

Post-Pandemic Growth of E-Commerce Platforms: A Case Study on Taobao's Strategic Success in China

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Abstract: This study analyzes the reasons for the continued growth of the Taobao platform after the pandemic to reveal the key factors that enable e-commerce platforms to maintain competitiveness in a dynamic market environment. Through a case study of Taobao, it is found that its success not only relies on innovative marketing methods such as the “Double Eleven” shopping festival and live streaming but also on efficient supply chain management and personalized user experience. This study points out that Taobao has built a strong market advantage through the interactivity of social e-commerce and the optimization of the supply chain, successfully meeting the demand of consumers for online shopping after the pandemic. This study provides valuable practical experience for other e-commerce platforms, emphasizing that focusing on user experience, adopting innovative promotional strategies, and optimizing supply chain management are effective ways to improve market performance. These findings are of great practical significance for the continued development of the e-commerce sector.

Keywords: E-commerce, Marketing Strategies, Supply Chain Optimization, User Experience.

1. Introduction

It is widely accepted that COVID-19 has greatly affected the way people live and shop. In times of epidemic, offline shopping is very inconvenient, and e-commerce, with its unique spatial advantages, continues to develop in a good way due to lots of convenience provided. Government subsidies improve supply chain efficiency and social surplus, while altruistic preference increases e-commerce revenue but has inferior effects on waste product recycling, which is a major reason for e-commerce's success and heralds the rise of e-commerce majesty [1, 2]. It plays an important role in our lives, which involves sharing business information, maintaining business relationships, and conducting business transactions via telecommunications networks. E-commerce has a wide market, which can target consumers of all countries, ages, and even races, and a larger group of consumers means higher exposure and profits. E-commerce has made it easier for people to reduce physical activity and save time, making it suitable for most people [3]. There is also the natural spatial advantage of e-commerce mentioned above. E-commerce effectively meets the needs of consumers and has gradually become an indispensable part of everyone's life. It is said that supply chain assessment in e-commerce is

strategic and tactical and aims to help management deal with uncertainty and adapt to changing market dynamics [4]. When this management is running smoothly, the pipeline from supplier to seller is running smoothly, and goods are arriving at the merchant quickly and at the right time, making it easier for the consumer to fulfill their needs and for the merchant to achieve the goal of earning more profit. Supply chain management can also be used as a technology expansion, as the transfer of information and the development of logistics services are highly relevant [5]. Service industries and technical support make it easier to transfer information in e-commerce [6].

However, there is no sufficient research about the reasons why e-commerce can still survive as well as develop after the period of pandemic. This article aims to systematically hackle the reason why e-commerce platform continues to develop after COVID-19. To make the operating mechanism of e-commerce more specific, we chose a popular e-commerce in the Chinese market named Taobao to do more research.

2. Case Description

Taobao stands out as a strong representative of China's e-commerce evolution due to its pioneering origins, vast product variety, and large merchant base [7]. Established by Alibaba Group in 2003, Taobao emerged as a pioneer when China's e-commerce industry was still nascent. Its launch came at a time when traditional retail faced challenges in reaching China's vast geographical and demographic markets. Taobao enabled millions of individual sellers and small businesses to set up online shops with minimal costs by adopting a customer-to-customer (C2C) model. This democratization of e-commerce accelerated the growth of online shopping, establishing Taobao as a cornerstone of China's digital economy.

Moreover, its use of Alipay, a secure and convenient digital payment platform, has further escalated its popularity, and it uses advanced technologies like AI algorithms to personalize shopping experiences, making it a trailblazer in the e-commerce industry. Meanwhile, Taobao's extensive range of products and a large number of merchants make it predominant in the industry. The platform currently hosts over one billion product listings, including categories such as electronics, apparel, and daily necessities that offer a "one-stop" solution for consumers. The diversity of products available ensures that Taobao caters to a wide array of customer preferences, from affordable items to high-end products. Additionally, with about eight million active merchants on the platform, consumers are presented with numerous choices that drive competitive pricing and enhance the shopping experience. This extensive product range and merchant network not only reinforce Taobao's position as a leading e-commerce platform in China but also highlight its role in shaping consumer behavior and the broader e-commerce landscape.

