Enhancing Western E-commerce Expansion in China: Navigating Technical and Cultural Challenges through Effective Website Design

Master degree in International Business

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Leiria, September of 2023

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Dissertation under the supervision of Professor Susana Cristina Serrano Fernandes Rodrigues, Ph.D., professor at the School of Technology and Management of the Polytechnic Institute of Leiria.

Leiria, September of 2023

Originality and Copyright

This dissertation is original, made only for this purpose, and all authors whose studies and publications were used to complete it are duly acknowledged.

Dedication

To my mother, the biggest role model of my life, who always believed in my decisions and makes me want to be a better and greater person each day to make her proud.

Abstract

This master's dissertation explores the strategic use of website design to overcome challenges associated with Western e-commerce expansion into China. It investigates two primary dimensions: technical and cultural adaptation. Many Western e-commerce platforms have struggled in China due to inadequate adaptations to local market expectations. The research aims to provide valuable insights and practical guidance for Western e-commerce businesses aspiring to succeed in the Chinese market. It focuses on website design because of the crucial role it plays as a main tool for E-commerce companies to successfully reach its clients. At the same time, the research bridges a gap in the existing literature, which have predominantly focused on macro-level market strategies and regulatory considerations. The central research question driving this investigation is: to what extent does the alignment of website design with local cultural and technical contexts affect the success of Western e-commerce businesses in China? Employing a qualitative method of content analysis, the study evaluates 24 Western E-commerce companies based on a complementary cultural framework drawn from Hofstede's (1980) and Schwartz's (1992). To see the impact of the prominent depiction of local cultural and technical dimensions on the website performance metrics (traffic, pages viewed per visit, visit duration and bounce rate) a composite variable called ''adaptation score'' was calculated for each 24 Western E-commerce's American websites and their overseas Chinese counterpart. Statistical analysis using IBM SPSS software reveals significant differences in the portrayal of Hierarchy and Harmony cultural dimensions through independent samples t-tests. Moreover, MANOVA confirms a significant association between adaptation levels and E-commerce website traffic and pages viewed per visit, offering empirical support for the significance of aligning the website design with the cultural and technical context of the target country.

Keywords: Chinese market, western e-commerce, cross-cultural considerations, technical adaptations, website adaptation, website performance, website internationalisation, success factors

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List of Abbreviations and Acronyms

5G	Fifth Generation Technology
AI	Artificial Intelligence
B2B	Business-to-business
B2C	Business-to-customer
C2C	Customer-to-customer
CECRC	Chinese E-commerce Research Centre
CNNIC	China Internet Network Information Center
COD	Cash On Delivery
ESTG	School of Technology and Management
GDP	Gross Domestic Product
GMV	Gross Merchandise Value
ICT	Information and Communication Technology
IoT	Internet of Things
ISP	Internet Service Providers
KOC	Key Opinion Customers
KOL	Key Opinion Leaders
PPP	Purchase Power Parity
UGC	User Generated Content
UNCTAD	United Nations Conference on Trade and Development
WWW	World Wide Web

FDI	Foreign Direct Investment
FIE	Foreign Invested Enterprise
VPN	Virtual Private Network
IP	Internet Protocol

1. Introduction

The purpose of this master dissertation is to examine how web design can be strategically leveraged to address the challenges associated with Western e-commerce expansion into China. The study is focused around two key dimensions: technical and cultural. Technological aspects are used to create modular, extendable, and accessible global web site templates that support web design customization, while culture explores consumer preferences, expectations, and societal norms that shape online behaviour, whereby web designs can be adapted to meet the needs of specific international target markets. Ultimately, this research seeks to offer valuable insights and practical guidance to Western e-commerce businesses aspiring to thrive in the Chinese market.

This introductory chapter is divided into five main sections and aims to overview the purpose and main topics of study. The first section identifies the background of the research theme, exploring aspects of why China is seen as a great, but challenging, target market. The second section justifies the aim and relevance of the studied theme by referencing prior studies in the field. It identifies some theoretical research gaps and lack of practical applications, therefore supporting the need for further investigation. The third section explores the objective and specific goals of the investigation. The fourth section describes an introductory overview of the methodology used, which will be detailed further in the next chapters. Finally, the fifth session depicts a visual description of this dissertation's structure.

1.0 Background

Singh and Pereira (2005) defined the World Wide Web (WWW) as the new frontier in international business, as it reshaped the competitive advantages needed to reach global consumers. Size and financial strength are not constraints as they were in the past. The Web allows any company interested in internationalising to reach and interact with customers all over the world (Singh & Pereira, 2005). Moreover, the pandemic has accelerated the migration from physical stores to digital shopping. As lockdowns became the new normal, businesses and consumers progressively transitioned to the digital, engaging in online transactions for both providing and procuring a broader array of goods

and services, and the portion of global retail trade attributed to e-commerce experienced growth, escalating from 14% in 2019 to approximately 17% in 2020 (UNCTAD and eTrade for all, 2020)

Another study from IBM's (2022) revealed that consumers no longer see online and offline shopping as distinct experiences - they expect everything to be connected all the time. A key issue in the quest for global success through the Internet is the ability to design a web site that draws targeted customers, generates the desired behaviour (be it a purchase or otherwise), builds trust and loyalty with these customers, and is invulnerable to competitive marketing actions (Singh & Pereira, 2005).

E-commerce, according to E. Turban, King, Lee, Lian and D. Turban (2015) is "a business model in which transactions take place over electronic networks, mostly the Internet. It includes the process of electronically buying and selling goods, services, and information." Therefore, websites are essential for e-commerce as they serve as the digital storefronts, enabling businesses to reach a global audience, showcase products or services, facilitate transactions, and provide a seamless shopping experience.

Given that individuals from various cultural backgrounds may utilise distinct usage strategies on a website, the development of an effective site necessitates acknowledging these distinctions and crafting a design that caters to the requirements of a diverse range of cultural backgrounds (Faiola, 2005).

Over the next decade, with China's position as home to the world's largest population and an increasingly tech-savvy consumer base, it may add more online consumption than any other country, and is expected to generate more than one-quarter of all global consumption growth (Statista, 2023). According to a study by Mckinsey & Company (2021), China is also estimated to be the largest consumer economy today as measured in purchasing power parity (PPP) terms. This huge pool of consumers provides ample opportunity for foreign products or services to succeed, setting the stage for companies to move in. However, China's language, culture, and politics offers distinctive challenges for international companies. For anyone visiting locally created websites, such as the Chinese Taobao, one of the largest and most popular e-commerce platforms in China, and although often referred to as China's equivalent to eBay or Amazon, it is notable that visually they seem very different from the Western counterparts, often defining it as more "busy" and "crowded" (Stanworth, Warden & Hsu, 2015). At a deeper level, "they attempt to create a

relationship important to local Chinese culture that Western firms entering Greater China often overlook" (Wang & Ren, 2012). This exemplifies how Western online E-commerces have faced challenges in China by neglecting essential adaptations required to align with local market expectations.

It is within the unique dynamics of the Chinese market that these opportunities are intricately merged with multifaceted challenges, demanding comprehension of their culture, design preferences, and technological infrastructure that underpin consumer experiences. This paper will dive into these challenges.

1.1 Aim and relevance

The existing literature predominantly emphasises macro-level market strategies (Reddy et al, 2015; Wang & Ren, 2012; Mastio, 2019; Huang, 2017; Liu & Walsh, 2019; Bai, McColl & Moore, 2017; Stanworth et al., 2015) and regulatory considerations (Giuffrida, Mangiaracina, Perego & Tumino, 2017; Reed, 2000; Cheung & Zhao, 2013) often overlooking the impactful aspects of website design. While some studies acknowledge the importance of localization and cultural adaptation in websites (Singh & Pereira, 2005; Barber & Badre, 1998; Hsieh et al., 2009; Hsieh et al., 2013; Cyr & Trevor-Smith, 2004) a comprehensive examination of the interplay between web elements, technical constraints, and cultural dynamics, and E-commerce website performance remains limited. This study aims to bridge this theoretical gap by providing a deep-dive analysis into how website design can strategically navigate these challenges to enhance Western e-commerce expansion in China.

Furthermore, previous research often relies on macroeconomic data and qualitative surveys, offering valuable insights at the market level but falling short in providing granular perspectives on the web elements, particularly in the context of Western web design adapting to the Chinese market. To address this gap, the central research question driving this investigation is: to what extent does the alignment of website design with local cultural and technical contexts affect the success of Western e-commerce businesses in China? To attempt to answer the research question, the study uses a methodology incorporating qualitative content analysis of web design elements.

The study attempts to fill the gap in the literature and contribute to the knowledge by first, exploring if Western sites are adopting a standardised web style or if there is any evidence

of cultural adaptation on these sites on their Chinese version and how this may affect the E-commerce performance, contributing to the long debate on localising or standardising the web content for international markets. Secondly, it is expected to provide actionable insights into optimising website design and overcoming challenges for businesses aiming to expand into the Chinese market. Thirdly, by exploring micro-level aspects of website design elements considering China cultural and technical dimensions to assess the adaptability of Western business models to Chinese consumers, it contributes to a more comprehensive understanding of e-commerce expansion strategies. Finally, this research can enrich the theoretical framework by offering a new perspective on the role of web design in mitigating technical and cultural barriers, ultimately increasing chances of a successful expansion, while significantly lower the barriers to entry in international trade, increase sales, stimulate global demand, and establish a reliable, professional, and international online presence (Barber & Badre, 1998).

1.2 Objectives of the investigation

The overarching goal of this master's degree dissertation is to analyse the challenges that characterise the expansion of Western e-commerce companies within the Chinese consumer landscape, focusing on aspects around website design adaptation. The specific objectives are as follows:

- To provide a comprehensive overview of the Chinese e-commerce market landscape and perspectives for the future
- To elucidate the manner in which cultural norms, contextual communication, and design aesthetics and functionality influence the adoption of e-commerce platforms within the Chinese market
- To identify what are the challenges faced by Western e-commerce companies aiming to expand their business to Chinese consumers
- Analyse whether the Chinese version of Western E-commerce web sites take into account China cultural values in their web communications materials
- Examine whether website cultural and technical adaptation can impact positively the E-commerce website performance
- Corroborate the case study findings with scholarly insights, thereby solidifying the connection between empirical observations and theoretical underpinnings.

- Synthesise the results and theoretical insights to offer actionable recommendations for Western e-commerce companies seeking to expand into the Chinese market.

1. 3 Methodology

To achieve these goals, a qualitative method is used. As shown in section 1.1, research of the interplay between design elements, technical constraints, and cultural dynamics differences between Chinese and Western culture remains limited. Therefore, to be able to investigate "what are the challenges that Western E-commerce companies face when expanding the business to Chinese Consumers", the research in its first stage has had an exploratory purpose. Its objective was to gain a comprehensive understanding of the Chinese e-commerce market, encompassing cultural influences, and to elucidate the challenges encountered by Western companies venturing into this market. This exploratory phase relied on qualitative data obtained through a critical literature review.

After understanding the challenges, the aim was to explore the generalisability and applicability of the literature within the context of the cultural and technical aspects of influence on web design of e-commerce websites. Due to the qualitative aspect of the content analyses as the data collection method, the research approach continued to be exploratory. It had the final objective to assess the relationship between culture, technical infrastructure, and web design adaptation, by depicting the extent to which the multinationals in the study take into account cultural values of the country in question.

Qualitative content analysis is applicable to a wide range of data sources. These sources may include interviews of different types, observational records, articles included in literature reviews, personal diaries, websites, and medical records (Schreier, 2012). The approach to qualitative content analysis can vary depending on the research objectives, data quality, and the researchers' expertise and knowledge. This variation may lead to the identification of categories. Morse (2008) characterises a category as the 'what?' aspect, encompassing and delineating a set of similar codes grouped together. Categories describe the content at a surface level with minimal interpretation and varying levels of abstraction.

For the second part of this study, to see the impact of the prominent depiction of local cultural dimensions on the website performance metrics (traffic, pages viewed per visit, visit duration and bounce rate) a composite variable called ‘‘adaptation score’’ (= categories) was calculated for each 24 Western E-commerce’s American websites and their

overseas Chinese counterpart. The score is assessed based on a complementary cultural framework drawn from Geert Hofstede's (1980) and Shalom Schwartz's (1992). We used statistical analysis using IBM SPSS software through independent samples t-tests to verify if there are significant differences in the portrayal of the cultural dimensions between the American websites and their overseas Chinese counterpart. MANOVA is used to confirm if there is association between adaptation score and E-commerce website performance and Pearsons' correlation to examine relationships between variables. Pearson's correlation coefficient measures the strength and direction of the linear relationship between two continuous variables. It is particularly valuable when exploring the degree of association between two quantitative variables, such as adaptation scores and website performance metrics. The unit of analysis was focused on the "homepage" only, i.e., the initial screen that users encounter upon entering a website, because many visitors to a Website decide if they will continue to browse the site based on this first impression and its importance to online advertising has been repeatedly mentioned by previous research (e.g. Jones & DeGrow, 2011; Jones, 2015 ;Shin & Huh, 2009).

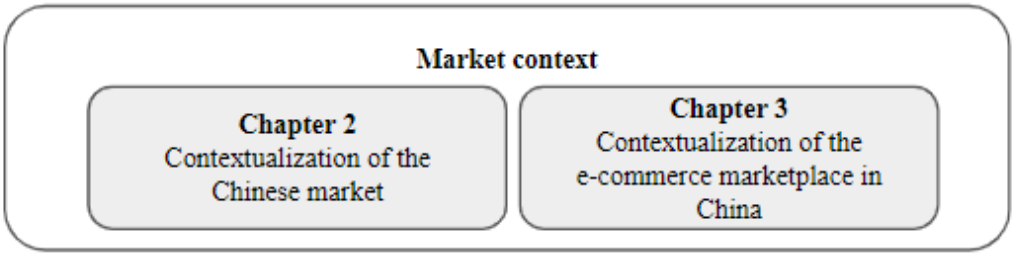
Translation was done through on-line website translation software and Artificial Intelligence (AI). The methodology facilitated an in-depth exploration of challenges and potential strategies, ultimately contributing to a more thorough understanding of the subject matter.

1.4 Structure of the dissertation

The structure of this master's degree paper follows eight chapters, as illustrated in Figure 2. The first introductory chapter presents the investigation aim and relevance, the objectives of the investigation, and gives an overview of the methodology adopted to support its objectives. The second chapter develops the contextualization of the Chinese market, i.e. a overview of the socio-economic system, cultural aspects, and the current situation of the technology adoption by Chinese consumers (Figure 1).

Chapter three presents the contextualization of the Chinese E-commerce marketplace, encompassing China technology adoption, the role of Chinese consumers in the e-commerce era and the influence of the middle class, a comparison with e-commerce development in the West, an introduction to key Chinese players, and an exploration of social commerce.

Figure 1 - Market context is divided into two chapters



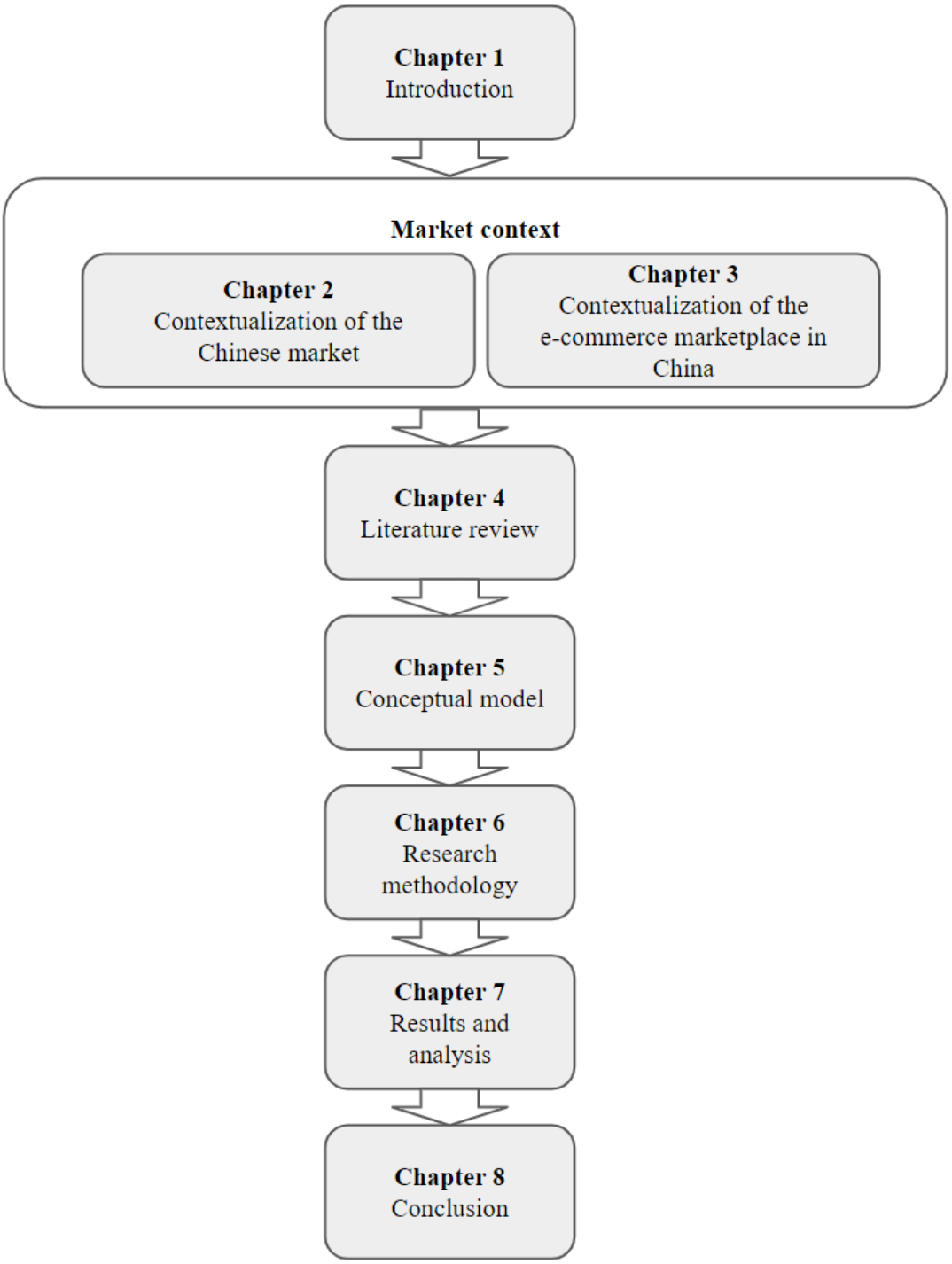
Source: own elaboration

In chapter four, we develop the literature review on the dissertation's central themes to comprehensively address the technical and cultural challenges associated with website design for Western e-commerce companies seeking expansion into the Chinese market. It starts by studying the importance of websites for e-commerce companies, and how researchers have been measuring website performance and defining success factors. It then goes on to take a closer look at some of the things that Western companies should consider when expanding to Chinese consumers, how the complexities are tied to culture, and the technical obstacles they may encounter, and how it affects website design and performance. In chapter four, we also provide both failure and successful cases of Western e-commerce companies in their efforts to enter the Chinese market. By examining these cases, we gain valuable insights into the practical consequences of the challenges discussed earlier and the strategies that can lead to triumph.

Chapter five builds the conceptual model and the research questions and hypotheses derived. Chapter six details the methodology employed to achieve the outlined objectives. It also justifies the selection of methods and strategies used, including the description of data collection methods and its characteristics

Chapter seven then unveils the results obtained from the data collection accompanied by the respective analysis and discussion. Finally, chapter ninth elucidates the main conclusions drawn from the study,building up to some practical applications, acknowledging the study's limitations, and outlining potential lines for future research.

Figure 2 - Structure of dissertation



Source: Own elaboration

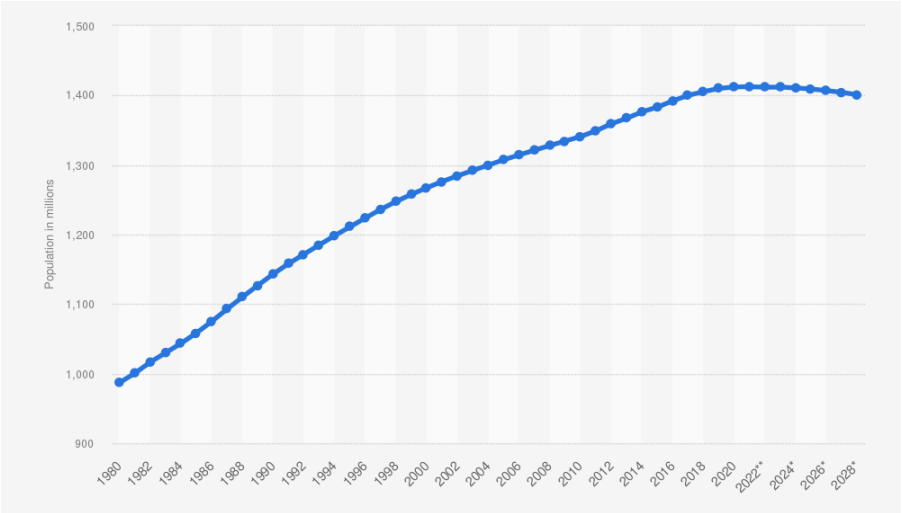
2. Contextualization of the Chinese market

China proved to be an interesting investment destination especially after the successful implementation of COVID-19 control measures, as businesses and factories reopened and internal movement relaxed, experiencing a relatively quick recovery from the COVID-19 outbreak. During the coronavirus pandemic, FDI inflows into China grew by 5.7 percent in 2020 despite the difficult environment and then grew a further 21 percent in 2021 (Statista, 2023). In recent years, foreign direct investment (FDI) into China has been the second largest recipient of foreign direct investments (FDI) worldwide, attracting approximately 181 billion U.S. dollars in 2021, according to official data released by China's Ministry of Commerce (Statista, 2023). Leading multinational companies, such as ExxonMobil, BMW, Toyota, and Invista increased their investment into China (China Briefing News, 2021). Moreover, not only does China have the largest population, it also has the most active e-commerce buyers. These two characteristics represent a major opportunity for foreign e-commerce sellers who are targeting China as their next market. However, it's imperative that the e-commerce company first comprehensively understands the Chinese market through contextualization to effectively leverage these advantages.

2.1 Population and demographics

In 2022, China's population stood at 1.41 billion at the year's end (excluding Hong Kong, Macau, and Taiwan), making it the world's most populous nation (Statista, 2023). Nevertheless, population growth in China gradually declined over the past two decades, turning negative in 2022—a shift occurring earlier than demographers had previously anticipated, both within and outside of China. In 2023, India surpassed China to become the most populous country, marking the first time since 1950 that China dropped to second place in the global population rankings (The Guardian, 2023) (Figure 3).

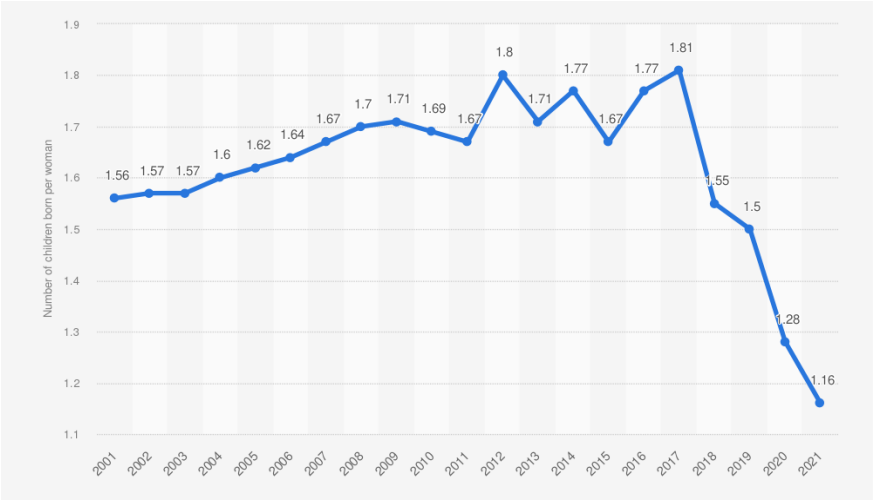
Figure 3 - Total population of China from 1980 to 2022 with forecasts until 2028 (in millions)



Source: Statista (2023)

Following the establishment of the People's Republic of China in 1949, the Chinese population experienced rapid growth in subsequent decades. In response to this population explosion, the one-child policy was implemented in 1979, which involved penalties for exceeding childbirth quotas, forced abortions, and sterilisations. Figure 4 shows how the fertility rate has been evolving from 2001 to 2021. While effective in curbing population growth, this policy sparked controversy due to numerous adverse consequences (International Trade Centre, 2016).

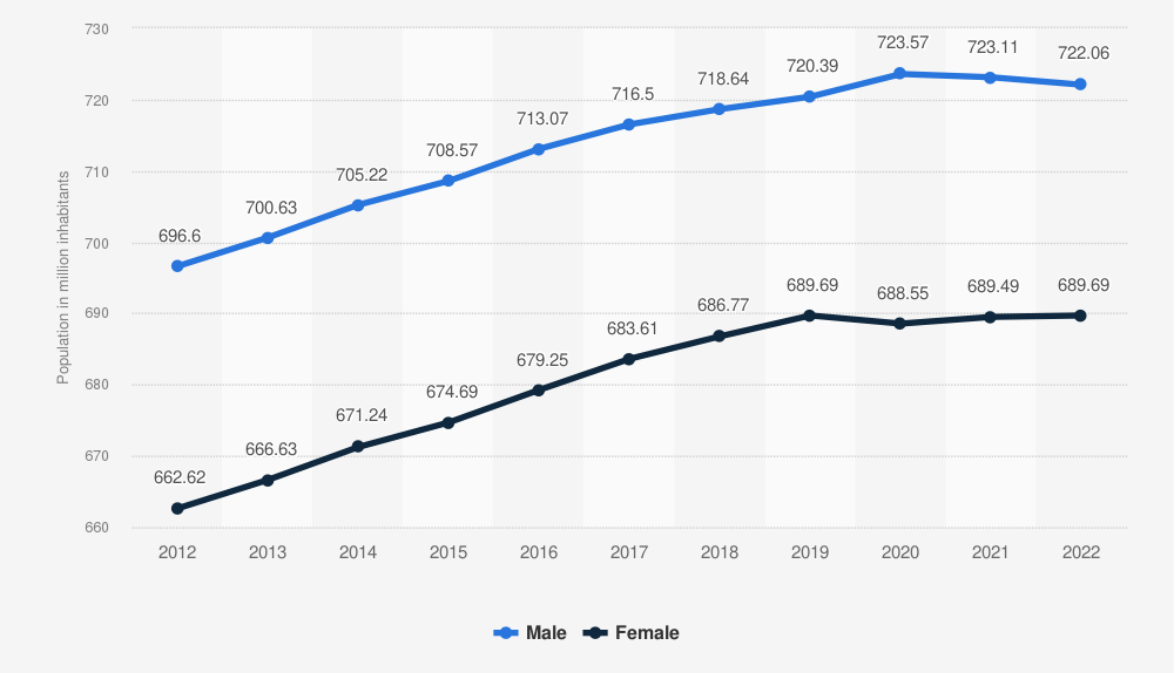
Figure 4 - Fertility rate in China from 2001 to 2021 (in children per woman)



Source: Statista (2023)

Among these consequences was the emergence of an older median age within the Chinese population, which eventually led to a revision of the policy. One significant issue stemmed from the traditional preference for male offspring, resulting in a substantial gender imbalance, with men outnumbering women by approximately 32 million (The Guardian, 2023) (Figure 5).

Figure 5 - Population in China from 2012 to 2022, by gender (in million inhabitants)



Source: Statista (2023)

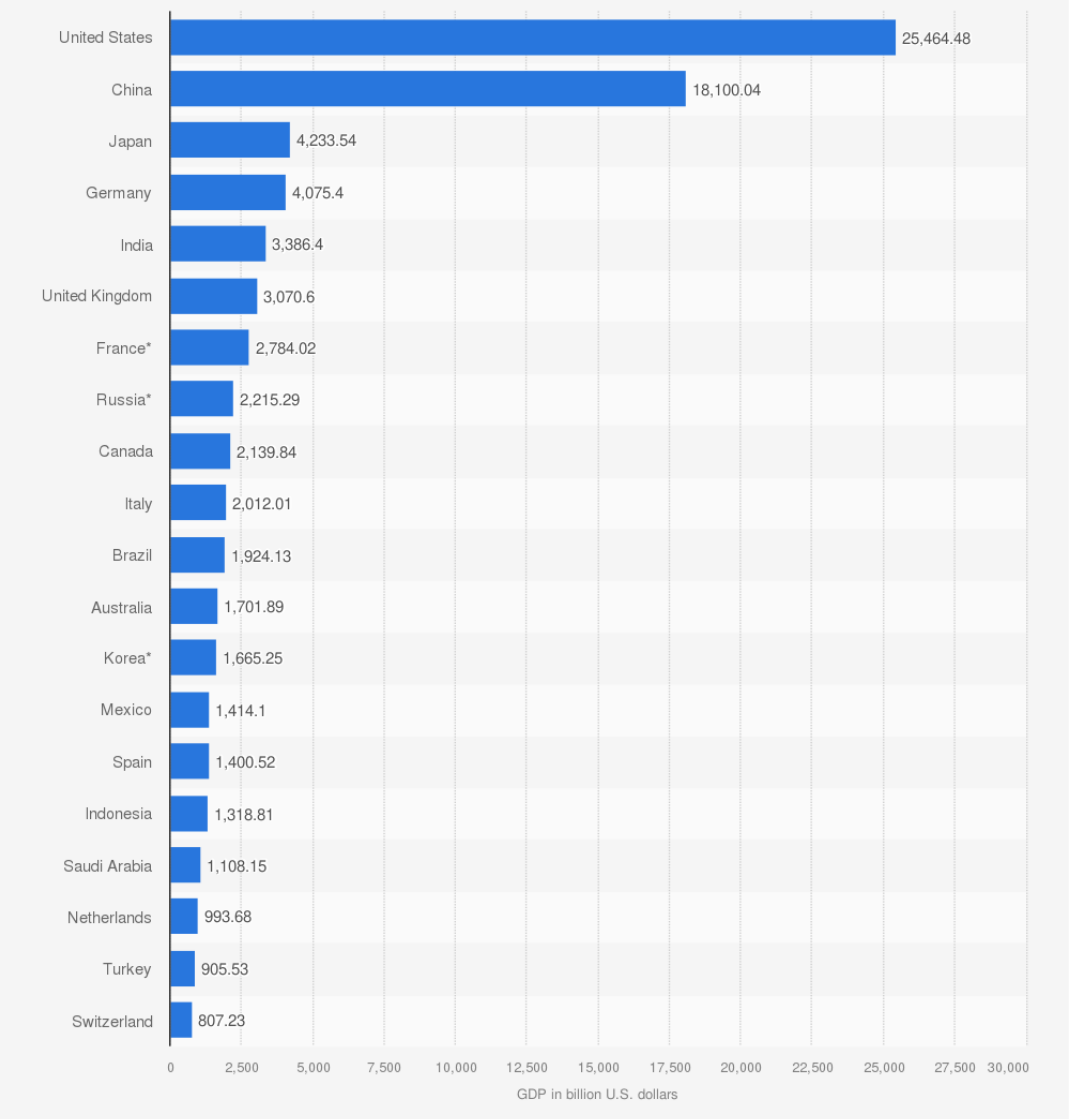
In October 2015, the one-child policy transitioned to a two-child policy, and in July 2021, all restrictions were lifted. However, the ageing society is poised to lead to an escalating old-age dependency ratio in China, projected to reach 51.5 percent by 2050, up from the current level of below 20 percent. This means that, statistically, two working adults will have to support roughly one person aged over 65 years by 2050 (The Guardian, 2023).

2.2 Socio-economic overview

China's socio-economic landscape represents a blend of tradition and rapid modernization, evident in its remarkable gross domestic product (GDP) growth. Gross domestic product (GDP) is a primary economic indicator. It measures the total value of all goods and services produced in an economy over a certain time period. In 2022, China's GDP reached

approximately $18.1 trillion, making it the world's second-largest economy Statista (2023) (Figure 6).

Figure 6 - The 20 countries with the largest gross domestic product (GDP) in 2022 (in billion US dollars)

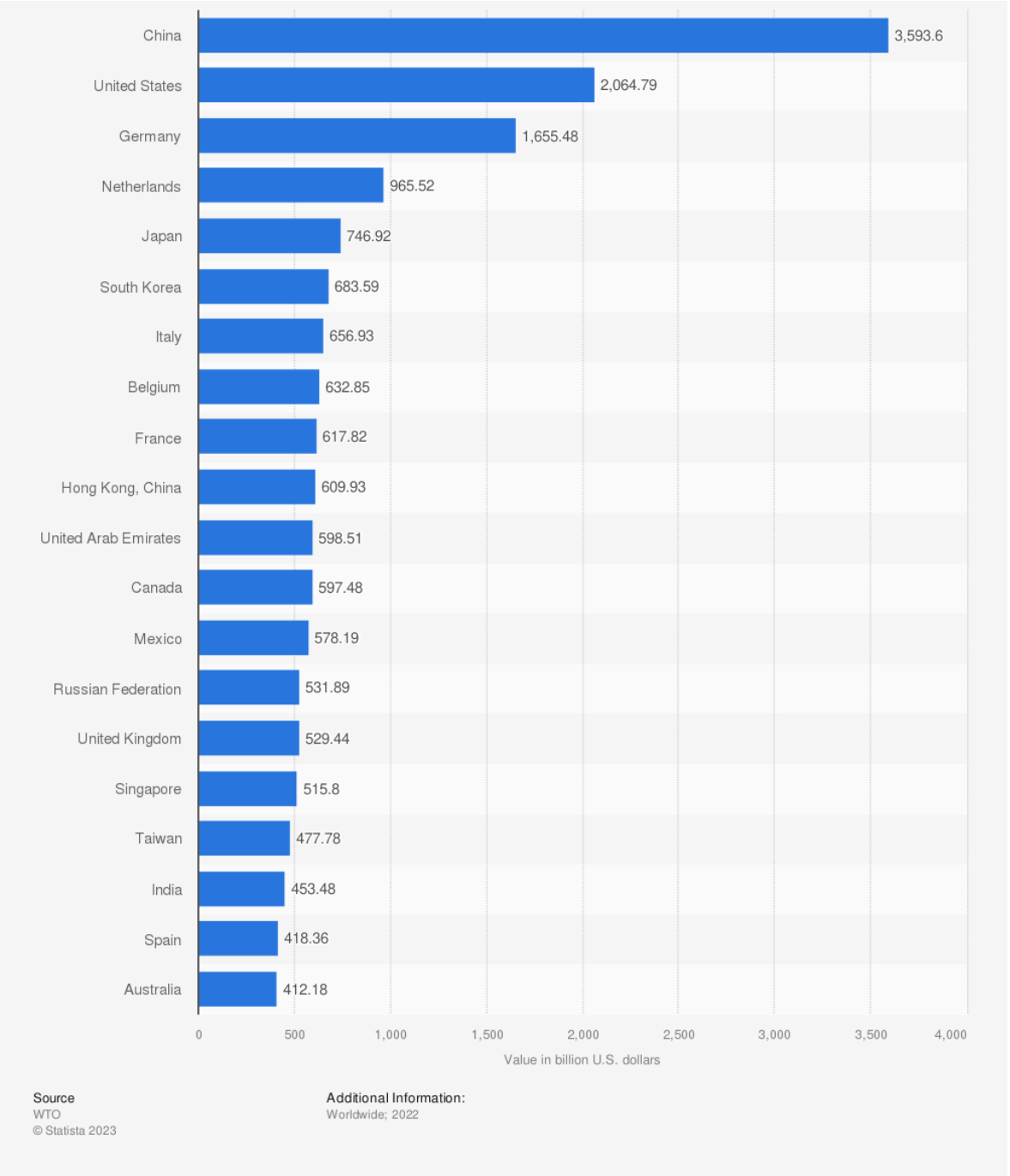


Source: Statista (2023)

This economic capability, coupled with a per capita GDP of around $12,814, highlights China's significance in the global economic arena. However, China's GDP growth rate has gradually slowed in recent years, projected to be around four percent annually after 2023, although nominal growth remains robust due to the appreciating national currency. The exchange rate improved from more than ten yuan per one U.S. dollar in 2007 to only around seven yuan per U.S. dollar in 2022, and the Chinese yuan is forecasted to

appreciate further. This leads to higher nominal growth of the Chinese GDP when measured in U.S. dollars. Moreover, China's emergence as the 'world's factory' has led to its status as the largest global exporter since 2013, underscoring its economic influence on a global scale (Statista, 2023) (Figure 7).

