



RESEARCH ON COMPETITIVE STRATEGY OF JD GROUP

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Date. 28 May 2019

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Abstract

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In recent years, China's e-commerce industry has witnessed rapid development, continuous innovation of business models and increasing influence. People's consumption behavior and consumption mode are also changing gradually. Consumers can easily enjoy the new consumption experience of technology and logistics at home by purchasing the goods they need online. In particular, in May 2015, the state council of China issued the "opinions on vigorously developing e-commerce and accelerating new economic drivers". The opinion points out that e-commerce has stimulated potential consumer demand in China and opened up new channels. Creating new ways for people to find jobs and increase their personal income. At the same time, e-commerce is accelerating integration with traditional manufacturing industries to promote sustainable development of the service industry.

Transformation and upgrading has given birth to many emerging forms and has provided unprecedented opportunities for mass entrepreneurship and innovation in China. Therefore, e-commerce enterprises are emerging and developing rapidly, and the competition among e-commerce enterprises is becoming increasingly fierce.

This article is based on Jingdong Group, China's largest Internet company, the largest online retailer and the overall best retailer. Based on the current situation of China's e-commerce industry, the PEST analysis model, Porter's five-force model and SWOT analysis model are used to analyze the macro environment, industry environment and strategic environment of Jingdong Group. In order to understand the various elements of the Jingdong Group's competitive strategy and how it serves the Jingdong Group's competitive strategy, the existing competitive strategy is summarized and improved. By seizing the opportunities of various technological innovations and upgrades in the Internet era, combined with competitive advantages of Jingdong Group, and avoiding threats from the competition, we will finally realize their strategic goal of "becoming the most trustworthy company in the world", through the strategy of fostering strengths and avoiding shortcomings.

Key words:Competitive strategy,JD group,PEST,Porter's five-force,SWOT

Approved

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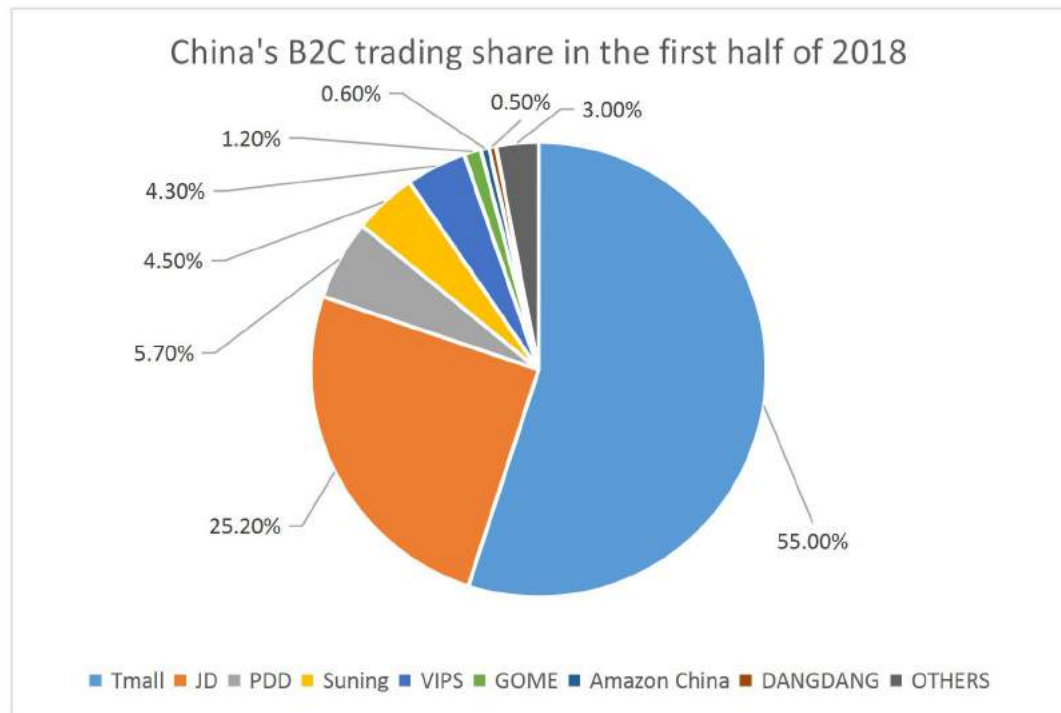
Chapter 1.Introduce

1.1 Background

In recent years, China's e-commerce industry has developed rapidly, its business model has continued to innovate, and its influence has been continuously improved. People's consumption behaviors and consumption patterns are also gradually changing. Consumers can easily enjoy the new consumption experience of technology logistics home by purchasing the required goods online. Especially in May 2015, the State Council of China issued the "Opinions on vigorously developing e-commerce and accelerating new economic momentum." The opinion pointed out that e-commerce has stimulated China's potential consumer demand and opened up new channels for people to find jobs and create new ways to increase personal income. At the same time, e-commerce is accelerating the integration with traditional manufacturing and promoting the sustainable development of the service industry. Transformation and upgrading have spawned many new forms, providing unprecedented opportunities for national mass entrepreneurship and innovation. Under this background, e-commerce companies are constantly emerging and developing rapidly, and the competition among e-commerce companies has become increasingly fierce. Therefore, the industrial strategic position of e-commerce companies has also continued to rise.

According to the data released by the China E-Commerce Research Center (100EC.CN) "2018 (on) China Online Retail Market Data Monitoring Report", the domestic online retail market in the first half of 2018 reached 4.08 trillion yuan, a year-on-year increase of 30.1%. In the first half of 2018, China's B2C network retail market (including open platform and self-operated sales, excluding brand e-commerce), Tmall is still in the first place, accounting for more than 55% of market share, up 5% year-on-year; Subsequently, JD.com accounted for 25.2% of the market share, an increase of 0.8% over the same period of last year; and as a "e-commerce

dark horse", the company quickly grabbed 5.7% of the market share, ranking third; ranking fourth to eight The e-commerce platforms are: Suning Tesco (4.5%), Vipshop (4.3%), Gome (1.2%), Amazon China (0.6%), Dangdang (0.5%).



Compared with the whole year of 2017, China's online retail B2C market trading share, Alibaba's Tmall Mall billion is 57.2% of the turnover is in an absolute leading position; Jingdong Mall ranked second, accounting for 25.5% share; Suning , The proportion of 4.5% of purchases ranked third. The fourth to eighth places are: Vipshop (3.0%), Gome (1.5%), Amazon China (0.8%), and Netease Koala (0.7%) Dangdang (0.4%).



According to eMarketer, a well-known market research institution in the United States, China's e-commerce sales in 2014 were US\$422.66 billion, a year-on-year increase of 35.0%, accounting for more than 10%. Total retail sales in China. As of 2018, China's e-commerce sales will exceed \$101 billion, and total retail sales will exceed 15%. It is the second largest e-commerce market in the world.

According to the research report released by iResearch, in recent years, compared with the C2C e-commerce market represented by Taobao, the development trend of B2C model enterprises represented by Tmall and Jingdong is more significant in Tianyu. In 2014, the B2C growth rate was more than twice that of the C2C market. In 2015, it exceeded the C2C market for the first time, accounting for 52.2% of the e-commerce market. The B2C model has become the main driving force for the rapid development of China's e-commerce market and will become the mainstream way of China's future e-commerce market.

