challenge as it strives to resolve such distortions which jeopardise this industry as an alternative source of financing to private small and medium enterprises (SMEs). These SMEs are important economic entities but constantly encounter difficulty in borrowing from the traditional banking channels which have preferred lending to big players such as state-owned and public-owned enterprises. The online P2P lending platforms are not expected to replace the traditional banking channels, but are financial intermediaries with a promising potential in addressing the financing vacuum long faced by SMEs. This paper examines the development of the online P2P lending industry, its borrowers and lenders, its problem platforms, and the legislative and regulatory inadequacies and reforms.

Key words: Borrowers, Lenders, Investors, Problem Platforms, Small and Medium Enterprises (SMEs)

Chapter 3: The Key for Non-Profit Crowdfunding through Internet Social Media - by Dr Peng Gao
Non-profit crowdfunding is quite different from profit-based crowdfunding in a plethora of ways. Despite the growth of profit-based crowdfunding within multiple industries, the non-profit crowdfunding initiative has also won popularity among ordinary people’s social lives. This paper seeks to define the concept of non-profit crowdfunding by exploring its categories, characteristics, and practices. Regardless of its common characteristics with profit-based crowdfunding, the non-profit crowdfunding functions with several unique features, which deserve more attention from the initiators in order to carry out a successful non-profit crowdfunding project. By interviewing several successful and unsuccessful non-profit crowdfunding initiators, and multiple donators; the chapter will endeavour to identify and explicate the elements that are closely involved in the process of non-profit crowdfunding projects. These involving elements that can be divided into the subjective elements, that is, the elements that have direct association with people, such as the purpose of the initiator/project, the specific description of the project, and the promotion method; and the objective elements, that is, the environmental elements, such as the legal system, the moral issues, and the information asymmetry/financial fraud issues. By
analysing the effects of involving such elements, we intend to propose constructive suggestions for the successful practice of non-profit crowdfunding projects.

**Key words:** Non-Profit Crowdfunding, Initiators, Multiple Donators, Financial Fraud, Moral Issues

**Chapter 4: The Development Path of WeChat: Social, Policies and Ethical Challenges - by Dr Pi-Chi Chen**

China boasts the world’s largest social-media market which is vastly different from her Western counterparts. WeChat by Tencent, QQ and Weibo are at the forefront of the growing market – aiming to benefit from the surge in social media membership. Much of the focus however, has been on examining and expanding their technological portfolio which further gives rise to a number of concerns. As WeChat continues to grow, politicians and dissidents alike are voicing their fears that security officials are able to track users’ everyday movements via the voice-messaging service that WeChat offers. As such, both users and the authorities alike deem WeChat as a brewing threat due to the possibility of surveillance – which perhaps explains why the frequency of WeChat related crimes have greatly increased.

This research therefore focuses on the ramifications of WeChat’s growth on institutional policy and social development; alongside the ethical challenges that may arise. The trajectory of WeChat’s development will consequently be analysed - considering their early growth and the impact that governmental policies have had in shaping China’s social media evolution. Ultimately, the study endeavours to implicate the complexity of social media in China compared to the West – offering an alternative model to account for the changing power dynamics behind China’s digital business environment.

**Key words:** WeChat, Social Media Market, Tencent, QQ, Weibo

**Chapter 5: The language of luxury hotel websites - by Dr Amy Suen**

The use of websites to promote hospitality services have been a major platform in hotel branding since the 1980s. Yet, comparatively fewer research initiatives have been undertaken to explore the language of evaluation on luxury hotel homepages. This paper explores the ways in which Hong Kong’s luxury hotels evaluate their products and services, and construct interpersonal relationships with readers in the introductory texts of their homepages. By drawing upon the framework of their Appraisal Theory within a Systemic Functional Linguistics (SFL) approach, the analysis shows that the hotel homepages tend to present one-way communication from the hotels’ perspective rather than a two-way exchange, which engages readers with the online luxury experience. Positive appreciation dominates when compared to the other types of attitudes for evaluating the quality of the products and services. Graduation is heavily employed by a means of superlatives and maximization to amplify the superiority of the hotels, however, it is without a benchmark. In terms of engagement, hotel homepages are predominantly monoglossic with only a few instances of heteroglossic utterances, possibly serving to pre-empt subsequent challenges from readers. The study therefore seeks to propose that the employment of more resources of affect, judgement and engagement could enhance online experience and hence, boost the promotional effectiveness of hotels.