Figure 7 - Leading export countries worldwide in 2022 (in billion U.S. dollars)

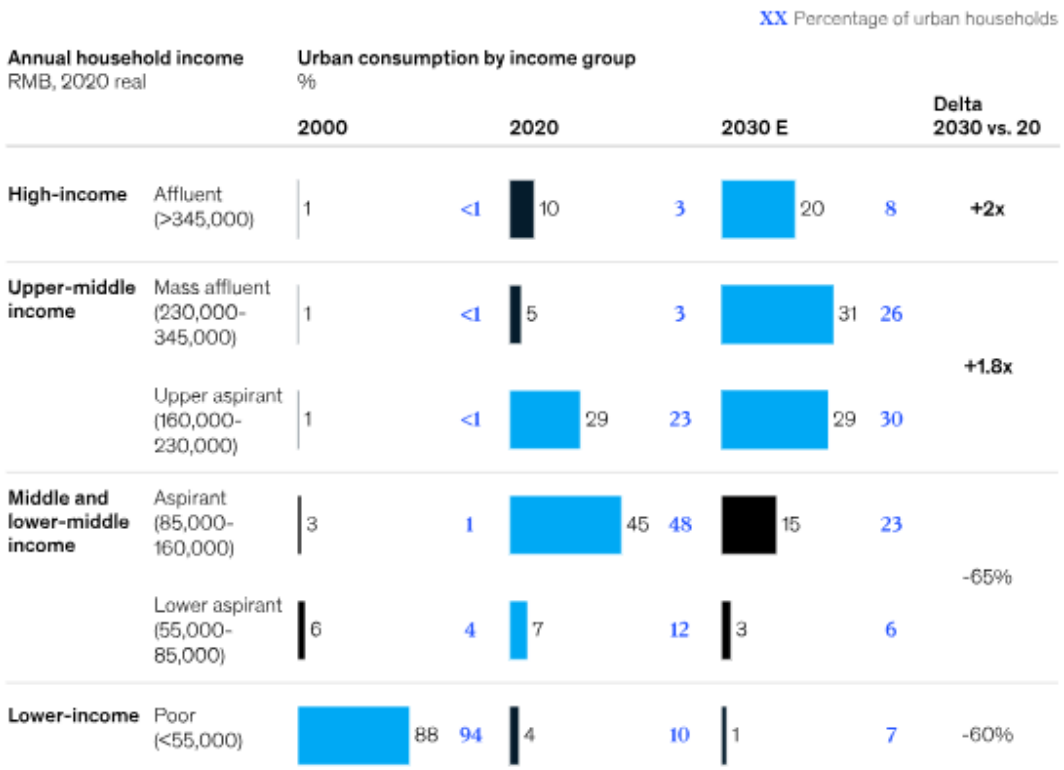


Source: Statista (2023)

China's middle class has experienced substantial growth, leading to increased consumer spending. This expanding middle class has been a catalyst for Western e-commerce companies eager to tap into the market. Nevertheless, income inequality persists, particularly between urban and rural areas, emphasising the importance of understanding and catering to diverse consumer segments.

For example, in 2000, around 1.2 billion Chinese people did not have sufficient income to spend $11 a day in PPP terms (McKinsey, 2021). That is the point at which they are considered to be members of the consuming class, who are able to afford some discretionary goods and services on top of the basic necessities. But the perspectives are positive: by 2030, a substantial number of Chinese consumers are expected to enter the middle-class bracket, fueling consumer-driven growth in the country, with upper-middle-income (with annual household incomes ranging from 160,000 Chinese Yuan (CN¥) to 345,000CN¥ in real 2020 terms) consumers projected to drive 60 percent of urban consumption (McKinsey, 2021).

Figure 8 - China Income growth projection for 2030



Source: McKinsey & Company. (2021).

The Chinese government plays a pivotal role in the economy. State-owned enterprises coexist with private companies, creating a complex business environment (Huan, 2017). Although understanding the interplay between government regulations and market forces is essential for any foreign entity aiming to establish a presence, it holds particular significance for Western e-commerce companies looking to expand their business into China (Wang & Ren, 2012). One of the paramount considerations lies in comprehending China's complex regulatory landscape, which often involves stringent oversight, data security requirements, and restrictions on foreign ownership (Huan, 2017). Western e-commerce companies should recognize that navigating this intricate web of regulations is crucial for long-term success in the Chinese market. This entails not only staying up-to-date with the ever-evolving regulatory changes but also forging collaborative relationships with local authorities and aligning their business strategies with the prevailing legal framework (Xu et al, 2022).

2.3 Culture

The comprehension of Chinese culture serves as a crucial factor for achieving success in both the Chinese market and broader interactions with China as a whole, as emphasised by several scholars (Tung, Worm, & Fang, 2008; Fernandez & Underwood, 2006; Fang, 2017). Philosophical ideologies such as Confucianism, Taoism, and Buddhism have historically sought to promote the progression of society in a more just and peaceful manner, and drawn the Chinese culture as it is today. Moreover, when describing a millenary culture, it is relevant to study the different behaviours and interactions (Fang, 2017). Regarding relationships, one of the traditional subjects of study is the basic element of how people relate to each other, the “guanxi”. Guanxi can be described as a “social network representing the amount of personal relationships that holds reciprocal responsibilities or norms in order to maintain the relationships (Chan, Denton, & Tsang, 2003). Concepts such as “guanxi” (personal connections) and “mianzi” (face or reputation) significantly impact business relationships. Understanding the core values embedded in Chinese culture is what makes the difference in establishing trust when engaging with Chinese counterparts, as pointed out by Chan et al. (2003).

2.3.1 Confucianism & Taoism

Confucianism and Taoism, while sharing some similarities, each offer distinct perspectives on life and relationships (Cheng, 2011; Fang, 2017). Confucian ethics, seen as increasingly important for international business in China and some other parts of Asia (Anderson and Lee, 2008; Cheung and Chan, 2005; Cheung and King, 2004) is rooted in the teachings of Confucius, provides a comprehensive ethical and theoretical framework encompassing three core elements: “ren”, “yi”, and “li”.

“Ren” embodies compassion and benevolence toward others, “yi” focuses on morality and rightness, and “li” encompasses norms, protocols, and etiquettes (Ip, 2009; Zhu, 2013). These principles hold substantial value in the business world, reflecting their deep integration into Chinese society, often referred to as a "traditionally modern" or "modernly traditional" society (Fang, 2017).

On the other hand, Taoism emphasises the importance of living in harmony with nature. In the business context, fostering a harmonious internal company environment is regarded as a key to success, recognizing that a thriving enterprise is more than just its vision, mission, or values (Kenny, 2014; Zu, 2019).

On the Taoist side, in a business world, having a healthy (harmony) relationship within the company could represent the key to thrive (Kenny, 2014; Zu, 2019).

Confucianism and Taoism, with their unique philosophical underpinnings, offer valuable insights for both personal conduct and business practices, contributing to a holistic understanding of Chinese culture (Cheng, 2011;Fang, 2017).

2.3.2 Buddhism

Buddhism, with its core teachings of interdependence and self-awareness, offers valuable insights that can be applied to the world of businesses. The concept of interdependence in Buddhism emphasises the interconnectedness of all aspects of life, suggesting that one's well-being is intricately linked to others and the surrounding environment (Brown & Zsolnai, 2018). In the context of e-commerce, this idea can underscores the importance of building strong and mutually beneficial relationships with customers, suppliers, and stakeholders. Recognizing the interdependence of these relationships can lead to more ethical and sustainable business practices .

Furthermore, Buddhism emphasises the significance of self-awareness as the key to personal growth and development (Gould, 1995).This implies that business leaders and employees should prioritise self-reflection and continuous learning. Understanding one's strengths, weaknesses, and motivations can lead to more effective decision-making, innovation, and adaptability in the rapidly evolving e-commerce landscape (Brown & Zsolnai, 2018).

In recent years, the adoption of Buddhist principles within companies, whether they are Chinese or not, has gained popularity. Enterprises that incorporate these principles are often referred to as "Buddhist enterprises." These businesses prioritise values such as compassion, non-violence, generosity, suffering minimization, and want-reduction (Brown & Zsolnai, 2018).

When considering the combined influence of Confucianism, Taoism, and Buddhism, it becomes evident that Chinese culture and individuals are characterised by a practical, paradoxical, and inclusive mindset (Fang, 2017). This unique blend of philosophical perspectives can contribute to a holistic and adaptable approach to e-commerce business, fostering success in a global marketplace.

2.3.3 The power of Guanxi

Guanxi, a Chinese word pronounced “gowan-she”, literally consists of two Chinese characters. The character “guan” refers to a gate or a hurdle, while “xi” means a tie. Taken together, guanxi means “pass a gate or a hurdle and get connected” (Ambler, 1994). The concept of Guanxi plays a pivotal role in understanding the dynamics of social connections and interactions (Ambler, 1994). It represents the intricate web of relationships that individuals maintain, and it involves a complex interplay of behaviours and norms (Chadee & Zhang, 2000). Guanxi has been used to mean different but related things, including guanxi states, guanxi behaviours, and guanxi norms (Lee & Dawes, 2005; Leung et al., 2005; Wong & Tam, 2000).

1. Guanxi States: These denote the quality of relationships between individuals, varying from "good" to "bad" based on the proximity and perceived quality of interactions (Yang, 1992). Family ties often result in stronger Guanxi states compared to acquaintances or non-acquaintances, shaping the expectations of behaviour in these relationships (Zhuang & Xi, 2003).

2. Guanxi Behaviour: This encompasses the activities individuals undertake to develop, maintain, or leverage Guanxi, such as "pulling" or "seeking" Guanxi (Zhuang & Xi, 2003). It is both a means to an end and an end in itself.

3. Guanxi Norms: These are the rules governing Guanxi behaviour, including the principles of "renqing" (reciprocal favour) and "mianzi" (face) (Lee & Dawes, 2005). Renqing emphasises assisting others in a group and expecting reciprocation, while Mianzi revolves around maintaining a positive image and avoiding causing others to "lose face" (Bond, 1991).

In traditional Chinese culture, the development of Guanxi is strongly tied to predefined Guanxi bases, such as "qin yuan" (blood ties), "di yuan" (geographic ties), "shen yuan" (spiritual ties), and "ye yuan" (industry ties) (Yang, 1992). These emotional connections foster mutual trust and happiness among individuals.Also, Chinese society distinguishes between "zijiren" (insiders) and "wairen" (outsiders) based on Guanxi. Trust and assistance are typically extended to insiders, while outsiders may become insiders or vice versa based on their Guanxi behaviour (Zhuang & Xi, 2003).

In the context of business, Guanxi opens doors in the Chinese market, fosters efficiency in business relations, expedites legal processes, and provides a competitive edge (Chan et al., 2003). Building Guanxi with trustworthy intermediaries is key for foreign companies entering the Chinese market (Dunphy et al., 2018). However, recent opinions are divided regarding Guanxi's significance. While it has been hailed as vital for success, it has also faced criticism for potentially discriminating against those outside the network and fostering a system of preferential treatment (Zhang & Gill, 2019). As China's economy internationalises, some argue that the influence of Guanxi may diminish as more companies adopt Western business practices (Buttery & Wong, 1999).

2.3.3 Mianzi: Face and Reputation in China

The concept of "Face" holds profound significance in Chinese culture, shaping the way individuals perceive themselves and interact with others (Li & Su, 2007). Chinese proverbs like "Borrowed plumes" and "To undergo a terrible ordeal in order to save face" underscore the paramount importance of face in Chinese society, where one's reputation and social standing are intrinsically tied to their sense of face (Shi, Jin & Zhu, 2010). This facet of Chinese culture has been the topic of many scholars, leading to a comprehensive

exploration of face from two main perspectives: defining what face is and understanding how it functions within the society.

When examining the essence of "face," there exists no universally accepted definition. Nevertheless, most scholars in sociology and psychology regard face as a motivational construct (Shi, Jin & Zhu, 2010). Dr. Hu, in 1944, initiated the division of "FACE" into two fundamental dimensions: "Lian" and "Mian." These interrelated yet distinct concepts offer valuable insights into the intricacies of Chinese people's face. "Mian" is a form of prestige derived from visible achievements or ostentation, while "Lian" pertains to the respect accorded to individuals with moral standing within a group (Hu, 1944).

Alongside the concept of face, "Mianzi" is equally pivotal in Chinese culture. It encompasses the recognition by others of an individual's social standing and position. In Chinese society, preserving not only good relationships but also an individual's *mianzi*, or dignity and prestige, is of paramount importance (Li & Su, 2007). Mianzi plays an integral role in various aspects of personal and interpersonal relationship development in China. The act of saving *mianzi* serves as a strategic means for the Chinese to cultivate networks and tap into others' social resources. Therefore, *mianzi* is intricately associated with the dynamics of guanxi, operating on a reciprocal basis where all parties in a business relationship must mutually respect and safeguard each other's *mianzi* (Sherriff, Lorna, & Stephen, 1999).

The concept of face transcends cultural boundaries, as it pertains to a claimed sense of favourable social self-worth that individuals desire others to hold in a relational and network context. This universal construct influences everyday lives, where individuals seek to maintain, enhance, save, or defend their face (Li & Su, 2017). Losing face, saving face, and enhancing face are fundamental aspects of face-related issues that impact individuals across various cultures (Chan et al., 2003).

In the context of Western e-commerce businesses seeking to expand into China, the understanding of *mianzi* and face becomes crucial. The Chinese market operates within a framework deeply influenced by these cultural constructs. Building and maintaining guanxi, while respecting and preserving *mianzi*, are essential for establishing fruitful business relationships in China. Failure to appreciate these cultural nuances can lead to misunderstandings and hinder business success. Therefore, Western companies aiming to

enter the Chinese market must prioritise the cultivation of guanxi and the preservation of *mianzi* as they navigate the Chinese business culture.

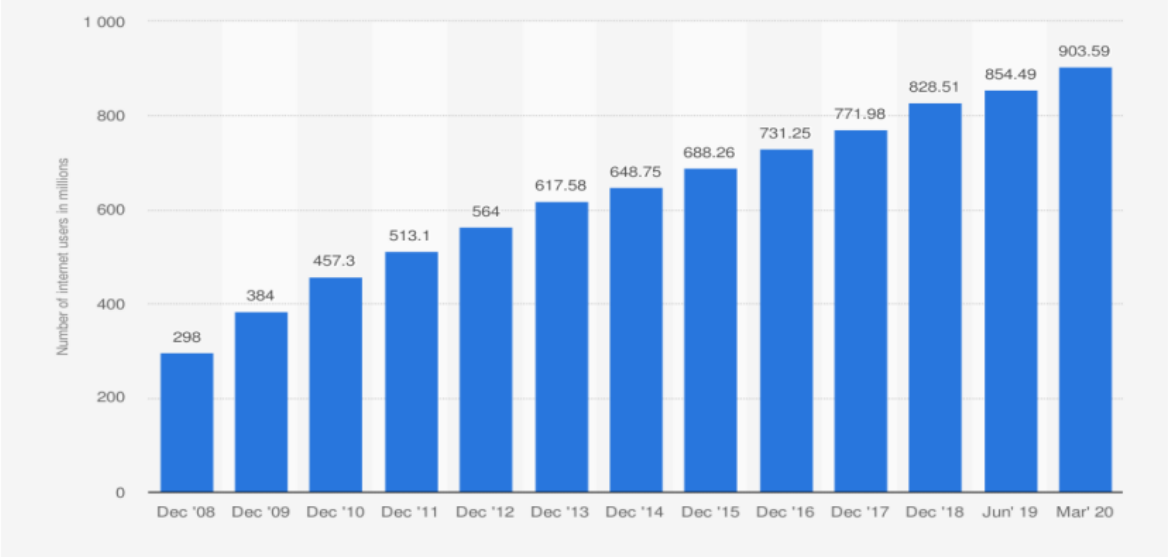
3. Contextualization of the E-commerce market landscape in China

As mentioned in the previous Chapters, the Chinese e-commerce market represents an unparalleled opportunity for companies seeking to tap into a vast consumer base. However, as a dynamic market with consumer's wants and needs evolving as fast as the E-commerce market, this study underscores the need for a comprehensive understanding of the emerging trends within the Chinese e-commerce ecosystem.. By closely examining the trends and factors that shape this evolving sector, businesses can position themselves strategically and proactively adapt their strategies to increase the chances of success.

3.1 Technology adoption by Chinese consumers

China's rapid technological advancement is a defining feature of its market context. It boasts the world's largest online population, with an estimated 1,021 million internet users up to December, 2021 (CNNIC, 2022). This high level of connectivity is a driving force behind the growth of e-commerce and creates value from data utilisation and provides favourable conditions for the digital economy (Bain, 2021). In fact, as per 2022 out of the 5.3 billion internet users worldwide, China alone accounts for 21% of these users, meaning there are more people online there than in any other country (Statista, 2023).

Figure 9 - Number of Internet users in China from December 2008 to March 2020 (in millions)

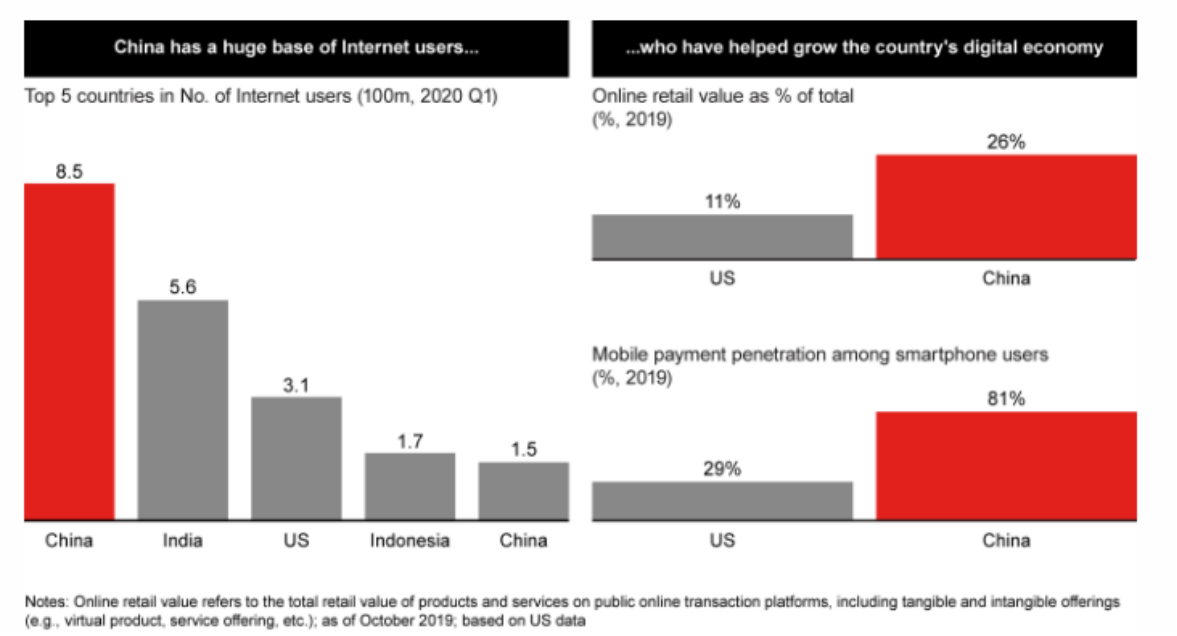


Source: Statista (2023a, August 29)

As of June 2023, about 76.4 percent of the Chinese population had used the internet. The penetration rate denotes the share of the population that has access to a certain communication medium. For comparison, the global average internet penetration rate had resided at about 64.4 percent as of January 2023 (Statista, 2023).

Another sign of Chinese consumers' digital-savviness is their pursuit of a convenient lifestyle made possible by innovative technology and Internet platforms (Bain, 2021). In 2019, China's rate of online retail sales was 2.4 times that of developed nations, while smartphone users in China used mobile payments 2.8 times more often than those in the developed world, according to the National Bureau of Statistics of China (Figure 10).

Figure 10 - Opportunities for Companies in China's Digital-Savvy Consumer Market



Source: Bain (2021)

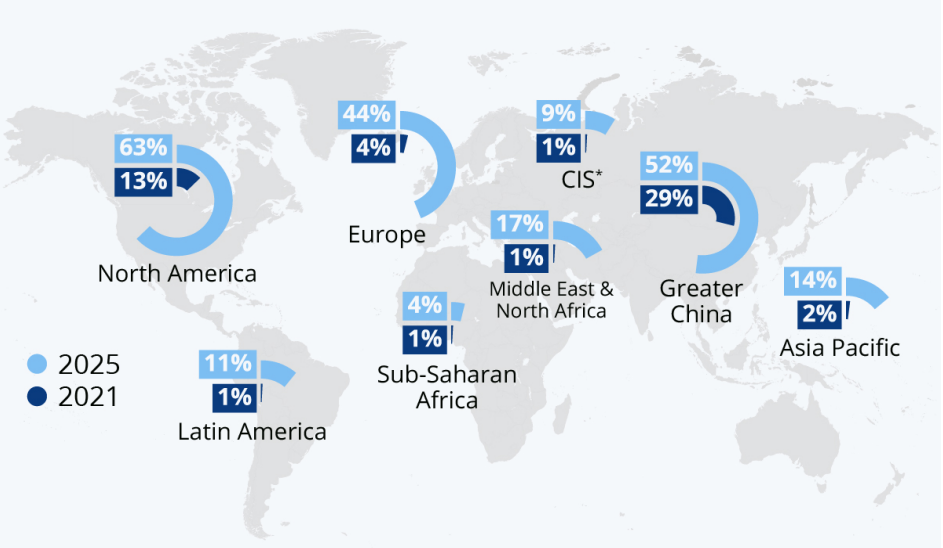
China's dedication to enhancing its digital infrastructure plays a pivotal role in understanding its tech-savvy population. Over several decades, the government has consistently invested in digital infrastructure, prioritising efficiency improvements on both the supply and demand fronts (McKnight, Kenney, & Breznitz, 2023). For example, the 9th Five-Year Plan (1996–2000) emphasised the revitalization of China through science and education, along with the deepening of reforms in science and technology management (National People's Congress, 1996). By 1998, the government reported that the

Information and Communication Technology (ICT) sector contributed 10.5% to total GDP growth, with projections indicating this contribution could rise to 40.1% by 2010. The subsequent 10th Five-Year Plan (2001–2005) specifically highlighted the role of digital technologies in accelerating scientific and technological progress and promoting industrialization through electronic means (McKnight et al., 2023).

During the period from 1997 to 2009, 4.3 trillion CN¥ (approximately US$673 billion) was invested in China's internet infrastructure, resulting in the deployment of an extensive 8.27 million kilometres (5.1 million miles) of optical communication networks nationwide (Yang, 2019). These investments led to a substantial increase in tele-density, with over 28% of the population having access to telephone lines by 2008, in contrast to the mere 0.38% in 1978 (McKnight et al., 2023). This era also witnessed the rapid growth of domestic internet firms, which transformed themselves into platform giants, boasting significant user bases, financial resources, and technological capacities (McKnight. et al, 2023).

To ensure sustainable growth, the Chinese government has recently channelled investments into digital infrastructure, focusing on fifth-generation technology (5G), big data, and AI. The objective is to extract value from data utilisation and foster technology enablement through localised innovation (Bain, 2021). By the close of 2021, 1.425 million 5G base stations were operational, serving 355 million 5G mobile phone users, design the race to 5G with 29 percent of mobile connections utilising the technology, and it is expected to be the standard until 2025 (Statista, 2023) (Figure 11).

Figure 11 - Estimated 5G adoption as share of total mobile connections (excluding Internet of Things - IoT)



Source: Statista (2022, March 1).

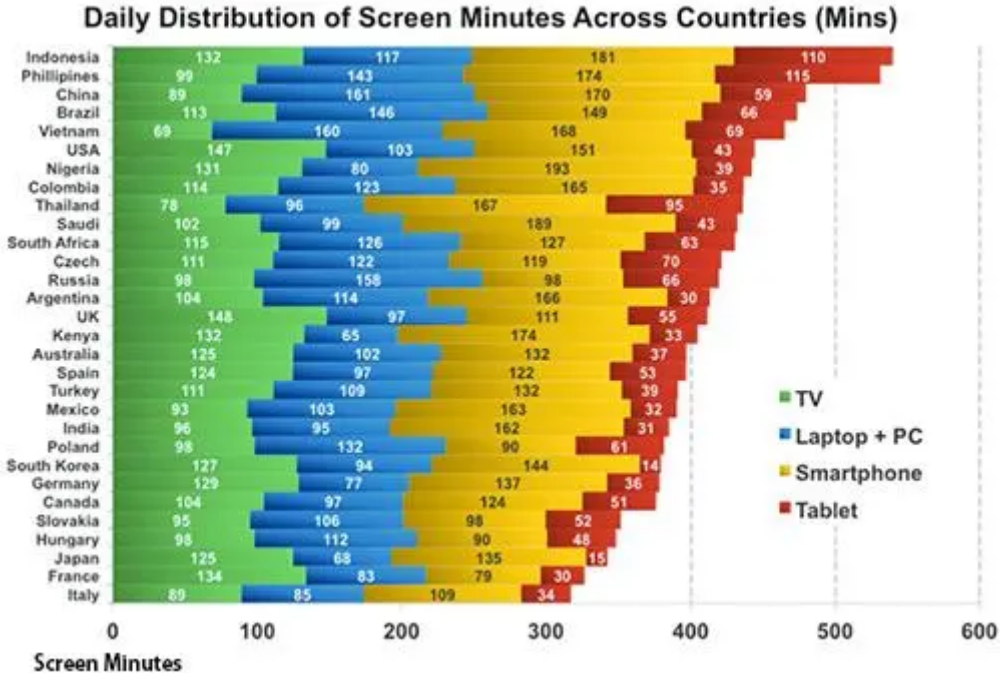
Additionally, China achieved an exceptional optical fibre penetration rate of approximately 92% among broadband subscribers by the end of 2019 (CNNIC, 2022). Notably, the Chinese government continues to prioritise new infrastructure investments as a strategic imperative to drive the digital economy (Bain, 2021). While this period featured the remarkable growth of domestic internet firms transitioning into platform giants, it also witnessed the Chinese government's increasing concerns regarding its ability to monitor content on these platforms (Yang, 2019). This matter will be explored in more depth in the Literature Review. Nevertheless, these statistics underscore China's commitment to enhancing network speed, quality, and overall connectivity, thereby creating an interesting environment for e-commerce expansion.

3.2 Chinese consumers in the E-commerce era

The Chinese population demonstrates a high level of connectivity through digital technology. Data gathered by Internet analyst Mary Meeker (2019) for a report on Internet trends shows that Chinese people were within the top five countries for recorded screen usage, behind Indonesia and Philippines only. Figure 12 breaks down screen usage per country, with the breakdown including computers, television sets, smartphones and tablets.

For comparison purposes, data from January 2023 estimated a global average of 6h37 (397 minutes) spent online daily (Kemp, 2023).

Figure 12 - Daily distribution of Screen Minutes Across Countries



Source: Meeker (2019)

By 2021, over 90% of purchases involved at least one digital touchpoint, emphasising the need for companies to engage consumers throughout the fragmented consumer purchase pathway (BCG, 2021). Chinese consumer habits have evolved under the influence of multiple factors over the past decade, and distinct consumer segments have emerged due to structural demographic and behavioural changes, each exhibiting unique needs and preferences (Singh et al. 2005; Luna et al. 2002). Five specific consumer profiles have been identified to illustrate China's emerging consumer economy, although this list is not exhaustive (BCG, 2021).

The Savvy Shopper: Consumers have become more discerning, brand-aware, and inclined to explore a wide array of products and features.

The Single Person: A growing number of single individuals, particularly in urban areas, seek convenience and high-quality goods.

The Ecoconscious Consumer: Environmental awareness has risen significantly, with consumers seeking healthy and sustainable products

The Passionate Trend Seeker: Chinese consumers are exploring diverse interests and are willing to invest in products and experiences

The Connected Consumer: China boasts a fully digitised and connected consumer base, influencing their lifestyles and product preferences

As China's consumer economy matures, companies must adapt to a more intricate landscape, characterised by an increasing number of consumer segments. Consumer segmentation based solely on demographic factors is no longer adequate; understanding the context of purchases is crucial (Bailey, Baines, Wilson, & Clark, 2009) Brand structures and strategies must evolve to cater to the diverse preferences of emerging consumer groups (BCG, 2021).

China's economy has witnessed a transition toward consumption-driven growth, fueled by factors like urbanisation and mass migration. Middle-class consumers play a pivotal role in this evolution, favouring quality over quantity and displaying a preference for luxury goods (McKinsey, 2021). This class has developed in a relatively short span and now the market attention focuses on the segment that are" savvier than their parents and often described as 'Westernised', are willing to try new things, pursue taste and status, are loyal to the brands they trust and prefer niche brands" (Del Mastio, 2021).

In fact, the growth of the middle class is reshaping consumer behaviour in China, with overseas products garnering significant interest (Fan, 2019). In 2016, 25 million Chinese consumers bought overseas products, which was equal to 15% of domestic Chinese e-commerce (CECRC, 2016). Some studies have shown that Chinese cross border shoppers tend to have a higher education degree and higher income and they are particularly interested in imported products in certain categories. The best selling overseas products are baby care products, cosmetics and skin care products, fashion, food and supplements. (Fan, 2019) .

Chinese consumers' attachment to brands and the status conveyed by certain goods also remains a significant cultural influence. Luxury goods, in particular, hold a strong appeal, with Chinese tourists contributing significantly to overseas luxury sales (McKinsey, 2021). Companies that anticipate shifts in consumer habits and cater to the evolving middle-class demographics can position themselves for success in this rapidly changing market (Fan, 2019).

Moreover, emotional connections with consumers are paramount to reach Chinese consumers, alongside value propositions that justify prices (Carvalho, P., & Alves, H. (2023). Companies must integrate online and offline elements seamlessly to cater to China's e-commerce-savvy consumers (Meeker, 2019), “they have to deliver a seamless customer experience at every touchpoint, maximise sales across every channel and device, and live up to their promises regarding product availability and delivery. In order to create a strong retail brand to which consumers will return, they must turn shopping into retail therapy – effortless, relaxing and ultimately enjoyable” (E-commerce Foundation, 2016).

3.3 E-commerce Development in China compared with the West

Story of e-commerce in China traces back to 1993 when Professor Wang Ke, from the Chinese Academy of Social Sciences, introduced the concept.(Ernst & He, 2000). At that time, concerns emerged among scholars and experts regarding the potential impact of e-commerce on traditional retail and wholesale sectors, including the fear of heightened unemployment rates (Ernst & He, 2000).

In April 1997, the first online bookstore, Xinhua Bookstore, opened its virtual doors in Hangzhou, China. After one year operating, it closed with no sales. (Ernst & He, 2000). However, a turning point occurred on March 6, 1998, when the Beijing Century Intercom Technology Company conducted the first online sale in China, marking a significant milestone in the nation's e-commerce evolution (Ernst & He, 2000).

The landscape of e-commerce in China began to take shape in the 1990s, experiencing rapid growth. As of January 1999, China had a mere 0.14 internet hosts per 10,000 people, in stark contrast to the United States, which boasted 1,132 hosts per 10,000 people (ICMR, 2018). Internet Service Providers (ISPs) offered connections at a modest 33.6 kilobytes per second, resulting in considerable waiting times for even the simplest graphics to load (ICMR, 2018). Furthermore, secure payment channels for online transactions were scarce, leaving consumers to choose from a range of payment methods, including online, cash-on-delivery (COD), postal remittances, or telegraphic money orders (ICMR, 2018).