1.2 Research Significance and Objective

With the rapid development of science and technology, compared with the

traditional industry, the current e-commerce industry is developing with each passing day, the speed of renewal is accelerating, various business models are constantly appearing and changing, and the social production mode and operation mode are constantly deepening. Impact. At the same time, the level of competition between the e-commerce industry is also increasingly fierce. As an important force in China's online retail B2C industry, Jingdong Group, with its strong logistics infrastructure and supply chain integration advantages, has greatly improved the operational efficiency of the e-commerce industry and effectively reduced social costs, further contributing to the development of the e-commerce industry. On the other hand, the “price war” between major e-commerce platforms has been one after another. Although JD.com has a considerable market share in the competition, it still needs to face strong industry and new competitors, so it needs a more perfect competitive strategy. . This paper chooses Jingdong Group as the research object, according to the classic theory of strategic management, through the analysis of the development status and competitive environment of Jingdong Group, and the research on its competitive strategy and strategy implementation, the following objectives are achieved:

First, make full use of various analytical tools of strategic management to try to sort out and apply the competitive environment and current situation of e-commerce enterprises.

Second, through the study of JD group's development status and competitive environment, jingdong's current competitive strategy is summarized and improved. It is hoped that this paper can provide the reference for jingdong to formulate competitive strategy and improve competitiveness in the future.

Third, it provides the reference for the formulation and implementation of competitive strategies of other Chinese e-commerce enterprises and helps them improve the foresight, pertinence, and practicability of their strategies.

As an emerging industry, the e-commerce industry has stimulated China's potential consumer demand, opened up new channels for personnel employment and increased income, and accelerated the transformation and upgrading of traditional manufacturing. Its development law and development path present different

characteristics. Under the premise of studying the law of e-commerce development, the thesis attempts to re-integrate and collide the emerging classic theories of Internet economy and strategic research and provide suggestions for the benign development of e-commerce enterprises.

1.3 Research methods

This article will use the strategic management theory as the theoretical basis to conduct research on the competition strategy of Jingdong Group. The main research methods applied are:

(1) Literature analytical method. Based on the analysis and analysis of a large number of related literature, the development of Jingdong Group and the e-commerce industry and the existing problems will be discussed to provide the theoretical basis and practical support for the analysis of the competitive environment.

(2) Case study method. This article takes Jingdong Group as a research case, and deeply investigates the company's development status, competitive environment, choice of competitive strategy and implementation of the competitive strategy, and provides the theoretical and practical basis for the formulation of the competitive strategy for the e-commerce industry.

(3) Theoretical research. This paper uses PEST to analyze the four most important factors in the external environment of the industry: political factors, economic factors, social factors and technical factors; use the Porter Five Force model to analyze the internal competitive environment; use SWOT analysis to determine Jingdong The Group's internal competitive advantages, disadvantages, external opportunities, and external threats are arranged in a matrix form, and the best competitive strategy analysis is made by examining different elements for composition.

Chapter 2.Literature review and industry development

status

2.1 Literature review

Prohalad and GaryHamel believe that the core competencies of a company are a kind of knowledge that needs to be accumulated within the organization. This kind of knowledge can coordinate different production skills and can combine multiple skills .

Kenneth R. Andrews pointed out that the analysis of strengths and weaknesses is an important method for conducting opponent analysis and a basic method for corporate strategy research.

Michael E. Porter clarifies the five forces that determine long-term profitability in all industry competitions. By using a company as an example, it demonstrates how to influence the key forces in the industry to create a more competitive environment for itself. It also emphasizes the importance of competitive strategies and their definition of competition: tools that create differences and unique value combinations to gain a dominant position.

Zhao J, Huang V. W believes that the first condition for the successful implementation of e-commerce is the scientific formulation and effective implementation of the strategy, because the strategic decision of the organization directly determines the process of e-commerce adoption, and scientific decision-making will greatly reduce process resistance and reduce implementation costs.

Chu H explores the business model and competitive strategy of the e-commerce trading platform itself and proposes some measures for the e-commerce trading platform to achieve profitability and gain competitive advantage.

Fred David (2002) proposed the process of strategic management, namely: strategy formulation, strategy implementation, and strategic evaluation.

Holt (2011) believes that the core problem of the competitive strategy is how to clarify the relationship between user needs, own products, and competitive products, and maintain the specific position and even leading position of the company's products in the market.

Thompson, Gamble, Strickland III,(2011) proposed that e-commerce companies need to focus on improving the competitiveness of dynamic development, continue to establish, adapt, and reorganize their internal and external resources, master the ever-changing needs of users, fast pace The launch of the corresponding products and services to enhance their competitive advantage.

Meng Zhaochen (2010) discussed the status quo of the domestic online retail B2C market and the existence mode of B2C itself, and proposed market competition strategies such as word-of-mouth management and cultivating user loyalty.

Zhang Jing and Qi Chao (2011) used the data of 331 manufacturing export enterprises to investigate how the cost leadership strategy and differentiation strategy could affect the performance of new products and enterprise innovation tendency through competitor orientation and customer orientation

Gao Zhen and Jiang Ruochen (2014) believe that the practice of vertical value chains including resources, companies, competitors, and consumers belongs to the cooperative game between node enterprises.

Wang Xianyu (2014) believes that although the B2C market has gradually been on the right track, there are still many problems, of which there are four main problems: control problems, inventory problems, logistics and distribution issues, and sales management and capital structure issues.

Wang Xiqu (2010) believes that enterprise capability is a key factor for enterprises to gain competitive advantage, and the value of the ability of enterprises is reflected by the business model. Therefore, companies can only maintain a competitive advantage if they continue to innovate in business models. The direction of the business model determines the development direction of the enterprise. The development of the enterprise affects the implementation and innovation of the business model. The two promote each other and provide a solid foundation and

guarantee for the competition and development of the enterprise.

Lai Wenwen (2011) obtained the three modes of B2C e-commerce enterprises by studying the status quo of B2C e-commerce development: typical development mode, platform service development mode, and integrated development model.

Lei Hui and Wang Yanan (2016) influence the lag and persistence of corporate performance by studying competitive strategy. It is concluded that the impact of competitive strategy on firm performance is both lagging and persistent, and the strategy of differentiation. The relatively long lag period can give companies a more lasting competitive advantage.

2.2 Status of e-commerce development

2.2.1 E-commerce business concept

As the name suggests, e-commerce contains two aspects, one is electronic, the other is business activities, and includes three streams: information flow, capital flow, and logistics. Because of the different positions and perspectives of governments, scholars, and business circles around the world, there are different definitions of e-commerce. Broadly speaking, e-commerce refers to business activities carried out using electronic devices as a medium. In a narrow sense, e-commerce refers to various business activities that are thought to be based on the network. An e-commerce enterprise is the main body of the operation or application of e-commerce. There are roughly two types, one is a platform-type e-commerce enterprise, and the other is an enterprise that uses electronic means to conduct business activities on its own. The platform-based e-commerce industry is a virtual network space for conducting business activities on the Internet and a management environment for ensuring the smooth operation of the business. It is an important place to adjust information flow, material flow, capital flow, order, and efficient flow. A platform for companies or individuals to provide online trading negotiations.

Enterprises and merchants can make full use of the shared resources such as network infrastructure, payment platform, security platform and management platform provided by e-commerce platform to carry out their own business activities effectively and at low cost.

Therefore, the analysis and research in this paper is a narrow sense of e-commerce and will focus on platform-based e-commerce enterprises.

2.2.2 Status of China's e-commerce development

China's e-commerce business began in 1997, and its development can be divided into three stages:

(1) The emergence of the B2B model in 1997-2003 marks the beginning of China's entry into the e-commerce development period, mainly involving business information flow, and at the same time, there is a comprehensive and vertical orientation of the industry.

(2) The C2C model represented by Taobao in 2003-2010 entered the peak development period, solved the convenience, security and low cost of using online shopping, and basically used e-commerce information flow, capital flow, and logistics. Integration.

(3) From 2010 to the present, the platform-based and self-operated models have risen rapidly, and e-commerce development has entered the consumer quality, personalized era, logistics, and taxation. Relevant social problems such as laws and regulations and other related issues have gradually emerged. The government has also attached more importance to e-commerce and has introduced relevant laws and regulations to regulate and manage the e-commerce industry.

