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APS1012 Management of Innovation – Final Team Projects, Spring 2013 (online class)**Innovation in the C2C (Custom to Custom) Business**Objective

- Provide a brief summary of C2C business model
- Provide an introduction for the history of C2C development
- Identify and analyze the innovations in TaoBao's C2C platform
- Examine specific technological, economic, and commercial issues that relate to online business
- Make a comparison between the TaoBao and Amazon
- Suggest a more competitive model that brings a better market performance to Taobao

Scope

- C2C Development
- C2C in China
- SWOT Analysis of C2C Model
- Innovations of TaoBao
- Comparing TaoBao with Amazon, eBay
- Why C2C is less prosperous in the Western world

Approach

We first conduct literature research and read reports and analyses for companies, Taobao, eBay and Amazon. Based on our reviews of these companies, we then do a SWOT analysis for Taobao and make a comparison of the three companies. In particular, for the comparison of the three companies, we first make a lateral comparison about the similarities and differences of business models, market strategies of the three companies as well as the geographical analysis for them. Also, we make a longitudinal comparison for Taobao, from which we explore the trend of C2C business in China. Furthermore, according to the previous analysis, we derive the recommendations of business models for Taobao and predict the possible impact to the business transactions in China. In addition, we apply our derived model to the rest of the world.

Findings

In the internet industry, there is a trend that enterprises more lean to user experience in the business section and product development process. TaoBao develop their communication and information system with a design process that put users in the first place. These effort made by TaoBao help eliminate the information asymmetric and refine the weak position of buyers in the traditional shopping model.

Conclusion

Based on Taobao's successful operation as the market leading C2C e-commerce enterprise in China, we conclude that business model, market strategy, as well as sustaining innovation are the main reasons. The design of web sites and shopping process provide customers a convenient platform. The particular credit evaluation system and creation of Alipay are competitive advantages, which ensure online transaction in trust.

Recommendation

With established large scale in customer community, the possibility for other enterprise to surpass market leader Taobao or Ebay is very little in short time. However, based on deficiency and under-development in current C2C e-commerce, we predict following opportunities in future:

1. Small C2C enterprise will migrate to B2C model as their business scale grows up.
2. C2C enterprise will consistently improve quality of service and focus on customer experience
3. Government will issue relevant regulations to improve credit system and customer's rights.
4. International trend becomes inevitable to reach customers in foreign markets.