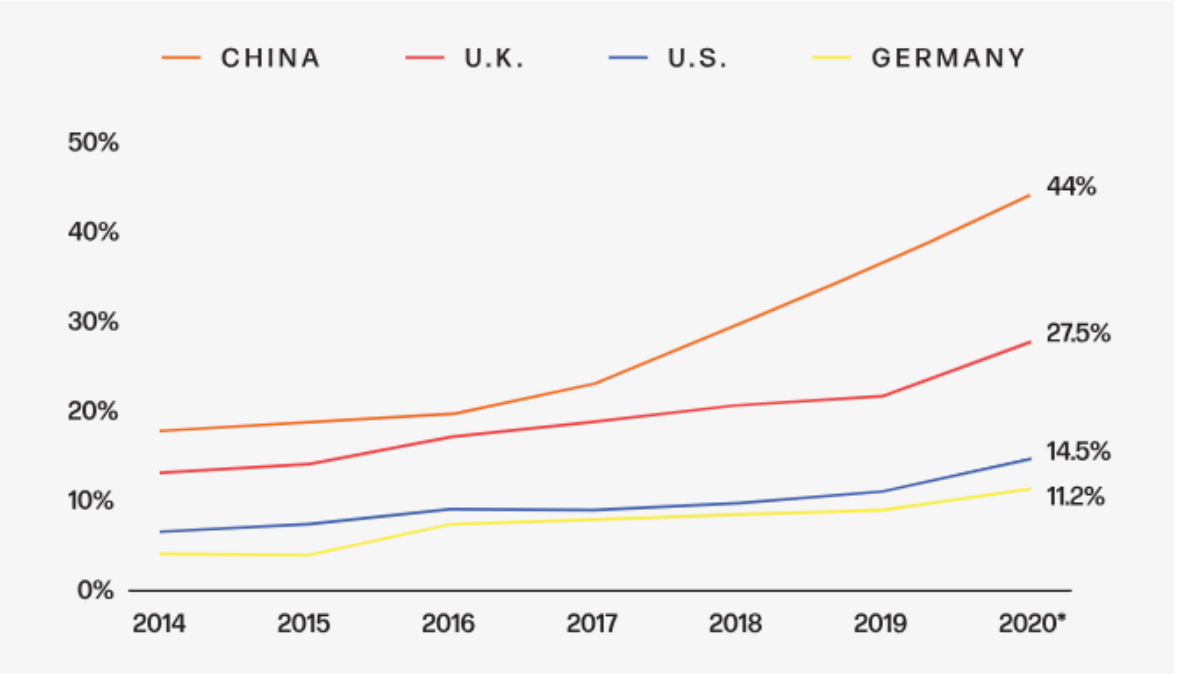
By the early 2000s, only 9% of Chinese internet users had made online purchases. This figure surged to 31% by the end of 2000 and further escalated to 37.8% in 2001 (CNNIC, 2002). In contrast, during the period from November 2001 to April 2002, 59% of European internet users engaged in online shopping (CNNIC, 2002).

The milestone regarded as the crucial role in catalysing customer-facing e-commerce in China is the outbreak of the SARS epidemic in 2002-2003. Prior to 2003, JD.com, one of the largest e-commerce companies in China, had only one physical store for selling electronic devices in Beijing. Meanwhile, Alibaba, JD.com's competitor operated a small-scale business-to-business (B2B) wholesale platform, a precursor to 1688.com and Alibaba.com, facilitating transactions between domestic and foreign companies and Chinese manufacturers (CNBC, 2020).

With the onset of SARS, China imposed lockdown measures in early 2003, rendering physical mall shopping virtually impossible (CNBC, 2020). Consequently, JD.com adapted by accepting orders via phone and email, followed by mail deliveries to fulfil these orders. In 2004, JD.com launched an online retail platform, setting the stage for its current incarnation. Concurrently, Alibaba seized the opportunity by expanding its business model through Taobao in 2003, a customer-to-customer (C2C) oriented third-party e-commerce platform enabling individual sellers and small merchants to reach retail consumers directly (CNBC, 2020).

More recently, the COVID-19 pandemic precipitated a new surge in e-commerce sales, pushing China's e-commerce sales share beyond 50% of global retail sales on the internet, surpassing its projected 44% (Statista, 2020) (Figure 13). Between 2016 and 2020, the proportion of online sales in all retail sales more than doubled, surging from around 20% to the projected 44% (Statista, 2020). Meanwhile, E-commerce growth in other parts of the world has exhibited varying paces. In the UK and the US, e-commerce's share of all retail commerce reached 27.5% and 14.5%, respectively. Germany witnessed a 50% increase, albeit to a modest 11.2% of e-commerce share in all retail commerce (Statista, 2020). Notably, the UK outperformed the US in e-commerce sales relative to population, exceeding $2.1 billion per million population in 2019, while the US stood at nearly $1.8 billion. Social commerce, a merge of social media, e-commerce, and group buying, has made significant strides in recent years, further augmenting online sales.

Figure 13 - E-commerce sales as a share of total retail sales in selected countries.



Source: Statista (2020)

3.4 Social commerce

The integration of social media and e-commerce, referred to as social commerce, represents a transformative dimension in online consumer engagement. It introduces e-commerce functionalities within social media, allowing consumers to offer a complete shopping experience, from product discovery to the checkout process, all within their social networks (Lin et al., 2019). Social commerce harnesses internet features and content generation tools to enhance consumer interaction and engagement in e-commerce, fundamentally rooted in the relationships cultivated through online commercial endeavours (Liang & Turban, 2011; Stephen & Toubia, 2010). This phenomenon signifies a new era in e-commerce, wherein transactions are conducted directly on social media platforms (Liang & Turban, 2011; Wang & Zhang, 2012).

Social commerce is also defined in some studies as a distinct subset of e-commerce that leverages social media technologies to facilitate online transactions, characterised by social technology, community interactions, and commercial activities (Liang & Turban, 2011; Yadav et al., 2013). It unlocks vast opportunities for consumers and businesses to capitalise on the advantages offered by social media, enabling information exchange and business

transactions (Lin et al., 2019; Shin, 2013). The dynamic features of social commerce foster a social and interactive environment conducive to information sharing, networking, and collaboration, thereby enriching communication and interaction among users (Li & Ku, 2018). This empowerment enables consumers to make informed purchase decisions based on the wealth of knowledge and shared experiences concerning products and services available online (Lin et al., 2019). Simultaneously, businesses and online vendors leverage social media to acquire valuable consumer-generated insights, enhance product and service delivery, and cultivate strong customer relationships through data insights (Lin et al., 2019).

Consumer engagement within social commerce, including purchase decisions and recommendation intentions, plays an important role in shaping the landscape of online shopping. China has experienced consistent growth over the past five years, reaching 780 million users by 2020, with a market size of 2.3 trillion yuan.(AsianPac, 2022). The social commerce sector in China has also contributed significantly to job creation, estimated at 48 million jobs in 2019 (Lin et al., 2019). Moreover, the social commerce industry in China exhibited remarkable annual growth, reaching 66% as of 2020 (Lin et al., 2019).

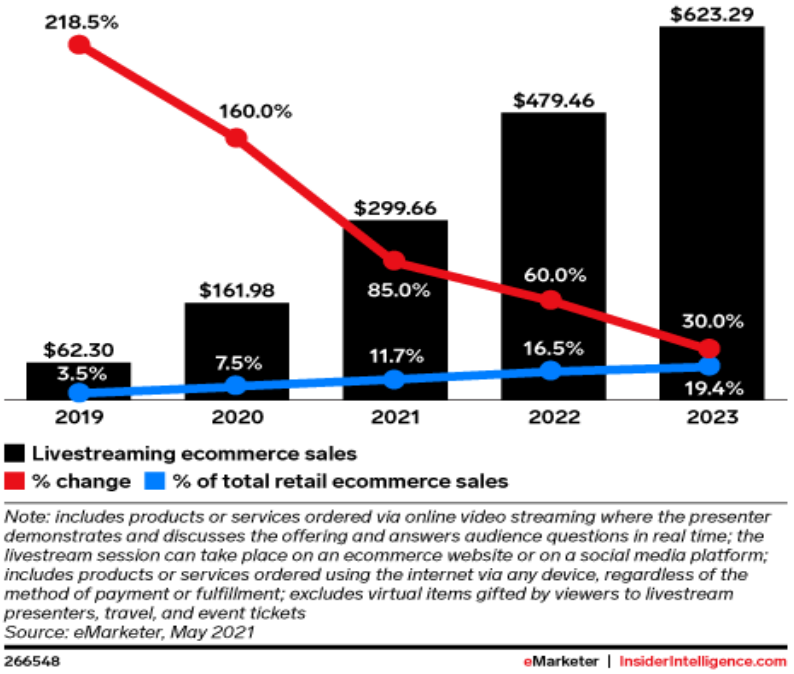
Consumer purchasing behaviour within the domain of social commerce is heavily influenced by recommendations, as shopping information shared by friends and acquaintances is perceived as credible and reliable (Hu et al., 2016). Notably, interpersonal relationships formed during social commerce interactions significantly impact consumer purchase decisions (Niedermeier et al., 2016). These relationships foster relational exchanges characterised by trust, commitment, and satisfaction in the context of social commerce, with such interactions even garnering a specific term in the Chinese context, "Guanxi" (Lin et al., 2019; Lovett et al., 1999). As highlighted in section 2.3.3 of this study, Guanxi represents a pervasive form of interpersonal relationship deeply rooted in Chinese culture, shaping the landscape of business transactions (Lovett et al., 1999). In social commerce, "swift guanxi" emerges as a crucial element, further underscoring its significance in the Chinese market (Lin et al., 2019).

A study conducted by McKinsey (2021) revealed that around 50% of Chinese customers make purchase decisions after encountering products on social platforms, marking a significant shift in consumer behaviour (McKinsey, 2021). Moreover, approximately 25% of respondents reported making direct purchases through social channels, marking a

remarkable 3.6-fold increase over two years (McKinsey, 2021). This shift is driven by virtual experiences created within social commerce, spurring impulse shopping and incremental demand (McKinsey, 2021)

In this context, live streaming emerged as a new trend in China (Figure 14). It mirrors in-person shopping experiences, enabling viewers to engage with hosts in real-time. They can seek product demonstrations, request close-ups, and even make purchases directly within the livestream. This unique blend of virtual and brick-and-mortar experiences adds authenticity and engagement, expediting the customer journey (Lin et al., 2019).

Figure 14 - Live Streaming Ecommerce Sales in China 2019-2023



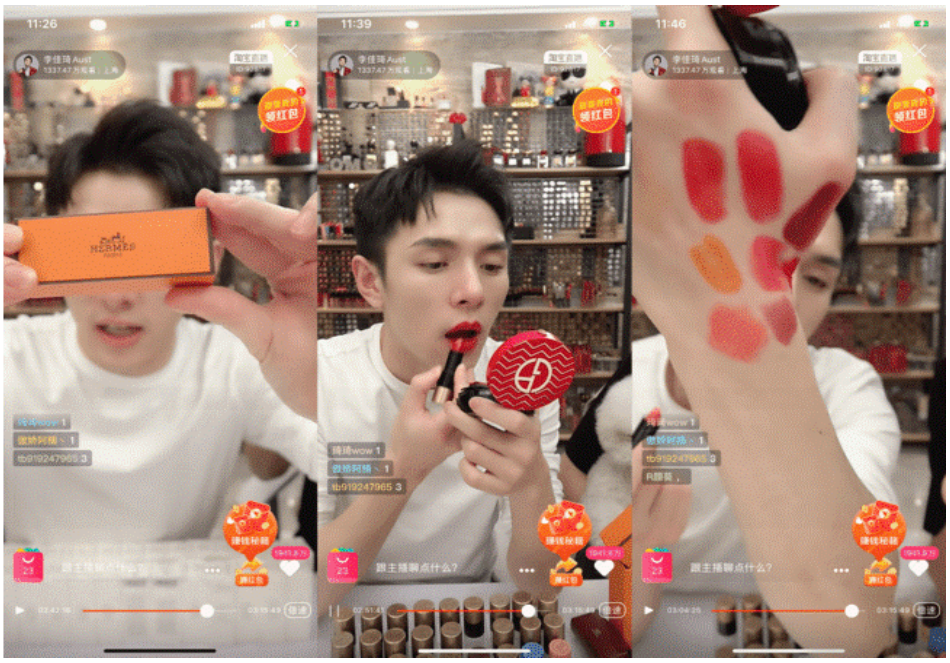
Souce: eMarketer (2021)

Selecting the right livestream host is critical to success, often involving China KOLs (Key Opinion Leaders) or KOCs (Key Opinion Consumers) who collaborate with brands to introduce products to Chinese audiences (Lin et al., 2019). KOLs, considered experts in their respective domains, hold sway over their followers and play a pivotal role in recommending niche-specific products.

Austin Li, known as China's "Lipstick King," exemplifies the influence of a suitable KOL (Figure 15). During Alibaba's Singles Day in 2021, Austin Li generated $1.9 billion in sales on Taobao livestream within 12 hours, demonstrating the immense potential of

well-matched KOLs in transferring brand messages, increasing brand awareness, and driving sales volume through livestreaming e-commerce.

Figure 15 - Austin Li performance in a livestreaming for TaoBao generate $1.9 billion in sales within 12 hours



Source: AsiaPac, 2022

Chinese social networks, including Taobao, Tmall's Weitao, Douyin store, and WeChat Mini Shop, have recognized the potential of social commerce and integrated e-commerce functionality into their platforms. Xiaohongshu and PinDuoDuo also emerge as prominent players in China's social commerce landscape, enabling brands to capitalise fully on the benefits this ecosystem offers.

3.5 Main Chinese players

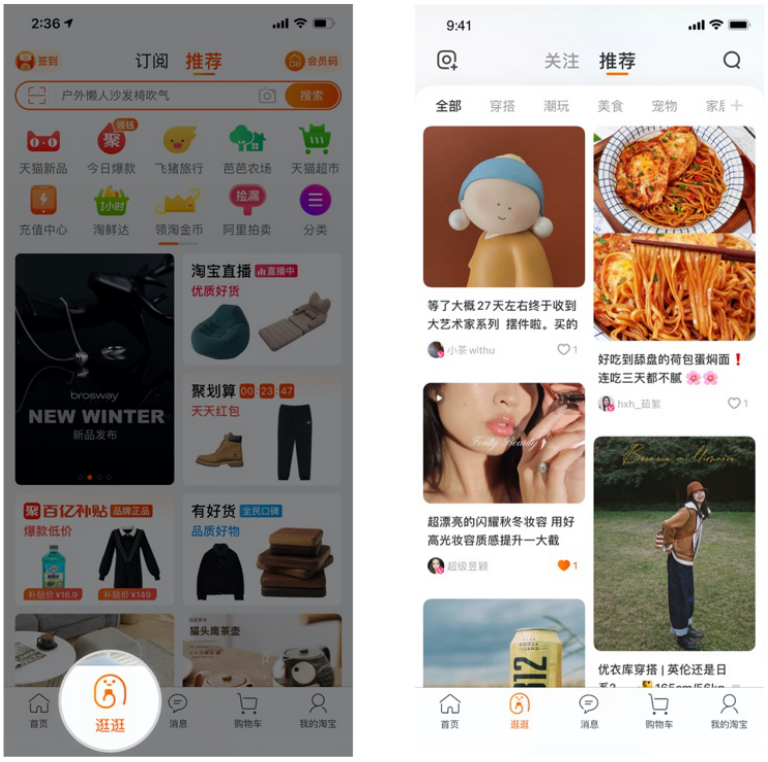
China's e-commerce landscape is a multifaceted network of partners and competitors, characterised by its dynamic and highly competitive nature (AsiaPac, 2022). Recent research underscores the growing prominence of independent stores, encompassing e-commerce websites and brand-owned platforms. However, five e-commerce giants wield substantial influence in the Chinese marketplace, collectively dominating 80% of the sector. These main players are Alibaba Group (comprising Taobao and Tmall), PinDuoDuo, Xiaohongshu, and JD.com.

Alibaba Group (Taobao & Tmall)

Taobao, under the umbrella of the Chinese Alibaba Group, stands as China's biggest online shopping platform. It facilitates both B2C and C2C transactions, offering millions of product listings to China's expansive consumer base. As of 2021, Taobao counts over 792 million monthly active users and handles sales of 40,000+ products per minute. A significant majority of its active user base comprises millennials up to their 30s, constituting 70% of the total (AsiaPac, 2022).

Setting up a presence on Taobao proves highly advantageous for brands, as it integrates features like "Guang Guang" to enhance marketers' outreach efforts (AsiaPac, 2022). This feature links all content curated by brands or KOLs directly to the product. (Figure 16). This integration allows brands and Key Opinion Leaders (KOLs) to seamlessly connect curated product-related content with the actual products (McKnight et al, 2023). Taobao has also ventured into social e-commerce by launching Taobao Live, enabling retailers to conduct live product showcases (Figure 16). Notably, Taobao Live achieved sales exceeding $280 million in just 90 minutes during 2020 (AsiaPac, 2022).

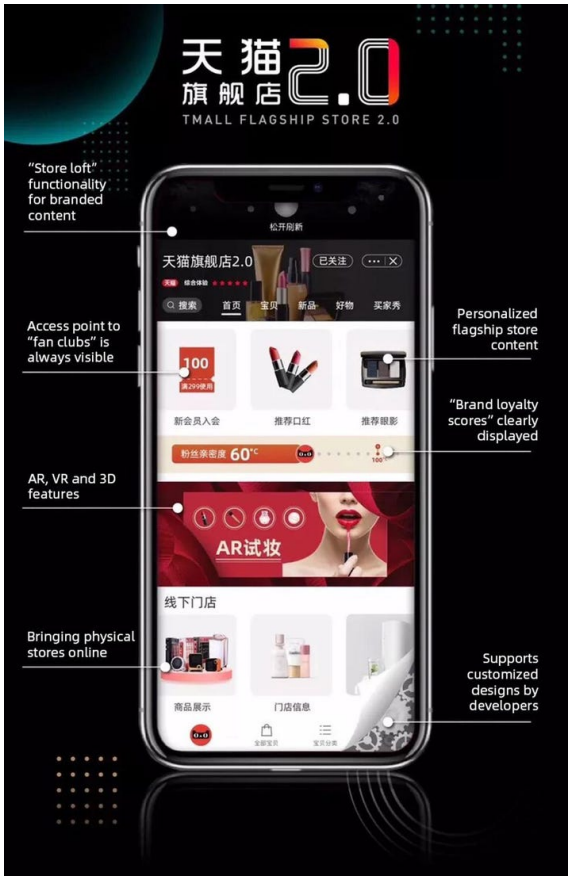
Figure 16 - Taobao's Guang Guang



Source: AsiaPac, 2022

Tmall, another Alibaba subsidiary, commands the position of China's largest B2C e-commerce platform, accounting for a substantial 51% of all B2C transactions (McKnight et al, 2023). Tmall serves as a virtual shopping hub for over 180,000 international brands, including renowned names like Dyson, Chanel, and Dior, to name a few. Its user base comprises over 780 million monthly active users, and Tmall's GMV has experienced remarkable growth, reaching 3.2 trillion yuan in 2020 (AsiaPac, 2022). During peak events like Double 11, Tmall has achieved astounding daily sales figures, such as 74.1 billion yuan in a single day (Fortune, 2021). Tmall has innovatively introduced Flagship Store 2.0 (Figure 17), incorporating features like Tmall "mini-stores," store lofts, fan clubs, and 3D shopping experiences. These enhancements are aimed at personalising product recommendations based on user preferences, creating immersive, in-store-like experiences, fostering brand loyalty, and augmenting overall customer value.(AsiaPac, 2022)

Figure 17 - Tmall Flagship Store 2.0



Source: AsiaPac, 2022

PinDuoDuo

Often referred to as the "Dark Horse" of Chinese e-commerce, PinDuoDuo has emerged as the fastest-growing B2C platform, witnessing an 807% growth over the past three years. In 2020, it reached over 643 million monthly active users, processing up to 100 million daily orders (Forbes, 2019). PinDuoDuo's user demographics are unique, with around 60% consisting of females aged 30 to 49 from third-tier cities and beyond (AsiaPac, 2022). Pinduoduo started by targeting price-conscious (as opposed to brand-conscious) buyers in third and fourth tier Chinese cities – an underserved market (Forbes, 2019). It enables these buyers, often women in charge of household purchases, to obtain deep discounts by getting their friends to participate in group buys of items ranging from produce to diapers.

The platform stands out with its notably low average order value of USD 6, making it an ideal choice for brands targeting price-sensitive middle-aged consumers. What sets PinDuoDuo apart is its ingenious integration of social networks into the online shopping experience (AsiaPac, 2022). Users are incentivized to share products on platforms like WeChat and QQ, forming "shopping teams" that unlock discounts based on team size (Figure 18).

Figure 18 - PinDuoDuo Offers

Source: Forbes, 2019

This gamified approach keeps users engaged, offering a dynamic and interactive shopping experience (Forbes, 2019) (Figure 19). Coupled with various incentives such as daily

check-ins, card programs, mini-games, cash coupons, and free products, PinDuoDuo has achieved remarkable virality in China.

Figure 19 - Pinduoduo creates community via Team Purchase

Source: AsiaPac, 2022

Xiaohongshu

Xiaohongshu, often dubbed the "Little Red Book," has evolved into China's premier content hub, combining user-generated content (UGC) with e-commerce functionality (AsiaPac, 2022). The platform boasts over 100 million monthly active users, with millennials and Gen Z constituting nearly 80% of its user base. Notably, two-thirds of its users belong to the upper-middle and middle-class segments, with females making up 88% of its user demographic. Xiaohongshu achieves over 8 billion daily content views, positioning itself as an effective channel to target trend-conscious and affluent Chinese consumers (Forbes, 2022). For brands, Xiaohongshu offers the opportunity to create their own store linked to their brand account, facilitating direct sales to interested consumers. (AsiaPac, 2022)

JD.com

JD.com, China's leading one-stop e-commerce platform, commands a substantial 16.7% share of all Chinese e-commerce sales (AsiaPac, 2022). Through strategic partnerships with industry giants like Google, Tencent, and Walmart, JD.com serves over 550 million

Chinese consumers, offering access to a diverse range of authentic and premium products. (Harvard Business Review, 2021). The platform lists more than 20,000 brands and generates a daily revenue of $48.7 billion. JD.com's extensive network includes 900 warehouses across China, supported by a robust delivery and supply chain infrastructure (AsiaPac, 2022). JD.com offers three distinct types of stores: Direct Sales for B2B and B2C transactions, JD Marketplace for third-party sellers, and JD Worldwide for cross-border prime goods. JD Worldwide, in particular, enables international brands and retailers registered outside China to establish JD stores and directly reach Chinese online shoppers (AsiaPac, 2022). The platform utilises algorithms to highlight trendy and recommended products, optimising the shopping experience.

Finally, as the e-commerce market in China continues to mature, the market is seeing the main players diversifying their portfolios to include additional related and unrelated tangential businesses. For example, Alibaba has a local consumer delivery business that is one of China's largest alongside food delivery competitor Meituan, in addition to a growing cloud computing business that is currently China's and Asia Pacific's largest provider of public cloud services (AsiaPac, 2022). These companies have not only disrupted traditional retail models but have also shaped consumer behaviours. For western companies, these platforms not only provide access to a massive user base but also offer innovative ways to engage with consumers and tailor offerings to meet their preferences.

4. Literature review

4.1 The Importance of Websites in E-commerce business

The website, a fundamental component of online business operations, constitutes a collection of web pages hosted on servers and interconnected through the World Wide Web (Coughlan et al., 2006, Stisna, Prayogo & Sarah, 2019). It represents an information system constructed in specialised programming languages, offering diverse functionalities accessible to anyone with internet connectivity (Ghandour, Benwell & Deans, 2010; Camilleri, 2022). For businesses, a website serves as a vital conduit for communication with their customer base. The specific role and purpose of a website, however, are intimately tied to the underlying e-commerce business model it supports (Song & Zahedi, 2001).

Within the framework of an e-commerce system, a business website operates as a multifaceted tool, facilitating bidirectional information exchange, serving as a transactional platform, acting as an interface for customer service provision (Quelch and Klein, 1996), and enabling various marketing initiatives (Schubert and Selz, 2001). The core objective of such a business model is to promote products or services, maximise profitability, and enhance shareholder value by enabling online transactions with external parties Stisna, Prayogo & Sarah, 2019. Nonetheless, organisations embracing these technologies must maintain a clear understanding of the extent to which their business will operate online, define their target audience, articulate their value proposition, and, most critically, chart the path to delivering optimal customer value (Krishnamurthy, 2003).

In contrast to the offline tools, where value drivers are predominantly shaped by the marketing mix, the online environment introduces unique dynamics (Song and Zahedi, 2001). Customers engaging with commercial websites seek information, engage in transactions, or access customer services. In the absence of face-to-face interactions and non-verbal cues, factors such as product information, interactive functionalities, and responsiveness to customer queries assume heightened significance (Coughlan et al., 2006, Stisna, Prayogo & Sarah, 2019; Camilleri, 2022). Consequently, an organisation's primary objective should centre on differentiating its website, creating a web-specific value proposition that resonates with its target audience, fortifying competitive advantages, and

effectively conveying customer value (Coughlan et al., 2006). Furthermore, the strategic utilisation of websites by organisations is oriented toward enhancing online visibility, communicating corporate identity, increasing brand awareness, facilitating effective product or service utilisation by customers, and addressing the three distinct phases of marketing: pre-sale, online sale, and post-sale (Stisna, Prayogo & Sarah, 2019; Camilleri, 2022).

Each website is meticulously designed, encompassing various elements that collectively contribute to its overall functionality and purpose (Song and Zahedi, 2001). Website design elements are defined as the features, components, and information used in developing e-commerce websites, which may influence customers purchase behaviour through the reinforcement of their positive beliefs. There have been a number of attempts to identify and categorise web design elements (Alba et al., 1997; Jarvenpaa and Todd, 1996; Keene, 1999; Lohse and Spiller, 1998) while establishing connections with the site's intended purpose.

The importance of web design in E-commerce has been extensively studied from various perspectives. Numerous studies have identified factors that influence the acceptance and effectiveness of websites (Liang and Lai, 2002; Kim and Stoel, 2004; Wilde et al., 2004, Flavian, Gurrea & Orus, 2009, Stisna, Prayogo & Sarah, 2019). These investigations have underscored that a website is not merely a digital storefront but a dynamic platform replete with capabilities. These capabilities are intricately woven with the objectives and strategic positions of an organisation, ultimately shaping visitors' emotional experiences and influencing their purchasing decisions, as posited by Nielsen (1993).

In the context of cross-cultural commerce, where Western companies extend their reach into the dynamic landscape of the Chinese market, the website assumes a pivotal role. It serves as the primary digital interface through which the complexities of differing cultures can be addressed, and the foundation of communication between Western brands and Chinese consumers is either cultivated or neglected. With this recognition in mind, our study endeavours to examine the specific challenges confronted by Western companies as they strive to resonate with Chinese audiences through their digital presence.

4.2 E-commerce performance success measurement and factors determining it

E-commerce has emerged as a prominent sector within the global business landscape, representing a significant avenue for commercial success in the digital age (Thorleuchter & Van den Poel, 2012). The impact of information systems on the commercial success of businesses, particularly in the context of e-commerce, has gained substantial attention from researchers and practitioners alike (Delone and McLean, 1992; Irani and Love, 2002; Lee and Kozar, 2006; Angelina, Hermawan & Suroso, 2019; Sharma & Aggarwal, 2019; Kumar & Ayodeji, 2021).

E-commerce companies stand apart from their counterparts in traditional industries due to their heavy reliance on the quality of their websites as a determinant of success (Lee and Kozar, 2006; Lohse and Spiller, 1999; Ngai, 2003, Angelina, Hermawan & Suroso, 2019). To evaluate the success of e-commerce companies, it is imperative to consider specific success factors that revolve around the quality of their websites (Baecke & Van den Poel, 2010, Angelina, Hermawan & Suroso, 2019). These factors encompass various aspects, including website usability, human-computer interaction, brand recognition, pricing strategies, and customer guarantees (Zviran, Glezerb, & Avnia, 2006).

Since online shoppers lack physical interactions with products and vendors, characterised by inherent uncertainty surrounding product features, quality, pricing, vendor reliability, and the overall quality of the website (Karahanna et al., 2006, Angelina, Hermawan & Suroso, 2019; Sharma & Aggarwal, 2019), the user interfaces of ecommerce websites become crucial. These interfaces are the primary means through which consumers gather information, build knowledge, and initially assess the website's overall quality and the credibility of its vendors (Karahanna et al., 2006). The term "ecommerce user interface" encompasses the entire design that users encounter when interacting with a web page or application. This includes elements such as text, images, videos, visual components, navigation choices, user input options, and support features, among others (Lee and Koubek, 2010).

From the designer's perspective, essential website features have been identified (Auger 2005; Mich et al. 2003; Palmer 2002; Spiliopoulou 2000; Turban and Gehrke 2000; Udo and Marquis 2001), aiding in future design planning. Meanwhile, instruments have been

devised to measure user satisfaction with websites (Bharati and Chaudhury 2004; McKinney et al. 2002; Wang et al. 2001; Zviran et al. 2006). These studies posit that website performance hinges on user satisfaction, influencing revisit rates and potential purchases.

As companies invest heavily in information systems and e-commerce platforms, decision-makers are increasingly interested in evaluating the success of these investments. The indirect nature of measuring success necessitates a multi-faceted approach. However, companies are investing in e-commerce without established frameworks to assess readiness, potential impact, and return on investment (Huizingh et al., 2007). Moreover, e-commerce differs significantly from traditional information systems, requiring a more strategic approach (Feindt et al., 2002). While website usage metrics, financial returns, and owner satisfaction serve as potential indicators of success, the challenge lies in synthesising these dimensions into a comprehensive framework that addresses the unique complexities of e-commerce (Huizingh et al., 2007; Sharma et al., 2019).

Palmer (2002) adds to this, mentioning that assessing website performance is a complex endeavour, dependent on the perspective of stakeholders such as users, designers, or businesses (Palmer 2002). It's further complicated by the multidimensional nature of performance that can be evaluated at various levels (individual and organisational) using interrelated criteria (Molla and Licker 2001). Unlike singular financial measures, multiple interrelated dimensions are better suited to measure changes in performance (Segars and Grover 1998), as financial metrics only offer a partial view (Auger 2005; Barua et al. 2001; Quaddus and Achjari 2005).

Usage metrics are derived from clickstream data, revealing user behaviour trends and areas for improvement (Schonberg et al. 2000; Weischedel and Huizingh 2006, Blazquez, Domenech, Gil & Pont, 2018). A traditional method of measuring website usage is by conducting market research and asking users of their experience. Such an approach is often costly and time consuming (Spiliopoulou and Pohle 2001; Weischedel and Huizingh 2006). Alternatively, data can be automatically collected about visits to the site which allow owners to aggregate data and possibly evaluate their website effectiveness (Schonberg et al. 2000; Spiliopoulou and Pohle 2001; Sharma et al., 2019; Blazquez, Domenech, Gil & Pont, 2018). Online technology is able to collect large amounts of detailed data on visitor traffic and activities on websites. These metrics are critical to assess website activities and

user behaviour. From the owners perspective, such metrics may suggest where improvements can be made with regard to design, layout, and navigation issues (Schonberg et al. 2000; Blazquez, Domenech, Gil & Pont, 2018).Currently, there are tools that provide various statistics about website usage (for example, Google analytics, SimilarWeb, SemRush, etc).

Usage metrics serve as invaluable tools for evaluating e-commerce performance in academic research. These metrics provide practical insights into how well an online store is doing. There are many usage metrics, for example, traffic, pages viewed per visit, visit duration, and bounce rate. Below, it is a definition for each of them by the Web Analytics Association (2007)

Traffic

Traffic represents the number of visitors coming to the web site. "A visit is an interaction, by an individual, with a website consisting of one or more requests for an analyst-definable unit of content (i.e. 'page view'). If an individual has not taken another action (typically additional page views) on the site within a specified time period, the visit session will terminate." (Web Analytics Association , 2007).

Analysing traffic data helps us understand the effectiveness of marketing efforts and how well a website attracts potential customers (DeLone and McLean, 2002). For instance, we can examine which sources bring in the most visitors, like direct traffic, organic search, paid ads, or referrals. This insight is crucial for businesses to evaluate the impact of different marketing strategies.

Pages viewed per visit

Pages viewed per visit measures how engaged users are with a website. It is basically "the number of page views in a reporting period divided by number of visits in the same reporting period."

This metric is also significant because it quantifies how users interact with the site. A high average number of pages viewed per visit can indicate strong user engagement. Businesses can use this data to identify which pages are popular and understand user behaviour better. For instance, if users frequently view product pages but leave before making a purchase, it could signal a conversion issue worth exploring.

Visit duration

Visit duration reflects how long users spend on a website during a single visit. It is“the length of time in a session. Calculation is typically the timestamp of the last activity in the session minus the timestamp of the first activity of the session”. (Web Analytics Association , 2007).

This metric helps us gauge user interest and commitment. Longer visit durations might indicate that users are thoroughly exploring products or consuming content. By analysing visit duration, businesses can identify which aspects of the website are holding users' attention and which may need improvement.

Bounce rate

Bounce rate is the percentage of visitors who leave a website after viewing only one page, or, more specifically, “single page view visits divided by entry pages”. (Web Analytics Association , 2007).

This metric also provides insights into user satisfaction and website usability. A high bounce rate may signal that users aren't finding what they expected or encountering usability issues. It's essential for businesses to consider bounce rates to pinpoint potential problems and improve the overall user experience.

As can be seen, website design has a crucial role and plays as a main tool for E-commerce companies to successfully reach its clients. Yet, the multifaceted nature of the global E-commerce landscape brings many challenges for E-commerce companies aiming for international expansion and market diversification.

4.3 Challenges faced by Western companies aiming to expand their business to Chinese Consumers

Global online commerce has experienced remarkable growth driven by factors such as the proliferation of free markets, increased literacy and computer accessibility in developing nations, industry deregulation, and the ongoing wave of globalisation (Singh & Pereira, 2005). In 2022 out of the 5.3 billion internet users worldwide, China alone accounted for 21% of these users, meaning there are more people online there than in any other country (Statista, 2023). China's e-commerce sales exceeded 50% of global retail sales on the

internet in 2020 (Statista, 202). The once-dominant position of the United States in the online marketplace was gradually diminishing due to evolving online demographics, the diffusion of Internet technology worldwide, and the growing Internet adoption by consumers across the globe (Singh & Pereira, 2005) .

Furthermore, the linguistic landscape of online consumers is evolving, with non-English speakers or those for whom English is a second language constituting 80% worldwide . Chinese is the second most spoken language in the world (Statista, 2022). This diverse customer base presents substantial e-commerce revenue opportunities for businesses, emphasising the significance of catering to culturally diverse customers.

In response to this cultural diversity, web customization emerges as a crucial strategy for branding websites to resonate with various global segments of consumers (Singh & Pereira, 2005; Wang, Jia, Schoenherr & Gong, 2018). The necessity of website customization is underscored by extensive research supporting its importance, despite debates surrounding standardisation versus adaptation (Singh et al., 2005; Venaik & Midgley, 2019: dos Reis & Machado, 2020) .

4.3.1 Adaptation vs. standardisation

The ongoing debate regarding the appropriateness of standardisation versus localization in international marketing remains a prominent topic of discussion. This debate gains complexity in the context of the World Wide Web, a global communication medium characterised by the potential for mass customization and adaptation, while also witnessing the emergence of transnational web styles (Sackmary and Scalia, 1999), making a case for standardised web marketing and communication strategies. Advocates of standardisation argue that advancing technology, coupled with its global dissemination, will reduce cultural disparities, ultimately leading to the convergence of national cultures into a uniform global culture (Levitt, 1983).