E-commerce has appeared in China since 1997. It began to grow rapidly in 2003 and entered the depth stage in 2007. It has experienced the development at the end of 17 years and has spawned a large number of well-known e-commerce companies, which are mainly divided into platform-based and self-operated Two basic business models. Jingdong Mall, Fighting Lotto, Vipshop, Suning Tesco, Dangdang, etc. all

adopt a combination of third-party platform and self-operated mode, while Tmall is the mode in which the third merchant enters the platform.



Source of chart information: China Ministry of Commerce "China E-Commerce Report (2017)" <http://dzsws.mofcom.gov.cn/article/ztxx/ndbg/>

According to the statistics of the Ministry of Commerce of China: From 2011 to 2017, the number of online shopping users in China increased from 242 million to 533 million, more than doubling. The volume of e-commerce transactions increased from 8.1 trillion yuan to 29.16 trillion yuan, an average annual increase of 31.0%. Among them, the online retail transaction volume increased from 0.78 trillion yuan to 7.18 trillion yuan, an average annual increase of 43.9%. The number of directly and indirectly driven employment in e-commerce development has increased from 15 million to 42.5 million.

In addition to the growth of transaction scale and the promotion of employment in China, the rapid development of China's e-commerce industry has accelerated to become a new function of economic development, adding new impetus to promoting consumption and promoting imports and exports. At the same time, the use of new technologies such as big data, cloud computing, artificial intelligence, and virtual reality by e-commerce companies, in addition to improving their own logistics efficiency and coverage, improving user experience, and accelerating their digital transformation, has also accelerated China's Application of digital technology innovation and development. At the same time, the development of cross-border e-commerce is also promoting China's full opening and expanding global cooperation. Let e-commerce companies "go global" and share the fruits of e-commerce development in the world and promote multilateral cooperation with countries around the world.



Chapter 3.JD group's Strategic Environmental Analysis

Corporate strategy is crucial to the long-term development of the company. Due to the continuous changes in the macro environment and industrial environment, managers often have to choose the strategic direction of the enterprise. For the specific enterprise like Jingdong Group, it is always in the environment of China's macro environment and e-commerce. Therefore, the analysis of Jingdong's external strategic environment includes China's macro environment and e-commerce environment. This section will use the PEST analysis model: political, economic, social, and technical factors to analyze the macro environment of Jingdong Group and study the impact of the macro environment on Jingdong Group. At the same time, the Porter Five Forces model is used, starting from the five basic forces of industry competitors, suppliers and buyers, potential entrants and substitutes. Conduct research and analysis on the external industry structure of Jingdong Mall, study the overall industry environment in which Jingdong is involved, the competition status and comprehensive strength among the main forces in the environment, the factors such as the fierce competition in the industry and the final profitability of the industry.

3.1 JD group's Macro Environment Analysis——PEST Analysis

3.1.1 Political factors

Political factors refer to the political forces and related laws that have an actual and potential impact on the organization's business activities, The sum of factors such as regulations. When the political system, the political system, and the government's attitude toward the business of the organization occur. When the government changes its laws and regulations that are binding on business operations, the company's business strategy. Adjustments must be made accordingly (Ma Hao, 2015).

China's e-commerce industry is looking for development space on the basis of

continuous destructive innovation. It is developed in a constant collision with the policy environment. Therefore, the development of e-commerce is closely related to the national policy environment. In recent years, the positive attempt of e-commerce has been affirmed by the Chinese government. The relevant state departments have actively adjusted their management ideas, actively adapted to the new requirements of the latest economic forms, actively created a development environment for the e-commerce industry, and actively coordinated various resources to help improve the construction of logistics infrastructure, improve the level of opening up, and secure electronics. Business network security, together with e-commerce companies to play the role of e-commerce in promoting employment and entrepreneurship, promoting the transformation and upgrading of traditional industries, and strive to create the most favorable policy environment for the development of e-commerce. In recent years, the state has issued a number of policies and laws such as “Suggestions on Accelerating E-Commerce Development” and “National Informatization Development Strategy 2006-2020”, which are committed to supporting the rapid and healthy growth of e-commerce. In the “13th Five-Year Plan” of 2016, the State Council of China stated that the information industry is listed as one of the seven strategic emerging industries, which will be the key support industry, and the online retail e-commerce platform will also provide the tremendous impetus for transforming the economic growth mode.

Under the new Internet situation of deepening support for innovation 2.0, the government has given important recognition to the "Internet +" attempt, actively encouraging Internet innovation achievements, deepening integration in various fields of economy and society, and promoting the further development of the social economy. The emerging information industry is also deep in the traditional industry. The prospect of integration is unlimited. The 2016 State Council document clearly stipulates that online and offline superior enterprises can be encouraged to strengthen cooperation and integrate market resources through various forms of strategic cooperation and mergers and acquisitions to achieve the goal of improving the

efficiency of social operations. In 2016, Jingdong and Wal-Mart reached deep strategic cooperation, integrating the advantages and resources of online and offline to obtain a more competitive market penetration rate, and building a world-leading integrated online and offline retail business model, which is the basis for improving the efficiency of social resources operation. In the above, the two-way channel of online retail and offline retailing will achieve a win-win situation.

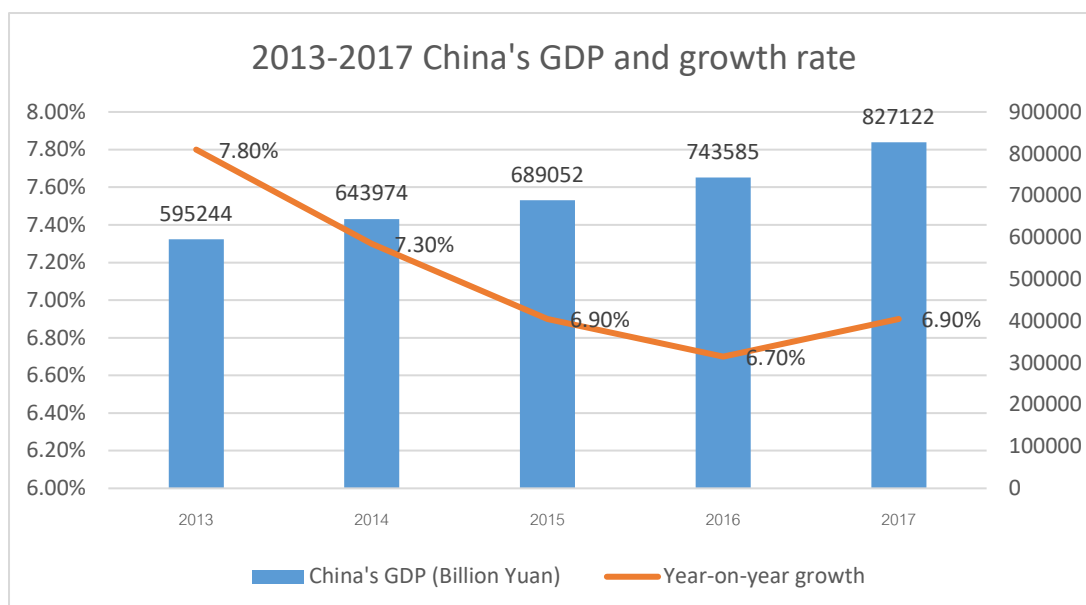
While actively encouraging the development of e-commerce platforms, the Chinese government has been constantly regulating the e-commerce environment and strengthening its management. Since April 2016, the general office of the state council has clearly proposed in a number of policy documents that the supervision of express delivery and express delivery channels in cross-border online transactions must be strengthened, and that websites selling fake and counterfeit goods, infringing and pirated products and false publicity should be severely cracked down. August 31, 2018, the Chinese people's congress passed the will take effect on January 1, 2019, "the electronic commerce of the People's Republic of China law", the law to regulate the behavior of e-commerce further, maintaining the market order, protecting the legitimate rights and interests of all parties, using electronic commerce made provisions to promote the sustained and healthy development of e-commerce. These policies not only strengthened the protection of consumers' rights and interests but also demonstrated the government's determination to maintain good market order and create a more fair competition environment. These are no more than a shot in the arm for jd.com, which takes quality assurance as its philosophy.