**Key words:** Hotel Branding, Appraisal Theory, Systemic Functional Linguistics (SFL), Monoglossic, Heteroglossic
Part 2

Chapter 6: Digital Business and Consumers’ purchase intentions in Indonesia – by Dr Tao Jiang

This study aims to investigate how product related variables influence consumers’ purchase intentions in Indonesia, one of Asia’s primary emerging markets. Product Type, Consumer Involvement and Product Review were identified as the key independent variables in an experimental research involving 181 samples. Having conducted the pre-test, eight articles were consequently selected before the results from the online questionnaire were collated from the Indonesian respondents. The results showed that Product Type and Product Review were significant determinants on consumer attitudes and purchase intentions. Although Product Involvement showed to have no substantial influence on consumer attitude, this study further found out that if a product is experience-based with low involvement, it does indeed have a positive influence on the attitude of consumers. Furthermore, respondents showed no discriminations against sponsored Product Reviews which was contradictory to the norms presented in existing literature. This study also discusses both managerial and theoretical implications as well as the research limitations and future research directions derived from the case study.

**Keywords:** Product Type, Product Review, Sponsorship, Consumer Involvement, Attitude

Chapter 7: Enhancing brand image and brand trust in the Vietnamese Tourism Industry via E-word of mouth – by Dr Hoang Thi Phuong Thao

Based on the theories of information adoption and brand enhancement, this paper explores the key factors impacting the electric Word-of-Mouth (e-WoM) adoption and the consequent effects on brand image and trust of e-retailers in the Vietnamese tourism industry. The relationship between such information adoption on the development of the brand will therefore be investigated. Data was collected from 272 tourists from four of the biggest cities in Vietnam: HCM, Nha Trang, Da Nang and Hanoi. Factor analysis and the SEM model were implemented and utilized to assess and analyse the dataset. Ultimately, information relevance, accuracy and source credibility were paramount when discerning the influence of the e-WoM adoption. The influence of brand image in the relationship between e-WoM adoption and brand trust will further be examined.

**Keywords:** e-WoM; information adoption; brand image; brand trust; Tourism in Vietnam.

Chapter 8: The regional expansion of China’s digital business and its impact on Taiwan - by Chung-Sen Wu & Chih-Yuan Weng

China has been undergoing an economic transition from the export-led growth characterized by low-value-added manufacturing, to the development of a consumption-led economy. Online retail sales in mainland China totalled 3.877 trillion yuan ($US 590 bn) in 2015, up 33.3 percent from the prior year, making the country the world’s largest market for e-commerce. Chinese consumers have adapted to the digital world by using new shopping channels and payment gateways via WeChat, Alibaba and Taobao. According to a recent study by eMarketer, circa 30 percent of all retail sales in China will be done online by 2018 - when e-commerce sales are expected to surpass $US 1.5 trillion. Essentially, China’s 12th Five-Year Plan for E-commerce Development (2011-2015) set forth the goal of significantly
increasing the contribution of the e-commerce industry to the national economy by 2015. Furthermore, China has actively promoted an initiative called “Internet Plus,” with the aim of utilizing the internet and any related technological means to spur the next stage of economic development. The growing middle class in the ASEAN and the surge in internet users are also creating opportunities for Chinese digital companies to expand into the region. This chapter will therefore endeavour to discuss how China’s digital business industry has evolved and how its expansion beyond the mainland may impact the region in general; and on Taiwan, in particular.