Proponents of standardisation like Levitt (1983) argue that globalisation has made consumer tastes more similar across cultures, reducing the need for extensive localization. Levitt argued that businesses adopting a standardised approach could earn substantial profits and expand their markets significantly, by harnessing the "economics of simplicity. The rationale behind this global approach to international marketing was to capitalise on economies of scale, thereby enhancing cost efficiency through the aid of advanced

technology. In other words, “the standardised approach is characterised by global homogeneity where global entities produce and sell identical products in the same way everywhere” (Otuedon, 2016).

Moreover, advocates of this strategy have listed advantages of standardising, including cost savings through economies of scale in distribution, advertising, marketing, sales promotion, and management. It also facilitates the transfer of expertise and knowledge, the establishment of a consistent brand image, heightened customer preference, improved product quality, and streamlined control and coordination. These advantages have been underscored by various scholars, including Levitt (1983), Douglas and Craig (1986), Quelch and Hoff (1986), Yip (1996, 1997), and more recently Wulfer, Woroch & Strobel (2022) and van de Kaa, Viardot & McCarthy (2022).

On the other hand, a localised strategy is about tailoring and adapting marketing strategies to fit the “unique elements” of individual markets worldwide. Some researchers have advocated for an “adaptation” strategy (Boddewyn et al., 1986; Kashani, 1989; Wind, 1986, Sing et al., 2004, Singh et al, 2005, Singh et al. 2006; dos Reis & Machado, 2020, Codignola, Capatina, Yamazaki & Lichy, 2021). Proponents of this approach counter argue that standardisation as a global marketing strategy may not achieve its intended goals because of various constraints that limit its application, including government and trade restrictions, differences in customer interests and response patterns, the nature of the competitive structure and market characteristics (Douglas and Craig, 1986; Jeannet and Hennessey, 1998; Wulfe et al, 2022; van de Kaa, Viardot & McCarthy, 2022).

Substantial support for the customization of websites tailored to specific global markets is provided by previous research. Today, the process of developing customised global web sites is referred to as web site globalisation, encompassing two interconnected processes: website internationalisation and web site localization (Singh et al., 2005). These processes extend beyond language translation to incorporate local date formats, time zones, purchase order systems, zip codes, currency calculators, and an array of icons and features to enhance web site comprehensibility for international consumers (Simon, 2001; Okasaki, 2004). Technically, web site internationalisation involves employing back-end technologies to create modular, extensible, and accessible global website templates, facilitating front-end customization. On the other hand, web site localization pertains to the front-end

customization, adapting web sites to align with the specific requirements of international target markets (Singh & Boughton, 2004).

Evidence suggests that consumers exhibit a preference for websites designed specifically for their use in their local languages (Singh, Furrer & Ostinelli, 2004). A significant majority of online shoppers in China and Korea, for instance, prefer websites in Mandarin and Korean, respectively (Ferranti, 1999). Likewise, the French and Spanish populations show a strong inclination toward websites in their respective languages making users feel more comfortable browsing web pages in their native languages. (Lynch, Kent, and Srinivasan, 2001). A study by Forrester Research corroborates this by revealing that non-English-speaking users spend twice as much time on localised websites compared to English-only websites, and business users are three times more likely to make online purchases when addressed in their local language (www.forrester.com) (Singh et al., 2005).

Numerous studies (Luna, Peracchio & de Juan, 2002; Singh et al., 2004; Singh et al., 2005; Codignola et al.,2021) affirm that country-specific web content enhances usability, reach, and web interactivity, consequently leading to increased web traffic and business activity. In light of these findings, it becomes evident that customising web sites to cater to diverse global customers is of paramount importance. A strategy that expects customers from various parts of the world to adapt to a standardised website is inherently risky, as dissatisfied customers are unlikely to become loyal patrons and may turn to competitors with websites better attuned to their needs (Luna et al., 2002).

A study by Singh, Furrer & Ostinelli (2004) suggests that localised web content leads to higher user satisfaction. Offering different language options benefits service providers by expanding their global customer base and aligning with societal goals (Kralisch, 2006). Tixier (2005) contends that well-planned localization can boost a company's e-sales by up to 200% outside its language borders. Singh et al. (2006) emphasise the preference for culturally adapted websites among local consumers, with culture influencing beliefs, attitudes, and purchase intentions online. Bartikowski & Singh (2014) support this with empirical evidence, showing that website cultural congruity positively affects user attitudes and trust.

Despite this, consumer choice often hinges on language options (Holmqvist & Grönroos 2012), with customers willing to pay more for services in their native language (Holmqvist 2009). Cultural adaptation remains crucial, as international marketing examples

demonstrate the consequences of neglecting local needs and cultural mistakes (Fletcher 2006). Managerial interest in translation, internationalisation, and quality assurance also drives web content localization (Singh, Baack & Bott, 2010).

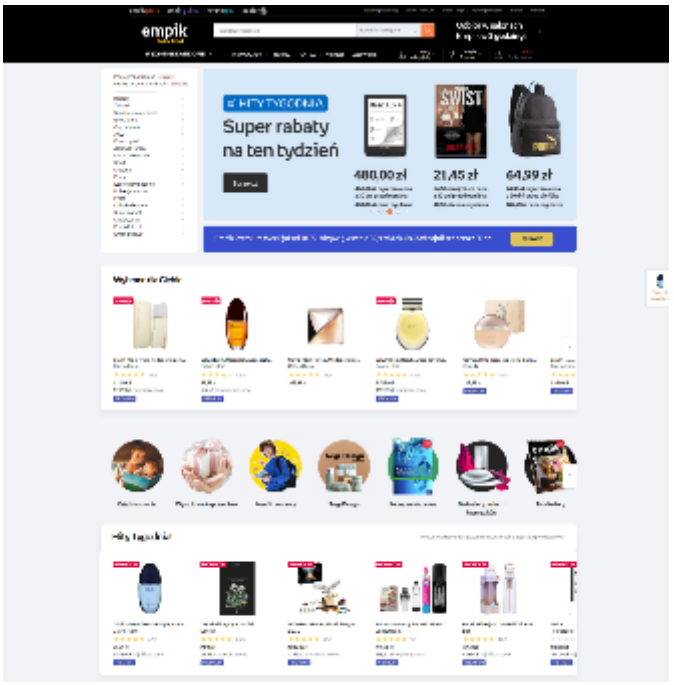
It is worth noting that while there have been efforts to address cultural considerations in web site localization, these endeavours often lack a solid theoretical foundation and thorough research (Singh & Pereira, 2005). Consequently, they frequently fall short of achieving true cultural customization and may even neglect the fundamental prerequisites of web site internationalisation and localization, which are essential for effective cultural customization (Singh & Pereira, 2005). Singh & Pereira in their book written in 2005, defined five levels of website adaptation:

Standardised website

These sites have the same web content for both domestic and international users. There is no effort made to reach out to international consumers in terms of translation, internationalisation, or localization.

Example: www.empik.com. The Empik Group Empik.com is a popular Polish online retailer offering a wide range of books, music, movies, electronics, and other cultural and entertainment products. Despite shipping to many countries, including China, it offers one, standardised website in Polish for all of its customers. It is not possible to translate, and customers would have to understand Polish to buy in the store (Figure 20).

Figure 20 - www.empik.com website



Source: screen capture made by the author

Semi-Localized Websites

As the name implies, the web site only provides a few translated sections, for instance just the contact page, or a banner. This kind of semi-localization is often used for online shopping since it is not always necessary to translate the whole website. Example: www.macys.com. Macy's is an iconic American department store chain founded in 1858, known for its extensive retail presence and a wide variety of products, including fashion, cosmetics, home goods, and more. It operates over 700 stores across the United States and has a significant online presence through its website, shipping to 200 locations worldwide, China included. Macy's has not been proactive in its web site globalisation efforts, it allow the customer to select the preferred location and currency, shows just a first banner in Chinese (or any other language according to the country chosen), little else is offered to address the needs of their international customers as the whole website continues in English (Figure 21).

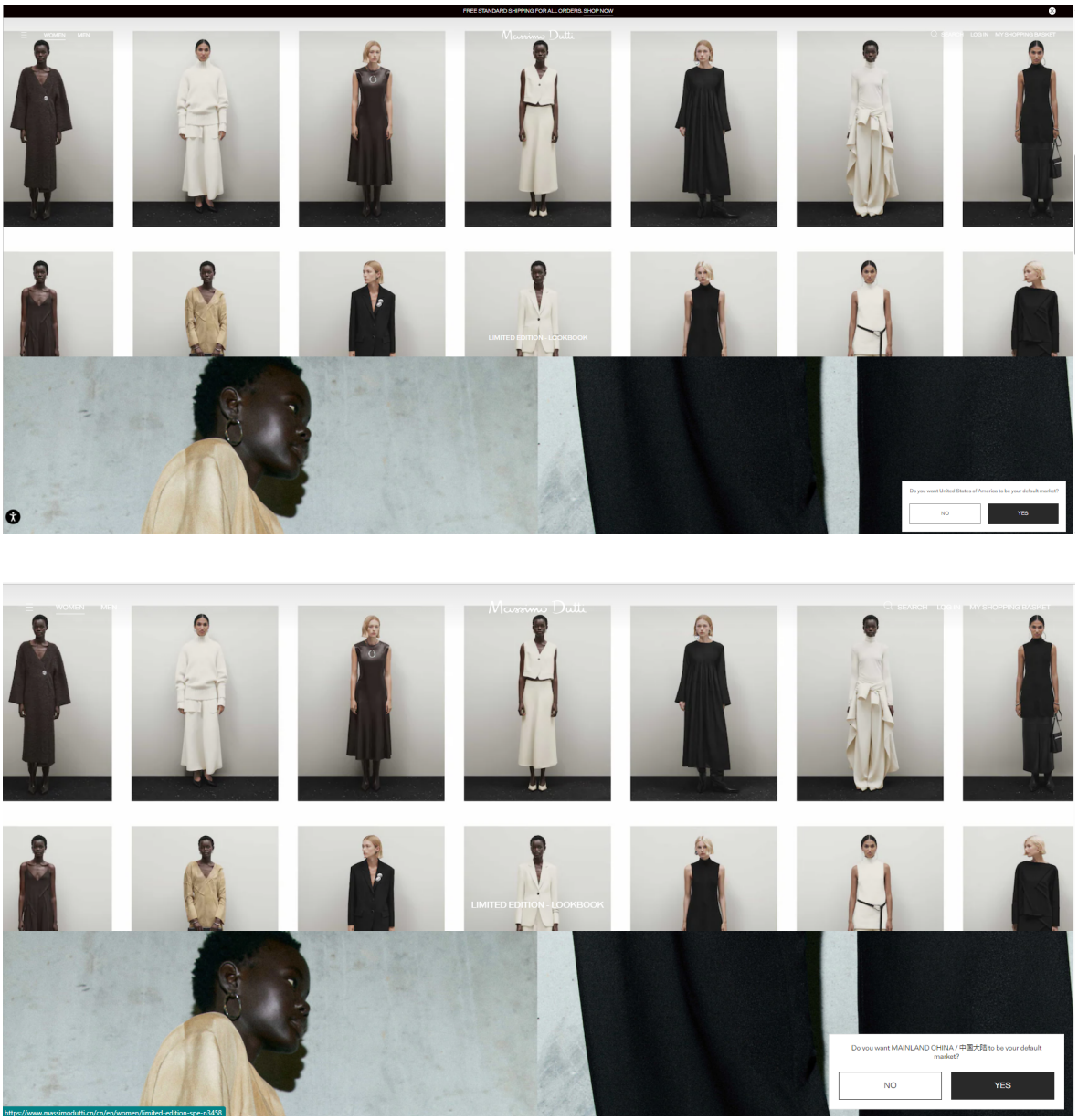
Figure 21 - macys.com after selecting China as location

Source: screen capture made by the author

Localised Websites

These web sites offer country-specific web pages with translation, wherever relevant. Example: www.massimodutti.com. Massimo Dutti is a renowned Spanish fashion brand that operates under the umbrella of the Inditex Group, one of the world's largest fashion retailers. Established in 1985, Massimo Dutti is celebrated for its sophisticated and elegant clothing, offering a wide range of men's and women's apparel, accessories, and footwear. Massimo Dutt's web site provides a country-specific web page (massimodutti.cn) along with translation into Chinese and English (Figure 22), wherever necessary, but looks almost exactly the same as the American version.

Figure 22 - Massimodutti.com (above) vs. Massimodutti.cn (below)



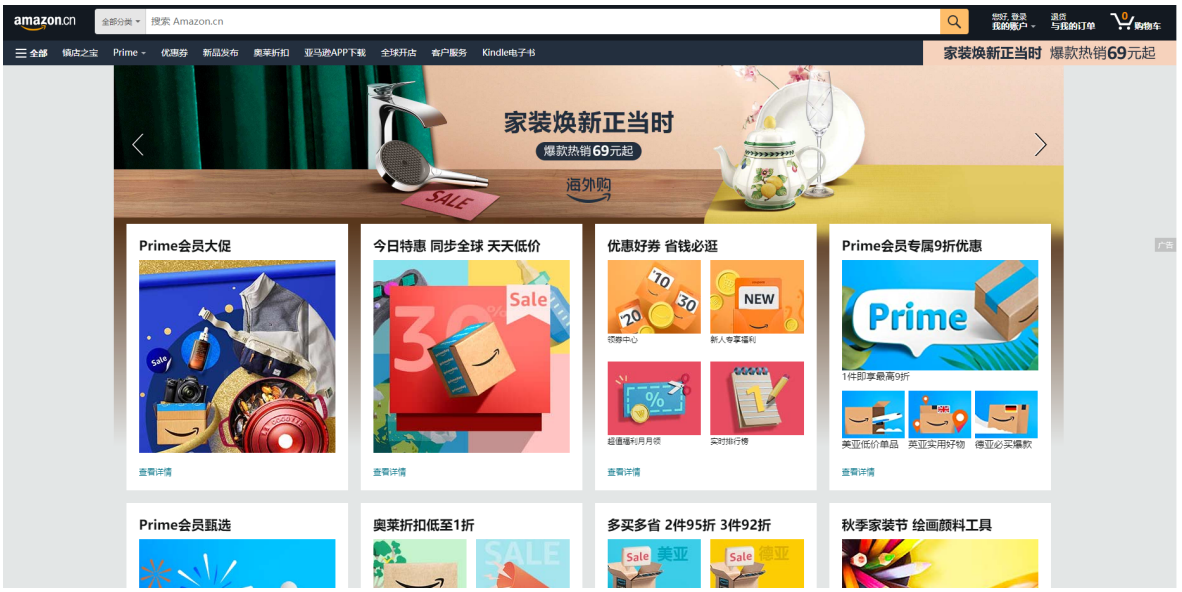
Source: screenshots by author

Highly Localised Websites

These web sites offer country-specific URLs with translations wherever relevant, and include high levels of localization in terms of information considered country-specific, for example, time, postal code, date, number formats, etc. Example: www.Amazon.com. Amazon, which started as an online bookstore, today has diversified into other areas such as apparel, music, health and beauty products, electronics and office supplies. The

company offers unique websites in China (amazon.cn) (Figure 23) and many other countries where it operates.

Figure 23 - Amazon.cn homepage

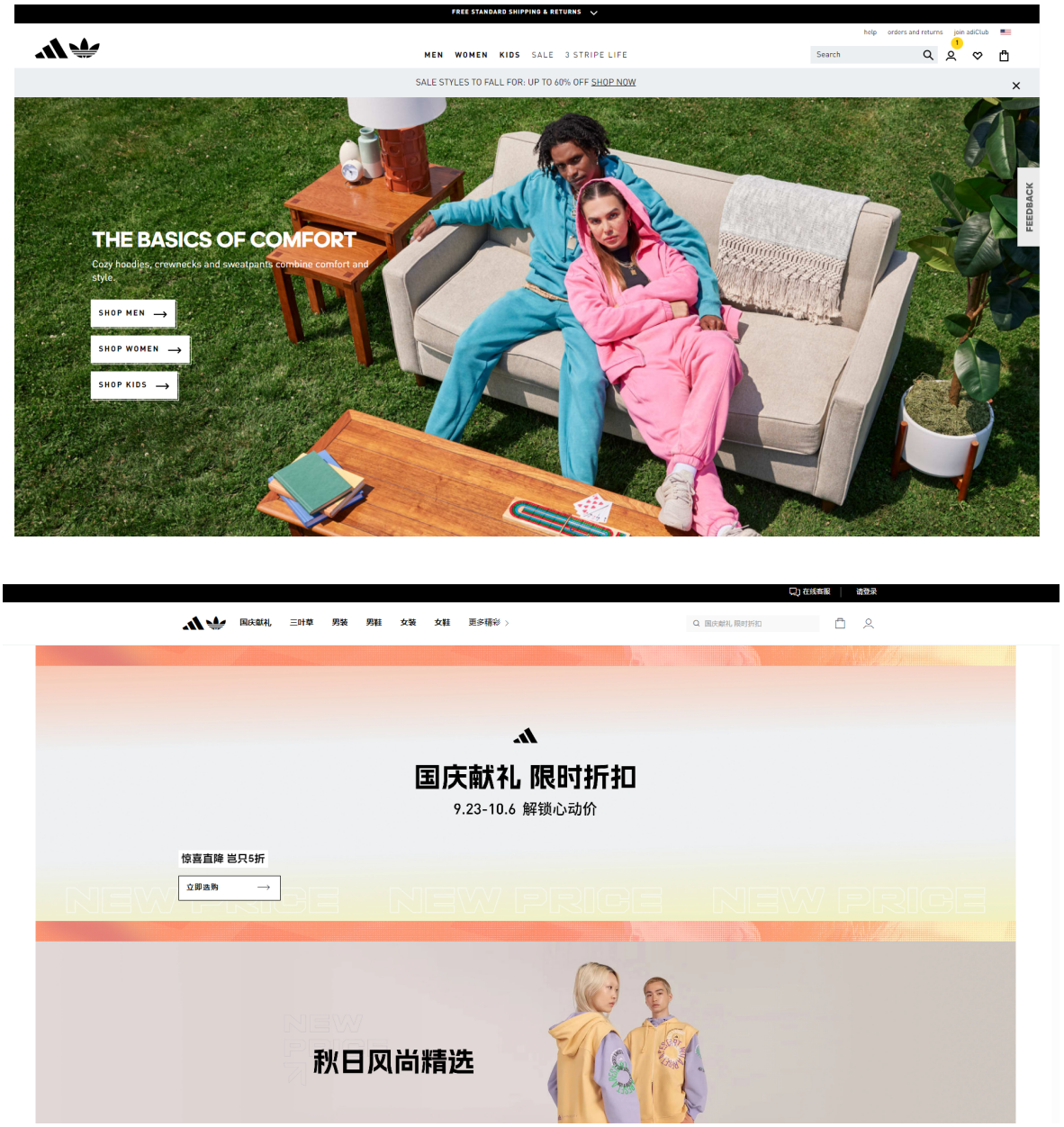


Source: screenshot by author

Culturally Customised Web Sites

These web sites exhibit designs that reflect a complete "immersion" in the culture of the target market. A comprehensive cultural customization will reflect three levels of cultural adaptation: perception, symbolism, and behaviour (Singh & Pereira, 2005). At the time when the book was written (2005) the author could not identify any site falling into this category. In our study, we can highlight the efforts of Adidas' Chinese website, which looks and feels notably differ from the Western counterpart (Figure 24).

Figure 24 - Adidas.com (above) and Adidas.com.cn (below)



Source: Screenshots by author

Adapted from (Taanonen, 2014), Table 1 summarises the benefits and drawbacks of localization from the business provider's perspective and Table 2 presents the user's perspective. Most components impact both parties, with satisfaction, trust, and interactivity benefiting both providers and users. Overall, localization's benefits often outweigh its drawbacks, but its suitability depends on the context and target audience. (Taanonen, 2014).

Table 1 - Benefits and drawbacks of adaptation - business provider's perspective

BENEFITS	DRAWBACKS
• **Global reach** (Kralisch 2006) • **Societal goals** (Kralisch 2006) • **Goodwill and bonding** (Ray & Kelly 2012) • **Competitive advantage** (Lynch and Beck 2001) • **Increased sales and revenue** (Tixier 2005; Holmqvist & Grönroos 2012) • **Increased interactivity** * (Fletcher 2006) • **Impact on purchase intention** * (Singh et al. 2006) • **Increased user trust*** (Bartikowski & Singh 2014; Cyr 2005) • **Increased user satisfaction*** (Berendt & Kralisch 2009; Kralisch 2006)	• **Time-consuming and costly** (O'hagan & Asworth 2002, p.20-22) • **Increasing number of languages** (O'hagan & Asworth 2002, p.20-22) • **Digital content requirements** (O'hagan & Asworth 2002, p.20-22) • **Quality issues** (Fletcher 2006) • **Image/brand fit** * (Luna, Peracchio & de Juan 2002)

Source: adapted from Taanonen, 2014

Table 2 - Benefits and drawbacks of adaptation - user's perspective

BENEFITS	DRAWBACKS
Functional impacts: • **Reduced cognitive effort** (Luna et al. 2002) • **Ease of use** (Luna et al. 2002) • **Increased interactivity*** (Fletcher 2006) Emotional impacts: • **Consumer Preferences** (Singh et al. 2004; Luna et al. 2002) • **Purchase intention*** (Singh et al. 2006) • **Increased trust** * (Bartikowski & Singh 2014; Cyr 2005) • **Satisfaction** * (Berendt & Kralisch 2009; Kralisch 2006) *	Functional impacts: • **Low quality** (Kralisch 2006) • **Less features or information** (Kralisch 2006) • **More expensive services** (Kralisch 2006) Emotional impacts: • **Image/brand fit** (Luna, Peracchio & de Juan 2002)

Source: adapted from Taanonen, 2014

4.3.2 Cultural challenges

An effective website is one that motivates consumers to take desired actions, such as staying on the site for a certain amount of time, downloading content, forwarding it to others, requesting information, or purchasing products or services (Liu et al., 2004). The quality and effectiveness of a website, which can be considered a marketing tool, is affected by how well it reflects the culture of the country for which it is designed (Fletcher, 2006; Singh & Pereira, 2005; Codignola, Capatina, Yamazaki & Lichy, 2021).

Barber and Badre (1998) recommend a "culturability" approach, which combines the words "culture" and "usability." This approach is a systematic method for examining hundreds of websites and defining cultural markers (preferences in a specific area), such as colours, fonts, icons, geography, sounds, motion, flags, language, text and graphics preferences, and the direction in which language is written.

Based on Barber and Badre's (1998) cultural marker approach, Smith et al. (2004) show that it is essential to examine:

- The different signs or symbols in a target culture to better understand how to create a website that is appropriately tailored to the target culture users.
- The usage of signs based on the context.
- How the target culture audience interprets these signs.

Barber and Badre's (1998) identified a list of cultural markers that, although they mention, were not intended to be exhaustive, it is representative and flexible to account for changes in cultural and technical dimensions of web sites.

Table 3 - Different Categories of Cultural Markers

HTML Specific	Icons/Metaphors	Colors	Specific Colors	Grouping
# of lines	international	red	flag	symmetrical
# of centers	local	blue	graphics	asymmetrical
# of images	clocks	green	pictures	proximity
# of links	newspapers	purple	borders	alignment
# of internal links	books	pink	background	boundary
# of external links	pages	black		enclosure
link color	homes	yellow		connection
visited link color	stamps	gold		
horizontal bars	envelopes	teal		
tables	musical notes	white		
bold	paperclips	multiple		
italics	thumbtacks			
underlines	other			
frames				
audio				
video				
background image				
background color				
text color				
Flag	**Language**	**Geography**	**Orientation**	**Sound**
native	native	maps	centered	music
foreign	foreign	outline	left-right	voice
multiple	multiple	globe	right-left	
Font	**Links**	**Regional**	**Shapes**	**Architecture**
cursive	color	foliage	squares	state building
italics	embedded	animals	circles	house
bold	stand alone	landscape	triangles	church
size	internal external	water	rectangles	office
shading		desert	lines	cityscape
			arrows	

Source: Barber and Badre's (1998)

Moreover, the term "culturability" underscores the pivotal connection between culture and usability in web design, a concept that extends to software intended for international use. Much like a traveller in a foreign country relies on more than a translation dictionary and local currency, web users encounter various cultural cues, including colours, spatial organisation, language, symbols, and more, that influence their interactions with a website Barber and Badre's (1998). For instance, colours can carry diverse cultural meanings, impacting user expectations and satisfaction. The consideration of such cultural factors in web design becomes crucial (Taanonen, 2014) as can be exemplified by an American bank avoiding the use of green to attract French investors due to its criminal association while using it to appeal to Egyptian and Middle Eastern investors (Boor & Russo, 1993).

Table 4 - Different colours have different meanings in some cultures

Color	China	Japan	Egypt	France	United States
Red	Happiness	Anger Danger	Death	Aristocracy	Danger Stop
Blue	Heavens Clouds	Villainy	Virtue Faith Truth	Freedom Peace	Masculine
Green	Ming Dynasty Heavens	Future Youth Energy	Fertility Strength	Criminality	Safety Go
Yellow	Birth Wealth Power	Grace Nobility	Happiness Prosperity	Temporary	Cowardice Temporary
White	Death Purity	Death	Joy	Neutrality	Purity

Source: Barber and Badre's (1998)

Corporate websites, while invaluable for presenting corporate image, communicating with stakeholders, and marketing products and services, face challenges related to usability, message credibility, and content value (Pollach, 2005). Junglas and Watson (2004) argue that national culture, technological infrastructure, and economic development significantly influence electronic commerce growth, with corporate websites serving as a prominent reflection of national culture. To perceive in which extent there is influence of culture between different countries, it is necessary to describe cultural differences (Reis et al., 2013).

4.3.2.1 Cultural manifestations

Hofstede (1991) conceptualises cultural differences through an onion diagram, where the outermost layer represents symbols, the middle layer embodies heroes, rituals, and the core delves into values. Symbols encompass culturally shared gestures, words, objects,

hairstyles, carrying specific meanings. Heroes encompass both real and fictional figures highly esteemed in a society, influencing behaviour through their characteristics. Rituals involve communal events serving social purposes, including greetings and religious ceremonies. These first three layers are visible to outsiders but may require interpretation. Values, the innermost layer, represent the deepest and most invisible aspects of culture, reflecting a society's inclination to perceive and prioritise certain reality traits, such as valuing good over evil, ugly over beautiful, or rational over irrational (Hofstede, 1991; Pitta, Fung & Isberg, 1999). Cultural norms define acceptable and unacceptable behaviours, while cultural values determine what holds greater or lesser significance. Together, these elements form the basis for interpreting everyday situations and behaviours (Brett, 2001).

4.3.2.2 Theoretical frameworks

It is argued that cultural differences in negotiations can be interpreted and measured through constructs known as cultural dimensions (Brett, Gunia & Teucher, 2017). Considering that the present study aims to investigate how cultural differences affect the website design of Western E-commerce companies aiming to reach Chinese consumers, the next sections covers some of the taxonomies most renowned in the International Business literature and most relevant to the development of a cultural analysis of China in this study: Hall's (1976) with high and low context model, Hofstede's (1980) cultural dimensions and Schwartz's cultural dimensions (2008).

High and low context cultures – Hall (1976)

The originator of the high and low context cultures model, Hall (1976), introduced these terms to describe the significance of context in communication interpretation, thereby categorising cultures into high or low context communication (Reis et al., 2013; Dathe & Helmold, 2020; Hofstede, 2001). In low-context cultures (LC), information is conveyed directly, with the message's meaning explicitly articulated in words, making it unambiguous and devoid of contextual dependencies (Brett, 2001; Johnson & Cullen, 2002; Adair & Brett, 2005). Conversely, in high-context cultures (HC), information is transmitted indirectly, requiring an understanding of the message's context for interpretation. Much of the communication is nonverbal, and the subtle nuances are inferred from the spoken words and the surrounding context. In these cultures, languages often contain words with multiple meanings, relying on the recipient's prior knowledge and

familiarity with the intended meaning (Johnson & Cullen, 2002; Brett, 2000; Adair & Brett, 2004).

Cultural dimensions – Hofstede (1980)

Geert Hofstede (1980), a pioneer in the study of cultural dimensions, introduced an empirical model that quantifies the cultural values of various countries (Reis et al., 2013; Natlandsmyr & Rognes, 1995). This framework for cultural dimensions assesses the complexity of cultural similarities, differences, and their impact on behaviour, enabling cross-national comparisons through indexed scores (Reis et al., 2013; Hofstede, 2001; Natlandsmyr & Rognes, 1995). Currently, the model comprises six dimensions (6-D) for characterising a country or region: power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance, long-term orientation (Confucian dynamism), and indulgence vs. restraint (Hofstede, 1991, 2001; Hofstede, Hofstede & Minkov, 2010).

Power distance refers to the degree to which a society's members accept and expect a disproportionate distribution of power (Hofstede, 1984, 1991; Reis et al., 2013). The Power Distance Index (PDI) quantifies the influence between subordinates and superiors in a hierarchy (Hofstede 1980, 2001). In cultures with low power distance, individuals strive for power equality and the reduction of inequalities. Conversely, high power distance societies accept the societal hierarchy and the greater, coercive influence of superiors (Hofstede, 1984, 2001).

Individualism-Collectivism pertains to the "relationship between the individual and the collectivity which prevails in a given society" (Hofstede, 1980, p.148). Individualist cultures tend to be more self-oriented, valuing privacy, openness, and directness (Hofstede, 1980, 1984). In contrast, collectivist societies are characterised by members' identification with the social framework and a prioritisation of the group over the individual (Hofstede, 1984; Dathe & Helmold, 2020). Collectivist cultures expect protection and loyalty from their groups or family, value harmony, and build trusting relationships with business partners while preferring to avoid confrontation (Hofstede, 1980; Dathe & Helmold, 2020).

Uncertainty avoidance relates to the extent to which members tolerate ambiguity and uncertainty in life situations (Hofstede, 1980). This dimension measures how a culture responds to time and an unknown future, as well as whether individuals perceive a greater

need to mitigate this feeling compared to others (Hofstede, 1980, 1984). In societies with weak uncertainty avoidance, ambiguity is more tolerated, and people are more pragmatic, innovative, and willing to take risks, even in situations with unclear outcomes. In contrast, strong uncertainty avoidance cultures value structured environments and adhere to strict behavioural codes that result in interpretable and predictable events. These cultures also tend to be more expressive in communication, using hand gestures, raising their voices, or displaying emotions as an outlet for the anxiety associated with ambiguity (Hofstede, 1984; Hofstede et al., 2010).

Masculinity-Femininity indicates the degree to which a society favours masculine values, such as performance, achievement, competition, and material success, or feminine values, such as solidarity, cooperation, relationships, and quality of life (Hofstede, 1984).

Long-term orientation (or Confucian dynamism) refers to the adoption of virtues oriented toward future rewards or the past. Cultures with long-term orientation focus on the future, valuing perseverance, thrift, and persistence. Conversely, short-term orientation cultures value tradition, "saving face," and fulfilling social obligations (Hofstede et al., 2010).

Indulgence-Restraint describes the level of allowance for the free gratification of enjoying life and amusement (Hofstede et al., 2010). Indulgent societies appreciate natural human desires that lead to happiness, are more extroverted and optimistic, and perceive a higher level of personal control over life (Dathe & Helmold, 2020). Conversely, restraint cultures are less tolerant of satisfying natural human desires and are regulated by strict social norms and professional obligations.

Cultural dimensions – Schwartz (2008)

Schwartz's (2008) cultural theory encompasses seven dimensions aimed at elucidating societal-level cultural variations: conservatism, intellectual autonomy, affective autonomy, egalitarian commitment, harmony, mastery, and hierarchy. This model has gained widespread recognition for its comprehensive nature, thanks to its empirically derived classification and globally representative sample (Steenkamp, 2001).

Conservatism: This dimension reflects the extent to which a society values tradition, conformity, and the preservation of established norms and values. Societies scoring high on conservatism tend to resist change and prioritise stability.

Intellectual Autonomy: Intellectual autonomy measures the degree to which a culture encourages independent thought, creativity, and the pursuit of intellectual challenges. Societies high in this dimension value individualism in intellectual pursuits.

Affective Autonomy: Affective autonomy explores the acceptance of emotional expression and the freedom to experience a wide range of emotions. Cultures high in affective autonomy are more open to expressing emotions openly.

Egalitarian Commitment: This dimension assesses a society's commitment to equality, social justice, and fairness. Cultures emphasising egalitarian commitment strive for equal opportunities and reduced social disparities.

Harmony: Harmony reflects the importance placed on maintaining harmonious relationships within a society. Cultures valuing harmony prioritise conflict avoidance, cooperation, and consensus-building.

Mastery: Mastery pertains to a culture's emphasis on individual achievement, competence, and the pursuit of excellence. Societies high in mastery encourage personal growth and the attainment of high standards.

Hierarchy: Hierarchy measures the acceptance of social inequality and the importance of authority, status, and structured roles within a society. Cultures with a strong hierarchical orientation value social order and hierarchy in various domains.

Researchers have rated and ranked various countries on Hall's, Schwartz, and Hofstede's cultural values. Thus, given a country (e.g., Portugal), one can check its score on any cultural value (e.g., masculinity) as well as where its ranked on that cultural value compared to other countries. The next section studies the particularities of Chinese culture under the light of these theories, as well as it provides a comparison between the Western countries that this study used for research purposes.

4.3.2.3 China's cultural theories compared to Western countries

Hall's (1976) cultural theories provide insights into various aspects of Chinese culture and communication. China is considered a high-context culture, where communication is often indirect, and the underlying context and tone of the message carry significance (Hall, 1976; Gudykunst & Kim, 1984). The Chinese language incorporates rich symbolism and cultural references, often employing metaphors, idioms, and proverbs (Gao, Ting-Toomey, &

Gudykunst, 1996). Family, respect for authority, and harmony are deeply ingrained values in Chinese society (Hofstede et al., 2010). Establishing trust and building strong relationships are crucial when negotiating with Chinese counterparts (Gudykunst & Kim, 1997). Meanwhile, Western cultures, such as those in the United States and Europe, are often considered low-context cultures. They rely on explicit verbal communication, and messages are typically direct and explicit. Contextual cues are less critical in these cultures.

By analysing China's cultural values and behaviour through Hofstede et al. 's (2010) Value Survey Module (VSM) and comparing to Western's values, we can gain more insights into the cultural dimensions differences:

Power Distance Index (PDI): China has a PDI score of 80, indicating a hierarchical society where unequal power distribution is accepted, and respect for authority is important. Western cultures generally exhibit lower power distance, emphasising equality and reduced hierarchy.