With the vigorous development of the e-commerce industry in China, the Chinese government not only in the payment industry, tax, antitrust, and the shortage of the patent management policy of related specification complete, also will continue to release all kinds of safeguard measures, policies, establish and improve the relevant laws and regulations, so as to promote the further development of electricity industry and economic structure of smooth running.

3.1.2 Economic factors

Economic factors mainly include a country's economic development level, economic system, economic structure, industrial layout, resource status, and future economic trend (MA HAO, 2015). These major economic factors will not only have a significant impact on the development of the e-commerce industry but also have a direct or indirect impact on the future development space, development direction, operating cost and profitability of Jingdong group, the most direct participant in the e-commerce industry.

From the perspective of the macro economy, China's economic development is currently in a critical period of transforming from high-speed growth to high-quality development, optimizing the economic structure and transforming growth power. Under the guidance of the government, China is gradually moving toward a mature and stable situation and entering into a new growth opportunity for e-commerce platforms. (Xi Jinping, 2014 first set forth the "new normal" of the economy.) in recent years, China's economic development momentum has been sound. In 2017, China's GDP reached 82712.2 billion yuan, up by 6.9% year-on-year, maintaining a medium-high speed. In 2017, China's economy has improved its structure, dynamic transformation, and quality. The national economy has been on a steady and better course than expected.



Source: China's national bureau of statistics

The rapid and healthy development of China's economy has gradually enhanced the per capita income and purchasing capacity of households, and the strength of online retail consumers will continue to be released. The population of the Chinese market is huge, and the cumulative effect of these two functions makes the already huge market size constantly expand. This strong purchasing power brings the golden years of rapid growth to Chinese B2C platforms like jd.com and Tmall without competing for each other's users. Tmall's sales on the "double eleven" day in 2018 reached 213.5 billion yuan, while jd.com's sales on its promotional activities reached 159.8 billion yuan. The data of the above two platforms are a direct reflection of China's huge online shopping market, and also the foundation and power of the future development of e-commerce.

As China's consumption continues to upgrade, the overall consumption concept of the Chinese people gradually turns to rational consumption. Compared with the past, the consumption structure of Chinese people increasingly highlights the characteristics of individualization and diversification, the proportion of subsistence consumption decreases, and the consumption of transportation, tourism and other types of enjoying increases. At the same time, the quality of goods and value-added services more and more attention. Therefore, the e-commerce platform will further

improve the market penetration rate by relying on the advantages of guaranteeing the product quality while providing consumers with the advantages of low price, logistics and other services.

From the perspective of market participants, the cost of e-commerce model is lower than that of the traditional model, and the promotion effect of e-commerce on business diversification will be further improved. As far as suppliers are concerned, e-commerce costs are low and the profit margin is much higher than the traditional sales model. Strong profitability will attract various manufacturers to gradually enter the e-commerce field. With the increasing number of suppliers, the increasingly rich commodity categories and the continuous improvement of commodity quality, the e-commerce platform can further meet the different types of demands of consumers, and thus become a new marketing channel for suppliers. As far as the e-commerce platform is concerned, the brand and platform of e-commerce will be gradually affirmed. The diversification of online retail platforms will be improved gradually and the development prospect will be more promising.

The consumption in China is gradually upgraded, and the new retail model is rapidly developing, no longer limited to the time and space limitations of the traditional retail model. By using information technology tools, more scenes are developed with diversified marketing methods to enrich the shopping interactive experience of consumers, so as to improve the user viscosity of Jingdong. In this regard, Jingdong proposes to expand the realization form of stores, break the distance between the retail platform and customers, the transaction mode and so on, and truly realize the ultimate goal of "unbounded retail". According to iResearch's conservative estimates, China's Internet shopping will reach 3 trillion to 4 trillion yuan by 2020, regardless of inflation. For a long time to come, China's e-commerce retail industry will continue to maintain rapid growth and gradually move towards maturity and stability.

3.1.3 Social factors

Social factors refer to the national, cultural traditions, values, religious beliefs, education level, customs and other factors of the members in the society where the organization is located. Factors that constitute the social environment include population size, age structure, race structure, income distribution, consumption structure and level, population mobility, etc. (ma hao, 2015). These social factors are the comprehensive embodiment of people's values, consumption views, attitudes and behaviors, which have a strong impact on people's consumption patterns and purchase preferences, and they can have an impact on Jingdong's business decisions and market fluctuations.

From the perspective of population structure, the total number of Chinese netizens reached 751 million as of June 2017. The extensive use of smartphones and tablet computers has brought the current Internet penetration rate in China to 54.3 percent (China Internet information center, 40th China Internet development statistical report). At present, the growing scale of Chinese netizens is relatively stable and the development of the information industry is steady, which integrates with various fields of economy and society continuously, making a significant contribution to China's consumption upgrading and economic and social transformation. With the increasingly mature environment of China's e-commerce industry, the government's supervision and management are gradually standardized, the level of distribution logistics is improved, and e-payment can be realized safely and quickly. There is still huge space for the survival and development of JD.

At present, the scale of shopping users in China is constantly increasing, and the consumption capacity is strong. The online retail market has a broad prospect. By the end of 2017, the number of shopping users in China has reached 533 million. The increase in the number of online shopping users also makes the number of e-commerce application groups continue to grow steadily. Meanwhile, the consumption capacity of online shopping users is booming. According to the data of

China's national bureau of statistics, the total sales of domestic consumer goods in China in 2017 was about 36.63 trillion yuan, of which the total of online retail director reached 7.18 trillion yuan, accounting for 19.6 percent. It can be seen that the online retail market plays an increasingly important role in promoting consumption and has a broad prospect.

The online shopping group in China is getting younger and younger, and the concept of quality consumption is deeply rooted in people's hearts. According to the "E-Commerce Consumer Behavior Report" released by Jingdong in 2016, the current e-commerce consumer group accounts for more than 50% of the post-80s and post-90s age groups, which is the main force of online consumption. The education level is relatively high, the Internet has been in contact for a long time, and the frequency of network consumption is also high, which is easy to form the habit of online shopping. Since most of this group has the ability to have independent consumption, the economic foundation is good and the material is relatively generous. The price factors brought about by some merchandise promotions are far less attractive to this group than the factors that enhance product quality and consumer service. As a result, the consumption upgrade feature is further evident in the e-commerce field, which also brings new opportunities in the online retail market in terms of product quality improvement, variety, logistics, and after-sales service.

As a convenient and diversified e-commerce platform, it is influencing people's lifestyle and consumption habits. Driven by this environment until the end of 2017, Jingdong has established 6,780 distribution stations and self-improvement points across the country, in an effort to improve its supply chain management ability to the greatest extent, shorten the distance between consumers and products in time and space, and meet consumers' consumption demands.

The rise of e-commerce has produced new consumption concepts and consumption trends, which also affects consumers' consumption and living habits to some extent. In order to comply with the development trend of the e-commerce industry, the online retail platform needs to adjust the product positioning in a timely

manner according to the needs of users, improve the service level in multiple links such as improving product quality, logistics distribution and after-sale service, and maintain its competitive advantage and core competitiveness.

3.1.4 Technical factors

Technical elements include not only those inventions that cause revolutionary changes, but also the emergence, development trend and application prospect of new technologies, new processes, new materials related to enterprise production (G.T.Lumipin, 2007).