**Key words:** Low-Valued-Added Manufacturing, Online Retail, E-Commerce Development, Internet Plus, Middle Class Consumers

**Chapter 9: Digitalization in dentistry: development and practices - by Dr Yuan-Min Lin**

In the past few years, digital dental workflow gradually replaced the conventional dental workflow in a growing number of developed countries. The digital dental workflow is beneficial in saving time for patients, dentists and dental technicians alike. Generally, digital workflow in dentistry consists of image acquisitions, data processing and digital manufacturing. The imaging acquisition devices, include intra-oral scanners, extra-oral scanners and computed tomography, are highly sophisticated utensils of dental care and can convert the shapes of hard tissues of patients into 3D data for greater analysis. These 3D data of teeth and bone can further be applied to a variety of dental instruments using CAD (computer-aided design) software. By cutting a block or disk made of polymer, ceramics or composites, computer numeric controlled (CNC) milling technologies can create dental devices that suffice to clinical regulations. A disadvantage of milling technologies however, is the fact that it cannot carve complex geometrical shapes, as well as it not being able to produce multiple models at once. 3D printing, on the other hand, is capable of constructing complex geometric features and is also much more productive. It is a budding technology in dentistry that allows for more intricate clinical research. Digitalization not only revolutionizes the workflow that dentists and dental technician carry out, it also changes the dental industrial ecology. Many young companies, which were not present in the market 10 years ago, became global leaders in different sectors of digital dentistry. As such digitalization in the dental industry is an ongoing revolution, that will undoubtedly shape the future of dentistry.

**Key words:** Digitalization in Dentistry, 3D printing, Computer Numeric Controlled (CNC), Milling Technologies, Medical Revolution

**Chapter 10: Alibaba and diversification in the Chinese digital business industry - by Dr Y Kim**

China’s B2B businesses have gained immensely from the influx of social media users – with the greatest beneficiary being Alibaba who have been at the forefront of the movement since its outset. Compared to Western B2B companies, Alibaba has undertaken a unique strategic objective – going from the digital service sector, to manufacturing and ending on the agricultural industry, a reverse-trajectory from typical Western development and diversification norms. Traditional diversification initiatives have consisted of firms expanding through mergers with those of similar types – yet, Alibaba have opted to pursue an all-encompassing business drive which has contributed towards their immense growth. Such conglomerate diversification initiatives, which has seen Alibaba expand into the newspaper (South-China Morning
Post), football club (Guangzhou Evergrande FC) and fast-food (KFC) industries – has cemented their stance as China’s leading digital business.

The research will therefore investigate Alibaba’s diversification strategies in line with typical Chinese norms to discern whether their development drive is unique to Alibaba or whether the framework can be emulated by Western and subsequent Chinese firms alike. Thus, Alibaba’s early business decisions will be analysed and compared to that of their Western digital business counterparts; to assess whether it was their strategic decisions that differentiated them from the outset – or if they merely followed the traditional diversification procedures that are prevalent to Chinese businesses that can be reproduced by other firms in the digital business industry.

**Key words:** Diversification, Alibaba, Strategic Expansion Strategy, Financial Service (Yuebao), Tencent Hongbao

**Conclusion: Business-to-Business Marketing in China: Digital or Traditional?** - by Dr Jon Cooley

Attracted by the large, growing domestic economy in China, many U.S. companies have decided to enter China providing products and services in the business-to-consumer (B2C) and business-to-business (B2B) markets. Combined with traditional marketing channels, internet marketing is rapidly evolving and becoming a critical strategic element in the marketing department’s tool chest. While much is written about B2C markets and consumer preferences, little addresses the B2B Chinese customers’ attitudes toward the disparate array of traditional and internet marketing approaches and receptivity to Western companies soliciting them as new customers. This chapter compares Chinese B2B purchasing attitudes towards traditional and internet based marketing solicitations with implications for both academic research and business practitioners. Utilizing the author's empirical survey of Chinese B2B businesses in the Chinese province of Jiangsu, the receptivity and perceptions of such marketing channels will be measured and examined. It is well documented that internet use for business is pervasive throughout Chinese administrative and management groups; however, this chapter explores the effectiveness of contacts through traditional and internet marketing channels. Additionally, it considers those individuals with prior experience buying from foreign firms and whether they are more - or less - receptive to new solicitations from foreign companies.

**Key words:** Digital Marketing, B2B Markets, B2B Purchasing Attitudes, Jiangsu Province, Chinese Administrative and Management