Among its strengths, Taobao's early market entry and brand recognition stand out, as they have helped it establish a loyal user base [8]. However, the company also faces significant challenges. A major issue is the emergence of highly similar products that undermine people's interest in brands. Despite these challenges, Taobao still has huge opportunities for growth. The expansion of the B2C market in China and the adoption of smartphones have boosted its growth potential. In addition, after the development space for e-commerce was realized by the government, beneficial policies were given, which can create a relaxed atmosphere for platform enterprises to advance. Yet threats to its dominance remain. The ease of access to online markets has increased competition. Coupled with the problem of counterfeit products, these factors pose a risk to Taobao's credibility and bottom line. When it comes to globalization, a lack of cultural understanding can hinder a company's progress, with competition from other online platforms putting its market position at risk.

3. Case Analysis

3.1. Market Innovation

One major reason Taobao is so successful is its “Double 11 Shopping Festival”. This event started in 2009 as a small promotion but has grown into the biggest shopping festival in the world. Back in 2009, sales were about \$7.6 million, but by 2021, they jumped to a staggering \$84.5 billion across Alibaba’s platforms, including Taobao. This amazing growth shows how well Double 11 attracts customers and boosts sales [9].

What makes Double 11 special? It offers huge discounts, launches new products, and includes fun activities like games and rewards. For instance, in 2020, Taobao introduced games to make shopping more exciting, which brought in over 800 million shoppers! Because of its success, Double 11 has inspired similar shopping events around the globe, like Amazon Prime Day in the U.S. and Flipkart’s Big Billion Days in India. This proves that fun shopping experiences can create loyal customers and increase a brand’s popularity.

3.2. Digital Strategy

Another key part of Taobao’s success is “live streaming.” In 2020, Taobao Live brought in around \$60 billion in sales, showing just how much live streaming can help online shopping. During these live streams, popular hosts show products in real-time, answer questions, and guide people on what to buy [10].

Take Viya, for example, a famous live streamer in China. In 2020, she made over \$4.8 billion in sales through Taobao Live. This live interaction allows customers to feel more connected and makes shopping much more exciting. Research shows that people who watch live streams are 32% more likely to make a purchase compared to regular online shoppers. This strategy is also great for smaller brands because it gives them a low-cost way to reach many potential customers, making Taobao feel more like a personal shopping experience.

3.3. Supply Chain Service

A strong supply chain is really important for e-commerce, and Taobao does well with services like Alipay and the Cainiao Network. Alipay is Alibaba’s payment system and is trusted by over 1 billion active users as of 2021. It makes paying for items safe and easy, which encourages more people to complete their purchases [11].

The Cainiao Network is another vital part of Taobao’s success. It works with many local delivery companies to ensure fast and reliable shipping, especially during busy times like Double 11. For example, during the 2020 event, Cainiao handled over 2.3 billion packages. Their use of smart warehouses and technologies like AI helps speed up deliveries. In big cities, Cainiao even offers “next-day delivery,” giving Taobao an edge over its competitors.

Taobao also focuses on personalizing each shopper’s experience. By looking at what users search for and buy, Taobao can suggest items that match their interests. For example, if someone often buys sports gear, they’ll see more sports products in their feed.

This personalization makes it easier for users to find things they like, making shopping more enjoyable. Sellers also benefit because they can reach the right customers. When shoppers feel understood, they are more likely to come back and buy again.

Taobao uses “social commerce” to make shopping more interactive and fun. Social commerce mixes social media with online shopping, creating a more engaging experience. On Taobao, users can leave reviews, watch live streams, and share photos of their purchases.

Taobao Live, in particular, allows influencers to connect with viewers in real time, showing off products and answering questions. In 2021, sales from Taobao Live exceeded 500 billion RMB, which shows how popular this format is. Live events encourage people to shop on impulse, giving brands a direct way to reach potential customers. Plus, positive customer reviews and user-generated content help build trust, encouraging even more people to buy.