E-commerce was developed on the basis of Internet technology. Since the 1990s, the application of information technology in the interactive social platform, instant chat, search engine, WEB, HTML and other technologies has laid a solid foundation for the Internet technology of e-commerce platform. "Internet +" and so on in recent years a lot of policy support, driven by China's Internet information technology infrastructure development is rapid, broadband networks, the rise of digital and other advanced technology application, greatly improve the China's Internet now scale, technology and service level, etc, for the development of e-commerce provides information technology security.

At the same time, the overall progress of the Internet also improved the development level of the electronic payment industry and solved the problem of capital circulation for the e-commerce platform (Xi Jinping, 2007). In the development process of e-commerce in China, there are various electronic payment methods, such as online banking payment, Alipay, tenpay, WeChat payment, etc. represented by Banks, in addition to the original traditional transaction methods, such as remittance, delivery, and payment. Electronic payment is the core of e-commerce, which can help consumers to realize free capital circulation with the e-commerce platform anytime and anywhere. While providing convenient and safe channels for capital circulation, the fund flow generated can reach all corners of the world,

promoting the rapid development of China's e-commerce industry.

The application and development of the Internet of things have also led to the intelligent stage of e-commerce. The Internet of things (iot) is an extension and expansion based on the Internet, which enables users to realize information exchange and communication between objects. This concept of object phase is widely used in the electronic commerce industry in the form of intelligent perception, identification technology, ubiquitous computer, and other specific technologies. In recent years, JD has made breakthroughs in smart logistics projects. Now it has the world's first intelligent sorting robot for express delivery and other high-tech equipment, which has greatly improved the delivery time of online shopping orders and the operational efficiency of social logistics. In addition to being able to help raise the frontal efficiency of distribution logistics, the application of the Internet of things can also be reflected in smart home, mobile flash sales and other electricity projects, not only improve the utilization efficiency of social resources, and improve the level of the social productive forces, also makes the electric business platform with more intelligent, for consumers to increase more convenient and personalized online shopping experience.

Cloud computing and big data have greatly improved the service level of information flow for e-commerce enterprises, making the service for large-scale e-commerce users a reality. For the internet-centric technology-driven industry of e-commerce, cloud computing supports the stable operation of the information system of the e-commerce platform and improves the operating efficiency of the capital flow and information flow by virtue of the advantages of super-large-scale computing capacity, virtualization, high reliability, and high scalability. The application of big data enables e-commerce platforms to get a more three-dimensional understanding of consumers' behaviors and habits. Precision marketing can be achieved through the big data push service to improve marketing efficiency, reduce marketing costs and improve the user experience. It can also be widely used in many fields such as finance and logistics. Taking Jingdong Mall as an example, the application of Jingdong's big

data and cloud computing functions not only reduces the development and maintenance cost of the system, but also improves the stability and operation efficiency of the platform, and also brings rich and excellent shopping experience to users.

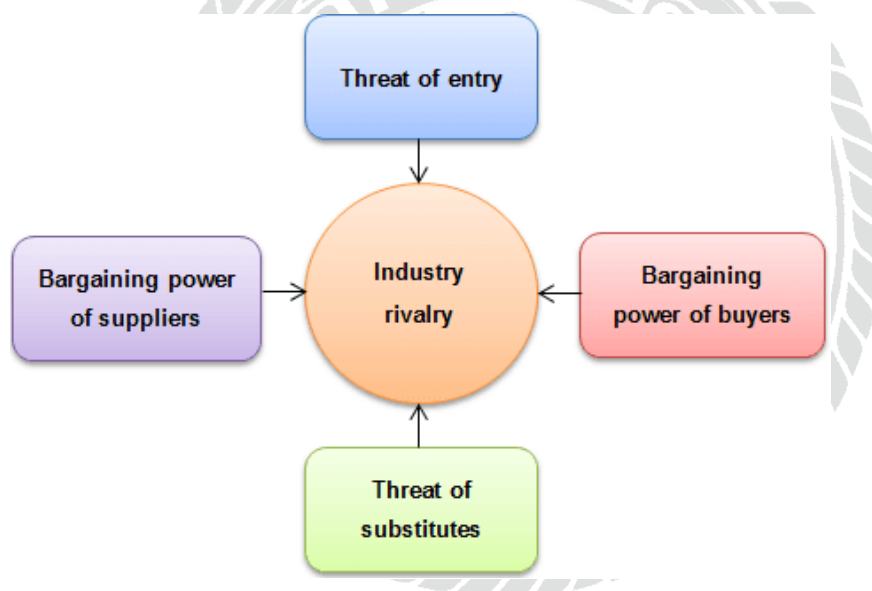
In addition, with the continuous progress of science and technology and the increasing consumption scenes, technologies such as mobile Internet and artificial intelligence are also constantly developing and mature. These technologies will fundamentally change the capital flow, information flow and logistics status of e-commerce enterprises, greatly improve their operation and management efficiency, and provide more satisfactory services for users. The e-commerce platform should improve its operation and maintenance technology, maintain the information security of itself and users, enable users to have a safe and high-quality shopping environment, form the competitive advantage of the e-commerce platform, and enhance the core competitiveness in the market competition.

3.2 Industrial environment analysis -- porter's five forces analysis model

The competitive environment of an industry is another embodiment of the external environment of an enterprise, which often determines the competitive situation of an industry and usually affects the establishment of competition rules for all enterprises within the industry and the whole industry. Therefore, the industrial competitive environment is the most direct and most effective external environment for the production and operation of enterprises. By analyzing the competitive environment of the industry in which the enterprise is located, it can help the enterprise to find out the industrial structure, find out the opportunities and threats in the industry, and at the same time clarify its position in the industry competition, so as to grasp the competitive situation and develop a more favorable competitive strategy.

This section will attempt to use the Porter Five Force model to analyze the

industry environment facing Jingdong. The five-force model proposed by Professor Porter is an important analytical tool for analyzing the competitive environment of the industry. The five-force model introduces the research results and means of industrial organization economics into strategic management, and forms a set of industrial analysis frameworks designed to serve enterprises. To guide and help enterprises to analyze the competitive environment of the industry more comprehensively, systematically, rigorously and meticulously. According to professor Porter, the factors that determine the competitive intensity of an industry can be divided into five aspects, namely, the bargaining power of suppliers, the bargaining power of buyers, the threat of new entrants, the threat of substitutes, and the competition of existing competitors in the industry.



The combined force of these five forces determines the competitive intensity and profitability of the industry as a whole, with one or more of the strongest forces dominating and playing a key role from a strategic perspective. Therefore, the systematic structural analysis of the industry in which the enterprise is located through porter's five forces model can help the enterprise fully understand the competitive intensity and profitability of the industry in which it is located, and discover the opportunities and threats in the industry, which is an important basis for the formulation of enterprise competitive strategy.

3.2.1 Bargaining power of suppliers

Suppliers mainly influence the profit level of buyers' enterprises by changing the price and quality of the elements they provide (G.Ray,2011). Generally speaking, the monopoly position of the supplier in the factor market and the importance of the factor to the buyer's enterprise have great influence on the bargaining power of the supplier. Despite the rapid development of e-commerce platforms in recent years, the situation of online competition has not been determined. Even e-commerce enterprises like Jingdong and Tmall, which have occupied most market shares, are not strong enough to compete with many large suppliers. As a result, suppliers remain firmly in control of the absolute discourse. Although e-commerce changes the business model compared with the traditional model, it cannot change the business rules of the supply and demand relationship, and the bargaining power is to seek a dynamic balance in the supply and demand relationship. Compared with the strict selection platform established by netease in 2016, in order to prevent the threat from suppliers, the brand manufacturer of line I was selected. The strict selection platform strictly monitors all links of raw materials, production, logistics, sales and after-sales, and designs food, clothing and other categories. In addition to establishing a good reputation for high-quality products, netease strict selection also begins to have the ability to play the role of a quality supplier, fundamentally eliminating the potential threat of suppliers to product quality, price and service. And Jingdong implement low price strategy for a long time, causing the Jingdong and supplier relationships more nervous, in the case of unable to transform itself become a supplier of electronic business enterprise should also with cross regional advantages, as far as possible in the category of product based on looking for new suppliers of alternative resources, reduce procurement costs, thereby the supplier to the threat of product quality, service and price to a minimum.