Individualism vs. Collectivism (IDV): China scores low on IDV, with a score of 20, signifying a collectivist society that values group harmony, loyalty, and long-term relationships over individualism. Western cultures often lean toward individualism, valuing personal autonomy and self-expression

Masculinity vs. Femininity (MAS): China scores 66 in MAS, suggesting a somewhat masculine culture that emphasises competition, success, and achievement. In Western cultures, particularly in recent decades, there has been a noticeable shift towards greater gender equality and a departure from traditional gender roles. There are Western cultures, particularly in Northern Europe, where the emphasis on success and assertiveness is balanced by qualities associated with femininity. In these societies, there is a greater recognition of the importance of nurturing, quality of life, and work-life balance.

Uncertainty Avoidance Index (UAI): China has a UAI score of 30, indicating a moderate preference for avoiding uncertain situations. This suggests a balanced approach to uncertainty avoidance. Western cultures tend to have a more risk-averse approach, preferring structured and well-defined situations where uncertainty is minimised, which aligns with higher UAI scores. The higher uncertainty avoidance can lead to a preference

for clearly defined rules and processes, making decision-making more structured and predictable.

Long-Term Orientation (LTO): China scores relatively high on LTO with a score of 87, reflecting a culture that values perseverance, thrift, and planning for the future. Ancient traditions and wisdom play a significant role. Western cultures tend to focus on short-term goals and may prioritise immediate results over long-term planning.

Indulgence vs. Restraint (IVR): China scores 24 in IVR, indicating a culture that tends towards restraint. They place importance on self-control, adhering to social norms, and avoiding impulsive behaviour. Western cultures often lean toward indulgence, valuing personal gratification and enjoyment of life.

China's cultural values and behaviour through Schwartz's (2008) offer new perspectives into its cultural dimensions:

Conservatism: China tends to exhibit conservative values deeply rooted in tradition and history. The emphasis on Confucian values and respect for authority align with conservatism. Ancient traditions and wisdom play a significant role in Chinese culture. While there are conservative elements within Western culture that value tradition and authority, Western societies are often characterized by a greater degree of individualism and a tradition of questioning authority. Western conservatism may place more emphasis on personal liberties, limited government intervention, and free-market capitalism, which are distinct from some aspects of Chinese conservatism.

Intellectual Autonomy: Intellectual autonomy is relatively low in China. The education system often emphasises rote learning and conformity to established norms. Critical thinking and challenging existing ideas may be less encouraged. In contrast, Western cultures generally place a higher value on Intellectual Autonomy. Education systems in many Western countries often emphasise critical thinking, independent thought, and the challenging of established ideas. Students are encouraged to question, analyse, and develop their own perspectives.

Affective Autonomy: Affective autonomy is moderate in China. While emotional expression is valued in personal relationships, there is often a need to maintain harmony in social interactions. Emotional self-control is appreciated, particularly in public settings. In Western cultures, there is typically a higher degree of Affective Autonomy. These cultures

often encourage open expression of emotions, both positive and negative, and individuals are often encouraged to express their feelings freely, even in public.

Egalitarian Commitment: China generally exhibits a strong commitment to egalitarian values. Communist principles have influenced a focus on equality and collective well-being. Efforts to reduce wealth disparities and promote social equality are prominent. Some Western countries have a strong commitment to egalitarian values, emphasizing social welfare programs, income redistribution, and policies aimed at reducing economic and social inequalities. However, other Western countries may place a stronger emphasis on individualism and market-driven economic systems, which can result in varying degrees of wealth disparities.

Harmony: Harmony is a central value in Chinese culture. Maintaining harmonious relationships, both in personal and societal contexts, is highly emphasised. Conflict avoidance and group cohesion contribute to this dimension. Some Western cultures prioritise individual goals and achievements, occasionally at the expense of social harmony.

Mastery: Mastery, in terms of cultural value, is significant in China. The Chinese language and culture place a strong emphasis on linguistic artistry, calligraphy, and skill development. Mastery in various domains, such as martial arts or traditional crafts, is valued.

Hierarchy: Hierarchy plays a substantial role in Chinese society. Respect for authority, particularly within family structures and organisations, is vital. Age and seniority often dictate hierarchical positions and decision-making authority, whereas Western cultures tend to have flatter organisational structures with more informal hierarchies, Table 5 shows the comparison between the Western countries that this study used for research purposes and China through Hoefstede's (2010) cultural dimensions index.

Table 5 - Comparison between the Western countries and China through Hoefstede's cultural dimensions index.

Cultural dimension	China	US	Denmark	Sweden	Spain	France	Italy	Poland	Germany	United Kingdom	Countries in the study

											(mean)
Individualism	20	91	74	71	51	71	76	60	67	89	72
Masculinity	66	62	16	5	42	43	70	64	66	66	48
Uncertainty Avoid.	30	46	23	29	86	86	75	93	65	35	60
Power Distance	80	40	18	31	57	68	50	68	35	35	45
Long Term Orientation	87	29	35	31	48	63	75	56	83	51	52
Indulgence	24	68	70	29	44	48	30	93	40	69	55

Source: own elaboration from Hofstede (2010)

Our study consisted of analysing cultural websites depiction of five cultural dimensions and 18 cultural items in total, respectively representing (1) Individualism, containing five items – personal realisation, uniqueness, personal enjoyment, graphic orientation, and realism; (2) Masculinity, consisting of three items – competition, hard sell, and ambition; (3) Uncertainty Avoidance, including three items – security, quality and price guarantee, and customer service; (4) Hierarchy, comprising four items – ranking and certificates, people or institutions of power, celebrity endorsement and announcement; (5) Harmony, including three items – beauty of the nature, environment protection, and community responsibility.

We have chosen the dimensions adapted from Shi and Xu(2019) who chose for the cultural framework evaluation the prominence of the cultural dimensions in the domain of cultural studies, verified in the literature review as important roles in discerning cultural disparities between China and Western countries (Hofstede, 1980, 1984; Schartz, 1992, 2008; de Mooij & Hofstede, 2010; Shi & Wang, 2011), and their substantiated influence on individuals' online behaviours, as corroborated by prior research (Ko et al., 2015; Song, Ahn, & Sung, 2014). Furthermore, it has synergies with our study as the cultural characteristics of China and the United States (to represent Western companies) along these five dimensions can provide a comprehensive overview of the cultural landscape under examination (Table 5).

4.3.2.4 Implications on Western E-commerce websites cultural adaptation to Chinese consumers

To understand better what are some implications on Western E-commerce websites, this section To understand better what are some implications on Western E-commerce websites, this section offers insights into the process of ensuring cultural resonance in the highly diverse and culturally rich Chinese market, from visual aesthetics and content localization to messaging strategies and the incorporation of culturally relevant symbols.

Based on the literature and our own survey and content analysis of communication content of various cultures, Singh & Pereira (2005) recommended that companies need to highlight the following features when designing web sites for collectivist cultures:

Clubs/Chat rooms

In collectivist societies, individuals depend on organisations and communities for emotional support and connection (Hofstede, 1980). To fulfil this need, forums, clubs, and spaces play a crucial role in allowing people to express themselves, form relationships, and share thoughts and feelings. Word-of-mouth communication is particularly vital for gathering market information in Chinese culture (Singh & Pereira, 2005).

Community Relations

Collectivist societies prioritise community-based social order and societal needs over individual interests. In these cultures, interdependence and the well-being of others are highly valued, and societal norms and pressure significantly influence behaviour (Hofstede, 1991; Singh & Pereira, 2005; Lee & Green 1991).

Advertising in collectivist societies often emphasises appeals related to interdependent relationships, as seen in Chinese advertisements that highlight group-consensus appeals (Lin, 2001). Therefore, companies targeting collectivist societies can demonstrate their commitment to the community and interdependence by showcasing community relationships on their websites.

Family theme

Collectivist cultures prioritise in-group obligations, family security, and strong family ties (Han & Shavitt 1994; Zahedi et al. 2001). They often emphasise the "we theme" and portray family integrity positively in advertising. In these cultures, the concept of family

extends beyond immediate relatives to include close friends, colleagues, and business partners. Family holds a central place in the identity of collectivist cultures, with extensive extended family ties and a rich vocabulary for various interpersonal bonds (Singh, Zhao, & Hu 2004).

For instance, in China, complex family terminology distinguishes between older and younger siblings, maternal and paternal uncles and aunts, and more. To resonate with the family-oriented aspect of collectivist cultures, websites can emphasise the family theme through images, themes, and web content. Using visuals and themes that depict family bonding, teamwork, togetherness, employee camaraderie, friendship, and family celebrations effectively conveys the significance of family in these cultures (Singh & Baack 2004; Singh & Matsuo 2004; Singh, Zhao & Hu 2003).

Loyalty programs

In collectivist cultures, establishing enduring relationships and fostering loyalty are significant (Singh & Pereira, 2005). For instance, Chinese consumers exhibit a higher degree of brand loyalty compared to Western consumers. They tend to adhere to group norms, often choosing the same brands recommended by other group members. Additionally, collectivist societies value policies and procedures that promote loyalty, conformity, and orderliness (Hofstede, 1980).

Symbols and pictures of National Identity

To align websites with the collectivist orientation, features that encourage loyalty can be incorporated. This loyalty can manifest in various ways, such as country-specific credit card-based loyalty points programs, exclusive customer clubs catering to local consumers, frequent web shopping points programs, and more (Singh & Baack 2004; Singh & Matsuo 2004; Singh, Zhao & Hu 2003).

Hierarchy Information and Pictures of Important People

High power distance cultures, as described by Hofstede (1991), place a strong emphasis on hierarchical structures and the exertion of coercive and referent power dynamics. In these cultures, written communications frequently incorporate references to status and authority (Zahedi, Van Pelt, and Sont 2001). Additionally, recommendations from authority figures hold significant sway, with Chinese consumers, for instance, being notably influenced by

opinion leaders and authority figures (Ji & McNeal 2001; Yau 1988). This hierarchical orientation can be traced back to Confucius's principles of the five cardinal relations, encompassing sovereign and minister, father and son, husband and wife, old and young, and friends (Ji & McNeal 2001).

To bridge the gap created by the absence of physical interaction on websites, including photographs of key individuals allows customers to become familiar with them and establishes their authoritative positions. Furthermore, organisational charts provide a visual representation of the hierarchical structure, outlining the ranks and significance of individuals within the company. These elements collectively underscore the high power distance orientation characteristic of these cultures.

Quality Assurance and Awards

In high power distance societies, the significance of referent power is paramount, leading to a focus on popularity and recognition themes (Singh & Pereira, 2005). Certifications, awards, and recognitions are highly valued as they symbolise societal acknowledgment of a company's superior products. Consequently, web sites in high power distance cultures prominently showcase quality, awards, and company recognition information (Singh & Pereira, 2005).

Vision statement

High power distance societies, characterised by autocratic and paternalistic tendencies that promote conformity to the leader's views (Hofstede 1980), often emphasise the importance of vision statements to convey top management's philosophy (Singh & Pereira, 2005).

Aesthetics

High context cultures, as revealed in a study by Cho et al. (1999), place significant emphasis on harmony and beauty in communication. This emphasis is expressed through the use of symbols, icons, art, beautiful scenery, festivals, and nature appeals (Singh & Pereira, 2005). In high context cultures like China, where substantial information is embedded in the context surrounding messages, symbols, art forms, and iconic expressions play a vital role in communication. These symbols and icons convey intrinsic meanings and messages without the need for verbal communication. Chinese websites also frequently utilise colour symbolism, icons, and cultural symbols such as dragons, pagodas,

and the Great Wall to symbolise harmony (Singh, Zhao & Hu 2004). Chinese culture places a strong emphasis on the concept of Yin and Yang, representing balance and harmony in various aspects of life. When designing websites for high context cultures, it is essential to pay attention to aesthetic details, utilise a rich colour palette, emphasise images and symbols, and incorporate elements that evoke harmony and beauty (Singh & Pereira, 2005).

Politeness and Indirectness

In high-context cultures, advertisements are characterised by indirect and implicit verbal expressions, emphasising politeness, modesty, and ambiguity in communication (Singh & Pereira, 2005). Direct comparisons are generally discouraged (Mueller, 1987). Advertisements in these cultures aim to establish a friendly relationship with the audience, showcasing subtlety and modesty.

In conclusion, the review highlights that each website is meticulously crafted, encompassing various elements that contribute to its overall functionality and purpose. Numerous studies have studied which factors influence website acceptance and effectiveness. Specifically, in the context of cross-cultural commerce and Western companies' expansion into the Chinese market, the website assumes a central role. It serves as the primary digital interface through which the complexities of differing cultures are addressed, and the initial connection between Western brands and Chinese consumers is either established or overlooked.

In light of the increasing importance of web design and localization in the global e-commerce landscape, this study further investigates whether Western companies aiming to expand their reach to Chinese consumers must address specific challenges associated with cultural adaptation. China's unique cultural context, characterised by high-context communication, collectivist values, and a preference for linguistic artistry, necessitates careful consideration and customization of websites to resonate with Chinese audiences.

4.3.3 Technical challenges

The Great Firewall of China, a comprehensive system of internet censorship and regulation, poses significant technical challenges for Western e-commerce companies looking to expand their business into the country. This system restricts access to certain websites and services, impacting not only foreign businesses but also everyday internet

users in China. The Great Firewall blocks access to eight of the top 25 most popular websites globally, including Google, Facebook, and Twitter. under the name of protecting national security (Leskin, 2019). This blocking of foreign-based platforms (Table 6) created opportunities for Chinese-based platforms. For instance, after Google's withdrawal from China in 2009, Baidu, the dominant Chinese search engine, experienced a fivefold increase in revenue and captured a significant share of the online search market (Leskin, 2019). However, not all Chinese platform firms benefited equally. Platforms like Weibo faced challenges when the government imposed real-name registration requirements (Hille, 2012a, 2012b).

Table 6 - Selected list of foreign websites blocked in China, 2009–2021.

Website	Category	Date blocked
YouTube	Streaming	Mid-2008
Blogspot	Blogging	May 2009
Twitter	Social	June 2009
Facebook	Social	July 2009
Vimeo	Sharing	October 2009
Google	Search	March 2010
Netflix	Entertainment	Unknown
Yahoo! Japan	Search	June 2012
Rakuten	Shopping	June 2012
Instagram	Social	September 2014

Gmail	Email	December 2014
Flickr	Sharing	October 2014
Tumblr	Social	May 2016
Pinterest	Image-sharing	March 2017
WhatsApp	Messaging	September 2017
Discord	Messaging	July 2018
Twitch	Streaming	September 2018
Bing	Search	January 2019
Imgur	Image-sharing	March 2019
Wikipedia	Encyclopedia	April 2019

Source: Leskin (2019)

The Chinese government has expressed concerns about the potential for online platforms to facilitate grievances about corruption, social injustices, and abuse of power (Yu, 2011). Additionally, it worries about platforms being used for collective action beyond state control, leading to "internet mass incidents". This concern escalated due to unrest in Xinjiang and led to tighter control over internet content and communication (Bovingdon, 2019; Hu, 2009).

Nowadays, China uses several sophisticated methods to regulate the internet. The two most well-known are IP-blocking (Internet Protocol blocking), where routers drop traffic heading towards a blacklisted IP address, and (Domain Name System) DNS tampering, in which DNS servers respond to a query with a falsified DNS address, thereby leading to a false domain (Eko, Kumar & Yao, 2011). Because access to foreign websites is filtered

through the Great Firewall, accessing them is considerably slower than accessing domestic ones. This is particularly true during high-usage times of the day, such as weekday evenings, as higher activity levels create a bottleneck (Eko, Kumar & Yao, 2011). Foreign companies should develop a comprehensive strategy to navigate the operational issues that arise as a result of China's idiosyncratic internet landscape, whether they are in an industry directly affected by the Great Firewall or not (Eko, Kumar & Yao, 2011).

For overseas companies whose core business is not directly affected by the Great Firewall, the effects on productivity and day-to-day operations should be considered. Many companies either set up their own corporate VPNs (Virtual Private Networks) for internal use or subscribe to a corporate VPN package for their China offices, regardless of their industry (Hu, 2009). Accessing foreign websites is already slower than accessing Chinese ones, and using a VPN to bypass the Great Firewall usually slows the connection even more. Sometimes VPN services or individual connections can stop functioning properly for hours or even days at a time, leading to unexpected drops in productivity (Eko, Kumar & Yao, 2011).

Businesses must also consider the software and internet services they use in their China offices. Many companies with multiple offices use cloud-based services such as DropBox, Google Documents, and GitHub to share resources across different locations (Eko, Kumar & Yao, 2011). Because these services do not function normally in China, businesses must determine whether they can be used effectively with a VPN, or find an alternative such as Microsoft SharePoint or a Chinese cloud sharing platform like GoKuai (Eko, Kumar & Yao, 2011).

4.3.3.1 Implications on Western E-commerce websites technical adaptation to Chinese consumers

To understand better what are some implications on Western E-commerce websites, this section explores how technical elements, such as website design, payment systems, and communication tools, can be culturally customised to align with the preferences and expectations of Chinese consumers.

Website Performance: Access to foreign websites is considerably slower in China due to the Great Firewall. This can lead to user frustration and impact the user experience, making it important for Western companies to optimise their websites for smoother access (Harvard Law School, 2003). To mitigate the impact of slow loading times, Western

e-commerce websites should prioritise content optimization. This involves reducing the size of images and other media files, using efficient coding practices, and minimising the use of external resources. By doing so, pages can load more quickly, enhancing the overall user experience (Udo & Marquis, 2002). Moreover, Western websites often rely on various external resources, such as third-party plugins (e.g. Facebook, Google, etc.), fonts, or scripts. However, these external dependencies can be subject to delays when accessed from China (Eko, Kumar & Yao, 2011). To address this, companies should minimise external dependencies or explore local alternatives that load more quickly within China's internet environment. Prior to launch, it's essential to conduct thorough performance testing (e.g. using Google Lighthouse) specifically for the Chinese market. This includes assessing website load times, responsiveness, and functionality under varying network conditions. Identifying and addressing performance bottlenecks in advance can prevent user frustration (Juviler, 2022). China's internet landscape, characterised by the Great Firewall and slower access to foreign websites, poses unique challenges for Western companies. Understanding how these challenges impact website performance and how they can be effectively addressed is essential.

Payments and Financial Infrastructure: China has a unique digital payment ecosystem. Unlike their Western counterparts who predominantly rely on credit and debit cards, Chinese consumers favour alternative payment methods such as Alipay and WeChat Pay (Chen et al, 2019). This preference is deeply rooted in convenience and trust. Alipay and WeChat Pay offer integrated services beyond just payments, allowing users to perform various tasks from paying bills to booking travel (Yang et al, 2015). Trust is paramount in the Chinese e-commerce landscape, and these platforms provide a sense of security through their robust transaction monitoring and dispute resolution mechanisms (Martinsons, 2002). Adapting to these payment methods and ensuring smooth, secure transactions for Chinese customers can be complex and require integration with these local payment systems, which may be unfamiliar to Western companies. Failure to provide convenient payment options can deter potential customers and jeopardise business growth (Martinsons, 2002). Exploring the theme of "Payments and Financial Infrastructure" is crucial in our study aiming to identify strategies to overcome the challenges associated with the adaptation of Western website design to Chinese consumers. China's digital payment ecosystem, characterised by the dominance of platforms like Alipay and WeChat Pay, presents a stark contrast to Western payment methods. In this study we analyse the

extent to which the companies selected technically adapt their infrastructure to support diverse payment methods to answer research question RQ4.

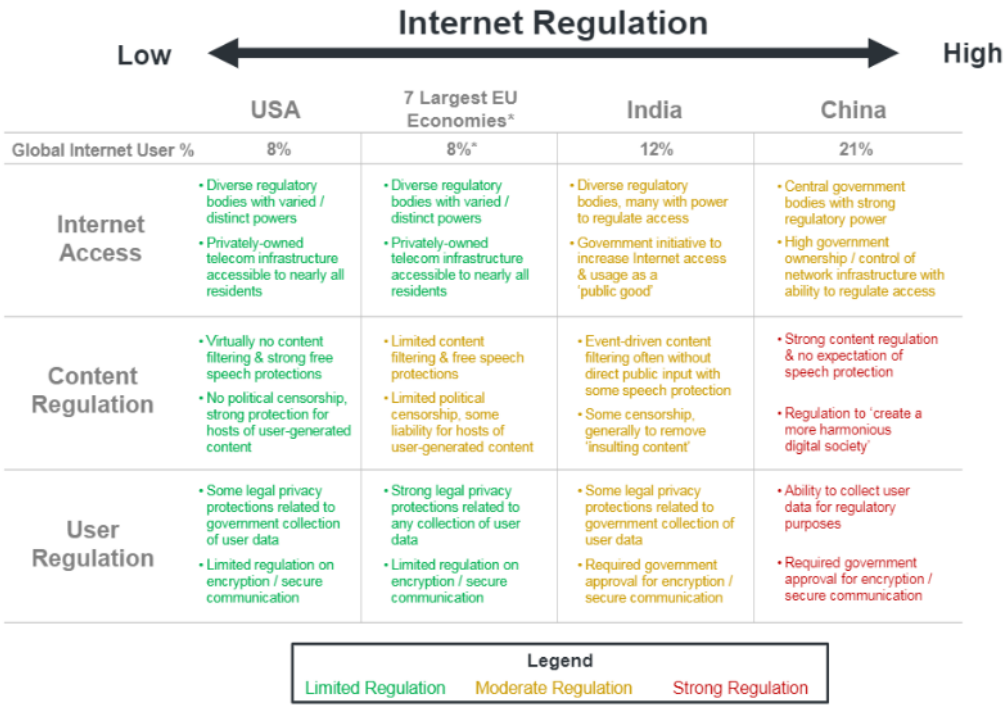
Social media: Social media has emerged as a potent tool for engaging consumers and building brand presence in the digital landscape. However, the dynamics of social media representativity differ between Chinese and Western websites. Chinese consumers have a distinct social media landscape shaped by government regulations and the popularity of homegrown platforms. Western social media giants such as Facebook and Twitter are inaccessible in China due to the Great Firewall, resulting in the dominance of platforms like Weibo, WeChat, and Douyin (TikTok) (Hong, 2020). Chinese consumers exhibit a strong preference for these local platforms, as they align with cultural norms and offer a familiar user experience (Chen et al., 2018). Understanding these preferences is crucial for effective social media representativity. The Great Firewall and technical infrastructure limitations impact the representativity of social media on Chinese websites. Western websites may face challenges in integrating Chinese social media platforms seamlessly. Moreover, the speed and accessibility of social media content can be affected by internet censorship and restrictions (Fu & Chau, 2013). These technical constraints necessitate a tailored approach to social media engagement on Chinese websites. In this study we analyse the extent to which the companies adherence to the Chinese popular social media platforms to answer the research question RQ5.

Device Diversity: China is a mobile-first nation, with more users accessing the internet via mobile devices than computers (Statista, 2023). The rapid proliferation of smartphones and tablets has driven a surge in mobile internet usage across China. Projections indicate that by 2023, more than 70 percent of the Chinese population will own a smartphone (Statista, 2023). In comparison to their Western counterparts, Chinese mobile internet users exhibit a greater inclination towards engaging in activities like online shopping and banking via mobile devices, underscoring the immense potential of China's mobile commerce market (Young & Hung, 2014). Chinese consumers are avid users of mobile devices for online activities, including shopping. Mobile commerce, or m-commerce, has witnessed explosive growth in China (Park, Yang & Lehto, 2007). Chinese consumers prefer mobile apps that offer seamless and convenient shopping experiences, often using super apps like WeChat, which integrate various services, including e-commerce (Young & Hung, 2014). The user interface, functionality, and performance of mobile apps are of paramount importance to cater to these preferences. As mobile phones exert a profound influence on the daily lives

of people in China, the anticipation is that even more innovations in mobile commerce will emerge in the near future.Western companies must optimise their websites and applications for mobile users to effectively engage with Chinese consumers. Responsive design, mobile-friendly layouts, and fast-loading pages are crucial for engaging Chinese users effectively (Park, Yang & Lehto, 2007). China's mobile-first culture, characterised by widespread mobile internet usage and the preference for mobile apps, presents unique challenges and opportunities for Western companies. This study analyses to which extent the Western companies selected considered technical efforts to improve their mobile website performance for Chinese audiences to answer the research question RQ6.

Infrastructure Challenges: China developed its internet infrastructure later than many other countries. The government views the internet primarily as an economic infrastructure rather than a medium for political communication (Meeker, 2019). The Chinese government has created a closed, national intranet and tightly controls internet access, emphasising content regulation and maintaining social stability (Figure 25). Given the emphasis on content regulation, Western companies must carefully review and adapt their website content to align with Chinese censorship and cultural norms. This may involve the removal or modification of content that could be perceived as sensitive or politically controversial (Park, Yang & Lehto, 2007).

Figure 25 - Internet regulation comparison between USA, Europe, India and China



Source: Meeker (2019)

Data Localization: Chinese regulations require certain data to be stored and processed within China's borders, posing challenges for Western e-commerce companies (Dorwart, 2022). Strategies to overcome data localization challenges include investing in local data centres and collaborating with local cloud service providers. (Dorwart, 2022).

4.3.4 Failure cases of Western e-commerce business expansion to Chinese consumers

The topic of business failure is sensitive and relatively under-researched, but it can have significant consequences for firms, leading to discouragement, decline, and mismanagement (Mcgrath, 1999). Previous attempts to define business failure include deviations from entrepreneurs' expectations, discrete events like discontinuance or bankruptcy, or processes leading to undesirable outcomes (Salminen, 2012). A firm may cease to exist through legal means, such as liquidation, involving processes like acquisitions, mergers, or retirement (Walsh & Cunningham, 2016). Failure can also result from other companies disengaging due to a lack of economic viability (Ucbasaran, Shepherd, Lockett, & Lyon, 2013).

Cardon, Stevens, and Potter (2011) distinguish internal and external factors contributing to venture failure. Internal factors include misfortunes (beyond entrepreneurs' control) and mistakes (individual errors) such as poor competitive strategies or business models. External factors encompass government influence in creating a conducive legal, political, and economic environment (Carter & Wilton, 2006) and regionalism, particularly in cultural contexts (Cardon et al., 2011).

Researchers emphasise the importance of learning from failures to enhance future entrepreneurial success and prevent unnecessary losses (Eskreis-Winkler & Fishbach, 2019; Singh, Corner, & Pavlovich, 2007), particularly in China, where numerous multinational companies have faced challenges in sustaining their presence (Cunha, 2020).

4.3.4.1 eBay

In the early 2000s, EachNet and Taobao were major players in China's e-commerce market. eBay's global expansion strategy extended to China, culminating in the acquisition of EachNet, the nation's leading auction platform, for $180 million in July of that year. EachNet boasted over 2 million users and held an impressive 85 percent share of the

market. eBay's acquisition of EachNet initially gave it dominance, but a crucial decision to move its technology platform to the US in 2004 led to a decline (Global Time ,2009). What was once the flow of information within China transformed into international traffic crossing borders and the vast expanse of the Pacific Ocean. Unfortunately, the internet infrastructure connecting China and the US was suboptimal. As a result, the loading speed of eBay China's webpage, a critical concern for users, experienced a significant and frustrating slowdown for users (Global Time , 2009).

Meanwhile, following Alibaba's success in generating profits from its primary B2B platform, founder Jack Ma set his sights on the potentially larger C2C (consumer-to-consumer) market. Ma assembled a discreet team, and by May 2003, they unveiled Taobao, which translates to "looking for treasure" in Chinese.During this period, eBay was preoccupied with integrating EachNet into its worldwide operations, while Alibaba was actively promoting Taobao as a novel online shopping destination. A notable distinction was that Taobao, unlike its American-owned rival, offered its services for free, while eBay used to charge listing and transaction fees (Global Time, 2009).

Furthermore,T aobao was swiftly incorporating fresh features and enhancing its design to captivate Chinese users. It introduced an online chat feature, enabling buyers and sellers to communicate virtually before making transactions. Additionally, Taobao implemented an online payment solution known as Alipay and adopted a more feminine page design to cater to an expanding female user base. Within three months of the platform migration, eBay China's market share had dwindled to nearly the same level as Taobao, as noted by Shao. (Global Time, 2009).

According to Carson (2013), eBay underestimated the importance of *guanxi*, relying solely on feedback and ratings from previous buyers. In contrast, Taobao offered a free communication system that instantly connected buyers and actively encouraged chat and instant messages (Ou & Davidson, 2009; Li, 2018). Taobao also introduced convenient payment options like Alipay, which didn't require credit cards, catering to the preferences of the Chinese population (Marquis & Yang, 2014)

These innovations and deviations from eBay's business model caused eBay to lose approximately 75% of the market share in just five years. Ultimately, eBay had to withdraw from the local market and sell its shares to competitors, highlighting the significance of adapting to local preferences and understanding guanxi in Chinese business

(Li, 2018; Carlson, 2013; Ou & Davison, 2009; Marquis & Yang, 2014; Li, Li, & Lin, 2008).

4.3.4.2 Uber

Uber, founded in 2009 and launched in 2010, transformed the taxi industry with its digital platform connecting consumers with nearby drivers (Gomes et al., 2019). The ease of ordering rides via a smartphone app, seamless payment processing, and global expansion propelled its popularity across more than 600 cities worldwide (Button, 2020).

In 2013-2014, Uber made its foray into the Asian market, beginning in Shanghai (Bugador, 2019). In China, Uber faced fierce competition from Didi Chuxing, backed by Tencent, but briefly emerged as the market leader by 2015, operating in 11 cities with plans to expand to 50 more (Liu & Kim, 2018). Uber pursued aggressive strategies, including establishing a Chinese subsidiary, partnering with Baidu, and offering region-specific services. CEO Travis Kalanick played a hands-on role, dedicating significant time to the Chinese market. Despite these efforts, Didi Chuxing acquired Uber China in 2016, and Grab acquired Uber Southeast Asia in 2018 (Bostoen, 2020).

Numerous factors contributed to Uber's setbacks in Asia. Firstly, Uber's payment system relied heavily on credit cards, disregarding the preference for cash payments in many Asian countries, limiting its accessibility (Desmond-Ng, 2018). Local competitors introduced cash payment options to cater to these preferences. Secondly, Uber grappled with regulatory obstacles, facing fines for various violations and struggling to establish positive relationships with policymakers (Bugador, 2019). Infrastructure challenges, including GPS manipulation by drivers and stringent mapping rules, further impeded Uber's operations.

Moreover, intense competition within Asia's ride-sourcing industry presented a substantial barrier. Local players like Grab and Didi Chuxing adeptly adapted to local preferences and price sensitivity, gaining a competitive edge over Uber. They offered features such as cash payments, text message-based ordering, and language customization, which resonated with local customers (Bugador, 2019). Additionally, some local firms collaborated with traditional taxi services, a strategy distinct from Uber's approach (Liu & Kim, 2018). Uber's delayed localization efforts and global operational challenges compounded the company's difficulties. Ultimately, a combination of market-specific issues, regulatory

hurdles, competition, and cultural factors contributed to Uber's inability to establish a lasting presence in the Asian market.

4.3.5 A successful case of Western E-commerce expansion to Chinese consumers: Lancome

Lancôme Paris, more commonly known as Lancôme, is a prestigious cosmetics brand that was established by Armand Petitjean in 1935. Lancôme specialises in offering premium skincare, fragrances, and makeup products at higher price points. Since 1964, it has been operating as a part of L'Oréal. Lancôme's beauty philosophy is: it aims to bring the beauty and sophistication of France to a global audience. The iconic golden rose in the Lancôme logo draws inspiration from the roses found at Le Château de Lancôme (David, 2023).

In 1997, Lancôme achieved a milestone by becoming the first high-end international brand to enter the Chinese cosmetics market. As of 2018, Lancôme had established a presence with 272 stores across 115 cities in China (David, 2023). Furthermore, Lancôme has consistently held the top position as the best-selling high-end cosmetics brand in China since 2005. Ma Xiaoyu, the General Manager of Lancôme China, noted that "The sales revenue of Lancôme in China has increased 400 times in 22 years" (David, 2023), This extraordinary growth in revenue not only reflects China's economic prosperity but also underscores Lancôme's remarkable adaptability and success in keeping pace with evolving market trends (David, 2023).

Lancôme's success in China can be primarily attributed to its strategic online positioning and its adeptness in adapting to local culture (Marketing China, 2023). One notable initiative introduced by Lancôme is a payment system that enables online shoppers to pay for their orders upon product delivery, a method in harmony with the prevalent practices in the country, often involving scooter-based deliveries (Marketing China, 2023).

In contrast to several luxury brands that have been hesitant to establish an online presence, Lancôme has proactively cultivated a robust online presence in recent years. Lancôme has also actively engaged with Chinese social networks, including Kaixin, Renren, and Sina Weibo, which has contributed to the brand's development of one of the most extensive online cosmetics communities. For instance, Lancôme's Weibo page enjoys significant engagement, with posts garnering 5,000 retweets and over 3,000 comments, exemplifying effective community management strategies (Marketing China, 2023).

Moreover, Lancôme's utilisation of a WeChat Mini Program Mall showcases their effective strategy. Lancôme not only introduced exclusive products through these mini-programs but also cultivated a vibrant WeChat community where beauty tips, skincare knowledge, and exclusive benefits were shared. This approach yielded significant results, with Lancôme distributing 400,000 product samples and generating a repurchase income surpassing 10 million yuan in 2020. These efforts not only solidified customer loyalty but also bolstered the brand's recognition. Consequently, Lancôme's mini-program official store experienced an impressive year-over-year growth rate of 97% (AsiaPac, 2022).

In summary, the examination of both successes and failures in Western e-commerce expansion into the Chinese consumer market underscores the importance of informed strategies. Failures in these ventures often are linked to overlooking cultural nuances, inadequate localization, and a lack of adaptability, resulting in financial setbacks and reputational damage. Conversely, success stories emphasise the vast potential in the Chinese market when companies approach it with a combination of cultural sensitivity, technological prowess, and strategic agility. These cases show that careful research and understanding of Chinese consumer preferences are essential for E-commerce businesses or any company aspiring to expand to China.

5. Conceptual model

In this chapter, we build upon our literature review to construct a theoretical conceptual framework to serve as a tool for enhancing our comprehension and explanation of the connections among cultural and technical dimensions, website design adaptation and E-commerce website performance.