In summary, Taobao's success comes from its smart strategies in five main areas: hosting exciting shopping events like Double 11, using live streaming effectively, maintaining a strong payment and delivery system, personalizing the shopping experience, and building a community atmosphere. These approaches have made Taobao a top player in China's e-commerce market.

Other e-commerce platforms can learn valuable lessons from Taobao, such as creating fun events, personalizing the shopping experience, and fostering community engagement. Altogether, these strategies show that focusing on user experience, reliable logistics, and interactive elements can help create a successful online shopping business in today's digital world.

4. Suggestions

Taobao's strategic initiatives, especially for its large-scale holiday promotions and live-streaming services, serve as an example for other e-commerce platforms. The "618" shopping festival, created in 2010, has grown into one of China's biggest annual shopping events. By leveraging the mid-year sales period, Taobao capitalizes on consumers' growing enthusiasm for discounts and special promotions. During the "618" festival, Taobao provides with a mix of discounts, vouchers, and interactive marketing campaigns to attract shoppers. For instance, the festival in 2023 generated over 500 billion yuan in sales, underscoring its effectiveness in boosting online retail activity and driving consumer consumption. The success of "618" demonstrates the importance of creating promotional events that can increase sales and foster customer loyalty and engagement at the same time.

Meanwhile, Taobao's innovative use of live-streaming has transformed how products are marketed online, which is a strategy worth emulating. Through live-streaming sessions, vendors can engage with customers in real time, including showcasing product features and answering questions directly. This interactive format not only builds trust but also stimulates impulse purchases by creating a sense of urgency with limited-time offers. In 2023, Taobao's live-streaming sales reached approximately 1 trillion yuan, reflecting the significant role it plays in driving the platform's gross merchandise volume (GMV). By combining entertainment with commerce, live-streaming helps bridge the gap between online and offline shopping experiences, setting a standard for other platforms to follow.

Despite its successes, Taobao needs to address critical areas for improvement, particularly consumer privacy. As digital transactions rise, an increasing number of people have concerns about data security and the protection of personal information. Instances of data breaches or misuse of user data have led to growing apprehension among consumers. To enhance user trust, Taobao must implement more robust data protection measures and adhere strictly to privacy regulations.

Another pressing issue is the need for consistent product quality. Given the platform's large number of independent merchants, maintaining quality control can be challenging. Although Taobao has implemented measures such as customer reviews, ratings, and a product authenticity guarantee program, instances of counterfeit or low-quality products still occur. To mitigate this, Taobao should strengthen its merchant vetting processes and introduce more rigorous penalties for sellers who violate quality standards. By addressing these concerns, Taobao can improve its reputation and maintain its competitive position in the evolving e-commerce landscape.

5. Conclusion

This study reveals the key factors that have enabled Taobao to achieve sustainable development in the post-pandemic era: its success not only relies on innovative promotional activities such as “Double 11” and live streaming to drive sales but also benefits from efficient supply chain management and personalized shopping experiences. Taobao has built a solid market advantage by enhancing user engagement and platform delivery efficiency through the interactivity of social e-commerce and supply chain optimization. These findings provide practical experience for other e-commerce platforms, indicating that focusing on user experience, innovative marketing methods, and optimizing supply chain management are important strategies for the sustainable development of e-commerce platforms.

This study guides e-commerce platforms to improve their competitiveness in a dynamic market environment. Taobao’s successful experience can provide a reference for other platforms to formulate strategies, especially in the planning of promotional activities, optimization of user experience, and supply chain management. By learning from Taobao’s management model, other platforms can use similar promotional methods and supply chain optimization strategies to enhance user stickiness, improve operational efficiency, and expand market share, which is of great practical value for improving the overall performance of e-commerce platforms.

Authors Contribution

All the authors contributed equally, and their names were listed in alphabetical order.

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