Now, with the development of the e-commerce industry and government actively advocate, some large manufacturers gradually began to enter the field of electricity,

began to build their own e-commerce system, the development of electrical business, if the supplier can find their own e-commerce model, then their sales channel for the electric business platform could be largely reduced, the dependence of Jingdong, day cats electric business platform enterprise bargaining power will be further reduced. In addition, most of the small and medium-sized enterprises and individual operators, due to the proprietary electronic business cost and the technology factors such as limit, cannot carry out their own proprietary electronic commerce, the enterprise will continue to use third-party custom business platform to run your own business, they are very much dependent on the electric business platform, for this kind of supplier, Jingdong's bargaining power is strong.

In addition, for the sake of long-term development and profitability, on the one hand, jd should try to protect the legitimate rights and interests of sellers on the platform, and ensure that sellers are not harmed by inequality during the transaction process, resulting in unnecessary logistics costs. Jingdong also needs to standardize the management of the platform, crack down on unfair competition such as malicious price reduction, patent infringement and order juggling, and provide fair, notary, orderly and high-quality trading environment for merchants. On the other hand, jd should also constantly develop differentiated services to further meet the personalized services and consumption needs of suppliers and consumer users. Home of Jingdong opening, to embed the online product line application scenario, Jingdong become infrastructure in the retail environment, providing brand retail and service integration solution, with its immersion of shopping experience design, the suppliers and consumers, in a move to some extent, improved the Jingdong face the bargaining power of suppliers.

3.2.2 Bargaining power of buyers

As Internet information fully transparent, the consumer of the product all kinds of access to information is more and more easy, selection of platform more and more, especially with the emergence of some comparative communication platform,

consumers can have easily through these platforms for the goods need to quick and accurate comparison, on quality, performance, price and after-sales service information to fully understand. On the premise of following the principle of fair competition in China, the purchasing ability of domestic e-commerce enterprises is relatively equal. Due to the emergence of parallel imports, it is impossible for e-commerce manufacturers, including Jingdong, to gain bargaining power for customers in the case of exclusive supply of goods. In addition, due to the fierce competition between electric business platform, online consumption choices are diversified, they can fully the solution on the basis of the information content of products for each big electric business platform of the actual price and after-sales service level and logistics efficiency and comprehensive evaluation on detailed comparison, so that the bargaining power of of consumer oneself get improved. In recent years, the competition in the e-commerce industry has been very fierce. In order to grab market share and attract more consumer users, major e-commerce companies, especially Jingdong, have launched price wars. Although low price competition grabs part of the market share, it reduces the bargaining power of Jingdong to consumers. Meanwhile, as e-commerce has not fully expected the offline market, online shopping is not the only consumption channel for consumers. In addition, many suppliers are now engaged in the operation and promotion of self-established e-commerce systems, such as NIKE's official website, uniqlo's official website, apple's official website and even beauty makeup brand's official website. The platform advantages of comprehensive e-commerce channels have been weakened a little. Therefore, in order to expand the market scale, e-commerce platforms like Jingdong, Tmall and suning compete to reduce prices, which also improves the bargaining power of consumers.

However, as e-commerce is mediated by transactions in the virtual form of the Internet, it connects commodity entities on the supply side with consumers on the seller side. Customers can only get to know the specific information of commodities through pictures and text description, while the credit evaluation of sellers can only be

evaluated through the previous evaluation of buyers, and the information exchange between buyers and sellers is not equal. This makes consumers have certain risks and concerns when making online shopping. When making online shopping, consumers also need to consider a series of problems, such as return and exchange of goods, after-sale security, and who will bear the logistics costs. In addition, some illegal merchants make consumers suffer losses through false publicity and tool loopholes. Therefore, it is an urgent problem to further improve the process of Internet e-commerce shopping, eliminate the fraud in Internet shopping from the aspects of technology and policy, so as to fundamentally protect the legitimate interests of buyers and sellers.

3.2.3 Threat of new entrants

In the business model of the e-commerce era, many emerging industries are emerging rapidly due to the rapid development and progress of technology. New entrants, while bringing new resources and new production capacity to the industry, will want to win a place in the market that has already been carved up by existing businesses. However, for Jingdong, there are also some obstacles for new entrants to enter the e-commerce industry, which makes it less easy for new entrants to enter. These obstacles mainly include economies of scale, conversion costs, product differences, development of sales channels, capital, etc.

After years of development, more than 80% of the market share of online retail is now occupied by two major platforms, Tmall and jd.com, which not only occupy the majority of the market share, but also control most of the distribution channels. The new entrants now focus on Internet companies that have gained ground in other areas, as well as some traditional retail companies. On the one hand, such as baidu, sina weibo have high traffic resource search engines and social networking platform, using its high flow of electricity marketing inherent advantages, but how to realized high flow to achieve business this is a question need to think about, after all, in today's rapid development of information industry, only by establishing a complete industry

value chain, the whole company to balance the ecological strategy of system lasting, and realized the electronic commerce is one of the important link. In recent years, baidu, sina and other companies have made positive attempts to enter the e-commerce industry. However, due to the lack of differentiated positioning of some products, platform services, and low experience of shopping for many consumers in advertising, some products have not achieved great success, but the threat to Jingdong cannot be ignored. On the other hand, traditional retail enterprises rely on the advantages of offline physical stores, sound supply chain management system and after-sales service capacity, and the e-commerce platform when they are trying to build depends on the original resources, which has higher feasibility and is more likely to pose a threat to Jingdong's market share.

For potential new entrants to break down barriers of electricity industry is not easy, in terms of economies of scale, Jingdong after years of development, has established the brand effect of Jingdong, accumulated a solid technical strength and rich experience in the use, at the same time also have their own complete logistics distribution system and Jingdong which supply chain competitiveness. At the same time, Jingdong has not only won the recognition of consumers in terms of 3c products and focusing on commodity quality, but also created the business model of book market and department store market to improve its competitiveness in product differentiation. These competitive advantages are hard for new entrants to replicate and surpass by spending money.

3.2.4 Threat of substitutes

In terms of the current domestic retail environment, the substitutes of Jingdong mall mainly come from traditional retail, new retail represented by social e-commerce, C2C platform represented by wechat business and direct selling channel represented by TV.

Although the development momentum of the caller in recent years is good, the

traditional retail mode still has many advantages compared with the Internet shopping, for example, consumers can directly contact the product, trade more directly, and have less risk. Consumers can avoid losses caused by unequal exchange of information. Especially for high-end products or digital products, consumers will be more inclined to buy in traditional brick-and-mortar stores due to shopping habit and concerns about product quality. However, due to the traditional retail mode focusing on offline transactions, the update frequency of goods is low, the price comparison of goods is not convenient, and the fixed location of stores is inconvenient for transactions, so it is impossible to provide convenient services for online retail platforms like jd.com to deliver goods home. 2015, B2C electrical business model market share of more than "derivative" as the typical mode of C2C, B2C becomes the main mode of electricity, and B2C sales by product quality more secure, with convenient and fast logistics system, more high-quality after-sales service and more secure third-party payment guarantee, consumers are more willing to accept the B2C online retail model. This poses a growing threat to the C2C market. In addition, TV shopping, relying on the effect of traditional media, is also a direct selling method with mature operation mode, and its communication mode is more traditional and intuitive, attracting a number of middle-aged and elderly consumers. However, in recent years, China's sarft successively restricts and regulates TV advertisements, so the threat of TV shopping mode to e-commerce is limited.