The expansion process of Western E-commerce companies to reach Chinese consumers while presenting an unparalleled market size and potential for growth, demands careful navigation into some challenges associated with the dynamic Chinese E-commerce Landscape, as identified in the literature review. It is important to consider, for example, but not limited to:

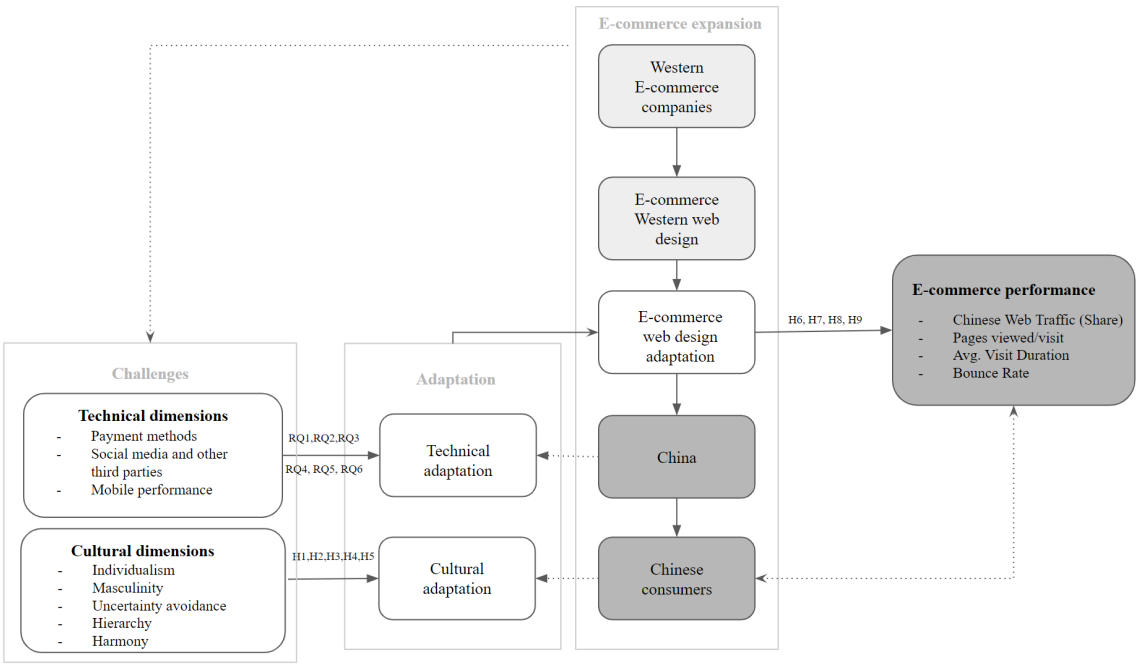
- market entry strategies
- local competition
- regulatory and legal considerations
- technical restrictions
- logistics optimization
- cultural differences

Among these multifaceted challenges, website design emerges as a tool serving as the primary interface through which Western e-commerce companies engage with Chinese consumers, and as such can be leveraged to successfully reach them. From this context emerges the decision between adopting a standardisation or localization strategy. This decision has been a well-known object for debate within International Business studies. Advocates for standardisation, include arguments such as the potential convergence of global cultures and the "economics of simplicity." It also highlights the advantages of standardising marketing strategies, such as cost savings and streamlined control. On the opposing side, it presents the case for localization (adaptation), emphasising the importance of adapting marketing strategies to fit the unique elements of individual markets.

Aiming to contribute to the debate on standardisation versus localisation, we focus in two dimensions, cultural and technical, to answer to what extent the alignment of website design with local cultural and technical contexts affect the success of Western e-commerce

businesses in China? The basic premise is that the depiction of local cultural values in the Chinese versions of Western e-commerce websites influences the e-commerce performance of international companies. Following previous studies defending localization efforts (Boddewyn et al., 1986; Kashani, 1989; Wind, 1986, Singh et al2004, Singh et al, 2005, Singh et al. 2006, etc) we propose that cultural and technical adaptation on websites, as reflected in a coding scheme developed to assess an adaptation score, plays a crucial role in attracting and engaging Chinese consumers. This model integrates cultural and technical adaptation as the independent variable and e-commerce performance metrics as the dependent variables, controlling for brand popularity and industry. The complete methodology will be explained in the next Chapter.

Figure 26 - Conceptual model scheme



Source: Own elaboration

Independent Variable

E-commerce website design adaptation

Cultural Dimensions: This variable comprises five cultural dimensions (Individualism, Masculinity, Uncertainty Avoidance, Hierarchy, and Harmony) and 18 cultural items adapted from Shi and Xu (2019) Singh et al. (2003, 2005).

Technical Dimensions: This variable is an extension of previous studies where we also aimed to assess if adaptation to Chinese consumers preferred payment methods, presence of Chinese social media and third-party platforms, and mobile performance impact E-commerce performance.

E-commerce web design adaptation is represented by an "adaptation score" calculated from a sum of points given to occurrences of cultural and technical dimension for each website analysed.

Dependent Variables

E-commerce Performance Metrics

Chinese web traffic: The average number of users visiting the website per month from China. To control for brand popularity we consider the variable "share" that represents the representativity of consumer traffic from China on the overall global traffic.

Pages Viewed per Visit: The average number of pages viewed by a Chinese user during a single visit.

Visit Duration: The average time a Chinese user spends on the website during a single visit.

Bounce Rate: The percentage of Chinese users who leave the website after viewing only one page, indicating a lack of engagement.

5.1 The research hypothesis

From the literature review, it was possible to identify some research gaps and innovative perspectives to understand better what effectively is important to consider when expanding E-commerce to China, ultimately supporting more successful and sustainable cross-border e-commerce. We decided to focus on website design because of the crucial role it plays as a main tool for E-commerce companies to successfully reach its clients. Additionally, the aim is to enrich the academic discourse surrounding the globalisation of e-commerce and the complexities of adapting to diverse cultural and technological environments. Namik (1989) emphasised the necessity for empirical investigation to validate and assess the utility of strategic typologies. To advance our understanding in the field of Western website adaptation to Chinese consumers and provide valuable guidance to managers when

expanding internationally, it is imperative to further refine and rigorously test this typology.

To qualitatively complement the findings we first investigate whether Western companies have culturally adapted their overseas websites we use content analysis of 24 Western websites and their Chinese counterpart, when existent, we compare each dimension cross-culturally expecting that, based on previous literature, the Western version will depict their home-country cultural values, while its Chinese Version, will depict local Chinese value. We will validate if in an attempt to fit in with the cultural preferences of their local Chinese consumers, the companies are inclined to adapt their Western websites to manifest Chinese cultural values instead of Western ones (H1-H5).

Shi and Xu (2019), in a study based on a cultural typology integrating Hofstede's (1980, 1984) and Schwartz's (1992, 2008) built a five cultural-dimensions model (individualism/collectivism, masculinity/femininity, uncertainty avoidance (based on Hofstede's model), and hierarchy and harmony (based on Schwartz's model) to measure the cultural reflection of Sino-US, Chinese, and US websites. We adapt this model to include more three technical dimensions: payment methods, presence of Chinese social media and third-party platforms, and mobile performance impact E-commerce performance.

Then, in the pursuit of comprehending the intricate dynamics of cultural adaptation in the context of websites, this study has meticulously identified and analysed 36 E-commerce websites (18 western[1] versions and their 18 websites adapted to China) under five fundamental cultural dimensions and three technical dimensions. The methodology will be detailed in the subsequent chapter. We have chosen the dimensions that present prominence in the domain of cultural studies, verified in the literature review as important roles in discerning cultural disparities between China and Western countries(Hofstede, 1980, 1984; Schartz, 1992, 2008; de Mooij & Hofstede, 2010; Shi & Wang, 2011), and their substantiated influence on individuals' online behaviours, as corroborated by prior research (Ko et al., 2015; Song, Ahn, & Sung, 2014).

Furthermore, the cultural characteristics of China and the United States (to represent Western companies) along these five dimensions are succinctly summarised in Table 7 to

[1] We use the American version of the Western websites as representative of the "western" website versions, and as so, we use the United States Hofstede and Schwarts's cultural dimension scores.

provide a comprehensive overview of the cultural landscape under examination. This tabular representation serves as a reference point for the subsequent analyses and interpretations.

Table 7 - Cultural dimension scores of China and the United States

Cultural dimension	China	US
Individualism	20	91
Masculinity	66	62
Uncertainty Avoid.	30	46
Hierarchy	Higher	Lower
Harmony	Lower	Higher

Source: Hofstede's (1980, 1984) and Schwartz's (1992, 2008) models

The Individualism dimension represents the extent to which individuals endorse and emphasise values related to personal independence, autonomy, and self-expression. Western cultures, particularly in North America and Western Europe, are often characterised by a higher emphasis on individualism, where personal choice, freedom, and self-expression are highly valued. In contrast, Chinese culture, influenced by Confucianism and collectivist values, tends to place a stronger emphasis on the collective, social harmony, and respect for authority figures. The exploration of this dimension aims to understand how websites align with the cultural value of individualism. Therefore, we hypothesise that Western websites, designed for audiences valuing individualism, will prominently feature content and design elements that cater to personal preferences, self-expression, and individual autonomy, setting them apart from their Chinese counterparts.

Hypothesis 1 (H1): Western websites will show a higher frequency of individualistic features than their Chinese website version.

Unlike the other dimensions, masculinity is included not for its ability to differentiate Chinese and Western cultures but rather for its capacity to underscore cultural similarities. Both China and the majority of Western countries are considered high masculinity societies (MAS index = 66 and 62 in the USA score, respectively) in Hofstede's framework. This dimension becomes instrumental in examining how companies adapt their strategies when cultures share similarities, providing valuable insights into the adaptive measures

employed by Western brands on their overseas websites (Shi & Wang, 2011; Hofstede, 1984).

Hypothesis 2 (H2): Western websites will show a similar frequency of masculinity features to their Chinese website version.

Hypothesis 3 draws from Hofstede's theory under the dimension of Uncertainty Avoidance where cultures with high uncertainty avoidance exhibit discomfort with ambiguity and tend to maintain rigid codes of belief and behaviour. In contrast, cultures with low uncertainty avoidance are more tolerant of unorthodox ideas and behaviours (Hofstede, 1984). China and the majority of Western countries score higher in the uncertainty avoidance dimension than China (UNC index = 30 and 46 in the USA score, respectively) therefore, websites aiming to reach Chinese consumers will depict lower Uncertainty Avoidance features.

Hypothesis 3 (H3): Western websites will show a similar frequency of Uncertainty Avoidance features than their Chinese website version.

The inclusion of hierarchy aligns conceptually with the notion of power distance, as originally defined by Hofstede (1984). These dimension values are associated with the extent to which individuals endorse and emphasise power, authority, and social order in their lives (Schwartz, 1992). Western cultures, especially those in North America and Western Europe, tend to lean toward the lower end of the Hierarchy dimension. They emphasise values like individualism, autonomy, and self-direction. On the other hand, Chinese culture, rooted in Confucianism and collectivism, often leans more toward the higher end of the Hierarchy dimension, emphasising the importance of social harmony, respect for authority figures, and maintaining social order.. The exploration of this dimension serves to elucidate the extent to which websites convey hierarchies prevalent in their respective cultures (Schwartz, 2008).

Hypothesis 4 (H4): Western websites will show a lower frequency of hierarchy features than their Chinese website version.

The harmony dimension is brought into focus due to its increasing prominence in the practices of multinational corporations. Multinationals are increasingly emphasising harmony-related themes in their corporate communication (Vallaster & Lindgreen, 2013). This dimension has remained relatively uncharted territory in the context of corporate web communication through cross-cultural perspectives. By examining harmony, this study

seeks to uncover how companies convey their commitment to harmony, a value that holds significance in certain cultures (Schwartz, 2008).

Hypothesis 5 (H5): Western websites will show a higher frequency of harmony features than their Chinese website version.

Research in the field of e-commerce and website localization has suggested a positive relationship between localization and business performance. Studies by Singh et al. (2004) and Tixier (2005) have shown that well-planned localization efforts can lead to significant increases in e-sales for companies operating outside their language borders. Singh, Furrer, & Ostinelli (2004) argue that as web content becomes more localised, user satisfaction tends to increase. This suggests that a more culturally adapted online experience is likely to lead to higher levels of satisfaction among Chinese consumers.

Bartikowski & Singh (2014) provide empirical evidence that website cultural congruity positively affects attitudes toward the website and trust. Higher levels of trust and positive attitudes are often associated with higher conversion rates and online sales. Ray and Kelly (2012) highlight that offering services in a user's language can create a bond between the brand and the consumer, indicating that culturally adapted websites may establish stronger connections with Chinese consumers.

Although some argue for standardisation due to globalisation (Levitt, 1983), the evidence presented in the literature supports the idea that cultural customization remains crucial, especially in the context of e-commerce. Cultural mistakes and inadequate localization can lead to negative consequences, such as loss of customers and reputation damage (Fletcher, 2006).Therefore, based on the existing literature and theoretical justification, we hypothesise that higher levels of website adaptation to Chinese culture will result in improved e-commerce website performance. We use the variables of share of Chinese traffic, pages viewed per visit, visit duration, and bounce rate as proxies for e-commerce website performance.

Share of Chinese traffic: High levels of Chinese traffic indicate that the website is successful in attracting potential customers from the Chinese market, which is crucial for e-commerce success.An increase in Chinese traffic may lead to higher chances of conversions, as more visitors mean more potential customers.

Pages viewed per visit: A higher number of pages viewed per visit indicates that users are actively exploring the website, showing interest in the products or content offered.For e-commerce websites, this metric can be a proxy for assessing the effectiveness of product presentation and content relevance. A well-structured website can encourage users to explore more pages.

Average visit duration: Longer visit durations often indicate a higher level of engagement and interest in the website's content or products. For e-commerce websites, longer visit durations suggest that visitors are taking the time to browse, consider options, and potentially make purchases.

Bounce rates: A lower bounce rate is typically desired for e-commerce websites, as it suggests that visitors are finding what they are looking for and are engaged with the content. High bounce rates may indicate that visitors are not finding the website relevant or engaging, potentially leading to missed sales opportunities.

Therefore we derive hypothesis H6-H9 as follow:

H6: Higher levels of adaptation of the Western E-commerce website to their Chinese counterpart will achieve higher Chinese average share of traffic, i.e, the representativity of Chinese consumers visiting the Chinese version over the total global web traffic will be higher than on lower levels of adaptation.

H7: Higher levels of adaptation of the Western E-commerce website to their Chinese counterparts will achieve a higher number of average pages viewed per visit for the Chinese share of traffic than on lower levels of adaptation.

H8: Higher levels of adaptation of the Western E-commerce website to their Chinese counterpart will stay longer per visit (longer average visit duration) for the Chinese share of traffic than on lower levels of adaptation.

H9: Higher levels of adaptation of the Western E-commerce website to their Chinese counterpart have a lower bounce rate for the Chinese share of traffic than on lower levels of adaptation, i.e. the amount of users leaving the website after viewing only one page will be higher for low adaptation scores.

From the literature review analysis and results from hypothesis testing H1-H9, we also aim to answer the research questions and explore deeper the cultural and technical aspects that Western companies should consider when expanding to Chinese Consumers:

RQ 1. What are the primary challenges faced by Western e-commerce companies when expanding their business into the Chinese market?

RQ 2. How do cultural aspects of Chinese Consumers affect E-commerce consumer expectations?

RQ 3. How does China's infrastructure landscape affect the technical dimensions of Website design for Western E-commerce companies ?

Technical adaptations encompass optimising websites for Chinese users, addressing factors like mobile compatibility, page loading speed, and compatibility with local browsers (Chang & Tseng, 2013). These technical optimizations enhance user experience and accessibility. When it comes to cross-cultural e-commerce, the choice of payment methods plays a pivotal role in ensuring a seamless and trustworthy transaction experience. Chinese consumers exhibit distinct preferences when it comes to payment methods (Chen et al., 2019). Unlike their Western counterparts who predominantly rely on credit and debit cards, Chinese consumers favour alternative payment methods such as Alipay and WeChat Pay (Chai, 2019). This preference is deeply rooted in convenience and trust. Alipay and WeChat Pay offer integrated services beyond just payments, allowing users to perform various tasks from paying bills to booking travel (Lloyd, Antonioletti & Sloan, 2016). Trust is paramount in the Chinese e-commerce landscape, and these platforms provide a sense of security through their robust transaction monitoring and dispute resolution mechanisms (LLoyd et al., 2016).

Furthermore, technical infrastructure limitations, particularly in rural areas of China, necessitate the inclusion of alternative payment methods. Credit card penetration is lower in these regions, making digital wallets a more accessible and practical choice (Tang, 2016). Moreover, slow internet connections can hinder the verification processes associated with credit card payments, making quick and efficient payment methods like Alipay and WeChat Pay more suitable for a broader user base (Tang, 2016).This study aimed to analyse if this is verified in practice, therefore a new research question emerges:

RQ4: Do the payment methods accepted by the E-commerce company differ on Chinese and Western websites?.

In the same context of technical dimensions, social media has emerged as a potent tool for engaging consumers and building brand presence in the digital landscape. However, the dynamics of social media representativity differ between Chinese and Western websites. Chinese consumers have a distinct social media landscape shaped by government regulations and the popularity of homegrown platforms. Western social media giants such as Facebook and Twitter are inaccessible in China due to the Great Firewall, resulting in the dominance of platforms like Weibo, WeChat, and Douyin (TikTok) (Plantin, 2019). Chinese consumers exhibit a strong preference for these local platforms, as they align with cultural norms and offer a familiar user experience (Chen et al., 2019). Understanding these preferences is crucial for effective social media representativity. The Great Firewall and technical infrastructure limitations impact the representativity of social media on Chinese websites. Western websites may face challenges in integrating Chinese social media platforms seamlessly. Moreover, the speed and accessibility of social media content can be affected by internet censorship and restrictions (Plantin, 2019). These technical constraints necessitate a tailored approach to social media engagement on Chinese websites. This study aimed to analyse if the companies are engaging with different social media platforms to reach Chinese consumers in their Chinese website version.

RQ5: Do the social media adopted by the E-commerce companies differ on the Chinese and Western websites?

Furthermore, the mobile landscape is undeniably central to e-commerce success, but its performance can vary significantly between Chinese and Western websites.Chinese consumers are avid users of mobile devices for online activities, including shopping. Mobile commerce, or m-commerce, has witnessed explosive growth in China (Quati, Li, Ahmed, Mirani & Khan, 2020). Chinese consumers prefer mobile apps that offer seamless and convenient shopping experiences, often using super apps like WeChat, which integrate various services, including e-commerce (Quati et al., 2020). The user interface, functionality, and performance of mobile apps are of paramount importance to cater to these preferences. Additionally, compatibility with a diverse range of mobile devices, screen sizes, and operating systems poses technical challenges. Adapting to these limitations is essential for optimal mobile performance in the Chinese context. Thus, this

study will also verify indications of development efforts to reach Chinese consumers in their Chinese website version.

RQ6: Are mobile performance of the E-commerce companies' websites equal or better when comparing the Chinese and Western versions?

In this chapter, we have drawn a conceptual framework by synthesising insights from a broad spectrum of literature. This framework aims to measure and elucidate the intricate connections between Western E-commerce's cultural and technical website design adaptation with website performance. From this conceptual framework, we have derived specific hypotheses that serve as our investigative tools for the research methodology detailed in the next chapter. Ultimately, this study aims to draw a practical application form the finding by answering the central research question driving this investigation:

RQ 7. How can e-commerce companies from Western countries effectively leverage web design localization when expanding into the Chinese market?

6. Research Methodology

This chapter aims to present the methodology used in the elaboration of this dissertation. It describes the research strategy and purpose, the research methodology and the tools used to collect and analyse the data. According to Vilelas (2009), methodology is a set of procedures that contribute in advancing knowledge, and has a goal to determine the rules of investigation and the proof of scientific truths. “It focuses on describing how knowledge about an issue can be produced”. (Eriksson Kovalainen, 2016).

6.1 Research strategy and purpose

A research project can be classified in terms of its purpose according to the aim of the study. Saunders, Lewis & Thornhill (2009) identify the main three classifications of research purposes, namely exploratory, descriptive and explanatory. As previously mentioned, although there has been increasingly new research in the last decade about the success factors of Western Business expansion to China, they often overlook the impactful aspects of web site design. In light of this attention towards the choice between standardising or adapting the web site design to resonate better with Chinese consumers , the research has first had an exploratory purpose.

Robson (2002) states that exploratory studies is a valuable means of discovering and seeking new insights and shed new light into assessing phenomena. According to Saunders et al. (2015), exploratory research contains three ways of being conducted: searching the literature; interviewing experts in the subject; and conducting focus group interviews. The first part of the study aimed to identify the challenges and possible implications on web site designing. Hence, the exploratory research utilises qualitative data through a critical literature review. In a timeframe of six months, various written sources were partially or fully read, including books, dissertations, thesis, journal articles (sourced from platforms like Google Scholar, JStor, Elsevier, and B-on), and information from websites of Western and Chinese e-commerce companies. With this party of the study we aimed to answer the research questions RQ1-RQ3 and RQ7.

To achieve all the study's goals and address the current research questions and hypothesis, it is imperative to choose a research approach that will assist in achieving these objectives,

as suggested by Sekaran and Bougie (2016). Robson (1995) defines three main traditional research strategies: experiment, survey and case study. According to Morris and Wood (1991), case study is the strategy recommended when the author aims to better understand the context of the research and the process derived from it.

Robson (2002) defines case study as an empirical investigation strategy of a particular phenomenon in a real-life context and using evidence from multiple sources. The data collection techniques in a case study can encompass various methods, often requiring the triangulation of multiple data sources to ensure data validity and reliability (Saunders et al., 2009).

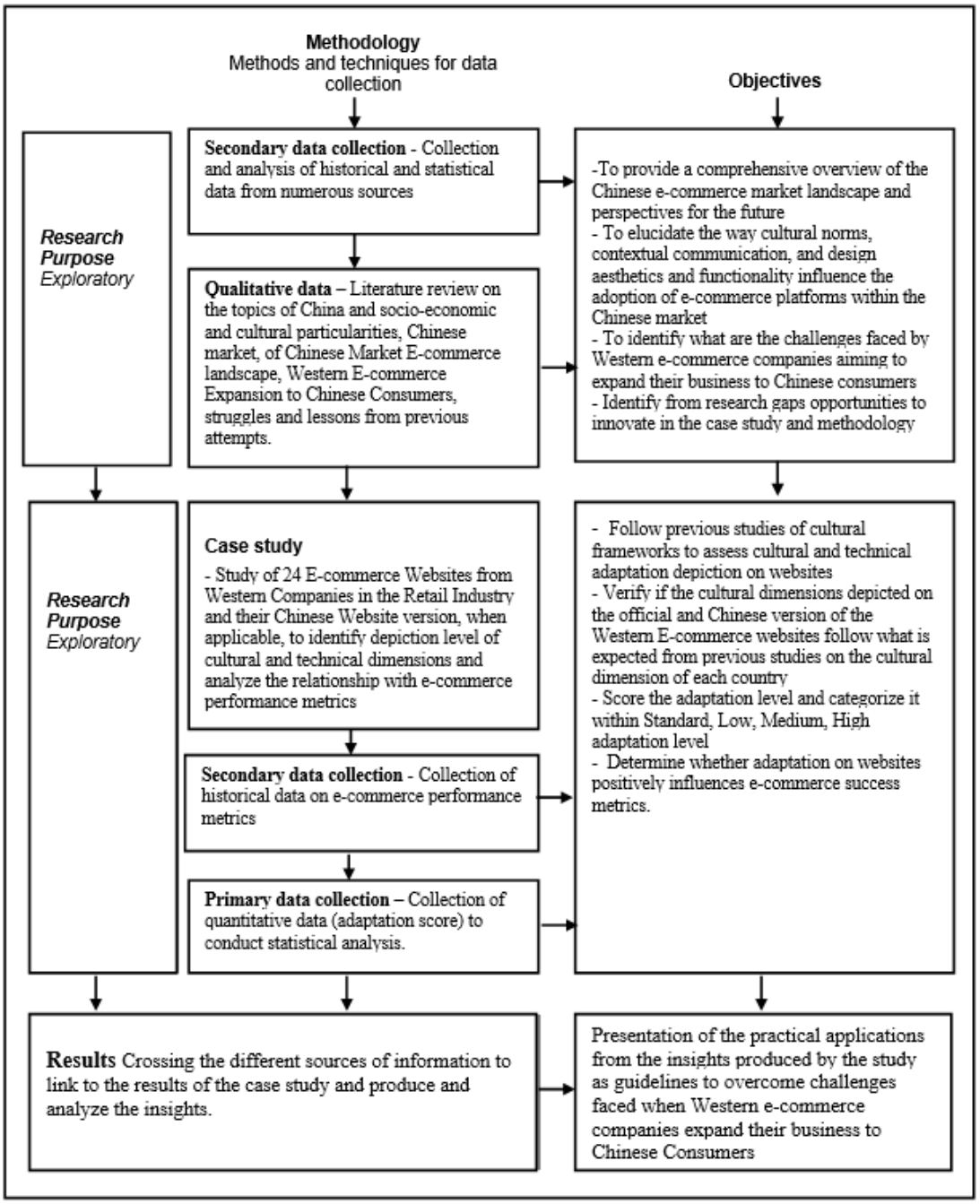
Moreover, case study research is not sampling research; that is a fact asserted by all the major researchers in the field, including Yin (2009), Stake (1995) and others. However, selecting cases must be done so as to maximise what can be learned in the period of time available for the study.

This study applies the case study strategy, as it allows an exploration of the challenges involved in E-commerce business expansion to Chinese consumers applied in the real-word context, offering a comprehensive understanding of website design adaptations, including aspects such as website domain, language localization, payment systems, local social medias, mobile performance, and content tactics. The time horizon of the study is cross-sectional, meaning that the data were collected once at a particular point in time (Sekaran & Bougie, 2016; Saunders et al., 2015).

6.2 Research methodology

The overarching goal of this master's degree dissertation was to analyse the challenges that characterise the expansion of Western e-commerce companies within the Chinese consumer landscape, focusing on aspects around web site design adaptation. To achieve these goals, a qualitative method is used.

Figure 27 - Methodology scheme



Source: adapted from Rodrigues (2002)

As can be seen in figure 27 above, the research in its first stage was exploratory and made use of a critical literature review. In its second stage, the research purpose was still exploratory and it made use of a case study strategy. As suggested by Homans (1961),"…methodology (…) is a matter of strategy, not of morals. There are neither good nor bad methods but only methods that are more or less effective under particular circumstances."

6.3 Data collection

Subsequent to identifying the type of study and research purpose and strategy, it is necessary to select the collection techniques and tools required to support the gathering and develop the tools that allow to obtain the data from reality (Vilelas, 2009) according to the research objectives. In order to collect data on the Chinese market and what challenges it can bring when Western E-commerce companies aim to expand their business to Chinese consumers, and how to overcome them, the study proceeded with the collection of secondary data. The collection of secondary data provided the necessary knowledge to develop research questions and to derive a quantitative statistical analysis aimed to establish causal relationships between the independent variable "E-commerce web design adaptation" and the dependent variable "E-commerce performance".

6.3.1. Secondary data

Secondary data refers to information sourced from pre-existing records in the market, gathered by other researchers for different purposes (Sekaran & Bougie, 2016; Vilelas, 2009). It encompasses both quantitative and qualitative data, ranging from government statistics and surveys to reports, documents, articles, and data from corporate websites (Saunders et al., 2015). In this study, secondary data played a vital role in contextualising the Chinese markets, the e-commerce landscape, and the behaviours of Chinese consumers. It also served to explore cultural theories and evaluate the challenges and implications faced by Western e-commerce companies when expanding into China.

Initially, the collection of secondary data aimed to gain a comprehensive understanding of the Chinese market. This involved reviewing the latest available data on the country's overall profile, including population demographics, socio-economic factors, and cultural aspects. Subsequently, for contextualising the Chinese e-commerce landscape, both qualitative and quantitative secondary data were acquired. This data provided an essential framework for comprehending the global economic context of e-commerce in China and its unique characteristics. It enabled an assessment of the market's potential and a deep understanding of its distinct features and competitive dynamics—critical for designing effective web adaptations and achieving success in this dynamic and rapidly evolving environment. Quantitative data played a crucial role in characterising the market from a numerical perspective.

The literature delved into existing studies differentiating the web design preferences of Western and Chinese consumers, emphasising how adaptation can be a pivotal factor in the success of expansion efforts. The literature review also examined how prior research defined e-commerce success, identified success factors, and highlighted the significance of websites for e-commerce businesses. Ultimately, secondary data formed the foundation of the study's conceptual model and guided the approach to collecting the subsequent data in the case study. As asserted by Onwuegbuzie, Leech and Collins (2011) conducting a literature review is equivalent to conducting a research study, with the information that the literature reviewer collects representing the data.

To gather secondary data, various written sources were utilised, including books, dissertations, theses, journal articles (sourced from platforms like Google Scholar, JStor, Elsevier, and B-on), and information from websites of Western and Chinese e-commerce companies. Additionally, online services for measuring website performance SemRush, Google Lighthouse), provided secondary data for the dependent variable used in the study. CrunchBase and Zoom Info also an online services gathering companies information into one tool, and was used to assess data for companies characterization together with the company's website and Google search engine.

SEMrush was used to gather secondary data for the companies' E-commerce performance metrics. It is an online tool that provides valuable insights into organic search traffic, keyword rankings, backlink analysis, and competitor research, allowing e-commerce businesses to optimise their online presence effectively. SEMrush's reputation as a trusted platform is supported by its large user base, frequent updates, and a track record of reliable data accuracy.

Google Lighthouse was used to assess the mobile performance of the websites, it is an open-source tool developed by Google to provide detailed insights into web page speed and usability on mobile devices. Google Lighthouse employs a methodology that simulates real-world user experiences, assessing critical factors like page load times, rendering performance, accessibility, and best practices adherence. It generates a comprehensive performance report, assigning scores and offering actionable recommendations to enhance mobile web performance.

Finally, the reviewed literature allowed the identification of areas of established research as well as a research gap. The literature surveyed provided a focus and guidance for the

current study, showing that there was a need to investigate cultural implications on web design adaptation for Western e-commerce companies aiming to expand to Chinese consumers. Web design plays a fundamental role for e-commerce companies for several reasons, as it directly impacts the user experience, trust, and overall success of the online business. Additionally, Western and Chinese consumers have significant cultural disparities. To ensure successful market penetration, it was clear that it is important to understand these challenges and to consider how to overcome infrastructure obstacles including technical challenges due to the Great Firewall's restrictions on internet access, the use of mobiles to access internet content, the preferred payment method of Chinese consumers, and the inoperability of popular Western platforms like Facebook and Google.

6.3.2 Primary data

The first part follows previous studies of cultural frameworks to assess cultural and technical adaptation depiction on websites by using content analysis of the Chinese versions of 24 Western e-commerce web-sites. There are different scales for measuring quantitative data including nominal, ordinal, interval, and ratio scales (Kabir, 2016). Content analysis technique is widely used for measuring the frequency of a certain item of interest in the published content (Singh et al., 2006). From the content analysis, we gather quantitative data in the form of an adaptation score assigned to each E-commerce company to assess the efforts done to adhere to the Chinese cultural and technical context. Primary data refers to information directly obtained from reality by the investigator, using their own collection methods to interact with the investigated facts (Vilelas, 2009).

In the second part, secondary data on e-commerce performance metrics (average user traffic, pages viewed per visit, visit duration, and bounce rate) were collected, and tested together with the results of the first part (Website adaptation score). We use statistical analysis independent samples t-test and MANOVA, to validate the hypothesis proposed.

6.3.2.1 The case study: the online retail market as industry chosen

The online retail market in China has witnessed remarkable growth since 2007, with expectations of continued expansion in the coming years, driven by enhancements in the online shopping environment and increasingly sophisticated consumers (Junyong & Linbo, 2014). Moreover, the proliferation of the internet and advancements in information technologies have played a pivotal role in reshaping the shopping landscape in China. Notably, the record-breaking online sales achieved on China's Singles' Day in November

2021, led by Alibaba and JD.com, reaching $139 billion of Gross Merchandise Value (GMV) marked a significant milestone in global online retail history (CNBC, 2021). Moreover, Online retail sales reached 12.1 trillion yuan in 2021, a YoY increase of 14.1%. This impressive growth is attributed to several key factors, including the growing number of internet users and online shoppers.

This dissertation focuses on the retail industry due to its prominence in the global e-commerce arena, significance in the Chinese market, and its intricate relationship with cultural adaptation and consumer-centricity, making it an ideal subject for our study. By delving into the retail sector, our aim is to contribute not only to the realm of e-commerce but also to a broader understanding of international business expansion and the critical role of effective website design in cross-cultural contexts.

6.3.2.1.1 Sampling

We used the first 50 companies listed on the RetailX's report Global Elite Top 1000 (2023) on the internet (www.retailx.net). The report includes the largest 1000 retailers globally. Inclusion in the report is based on the impact in terms of search volume, visits, sites, social reach and turnover.

With the help of a search engine (Google) we do a selection of companies for the study by identifying if 1) is the company a Western company? and 2) does the company ship to China? and 3) is there a Chinese version of the official Western website? If the answer for the first two questions is yes, then we consider the company for this study. The third question is used later as a factor to categorise the Chinese version adaptation level of the website. Table 8 shows the selection assessment.

Table 8 - Selection of companies: 24 companies in grey were chosen

Company Name	Country of Origin	Western Country	Ship products to china?	Has a Chinese Version of the website?
A.T.U.	Germany	Yes	No	No
ADIDAS	Germany	Yes	Yes	Yes
ALBERT HEIJN	Netherlands	Yes	No	No
AMAZON	United States	Yes	Yes	Yes
APPLE	United States	Yes	Yes	Yes

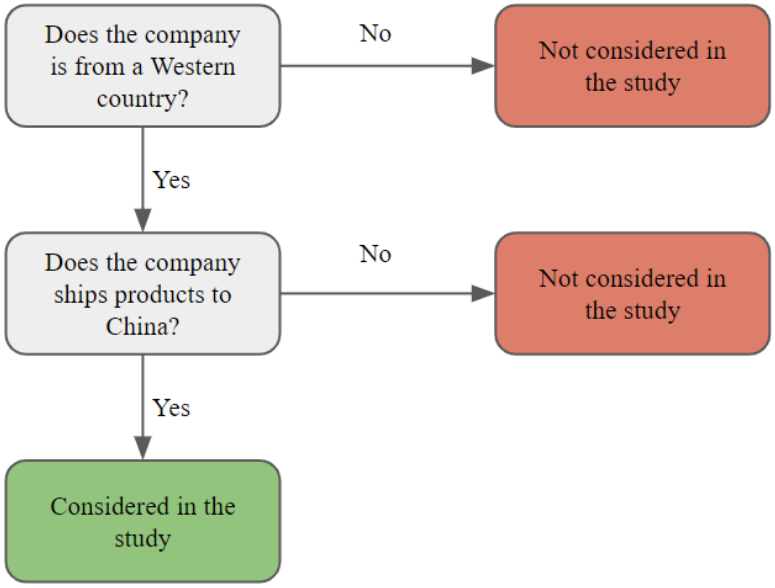
AUCHAN	France	Yes	No	No
BERSHKA	Spain	Yes	No	No
BRICO DEPOT	France	Yes	No	No
CARREFOUR	France	Yes	No	No
CASTORAMA	France	Yes	No	No
COOLBLUE	Netherlands	Yes	No	No
CZC.CZ	Czech Republic	Yes	No	No
DARTY	France	Yes	No	No
DECATHLON	France	Yes	Yes	Yes
DEICHMANN	Germany	Yes	No	No
DM	Germany	Yes	No	No
EMPIK	Poland	Yes	Yes	No
ESPRIT	Hong Kong	No	No	No
FNAC	France	Yes	Yes	Yes
GARMIN	United States	Yes	Yes	Yes
GUCCI	Italy	Yes	Yes	Yes
H&M	Sweden	Yes	Yes	Yes
IKEA	Sweden	Yes	Yes	Yes
JACK & JONES	Denmark	Yes	Yes	Yes
KIABI	France	Yes	No	No
LACOSTE	France	Yes	Yes	Yes
LEROY MERLIN*	France	Yes	Yes	No
MACYS	United States	Yes	Yes	No
MANGO	Spain	Yes	Yes	Yes
MASSIMO DUTTI	Spain	Yes	Yes	Yes
MICHAEL KORS	United States	Yes	Yes	Yes
MULLER	Germany	Yes	No	No
NEXT	United Kingdom	Yes	No	No
NIKE	United States	Yes	Yes	Yes
NORAUTO	France	Yes	No	No
NORDSTROM	United States	Yes	No	No

ORSAY	Germany	Yes	No	No
OYSHO	Spain	Yes	Yes	Yes
PULL&BEAR	Spain	Yes	Yes	Yes
REWE	Germany	Yes	No	No
RTV EURO AGD	Poland	Yes	No	No
SEPHORA	France	Yes	Yes	Yes
SPORTSDIRECT.COM	United Kingdom	Yes	Yes	No
STAPLES	United States	Yes	Yes	Yes
STRADIVARIUS	Spain	Yes	No	No
TARGET	United States	Yes	No	No
UNIQLO	Japan	No	Yes	Yes
VERKKOKAUPPA.COM	Finland	Yes	No	No
X-KOM	Poland	Yes	No	No
ZARA	Spain	Yes	Yes	Yes

Source: Own elaboration

As a result of the assessment, 24 companies are selected for the study. The decision flow is better visualised in figure 28 below. Table 9 details the selected company's country of origin, the official website, and the Chinese Website Version (if applicable).

Figure 28 - Decision tree for selection of companies in the study



Source: own elaboration

Table 9 - Companies selected for the study

Company Name	Country of Origin	Official Website	Chinese Version Website
ADIDAS	Germany	https://www.adidas.com/	https://www.adidas.com.cn/
AMAZON	United States	https://www.amazon.com/	https://www.amazon.cn/
APPLE	United States	https://www.apple.com/	https://www.apple.com.cn
DECATHLON	France	https://www.decathlon.com/	https://www.decathlon.com.cn/
EMPIK	Poland	https://www.empik.com/	N/A
FNAC	France	https://www.fnac.com/	N/A
GARMIN	United States	https://www.garmin.com/	https://www.garmin.com.cn/
GUCCI	Italy	https://www.gucci.com/	https://www.gucci.cn/
H&M	Sweden	https://www.hm.com/	https://www.hm.com.cn
IKEA	Sweden	https://www.ikea.com/	https://www.ikea.cn/
JACK & JONES	Denmark	https://www.jackjones.com/	https://www.jackjones.com.cn/

LACOSTE	France	https://www.lacoste.com/	https://www.lacoste.com/cn/
LEROY MERLIN*	France	https://www.leroymerlin.fr/	N/A
MACYS	United States	https://www.macys.com/	N/A
MANGO	Spain	https://www.mango.com/	https://shop.mango.com/cn/
MASSIMO DUTTI	Spain	https://www.massimodutti.com/	https://www.massimodutti.cn/
MICHAEL KORS	United States	https://www.michaelkors.com/	https://www.michaelkors.cn/
NIKE	United States	https://www.nike.com/	https://www.nike.com.cn/
OYSHO	Spain	https://www.oysho.com/	https://www.oysho.cn/
PULL&BEAR	Spain	https://www.pullandbear.com/	N/A
SEPHORA	France	https://www.sephora.com/	https://www.sephora.cn/
SPORTSDIRECT.COM	United Kingdom	https://www.sportsdirect.com/	N/A
STAPLES	United States	https://www.staples.com/	https://www.stbchina.cn/
ZARA	Spain	https://www.zara.com/	https://www.zara.cn/

Source: own elaboration

6.3.2.1.2 Coding scheme development

First, we conducted a content analysis on a cross-sectional case study of the retail industry to analyse whether the international web sites of E-commerce companies depict local cultural dimensions and local technical dimensions in their Chinese versions, when existing. In other words, the paper shows the extent to which the multinationals in the study take into account cultural and technical values of the country in question.

The scholarship on the subject of cultural depiction or standardisation-adaptation of cultural values on the web is very recent as evidenced by the date of the related studies and thus has been developing. The research in this area can be classified into two groups of studies: one is on domestic web sites and the other is on international websites. The first group of studies analyses depictions of local cultural values in domestic websites in different countries and compares them in order to see whether significant differences exist. Studies by Singh and Matsuo (2004), Singh et al (2003), and Singh et al (2005) are included in this group. The second group examines cultural issues in international websites of companies from a particular country or countries to see whether companies reflect local cultural values in their international web sites; examples for this group include Okazaki and Rivas (2002), Okazaki (2004), Singh et al (2005), and Singh et al (2006). This study follows the second group. On total, 48 websites were analysed. Out of the 24 Western

E-commerce companies, 18 had a Chinese website domain (.cn or .com.cn or .com/cn) and were analysed according to a framework to assess their website adaptation.

According to Moura (2016), the most used cultural framework for websites that frame cross-cultural comparisons in a country is Singh et al. (2005). It relates website elements and contains six cultural dimensions, operationalized through twenty three cultural categories (Singh et al.2003,2005). The framework includes the cultural dimensions of collectivism and individualism, power distance and uncertainty avoidance (Hofstede, 1980) and high-low context dimension Hall (1976). . Items of Singh et al. 's (2003, 2005) cultural framework are measured on a five point Likert type scale [ranging from ‘not depicted’ to ‘prominently depicted’].

However, after analysing many previous researches on the subject, we innovated in some ways. First, we apply the cultural dimension that is the most relevant for the research questions and the potential insights they can provide into the adaptation strategies of Chinese brands in the context of web communication. This means we looked for capturing the major cultural disparities between Chinese and Western cultures, and would best reflect these influences on people’s online behaviours.

Second, we wanted to reduce subjectivity when evaluating cultural depiction, as some studies on research methodologies advocate that Likert-type scales are not appropriate because of the wide range of possible contextual influences, such as cultural and educational background (Woodrow, L., 2005) and found evidence of limitations of 5-point Likert items in capturing a usability test participant's true evaluations (Sauro & Lewis, 2010). In fact, Likert scale assumes that respondents will have a shared understanding of what constitutes "not depicted" versus "prominently depicted," which opens space to subjectivity. Also, it might exhibit response bias, such as a tendency to choose neutral options or avoid extreme responses, which can distort the results. to capture the nuances of how different cultures perceive the same content (Sauro & Lewis, 2010.

Thirdly, we did not find any study depicting as part of the adaptation to the cross-border consumers the presence or absence of consumer’s preferred payment methods, use of local social medias and other third parties (e.g. Google is widely used in Western, which does not function well in China; the correspondent platform in China is Baidu), and adaptation to preferred device type (Desktop vs. Mobile).

To meet the three goals, we adapted the methodology used in Shi and Xu(2019) who used a complementary cultural typology drawn from Geert Hofstede (1980, 1984)'s and Shalom Schwartz (1992, 2008)'s theories to examine Chinese companies' website cultural adaptation to their Sino-US websites. The coding scheme consisted of five cultural dimensions and 18 cultural items in total, respectively representing (1) Individualism, containing five items – personal realisation, uniqueness, personal enjoyment, graphic orientation, and realism; (2) Masculinity, consisting of three items – competition, hard sell, and ambition; (3) Uncertainty Avoidance, including three items – security, quality and price guarantee, and customer service; (4) Hierarchy, comprising four items – ranking and certificates, people or institutions of power, celebrity endorsement and announcement; (5) Harmony, including three items – beauty of the nature, environment protection, and community responsibility.

In our study, we added three website technical dimensions to assess also the depiction of each country's technical adaptation: payment methods accepted, social media and third parties platforms, and mobile performance. In total, for the 48 websites, 36 were analysed (18 Western websites and their Chinese version with a Chinese domain like .cn or .com.cn or .com/cn) in 288 dimensions and 756 cultural and technical itens. The detailed coding scheme along with the operationalization and examples or notes for each item and their relevant references is presented in Table 10.

Table 10 - Coding schemes for website's cultural manifestation adaptation score calculation

Cultural dimensions	Cultural Items	Operationalization	Examples/Notes	References
Individualism	Personal realisation	Images and themes depicting self-reliance, self recognition, achievement, etc	e.g. 'your successful life', pictures featuring successful individual	Baack and Singh (2007); Singh, Kumar, et al. (2005); Singh, Zhao, et al. (2005); Bartikowski & Singh (2014); Moura et al. (2016)
	Uniqueness	Images and themes emphasising personal uniqueness	e.g. 'customization', 'your unique trip', 'exclusive'	
	Personal enjoyment	Image and themes focusing on personal pleasure, the enjoyment of personal life	e.g. 'enjoy your life', 'your wonderful life'	
	Graphic orientation	High levels of use of images, pictures,	The website looks visually noticeable.	

		streaming video, etc		
	Realism	Less fantasy and imagery on the website, to-the-point information	e.g. real-life pictures not cartoon or drawings	
Masculinity	Competition	Images and themes focusing on to beat competitors, win customers, etc.	e.g. ‘win the game’, ‘your better choice’, 'be the first'	Singh, Kumar, et al. (2005); Singh, Zhao, et al. (2005); Moura et al. (2016); Baack and Singh (2007)
	Hard sell	Discounts, promotions, emphasis on product	e.g. ‘50% off’, ‘last day deal’	
	Ambition	Images and themes describing future plan and target	e.g. ‘we invent the future’, ‘we always take the next step’, ´change the world`	
Uncertainty Avoidance	Security	Features of payment security, product safety, etc.	e.g. ‘payment security’ and ‘secure shopping’ logos., security policies, privacy policies	Singh, Kumar, et al. (2005); Baack and Singh (2007); Song et al. (2014); Bartikowski and Singh (2014); Moura et al. (2016)
	Quality & price guarantee	Product and service quality guarantee, price guarantee, refund policy	e.g. ‘quality guaranteed’, ‘low price guaranteed, return policies, warranties	
	Customer service	Features related to customer service	e.g. FAQ’s, customer help, toll-free numbers, customer service emails	
Hierarchy	Ranking & certificates	Features of company ranking, industry or official certificates or awards	e.g. Fortune 500 rankings, industry-wide awards	Baack and Singh (2007); Singh, Kumar, et al. (2005); Sutikno and Cheng (2012); Bartikowski and Singh (2014); Moura et al. (2016); Schwartz(1992, 2008)
	People/institutions of power	Images and themes of people or institutions of authority	e.g. CEO pictures, mentioning the cooperation with large companies	
	Celebrity endorsement	Features related to celebrity endorsement	e.g. celebrity endorsement videos, celebrity pictures.	
	Announcement	The appearance of official company announcement	e.g. section of latest announcement, bulletin section, press section	

Harmony	Beauty of the nature	Image and themes featuring the nature and displaying the beauty of the nature	e.g. nature pictures, scenery pictures	Baack and Singh (2007); Singh, Kumar, et al. (2005); Schwartz (2008); Moura et al. (2016)
	Environment protection	Features of environment protection	e.g. 'saving water', 'protect the nature'	
	Community responsibility	Features focusing on building harmonious relationship with the community	e.g. 'serve the community', features related to donations	
Technical dimensions	**Technical Itens**	**Operationalization**	**Examples/Notes**	**References**
Payment method	Payment methods accepted	Identify which payment methods the companies accept	e.g. in China, Alipay, Wechat pay, etc.	Chai, 2019; Yi, 2019; Dai & Kou, 2018; Martinsons, 2002
Social media and other 3rd parties platforms	Mentioning companies' social media and other 3rd parties platforms	Identify which social media and other 3rd platforms the companies are involved with	e.g. in Wechat, Weibo, Youku, etc.	Hong, 020; Chen et al., 2018; Fu &Chau, 2013
Mobile performance	Performance of the desktop version of the website	Using Google Lighthouse, measurement of the performance of the website	To consider the item as adaptation, the mobile performance of the Chinese versionmust be equal or greater than the Western version	Li & Zan, 2017; Deng & Lu, 2018

Source: adapted from Shi and Xu (2019)

Furthermore, while Shi and Xu (2019) measures the the degree of cultural depiction also on a five-point Likert scale ranging from 1 as 'not depicted' to 5 as 'prominently depicted', we attempt to increase this study reliability and validity by simply assessing the occurrence frequency (or complete absence) of each cultural manifestation following a objective content analysis operationalization:

For analysing the cultural dimensions,

- To each occurrence within the same website, we attribute +1 point if according to previous studies (Hofstede 1980; Scharwtz, 1992) the cultural dimension is expected for China. For example, concerning "Hierarchy" dimension, within the

"ranking & certificate" cultural item, if in the Chinese version of Company A's we identify an occurrence depicting either "company-ranking" or "industry or official certificates" or "awards" in the entire web page analysed, we attribute 1 point.

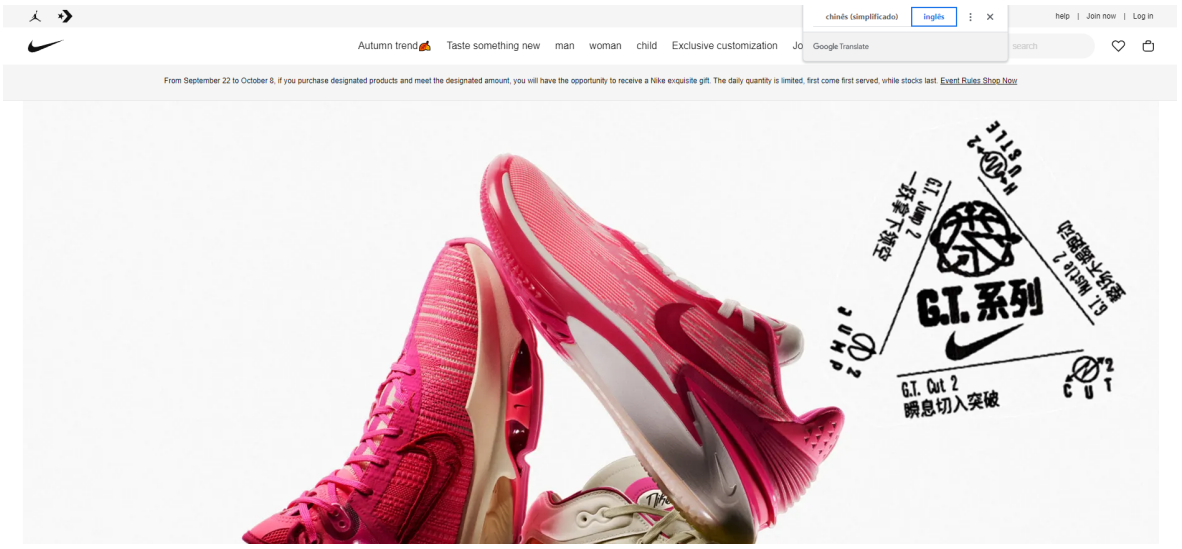
- But, we know that China is a rather collectivist country, whereas Western countries are known for being individualistic. If a cultural item, for the cultural dimension "Individualism" is depicted on the Chinese website version, we attribute -1 point instead. This way we aim to penalise the depiction of the opposite cultural value of the consumers the website is aiming to reach.
- If no occurrence is identified, we attribute 0 points.
- The same website can have two or more depictions of the cultural item, therefore 2 or more points can be attributed to the same website.

For analysing the technical dimensions,

- Payment methods: within the same website, we attribute +1 point if the Chinese website mentions any method referred in the literature review as the preferred by Chinese consumers, e.g. WeChat pay, Alipay, etc.
- Social media and 3rd parties platform: within the same website, we attribute +1 point if the Chinese website mentions any platform referred in the literature review as the preferred by Chinese consumers, e.g. WeChat, Weibo, Youku, etc.
- Mobile performance: if the Chinese website had a better mobile performance than the Western website, as per the Google Lighthouse assessment, we attribute +1 point.
- No negative points were given in this case, and the maximum score for each technical dimension is 1 point.

Following these steps, we obtained an "adaptation score" for each cultural dimension and each website, adding 1 point for E-commerce companies that had a Chinese domain (.cn, .com.cn or .com/cn). To translate Chinese websites when English was not available, we used a Google Translate plug-in that automatically translated the whole page to English (Figure 29). We also used the AI Google Lens to translate to English, the Chinese text in static web elements (Figure 30), in which case the first tool would not translate the element.

Figure 29 - Examples of Google Translate plug-in for pages translation



Source: nike.com.cn screenshot

Figure 30 - Example of Google Lens AI translation of an image

Source: screenshot of the Google Lens app/nike.com.cn website

To define the unit of analysis we follow McMillan (2000) who suggests that the major ambiguity in Web content analysis is related to the question as to what is really meant by the term "Web site". In reality, a website can be viewed as a structured collection of information interconnected through hyperlinks to an extensive array of other websites. Our analysis was focused on the "home page" only or the initial screen that users encounter upon entering a website, because many visitors to a Website decide if they will continue to browse the site based on this first impression and its importance to online advertising has been repeatedly mentioned by previous research (e.g. Jones & DeGrow, 2010; Zhang, Tian & Miles, 014).

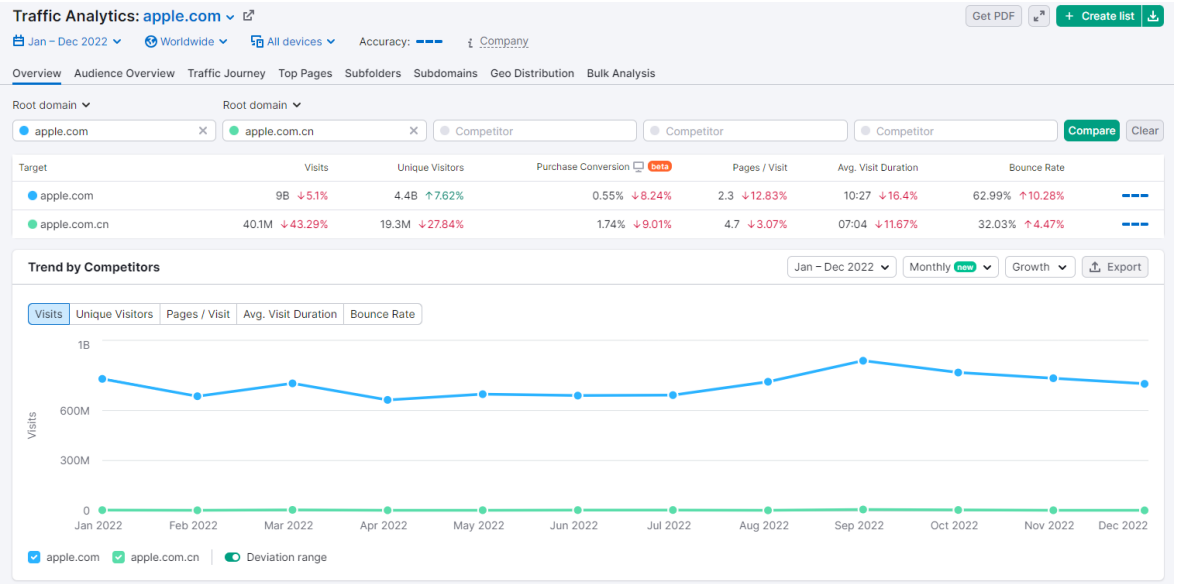
Going forward, we use search engine tools, Google Lighthouse performance reports, and SemRush (a data aggregation company specialising in web analytics, web traffic and performance) to obtain the metrics related to each e-commerce website performance. Although the success of a Web site obviously depends on many aspects, including marketing issues and business models, the user experience plays an important role in determining acceptance. Furthermore, if one examines a sufficiently large number of top ranked Websites, the probability that popularity is uniquely determined by marketing factors decreases (Fraternali & Tisi, 2008). As the amount of websites analysed may not be a “sufficiently large number”, we control possible effects of brand popularity, i.e. the company is more or less famous globally, by using the global traffic metric in the calculations, and using “share” as the representativity of the Chinese traffic on the Global traffic, therefore equalising the metric for all companies.

Also, Seddon (1997) pointed out that information system use (e.g. e-commerce website user traffic) is a good proxy for measuring success when the use is not mandatory. The nature of the systems’ use and the amount of the usage are both important indicators of success and this will not only impact the organisation but also will assist the organisation in improving the quality of their website (DeLone and McLean 2002). The traffic on a website can be measured by a number of metrics. Among these is traffic volume flowing to the site. Traffic remains a valid measure for success as without traffic no revenues could be generated. Achieving high traffic volumes is still a prerequisite for higher level goals in most websites, regardless of their purpose Alpar (2001).

An effective web site is the one which may motivate consumers to take desired actions such as to remain at the site for a certain time period, download the content of interest,

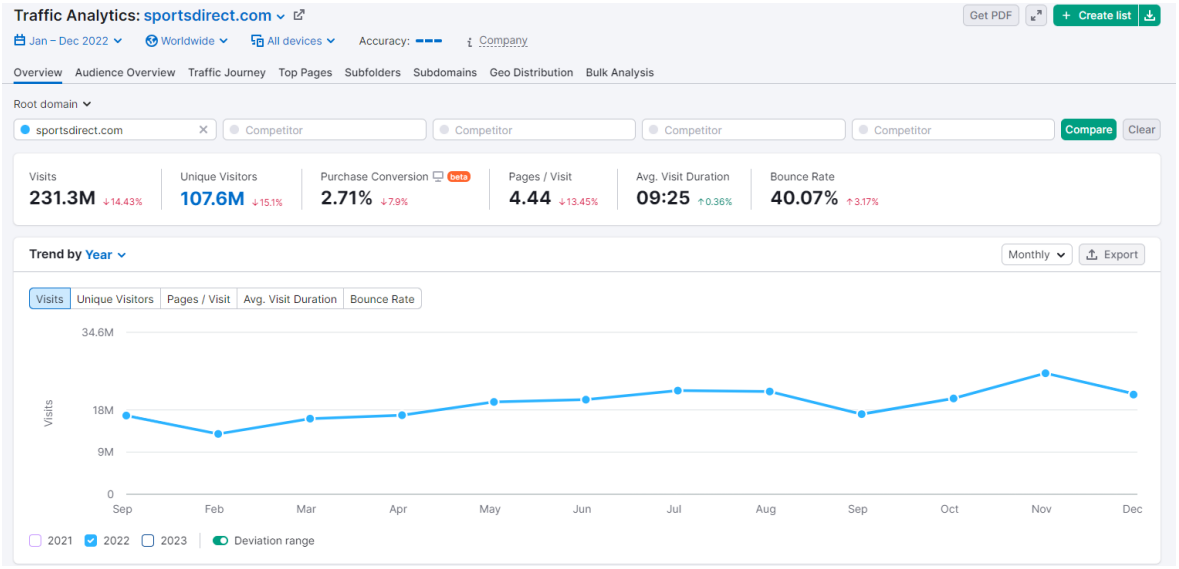
forward it to other people, ask for information from the site, and/or purchase products or services Liu et al, (2004). The quality and effectiveness of a web site, which can be considered a marketing tool, will be affected by the extent to which a web site reflects the culture of the country for which it has been designed (Fletcher 2006; Singh and Pereira 2005). For this study we use four variables to assess e-commerce website performance: average user traffic (share), pages viewed per visit, visit duration and bounce rate. To avoid possible industry seasonalities peaks, the time frame used for calculating the variables' averages is the complete year of 2022. To obtain the average monthly user traffic for the Global and Chinese version of the website, when it exists, we filter by date and worldwide traffic (Figure 31). To obtain the average monthly user traffic from China, when the company ships to China but has no Chinese website version, we filter by China (Figure 31) and use the Worldwide view to see the global traffic.

Figure 31 - Obtaining the E-commerce performance metrics when the company has a Chinese domain



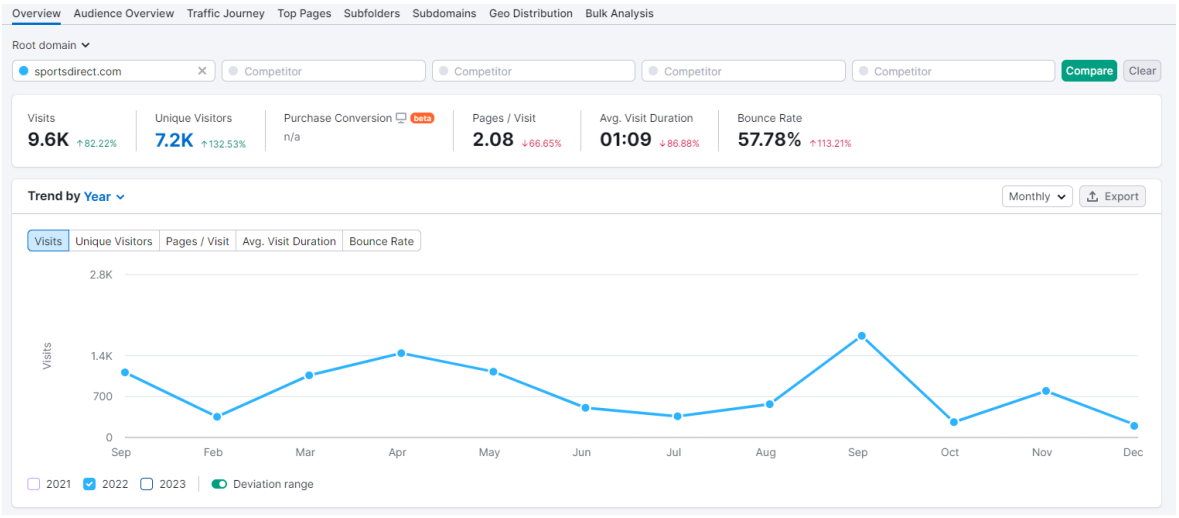
Source: SemRush (2023)

Figure 32 - Obtaining the E-commerce performance metrics for the Western website version when the company does not have a Chinese domain



Source: SemRush (2023)

Figure 33 - Obtaining the E-commerce performance metrics for the Chinese website version when the company does not have a Chinese domain



Source: SemRush (2023)

We conclude the case study with a quantitative analysis using SPSS by conducting an Independent-samples T-test to test H1 to H5, where the levels of cultural and technical dimensions displayed were taken as dependent variables, and the type of website (Western or Chinese) was regarded as an independent variable.

To verify RQ4, RQ5 and RQ6 we conducted a descriptive analysis to support a qualitative analysis of the technical adaptation in the companies studied.

To test H6 to H9, we conducted a one-way MANOVA analysis, where the adaptation score, as a sum of each depiction on the five cultural dimensions and three technical dimensions, were taken as dependent variables, and the E-commerce performance metrics as independent variables. The multivariate result was significant ($p < 0.05$; Pillai's Trace = 4.303).

7. Results and analysis

To answer RQ1 to RQ3, we conducted a literature review focusing on website design adapted to cultural and technical dimensions. We chose websites as the study's focus because the company's website is often the first point of contact between potential customers and the business. The design and usability of the website greatly influence the initial impressions customers form. In the Chinese market, where trust and user experience are paramount, a well-designed website can establish credibility and create a positive user experience from the start. We can conclude that Western e-commerce companies face a range of primary challenges when expanding their business into the Chinese market. In this study, these challenges were categorised into technical and cultural dimensions:

Technical Dimensions:

Website Performance:

- Great Firewall Impact: China's Great Firewall imposes restrictions on access to foreign websites, leading to slower loading times for Western e-commerce sites. This can result in user frustration and a higher bounce rate.
- Content Optimization: To mitigate slow loading times, companies must prioritise content optimization. This includes compressing images and media files, efficient coding practices, and reducing the reliance on external resources.
- External Dependencies: Many Western websites use third-party plugins, fonts, and scripts. These external dependencies can experience delays when accessed from China. Companies need to minimise such dependencies or find local alternatives.

Payments and Financial Infrastructure:

- Preference for Local Payment Methods: Chinese consumers heavily favour alternative payment methods like Alipay and WeChat Pay due to their convenience and trustworthiness. Integrating with these systems can be challenging for Western companies used to credit and debit card-centric payment ecosystems.
- Security and Trust: Trust is paramount in the Chinese e-commerce landscape. These local payment platforms offer robust transaction monitoring and dispute

resolution mechanisms, which Western companies need to adapt to and integrate for a seamless user experience.

Social Media:

- Inaccessibility of Western Social Media: Platforms like Facebook and Twitter are inaccessible in China due to the Great Firewall. Western companies accustomed to these platforms must adapt to the dominance of local alternatives like Weibo, WeChat, and Douyin (TikTok).
- Technical Constraints: Internet censorship and restrictions can affect the speed and accessibility of social media content in China. Companies must tailor their social media engagement strategies to navigate these technical constraints effectively.

Device Diversity:

- Mobile-First Culture: China's mobile-first culture presents unique challenges and opportunities. With more users accessing the internet via mobile devices than computers, Western companies must prioritise mobile-friendly designs, responsive layouts, and fast-loading pages.
- Super Apps: Super apps like WeChat, which integrate various services, including e-commerce, are popular in China. Adapting to these preferences and optimising the user interface and functionality for mobile apps is crucial.

Infrastructure Challenges:

- Government Control: China's government views the internet primarily as an economic infrastructure and tightly controls internet access. This requires Western companies to align their website content with Chinese regulations, which may involve content removal or modification.
- Content Regulation: The emphasis on content regulation and maintaining social stability means that Western companies must carefully review their content for sensitive or politically controversial elements.

Data Localization:

- Regulatory Compliance: Chinese regulations mandate the storage and processing of certain data within China's borders. Western e-commerce companies must invest in

local data centres and collaborate with local cloud service providers to ensure JONEScompliance.

Cultural Dimensions:

High-Context Culture:

- Indirect Communication: In a high-context culture like China, communication is often indirect, emphasising underlying context and tone. Western companies must adapt their communication style to effectively convey messages.

Cultural Values:

- Collectivism: Chinese culture values collectivism, group harmony, and loyalty over individualism. Understanding and respecting these values are vital for building relationships with Chinese consumers.
- Respect for Authority: Respect for authority is deeply ingrained in Chinese society. Acknowledging and showing respect for authority figures is essential for building trust.

Language and Localization:

- Language Preferences: Offering websites and content in Mandarin is crucial for catering to local language preferences. Translation alone is insufficient; content should be culturally adapted for relevance and resonance.
- Cultural Norms: Understanding and adhering to cultural norms, such as symbolism, idioms, and proverbs, can enhance user engagement and trust.

Cultural Congruity:

- Positive User Attitudes: Websites and content that align with Chinese cultural preferences positively influence user attitudes and trust. Users are more likely to engage with and make purchases from culturally congruent platforms.

In summary, these technical and cultural dimensions represent the multifaceted challenges and considerations that Western e-commerce companies must address when expanding into the Chinese market.

To answer RQ4 to RQ6 and H1-H9 we analysed an initial set of 50 companies. The companies' characterization is built on Table 11 below. Information like company type, retail industry, founding date, country of origin, estimated global number of employees, and market cap for public companies are included. France is the country of origin for 24%, followed by the United States with 18.00%, and Spain representing 14% of the companies (Table 12).

Moreover, 40% of the companies were Private, 28% were publicly traded companies, and the remaining were subsidiaries. The majority of the companies (22%) were inserted in the fashion retail industry, followed by 12% pertaining to subsidiaries. Concerning the retail industry, the biggest majority of the companies are fashion retailers (34%) followed by Groceries (8%) (Table 13).