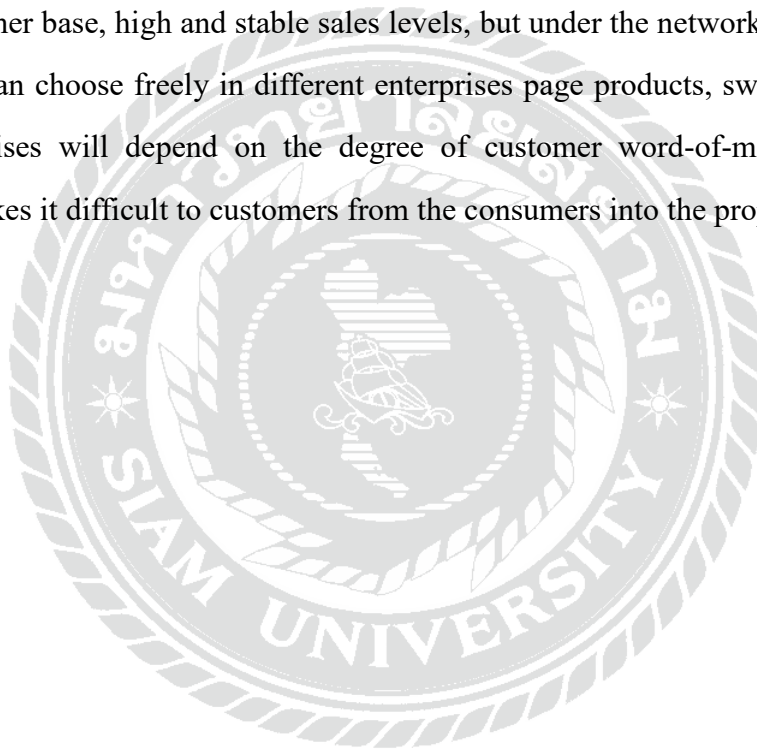
3.2.5 Existing competitors in the industry

E-commerce makes traditional business activities break through the limitations of time and space, leading the competition to a wider range, no longer limited to a certain region, but extended to the Internet. In the market, the interests of each enterprise are particularly relevant and closely linked, and the goal is to gain advantages over the competitors. In this way, conflicts and confrontations will be formed among each other, that is, enterprise competition. In the industry, the fierce degree of competition among major competitors for market activities directly affects

the overall industry profit level, and e-commerce will make this competition more intense. The reasons are as follows:

(1) Is a regional extension, the bridge connected to the enterprise of the global Internet, smoothing the gap distance, enterprises are facing the region not only competitors in any industry, more needs to be in the face of global competition, consumers can easily for different areas of product price and performance comparison, increasing competition object is bound to lead to greater competition.

(2) it is more difficult to maintain customer loyalty, customer loyalty can form a stable customer base, high and stable sales levels, but under the network environment, consumers can choose freely in different enterprises page products, switching cost is low, enterprises will depend on the degree of customer word-of-mouth effect is reduced, makes it difficult to customers from the consumers into the propagandist.



Chapter 4. Introduction of JD group'sand SWOT analysis

4.1 Introduction of JD group

JD group was officially involved in the field of e-commerce in 2004. In May 2014, Jingdong group was officially listed on the nasdaq stock exchange of the United States, which was the first large-scale comprehensive e-commerce platform in China to be successfully listed in the United States. In July 2015, jd was listed in the nasdaq 100 index and the nasdaq 100 average weighted index for its high growth. In 2007, Jingdong began to make efforts in the field of e-commerce with the B2C model as the entry point and 3C as the sales focus. Had achieved sales of 360 million yuan in 2007, 2013 (GMV) reached one hundred billion yuan, 2014 GMV amounted to 260.2 billion yuan, up 107% from a year earlier, to achieve the industry average growth rate of more than 2 times (2014 China network shopping deals rose 48.7% year-on-year), Jingdong GMV close to 1.3 trillion yuan in 2017, as in the first half of 2018, Jingdong GMV is RMB 767.6 billion in July 2018, Jingdong list for the third time the fortune global 500, ranked 181th, Jd.com will further expand its dominant position in domestic self-operating e-commerce.

Jd is a technology-driven company. From the beginning of its establishment, it has invested a lot of resources to develop and improve reliable, continuously upgraded and self-owned technology platform with application service as the core, so as to drive the growth of various businesses such as e-commerce, finance and logistics. Jingdong has formed a bright future of ABC (AI, Big Data,) technology development strategy. Jingdong will pay more attention to the strategic position of technology and develop the latest technologies such as cloud computing, Big Data, intelligent logistics, artificial intelligence, AR/VR, and intelligent hardware, so as to promote Jingdong to achieve rapid and sustainable growth.

4.2 JD group's SWOT analysis

SWOT analysis is a kind of enterprise competitive situation analysis, through the analysis of the advantages and disadvantages of internal and external opportunities and threats the composition and characteristics of the emphasis on enterprise's internal and external matching, play to strong points and avoid weaknesses, the use of the opportunity, dissolve the threat, achieve dynamic balance inside and outside enterprise, realize the company's mission and strategic objectives.

4.2.1 Analysis of Strengths

(1) Good brand effect and excellent user experience. Jingdong mall has always pursued the customer-oriented service concept and created the service concept of "how fast and good to save". It has improved the service level in terms of product price, quality, logistics distribution and after-sales service, and is committed to providing consumers with a full range of user experience. Over the years, Jingdong adhere to the principle of "good faith management, ensure quality goods" put an end to fake goods sold on the platform, actively create everything, category complete platform, established a "limit of 211" for the next day and night distribution characteristics of logistics distribution services, also through the strategic cooperation also tencent, to provide users with more and more convenient shopping way.

(2)Authentic guarantee. Jingdong always adheres to the "Achieving Success the Right Way" as the enterprise value orientation and adheres to the principle of "integrity management, genuine guarantee". In order to strictly control the problem of counterfeit goods from the source, Jingdong always chooses the direct supply of big brand manufacturers, strictly examines the qualifications of the merchants, strictly demands the purchase channels and the quality of the goods, and also guarantees the product safety measures in the distribution process through the self-built logistics distribution guarantee. The protection of genuine products is recognized by consumers and plays an important role in creating a more equitable and orderly

competitive market environment.

(3) Various payment methods. Since 2010, Jingdong began to provide consumers with cash on delivery service, customers can through the e-currency payment, the post office remittance, can also choose to use cash or POS payment when receiving, at the same time, online payments, JD under the support of Tencent provides micro payment letter, and through self-built Jingdong platform, starting in 2015 to provide Jingdong means of payment, in addition also provides company transfer, order to provide special services for the enterprise.

(4) The logistics distribution system is perfect. Jingdong has always been committed to building its own warehouse, logistics system, and cultivating its own distribution team. It hopes to minimize the time in the supply chain and distribute the products to the hands of consumers. Jingdong Logistics has rich experience, professional and safe monitoring system. It also established a courier open system to facilitate suppliers and consumers to inquire about logistics information at any time. Jingdong is the only logistics platform in the world with six major logistics networks, including small and medium-sized, large-sized, cold-chain, B2B services, cross-border services and crowdsourcing (Dada). This will cover the global logistics system and other The technology is jointly promoted and applied to the whole process links such as commodity sales forecasting, warehousing and transportation, transportation, etc., to create a more efficient and intelligent supply chain service system, and continuously improve the level of logistics services.

(5) Strong team cohesion. Jingdong has always adhered to taking values, performance and ability as the comprehensive standard to measure employees, and made the consistency between personal values and Jingdong's concept of integrity, innovation and customer first as the primary assessment threshold. Secondly, Jingdong insists that managers are trained from within the company, and 80% of employees must be promoted from within, and a large number of fresh graduates are recruited every year to integrate them into the team of Jingdong. At the same time, Jingdong in improving the employee's treatment, in addition to the "five risks a gold" as also for the staff to increase paid holidays, also provides for 3000 yuan during the

Spring Festival transportation, interest-free loans to buy homes, for the staff of the outside to provide benefits and so on a series of 100000 yuan per person to stay, not only in training employees for the recognition and loyalty of the enterprise, also let the team cohesion, a huge improvement.