Table 11 - Companies' characterization

Company	Company Type	Retail industry	Founded Date	Country of Origin	Est. Global Number of Employees	Market Cap (for public companies)
A.T.U.	Private	Automotive	1985	Germany	10,000	-
ADIDAS	Public (ADS.DE)	Apparel	1949	Germany	62,285 (2020)	$68.52 billion (2021)
ALBERT HEIJN	Subsidiary (Ahold Delhaize)	Grocery Retail	1887	Netherlands	414,000 (2020)	-
AMAZON	Public (AMZN)	E-commerce	1994	United States	1,298,000 (2021)	$1.6 trillion (2021)
APPLE	Public (AAPL)	Electronics	1976	United States	154,000 (2020)	$2.5 trillion (2021)
AUCHAN	Private	Grocery Retail	1961	France	339,000 (2020)	-
BERSHKA	Subsidiary (Inditex)	Fashion Retail	1998	Spain	5,900	-
BRICO DEPOT	Subsidiary (Kingfisher)	DIY Retail	1993	France	4,782	-
CARREFOUR	Public (CA.PA)	Grocery Retail	1957	France	372,000 (2020)	$17.53 billion (2021)
CASTORAMA	Subsidiary (Kingfisher)	DIY Retail	1969	France	10,509	-
COOLBLUE	Private	Electronics	1999	Netherlands	5,400 (2021)	-

CZC.CZ	Private	Electronics	1999	Czech Republic	186	-
DARTY	Subsidiary (Fnac Darty)	Electronics	1957	France	500	-
DECATHLON	Private	Sporting Goods	1976	France	121,000 (2020)	-
DEICHMANN	Private	Footwear	1913	Germany	43,000 (2020)	-
DM	Private	Drugstore	1973	Germany	62,000 (2020)	-
EMPIK	Private	Books	1990	Poland	1,348	-
ESPRIT	Public (ESPG)	Fashion	1968	Hong Kong	5,970 (2020)	-
FNAC	Public (FNAC.PA)	Electronics	1954	France	25,000 (2020)	-
GARMIN	Public (GRMN)	Electronics	1989	United States	16,000 (2020)	$30.65 billion (2021)
GUCCI	Subsidiary (Kering)	Fashion	1921	Italy	2,500	-
H&M	Public (HM-B.ST)	Fashion Retail	1947	Sweden	181,000 (2020)	$58.25 billion (2021)
IKEA	Private (Ingka Group)	Furniture	1943	Sweden	220,000 (2020)	-
JACK & JONES	Private (Bestseller)	Fashion	1989	Denmark	2,226	-
KIABI	Private	Fashion Retail	1978	France	10,000	-
LACOSTE	Private (Maus Frères)	Fashion	1933	France	8500	-
LEROY MERLIN*	Subsidiary (Adeo)	DIY Retail	1923	France	100,000	-
MACYS	Public (M)	Department Store	1858	United States	89,000 (2020)	$6.25 billion (2021)
MANGO	Private	Fashion Retail	1984	Spain	16,000	-
MASSIMO DUTTI	Subsidiary (Inditex)	Fashion	1985	Spain	10,000	-
MICHAEL KORS	Subsidiary (Capri Holdings)	Fashion	1981	United States	14,846	-
MULLER	Private	Drugstore	1953	Germany	27,500	-
NEXT	Public (NXT.L)	Fashion Retail	1982	United Kingdom	46,500 (2020)	$8.23 billion (2021)

NIKE	Public (NKE)	Sportswear	1964	United States	75,400 (2020)	$254.78 billion (2021)
NORAUTO	Subsidiary (Mobivia)	Automotive	1970	France	5,082	-
NORDSTROM	Public (JWN)	Department Store	1901	United States	76,000 (2020)	$5.42 billion (2021)
ORSAY	Private	Fashion Retail	1975	Germany	839	-
OYSHO	Subsidiary (Inditex)	Fashion Retail	2001	Spain	5,000	-
PULL&BEAR	Subsidiary (Inditex)	Fashion Retail	1991	Spain	10,672	-
REWE	Private	Grocery Retail	1927	Germany	374,000 (2020)	-
RTV EURO AGD	Private	Electronics	1991	Poland	2,824	-
SEPHORA	Subsidiary (LVMH)	Cosmetics	1969	France	28,540	-
SPORTSDIRECT.COM	Private	Sportswear	1982	United Kingdom	8,551	-
STAPLES	Private (Sycamore Partners)	Office Supplies	1986	United States	34,000	-
STRADIVARIUS	Subsidiary (Inditex)	Fashion Retail	1994	Spain	3,701	-
TARGET	Public (TGT)	Department Store	1902	United States	409,000 (2020)	$85.55 billion (2021)
UNIQLO	Subsidiary (Fast Retailing)	Fashion Retail	1949	Japan	30,000	-
VERKKOKAUPPA.COM	Public (VERK)	E-commerce	1992	Finland	818	-
X-KOM	Private	Electronics	2001	Poland	960	-
ZARA	Subsidiary (Inditex)	Fashion Retail	1974	Spain	75,000	-

Source: own elaboration

Table 12 - Companies' country of origin

Country of Origin	Count	Percentage
Germany	7	14.00%
Netherlands	2	4.00%
United States	9	18.00%

France	12	24.00%
Spain	7	14.00%
Czech Republic	1	2.00%
Poland	3	6.00%
Hong Kong	1	2.00%
Italy	1	2.00%
Sweden	2	4.00%
Denmark	1	2.00%
United Kingdom	2	4.00%
Japan	1	2.00%
Finland	1	2.00%

Source: own elaboration

Table 13 - Companies' retail industry

Retail industry	Count	Percentage
Automotive	2	4.00%
Apparel	1	2.00%
Grocery	4	8.00%
Others	4	8.00%
Technology	1	2.00%
Fashion Retail	17	34.00%
DIY	3	6.00%
Electronics	2	4.00%
Sporting Goods	1	2.00%
Footwear	1	2.00%
Drugstore	2	4.00%
Books	1	4.00%
Electronics	3	6.00%
Furniture	1	2.00%
Department Store	3	6.00%
Sportswear	2	4.00%
Cosmetics	1	2.00%
Office Supplies	1	2.00%

Source: own elaboration

Independent-samples T-test were used to test H1 to H5 using SPSS software, where the levels of cultural dimensions displayed were taken as dependent variables, and the type of

website (Western or Chinese) was regarded as an independent variable. Results are on table 14.

Table 14 - Results of Independent Samples t-test on SPSS

Cultural dimensions	Chinese-adapted website (N=18)		Official Western website (N=18)		F
	Mean	SD	Mean	SD	
Individualism	0.78	1.517	1	1.372	0.12
Masculinity	3.61	4.272	2.89	3.085	1.438
Uncertainty Avoidance	7.22	3.904	8.17	3.601	0.434
Hierarchy	2.94	3.455	1.44	1.294	5.131*
Harmony	0.5	1.2	2.39	3.616	10.702*

*Statistical significance at $p<0.05$

Source: SPSS

Although the mean results for "Individualism" depiction on the Chinese version was lower than the Western version, as expected, H1 was rejected as the analyses found no significant differences between group means (MChinese = 0.78, MWestern = 1, $p > 0.05$).

On "Masculinity" depiction, H2 was supported. No significant differences in group means were found across both types of websites (MChinese =3.61, MWestern = 2.89, $p > 0.05$). That is, Chinese and Western websites all depicted high levels of masculinity.

As for "Uncertainty Avoidance", although the mean results for the dimension depiction on the Chinese version was lower than the Western version, as expected, H3 was rejected as the analyses found no significant differences between group means (MChinese = 0.78, MWestern = 1, $p > 0.05$).

In the case of "Hierarchy" depiction, H4 was supported. There were significant differences between group means, the Chinese version depicting significantly higher values than the Western version (MChinese =2.94, MWestern = 2.44, $p < 0.05$).

Finally, for "Hierarchy" depiction, H5 was supported. There were significant differences between group means, the Chinese version depicting significantly lower values than the Western version (MChinese =0.5, MWestern = 1.2, $p <0.05$).

To answer RQ4, RQ5 and RQ6 we used descriptive analysis to qualitatively analyse the technical dimensions of the Chinese versions of the companies studied.

Tabela 15 - Percentage of depiction on the Chinese website of the companies analysed

Technical adaptation	Count	%
Social media	13	72.22%
Payment method	3	16.67%
Mobile performance	8	44.44%

Source: own elaboration

To answer RQ4: Do the payment methods accepted by the E-commerce company differ on Chinese and Western websites?

The lowest level of adaptation depiction for the unit of analysis was the payment method. Although we could verify that the companies accepted the preferred payment methods of Chinese consumers, only 3 out of 18 companies displayed the information within the homepage (our unit of analysis). WeChat Pay and Alipay were accepted in all the 3 websites.

Tabela 16 - Percentage of Payment Methods accepted as displayed on the Chinese website of the companies analysedSource: Own elaboration

Payment Methods	Count	%
Wechat Pay	3	100.00%
Alipay	3	100.00%
China UnionPay payment	1	33.33%
Chinapay	1	33.33%

Source: own elaboration

To answer RQ5: Do the social media adopted by the E-commerce companies differ on the Chinese and Western websites?

For social media adoption, out of the 18 websites analysed, 13 (72.22%) clearly stated the use of social media and other third parties adapted to Chinese consumers. The highest frequency was for WeChat, appearing in 100% of the website showing Chinese social media adoption.

Tabela 17 - Percentage of Social media platforms on the Chinese website of the companies analysed

Social Media	Count	%
Wechat	13	100.00%
Weibo	9	69.23%
Xiaohongshu	6	46.15%
Youku	4	30.77%
TikTok	3	23.08%
Oneniceapp	1	7.69%
V.qq	1	7.69%
Spotify	1	7.69%

Source: own elaboration

To answer RQ6: Are mobile performance of the E-commerce companies' websites equal or better when comparing the Chinese and Western versions?

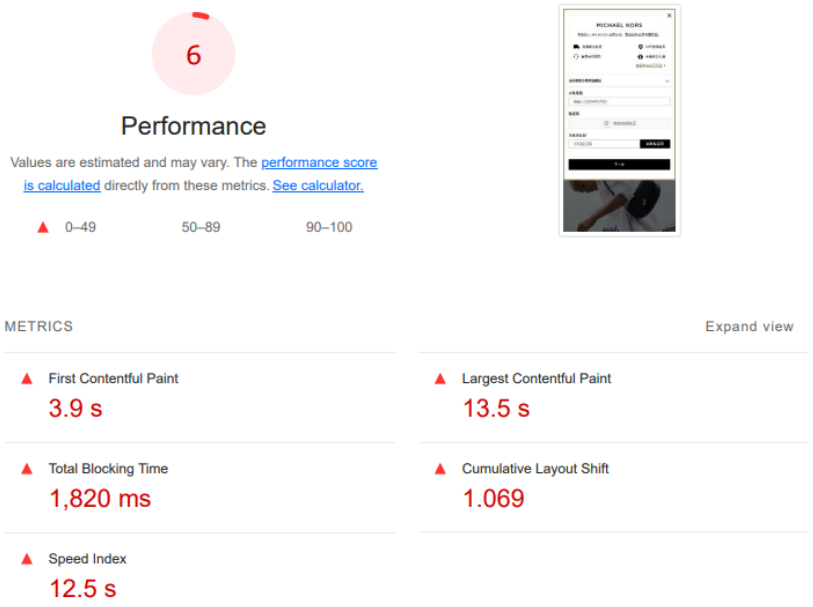
Under Mobile performance results, out of the 13 websites analysed, just 44.4% performed better on Mobile devices than on the Western version. The highest score was achieved by the Chinese version of AMAZON with 66 out of 100 points. The lowest score was for the Chinese version of MICHAEL KORS with only 6 points out of 100 points (Figure 34).

Tabela 18 - Average performance for Western and its Chinese-version websites

Mobile performance	Average Performance	% of websites with higher mobile performance
Western Website	30.4	55.56%
Chinese Website	29.5	44.44%

Source: own elaboration

Figure 34 -Mobile performance Michael Kors Website Chinese version



Souce: Google Lighthouse (2003)

To test H6 to H9, we conducted a one-way MANOVA analysis using SPSS software where the levels of cultural and technical features displayed on the five cultural dimensions and three technical dimensions were taken as the adaptation score (dependent variable) divided into categories using median split, into high, medium or low on adaptation, whereas companies that did not have a website with a Chinese domain, despite shipping products to China, were categorised as "Standard". 25% (6) of the websites were categorised into "High" adaptation, 16.67% (4) as "Medium" adaptation, and 33.33% (8) as "Low" adaptation and 25% (6) as Standard.

Table 19 - The 24 websites categorised by adaptation score

Adaptation Level	Count	%	Companies
High	6	25.00%	ADIDAS, AMAZON, H&M, IKEA, NIKE, ZARA
Medium	4	16.67%	DECATHLON, GARMIN, JACK & JONES, MANGO

Low	8	33.33%	APPLE, GUCCI, LACOSTE, MASSIMO DUTTI, MICHAEL KORS, OYSHO, SEPHORA, STAPLES
Standard	6	25.00%	EMPIK, FNAC, LEROY MERLIN, MACYS, PULL&BEAR, SPORTSDIRECT.COM

Source: own elaboration

Then E-commerce performance metrics data from SemRush were obtained and regarded as independent variables. The results indicate a highly significant relationship ($p < 0.001$) between the combination of dependent variables and the adaptation score (Adaptation_score), as evidenced by the small p-values across multiple test statistics (Pillai's Trace, Wilks' Lambda, Hotelling's Trace, and Roy's Largest Root) (Table 20).

Table 20 - Fit of model results

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.998	274.405[b]	6.000	4.000	<.001
	Wilks' Lambda	.002	274.405[b]	6.000	4.000	<.001
	Hotelling's Trace	411.608	274.405[b]	6.000	4.000	<.001
	Roy's Largest Root	411.608	274.405[b]	6.000	4.000	<.001
Adaptation_semdummy	Pillai's Trace	4.303	1.630	84.000	54.000	.028
	Wilks' Lambda	.000	16.581	84.000	28.671	<.001
	Hotelling's Trace	27522.281	764.508	84.000	14.000	<.001
	Roy's Largest Root	25780.376	16573.099[c]	14.000	9.000	<.001

a. Design: Intercept + Adaptation_semdummy

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Source: SPSS software

We then examined the relationship between the explanatory variable "Adaptation_score" and the dependent variables "Share," "avg_visitschina," "avg_visitstotal," "PagesvisitChina," "AvgvisitdurationChina," and "BouncerateChina." We also assess their statistical significance. The overall model being highly significant, suggests that at least one of the dependent variables is significantly associated with the Adaptation_score (Table 21).

Table 21 - MANOVA results by degree of cultural and technical adaptation measured by adaptation score, calculated using the dimension proposed in the framework

E-commerce performance metric	High	Medium	Low	Standard	F
Average Chinese Traffic per month (visits/month)	1006390.3	34406.3	24540.6	3768.3	2.673
Average Global Traffic per month (visits/month)	794780555.6	16554166.7	49517708.3	26980000	0.640
Average Share (%)	1.06%	0.24%	0.11%	0.03%	1001*
Pages viewed per visit (Chinese traffic - pages/visit)	5.5	3.1	6.6	2.2	3.8**
Average visit duration (Chinese traffic - minutes)	8.0	8.4	13.0	5.3	2.740
Bounce rate (Chinese traffic - %)	40.67%	39.77%	41.98%	62.68%	0.433

* Statiscal significance at $p<0.001$; **Statiscal significance at $p<0.05$

Source: own elaboration

The results showed that, among the individual dependent variables, "Share" and "PagesvisitChina" appear to be significantly influenced by the Adaptation_score. "Share" shows a strong effect, while "PagesvisitChina" has a moderate effect. On the other hand, "avg_visitschina," "avg_visitstotal," "AvgvisitdurationChina," and "BouncerateChina" do not show significant associations with the Adaptation_score (Table 22).

Table 22 - MANOVA tests of Between-Subjects Effects

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	VisitsinChina	1.836E+15[a]	14	1.311E+14	2.673	.071
	VisitsTotal	1.101E+21[b]	14	7.866E+19	.640	.781
	Share	30.300[c]	14	2.164	1001.457	<.001
	PagesvisitChina	411.384[d]	14	29.385	3.810	.025
	AvgvisitdurationChina	1275.408[e]	14	91.101	2.740	.066
	BouncerateChina	2090.960[f]	14	149.354	.433	.923
Intercept	VisitsinChina	2.961E+14	1	2.961E+14	6.035	.036
	VisitsTotal	1.149E+20	1	1.149E+20	.934	.359
	Share	5.299	1	5.299	2451.969	<.001
	PagesvisitChina	571.517	1	571.517	74.098	<.001
	AvgvisitdurationChina	2446.481	1	2446.481	73.573	<.001
	BouncerateChina	31228.143	1	31228.143	90.485	<.001
Adaptation_score	VisitsinChina	1.836E+15	14	1.311E+14	2.673	.071
	VisitsTotal	1.101E+21	14	7.866E+19	.640	.781
	Share	30.300	14	2.164	1001.457	<.001
	PagesvisitChina	411.384	14	29.385	3.810	.025
	AvgvisitdurationChina	1275.408	14	91.101	2.740	.066
	BouncerateChina	2090.960	14	149.354	.433	.923
Error	VisitsinChina	4.416E+14	9	4.907E+13		
	VisitsTotal	1.107E+21	9	1.230E+20		
	Share	.019	9	.002		
	PagesvisitChina	69.417	9	7.713		
	AvgvisitdurationChina	299.270	9	33.252		
	BouncerateChina	3106.059	9	345.118		
Total	VisitsinChina	2.528E+15	24			
	VisitsTotal	2.383E+21	24			
	Share	33.422	24			
	PagesvisitChina	1022.967	24			
	AvgvisitdurationChina	3932.465	24			
	BouncerateChina	55231.247	24			
Corrected Total	VisitsinChina	2.278E+15	23			
	VisitsTotal	2.208E+21	23			
	Share	30.319	23			
	PagesvisitChina	480.801	23			
	AvgvisitdurationChina	1574.678	23			
	BouncerateChina	5197.019	23			

a. R Squared = .806 (Adjusted R Squared = .505)

b. R Squared = .499 (Adjusted R Squared = -.281)

c. R Squared = .999 (Adjusted R Squared = .998)

d. R Squared = .856 (Adjusted R Squared = .631)

e. R Squared = .810 (Adjusted R Squared = .514)

f. R Squared = .402 (Adjusted R Squared = -.527)

Source: SPSS software

For "Share," the model shows a highly significant relationship with the Adaptation_score ($p < 0.001$), with a large F-statistic indicating a strong effect. H6 is supported.

For "PagesvisitChina," the relationship is significant ($p = 0.025$), and the F-statistic is moderate, suggesting a moderate effect. H7 is supported.

For "AvgvisitdurationChina," the relationship is not statistically significant ($p = 0.066$), with a moderate F-statistic.H8 is rejected.

For "BouncerateChina," there is no statistically significant relationship ($p = 0.923$), and the F-statistic is small, indicating no meaningful effect. H9 is rejected.

We also tested the independent and dependent variables for the 2-tailed Pearson's correlation test. The results are in Table 23. We comment below at the significant results (*p<0.05 and **p<0.01) that demonstrates interesting relationships between cultural and technical dimensions and website performance metrics as follows:

Table 23 - 2-tailed Pearson's correlation

	Correlations	**Share**	**Avgvisitduration China**	**BouncerateChina**	**PagesvisitChina**
Individualism	Pearson Correlation	0.081	-.458*	0.175	-0.237
	Sig. (2-tailed)	0.707	0.024	0.413	0.266
	N	24	24	24	24
Masculinity	Pearson Correlation	0.237	0.156	-0.086	0.044
	Sig. (2-tailed)	0.265	0.466	0.69	0.837
	N	24	24	24	24
UncertaintyAvoidance	Pearson Correlation	-0.144	-0.272	.407*	-0.335
	Sig. (2-tailed)	0.502	0.199	0.048	0.11
	N	24	24	24	24
Hierarchy	Pearson Correlation	0.047	.560**	-0.119	0.168
	Sig. (2-tailed)	0.828	0.004	0.579	0.434
	N	24	24	24	24
Harmony	Pearson Correlation	0.007	0.076	0.191	0.044

	Sig. (2-tailed)	0.975	0.724	0.371	0.838
	N	24	24	24	24
Socialmedia	Pearson Correlation	0.23	0.369	-0.159	0.362
	Sig. (2-tailed)	0.279	0.076	0.459	0.082
	N	24	24	24	24
Paymentmethod	Pearson Correlation	-0.111	.678**	-0.186	.504*
	Sig. (2-tailed)	0.605	<.001	0.385	0.012
	N	24	24	24	24
Mobileperformance	Pearson Correlation	-0.104	0.138	-0.31	0.157
	Sig. (2-tailed)	0.628	0.521	0.14	0.463
	N	24	24	24	24

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS (2023)

- Individualism depiction has a significant negative correlation with "AvgvisitdurationChina" ($p < 0.05$), suggesting that as individualism depiction increases, average visit duration in China tends to decrease. This was expected due to China's low individualistic score, it means that when the website depicted many web elements of this cultural value, Chinese consumers tended to stay less at that website.
- Similarly, Uncertainty Avoidance depiction has a significant positive correlation with "BouncerateChina" ($p < 0.05$), suggesting that as Uncertainty Avoidance depiction increases, bounce rate in China tends to also increase. This was expected due to China's low Uncertainty Avoidance score, it means that when the website depicted many web elements of this cultural value, Chinese consumers tended to also stay less at that website, leaving without performing any action or viewing anything else than one web page.
- Also in line with our study, Hierarchy depiction has a significant positive correlation with "AvgvisitdurationChina" ($p < 0.01$), suggesting that as Uncertainty Avoidance depiction increases, the average visit duration in China tends to also

increase. This was expected due to China's highly hierarchic culture, it means that when the website depicted many web elements of this cultural value, Chinese consumers tended to stay longer at that website.

- Finally, Payment Method adaptation has a highly significant positive correlation with "AvgvisitdurationChina" ($p < 0.01$) and "PagesvisitChina" ($p < 0.01$) , suggesting that the presence of the Chinese consumers' preferred payment methods are associated with longer average visit durations in China and more pages viewed per visit.

Overall, the findings of the study show how Chinese consumers seem to prefer web sites adapted to their local culture, as assessed by the higher share of Chinese traffic per month (Hypothesis H6 confirmed) and higher average duration per visit (Hypothesis H7 confirmed). The Pearson's correlation tests corroborates the findings, confirming strong relationships between some of the dimensions analysed and better website performance metrics.

A survey by Forrester research confirms that online users stay twice as long on local websites as they do on English-web sites only, and business users are three times more likely to make purchases online when addressed in their local language (Singh & Boughton, 2004). Another reason for consumer preference for higher levels of adaptation is that local Chinese and Western websites have a very different look and feel. Thus, consumers from these countries expect or in certain ways are accustomed to seeing content in a certain style. Finally, answer to RQ 7. How can e-commerce companies from Western countries effectively leverage web design localization when expanding into the Chinese market? will be made by deriving the practical applications of all the study's findings detailed in the next chapter.

8. Conclusion

In conclusion, this master's dissertation conducted a comprehensive exploration of the intricate facets encompassing web design strategies in the context of Western e-commerce expansion into the Chinese market. The study has revolved around two pivotal dimensions, namely the technical and cultural, as they pertain to the main challenges encountered by Western e-commerce enterprises aiming to expand into the dynamic and complex landscape of China.

.The study has underscored the criticality of assimilating an in-depth comprehension of consumer preferences, expectations, and cultural norms within the Chinese consumers.This cultural dimension has been shown to be instrumental in tailoring web designs to align seamlessly with the specific requirements of diverse international target markets, fostering consumer trust, loyalty, and resilience to competitive forces was also underscored, underscoring the central role of effective web design in successful international business operations.

8.1 Theoretical applications

The methodology proposed allowed to gain comprehensive insights into the challenges and dynamics of selected Western Ecommerce companies regarding their website design in the Chinese context, as well as the relationship with important metrics for measurement of website performance. The validated hypothesis supports previous studies highlighting the significance of cultural alignment in website design, as the research findings exhibited a notable association between adaptation levels and the performance metrics, offering empirical support for the role of cultural and technical adaptation in enhancing web performance.

On the debate Standardised versus localised, this study corroborates to the localised strategy as the findings of the study show how consumers China possibly prefer web sites adapted to their local culture, as the performance metrics Page viewed per visit and Share of Chinese traffic are positively associated with higher adaptation scores. Some researchers have advocated for an “adaptation” strategy (Boddewyn et al., 1986; Kashani, 1989; Wind, 1986, Sing et al., 2004, Singh et al, 2005, Singh et al. 2006; dos Reis & Machado, 2020,

Codignola, Capatina, Yamazaki & Lichy, 2021), supporting for the customization of websites tailored to specific global markets because consumers exhibit a preference for websites designed specifically for their use in their local languages (Singh, Furrer & Ostinelli, 2004) and show a stronger inclination toward websites in their respective languages making users feel more comfortable browsing web pages in their native languages. (Lynch, Kent, and Srinivasan, 2001).

A study by Singh, Furrer & Ostinelli (2004) also suggests that localised web content leads to higher user satisfaction, and usability, reach, and web interactivity, consequently leading to increased web traffic and business activity (Luna, Peracchio, and de Juan, 2002; Singh et al., 2004; Singh et al., 2005; Codignola et al.,2021). A strategy that expects customers from various parts of the world to adapt to a standardised website is inherently risky, as dissatisfied customers are unlikely to become loyal patrons and may turn to competitors with websites better attuned to their needs.

This finding validates the proposed cultural value framework by Singh and Matsuo (2002), Singh et al. (2003), Singh et. al, 2006, and the Shi and Xu, 2019's adapted cultural framework used as a viable tool that can be used for conducting cultural analysis on the web. The study confirmed that corporate websites are not culturally neutral but serve as a system that symbolically reflects specific national cultural values, supporting Hofstede's and Schwartz's cultural models.

Shi and Xu (2019) also found significant differences in Cultural Depiction in Chinese and US brands' domestic websites in their cultural depiction of individualism, uncertainty avoidance, hierarchy, and harmony, and a similar cultural manifestation on the dimension of masculinity. Our study also goes in line with Shi and Xu when they conclude the Chinese brands studied had not fully adapted their Sino-US websites to reflect US culture. Significant cultural adaptations were identified in our study, but just 25% scored sufficiently high to fall under the "High" adaptation category, and 16.67% under "Medium" adaptation. While low represented 33.33% of the websites, and "Standard" 25%. Correlation with Business Performance: Notably, the study found a potential correlation between the degree of website adaptation and overseas business performance, with a significant number of well-adapted brands achieving recognition and success in the global market.

8.2 Practical applications

From the findings of this study, we provide actionable recommendations for Western companies seeking to expand their e-commerce presence in the Chinese market.

1. Understand the Chinese E-commerce Landscape

To effectively navigate the Chinese e-commerce landscape, it is crucial to comprehend the unique challenges and opportunities it presents. Several key factors influence e-commerce development in China, including:

1.1 Online Payment Methods

In China, online payment systems like Alipay and WeChatPay dominate the market. Western companies should integrate these platforms into their websites to facilitate seamless transactions. Overcoming the challenges related to credit card usage and long bank validation times is essential. Also, we bring attention that the company should clearly show the acceptance of Chinese methods like Alipay and Wechat pay already in the homepage, because many visitors to a Website decide if they will continue to browse the site based on this first impression and its importance to online advertising has been repeatedly mentioned by previous research (e.g. Jones & DeGrow, 2011; Jones, 2015 ;Shin & Huh, 2009). In our study, despite the Western companies accepting the Chinese payment method, 83.33% out of the 24 Chinese website versions failed to clearly stating thi on their homepages, missing an opportunity to show adherence to Chinese's preferred payment method.

1.2 Government Policies

Understanding and aligning with China's evolving e-commerce regulations is crucial. While the Chinese government supports the e-commerce sector, companies must adapt to local policies and regulations that may differ from Western norms. Given the emphasis on content regulation, Western companies must carefully review and adapt their website content to align with Chinese censorship and cultural norms. This may involve the removal or modification of content that could be perceived as sensitive or politically controversial (Park, Yang & Lehto, 2007).

1.3 Mobile performance It is essential to optimise websites and applications for mobile users in China. This includes using responsive design and ensuring that content loads

quickly (Statista, 2023). Chinese consumers prefer mobile apps that offer seamless and convenient shopping experiences, often using super apps like WeChat, which integrate various services, including e-commerce (Young & Hung, 2014). The user interface, functionality, and performance of mobile apps are of paramount importance to cater to these preferences. As mobile phones exert a profound influence on the daily lives of people in China, the anticipation is that even more innovations in mobile commerce will emerge in the near future.Western companies must optimise their websites and applications for mobile users to effectively engage with Chinese consumers. Responsive design, mobile-friendly layouts, and fast-loading pages are crucial for engaging Chinese users effectively (Park, Yang & Lehto, 2007).

1.4 Website performances

To mitigate the impact of slow loading times, Western e-commerce websites should prioritise content optimization. This involves reducing the size of images and other media files, using efficient coding practices, and minimising the use of external resources. By doing so, pages can load more quickly, enhancing the overall user experience (Udo & Marquis, 2002). Moreover, Western websites often rely on various external resources, such as third-party plugins (e.g. Facebook, Google, etc.), fonts, or scripts. However, these external dependencies can be subject to delays when accessed from China (Eko, Kumar & Yao, 2011). To address this, companies should minimise external dependencies or explore local alternatives that load more quickly within China's internet environment. Prior to launch, it's essential to conduct thorough performance testing (e.g. using Google Lighthouse) specifically for the Chinese market. This includes assessing website load times, responsiveness, and functionality under varying network conditions. Identifying and addressing performance bottlenecks in advance can prevent user frustration (Juviler, 2022).

- Partner with Local Companies: Partnering with local companies can help Western companies overcome many of the technical challenges associated with expanding into China. For example, local companies can help with website localization, SEO, and customer support.
- Invest in Local Infrastructure: Investing in local data centers and cloud services can help Western companies improve website performance and comply with data localization requirements.

- Use a Content Delivery Network (CDN): A CDN can help improve website performance by caching content on servers around the world, including in China.

1.5 Cost efficiency

There are cost efficiency gains when developing modular, extendable, and accessible global web templates to address technical exigencies, thereby facilitating web design customization. To navigate these infrastructure challenges, Western companies may find it beneficial to collaborate with local experts who understand the intricacies of China's internet regulations and can provide guidance on website design and performance, navigating regulatory challenges, and adapting content to align with Chinese user preference

2. Tailoring Your Website for the Chinese Market

2.1 Building a Chinese Microsite

Managers should aim to create a localised Chinese microsite that aligns with the preferences and user journeys of Chinese consumers. This includes offering content in Chinese, selecting culturally relevant imagery, and integrating popular payment platforms like Alipay and WeChatPay. Mobile-friendliness and fast loading times are also vital for success on Baidu, China's primary search engine.

2.2 Leveraging Online Campaigns

We suggest managers implement a targeted online campaign to create buzz and build trust among Chinese consumers. Utilise trusted online platforms and influencers to gain credibility and encourage word-of-mouth marketing.

2.3 Establishing a Social Media Presence

We suggest managers consider strategies to engage with Chinese consumers on popular social media platforms like WeChat, Weibo, and DouYin. Consider collaborating with Key Opinion Leaders (KOLs) for endorsement and promotion. Craft culturally sensitive social ads tailored to their target audience.

2.4 Running Baidu Campaigns

Baidu, Google's Chinese version, is indicated to run campaigns and rapidly build the brand's online presence, as Google is one of the softwares prohibited in China.. Carefully set parameters to target relevant searches and optimise your budget for maximum ROI. Regularly monitor and adjust your campaigns to stay competitive in the Chinese market.

3. Cultural Adaptation as a Key to Success

Cultural adaptation is pivotal to success in the Chinese e-commerce market as firms are facing audiences from the globe with diverse cultural backgrounds, it becomes critical for them to develop culturally adapted online communication strategies that cater to the needs of their international customers (Singh, Kumar, et al., 2005). When web users are confronted with a different language (or second language), foreign signs and symbols, and non-local web content that is culturally incongruent, it puts more cognitive stress on them, leading to diminished control over the interaction and loss of focus (Luna et al., 2002). Thus, web users from different countries prefer different web site characteristics that meet their distinct needs in terms of navigation, security, product information, customer service, shopping tools and other features (Simon, 2001; Fink and Lipase, 2000; Luna et al., 2002; Tsikriktsis, 2002).

As indicated in this study, many top Western companies still lack sophisticated cross-cultural communication skills, do not know the right approach and the right tools to turn weaknesses into opportunities and to better engage their international stakeholders. For example, despite the Western companies accepting the Chinese payment method, 83.33% out of the 24 Chinese website versions failed on clearly stating thi on their homepages. Based on this study, we suggest that Western companies consider taking more deliberate efforts to improve their cross-cultural web communication. To better fit into the Chinese cultural environment, Western firms might think about displaying fewer images and themes depicting self-reliance, self recognition, achievement, and also less elements referring to personal uniqueness and customization. Instead, they should focus on depicting more rankings and certificates, pictures of the CEO, celebrity endorsement, and announcements and using more cultural elements that resonates better with collectivistic cultures, such as elements depicting community relations, for examples, pictures of family, teams of employees, vision statements valuing social responsibility, community policy, etc.

Cultural adaptations can encompass, but are not limited to:

- Ensuring high-quality translations with equivalence to the source text.
- Adapting graphics and images to resonate with local cultural values and avoid offence.
- Supporting the relevant character sets
- Adjusting web content to reflect cultural values and societal expectations, showcasing these values through website features and content

Overall, managers should develop efforts towards the adaptation of the website to align with Chinese cultural values and preferences, to increase chances of a better consumer perception and trust, ultimately leading to increased website performance.

8.3 Limitations of the Study

While this master's dissertation has shed light on the critical importance of web design in the context of Western e-commerce expansion into China , it is essential to acknowledge its limitations. These limitations are inherent to the scope and methodology of the research, and they offer avenues for future investigation and refinement of the findings.

First and foremost, the study primarily relies on data gathered from Western e-commerce enterprises. Although this approach allowed for a comprehensive examination of the challenges faced by these companies, it might not fully capture the nuances of the Chinese market. Future research should consider incorporating data from Chinese consumers and local businesses to gain a more balanced perspective and better understand the intricacies of cultural adaptation from the Chinese side.

Another limitation pertains to the dynamic nature of e-commerce and web design trends. This study focused on a specific point in time, and the rapidly evolving digital landscape may render some findings less relevant over time. To address this limitation, future research should consider conducting longitudinal studies to track changes in web design practices and their impact on e-commerce performance in the Chinese market.

Moreover, it is important to note that the study intentionally excluded a comprehensive examination of market entry strategies, regulatory considerations, infrastructure assessment, logistics optimization, legal factors, and other macro-level influences, as they were not within the research scope. Future investigations should aim to address these

broader contextual factors and their interplay with web design strategies to provide a more comprehensive understanding of Western e-commerce expansion into China.

Also important to consider is that we have utilised the American version of the website as a representative of "Western" countries and have based our cultural dimension scores on the Hofstede and Schwartz models using data from the United States. This approach offers practical advantages in terms of data availability, consistency, and comparability. However, it also presents a limitation in terms of the representativeness of Western cultures as a whole. The Western world is culturally diverse, comprising numerous countries with distinct cultural values, norms, and practices. While the United States is undoubtedly a significant and influential Western nation, it cannot fully encapsulate the cultural diversity that exists within the broader Western hemisphere. To achieve a more comprehensive understanding of cultural dynamics when expanding into China, it is advisable for Western companies to conduct country-specific cultural assessments and adapt their strategies accordingly.

Lastly, it's important to acknowledge the geographical diversity within China. This study treated China as a single entity, but regional differences in culture, consumer behaviour, and internet infrastructure may significantly impact web design strategies. Future research could explore these regional variations and provide more targeted recommendations for businesses looking to expand into specific areas within China. Future investigations should aim to address these broader contextual factors and their interplay with web design strategies to provide a more comprehensive understanding of Western e-commerce expansion into China.

8.4 Lines for Future Research

As we acknowledge the study's limitations, it is imperative to recognize that these limitations offer valuable directions for future research and avenues for refining our understanding of this dynamic field. For example, a deeper exploration of industry-specific web design challenges within the Chinese market. Each industry may encounter unique barriers and success factors, requiring tailored web design strategies. Investigating these nuances will guide Western companies in crafting more targeted approaches.

Moreover, given the rapid evolution of e-commerce and web design trends, longitudinal studies can offer invaluable insights. Tracking changes over time will help assess the

sustainability and relevance of specific web design practices and their influence on e-commerce performance in the Chinese context. Additionally, acknowledging the rich diversity within Western cultures, future research should explore the cultural variations among Western countries. Conducting country-specific cultural assessments and analysing their implications for web design strategies can enhance cross-cultural adaptability.

Finally, investigating the integration of emerging technologies, such as augmented reality (AR) and virtual reality (VR), into e-commerce web design for the Chinese market can be a promising avenue. Assessing how these innovations impact user engagement and conversion rates is vital.

As we see, there are numerous paths for further research for businesses, researchers or anyone interested in deepening their understanding of the complexities and opportunities within China's dynamic and evolving E-commerce market landscape. We expect that this master's dissertation can contribute substantially to the future and existing body of knowledge surrounding Western e-commerce expansion into China. For businesses seeking to reach Chinese Consumers, we also expect that his exploration can be of valuable recommendations for Western e-commerce businesses aspiring to establish a successful presence in the Chinese market.

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