4.2.2 Analysis of weaknesses

(1) Strong price dependence. Nowadays, online shopping consumers pay great attention to the price of products. For a long time, Jingdong has relied on the low price strategy, especially after the "price war" launched in order to grab market share, the profit margin of Jingdong itself has been compressed to some extent. And supplier relationships between tension for a long time, in the long run against the development of Jingdong, with consumption concept upgrading, in addition to commodity prices, consumer demand for personalized, product quality and after-sales service, the convenient degree of logistics distribution has become increasingly attention, Jingdong need to spend more effort to improve the whole link shopping experience.

(2) High operating costs. Jd.com's biggest weakness is its high operating costs. During the rapid development of jd, a large amount of capital has been invested in human resources, logistics distribution, warehouse management and technology upgrading. By the end of 2017, jd had 160,000 regular employees. Over 600 large warehouses and more than a dozen intelligent logistics centers, the logistics infrastructure covers an area of more than 12 million square meters. These abundant resource advantages also become a potential crisis for Jingdong when they provide the convenience of unified management. With high operating costs, it is easy for Jingdong to be in a passive position once the existing cost of heavy assets fails to support its proud high-quality shopping experience.

(3) The after-sales treatment is not standard. The self-operation mode of Jingdong mall determines the guarantee of authentic goods, and the convenience of after-sale returned goods also provides consumers with a good service experience, but these also increase the opportunity for some returned and replaced goods to enter the

market again, and similar events such as "renovating the door" have brought negative impacts to Jingdong. Jingdong needs to improve the standardization of after-sales processing, including product testing ability, and protect the legitimate rights and interests of its own assets on the premise of guaranteeing consumer experience.

4.2.3 Analysis of opportunity

(1)The economic situation is good, and the online retail market has a broad prospect. In recent years, China's economic development momentum has been good, with the DGP reaching 82712.2 billion yuan in 2017, an increase of 6.9 percent compared with the same period in 2016. The per capita income of households reached 25,974 yuan and per capita expenditure 18,322 yuan, and the purchasing capacity has been gradually strengthened. According to the national bureau of statistics, China's online retail sales in the first half of 2018 totaled 4081 billion yuan, up 30.1 percent year-on-year. Among them, the retail sales of physical goods reached 3,127.7 billion yuan, up 29.8%, up 20.4% over the total retail sales of consumer goods, accounting for 17.4% of the total retail sales of consumer goods. This is 3.6 percent higher than the previous year. The power of online retail consumers will continue to be unleashed. Jingdong should, on the basis of maintaining its original market share, meet new demands for consumption upgrading, expand new businesses and increase market penetration.

(2)Increase the scale of online shopping users. With the gradual deepening of the popularity of the Internet and the increasing number of netizens, the number of e-commerce application groups has been steadily growing. As the price of online retail platform is open and transparent, the logistics delivery service system is also being improved. After consumers can compare prices online, they can easily use the time of online purchase of online fragments, and customize the time and place to receive goods, so they can enjoy the rapid logistics and door-to-door delivery. Therefore, the scale of online retail users still has a huge space to rise. Jd.com should take this opportunity to gain more recognition from consumers by improving product quality and the platform's own service level.

(3)Policy support. The rapid development of e-commerce has strongly promoted the development of the new normal of China's economy. With the continuous upgrading of consumer goods, the government has provided strong support in finance, credit, logistics and taxation. In addition, a number of strategic decisions and policies and regulations have been issued. In 2016 the Chinese government will as strategic emerging industry, information industry to promote the further development of the electric business platform, the advancement of "Internet +" policy, promoted the electricity industry and manufacturing, and other areas at a deeper level fusion, strengthen the support to rural electric business financing loans, and standardization of cross-border electricity business guidance, accelerate the convergent electricity the whole industrial chain. In addition, in order to create a more fair, orderly and healthy market competition environment, the government has been constantly improving the laws and regulations of online transactions. Jd.com should seize the opportunity to develop itself with the support of various policies.

4.2.4Analysis of threat

(1)Threat of competitors. As the commodity services provided by Tmall and Jingdong mall are relatively similar, the competitive environment they face is also very similar. Meanwhile, by virtue of the resource and traffic advantages brought by taobao platform, as well as the industrial ecological chain advantages integrated with e-commerce, Internet finance, logistics and cultural innovation created by alibaba platform, Tmall has occupied more than half of online retail for seven consecutive years and become the biggest threat to Jingdong. There are also new competitors, and there are strong potential rivals like baidu and sina weibo. Jingdong should learn from each other's strengths, constantly strengthen its own advantages, monitor the trend of competitors in real time, formulate targeted strategies and build a more comprehensive enterprise platform.

(2)Improved bargaining power of suppliers and consumers. Electricity industry development fast fierce competition, although not foregone conclusion, but the market competition is absolutely say still control in the hands of the supplier, each

platform has not ability and many of the major suppliers, and a growing number of manufacturers under the support of national policy began to establish its own electric business platform to develop the business, dependence on electric business platform, so as some suppliers bargaining power increase of Jingdong. With full transparency of product price information of network shopping platform and the rapid development of some commodity price comparison and exchange platform, consumers in the downstream can compare prices quickly and accurately for the required products, and finally choose e-commerce platform with higher cost performance, thus improving the bargaining power in the downstream. Faced with the severe challenge of improving upstream and downstream bargaining power, Jingdong should be careful in using price war strategy to reasonably balance price between suppliers and consumers, and improve user experience and establish its own long-term brand advantages through technological innovation and laying other industrial chains.

(3)Global economic instability. Although the world economy as a whole is recovering, emerging economies and developing countries have become the main driving force for the world economy. China's economy has played an increasingly important role in the process of world economic growth. However, the fiscal and monetary policies of the United States have been adjusted, the color of trade protectionism has become increasingly strong, and the trade war with China; Europe is Mired in internal crises such as sovereign debt; Japan is facing deflation. At the same time, the worldwide refugee crisis, terrorism and other political problems are still affecting the stability and development of the world economy, and the global potential growth rate is declining. (World Economic Situation and Prospect, 2018 <https://www.un.org>) Jingdong should attach importance to financial risks according to the international Economic Situation and rely on technological innovation and technological innovation to enhance enterprise strength.

Chapter 5. Competitive strategy and safeguard measures of JD group

5.1 Target of JD group's competitive strategy

After years of development, Jingdong group keeps innovating and developing to become an ecological Internet enterprise with e-commerce as the core, technology as the growth driver and finance as the feature. The vision of Jingdong group is "" to become the most trusted company in the world"", which creates the greatest value for society and thus excavates greater Shared value for society. Now, jd has become China's largest Internet company, China's largest online retailer and overall retailer. As a leader in the retail field, Jingdong needs to keep an eye on the competitive dynamics. In the fierce market competition, it should not only defend the competitors, but also bravely challenge them to seize the existing market and compete for the broader market. The current internal and external environment of Jingdong is more favorable. Therefore, Jingdong needs to constantly adjust and optimize its resources, select appropriate competitive strategies, and strive to improve its core competitiveness and enterprise value.

5.2 Selection of JD group's competitive strategy

Professor Michael porter believes that the company's internal and external environment including the strength of the company, key implementer of personal values, industry opportunities and threats, as well as a wide range of social expectations of these four factors is very important, all of these factors determine the measure of success, so a company must consider these factors when making competition strategy, so as to select the most appropriate competitive strategy. Based on the analysis and summary of the competitive internal and external environment of Jingdong group as well as the internal and external environment of Jingdong group in

the previous chapter, and the definition of the strategic goal of Jingdong group, a more perfect strategic plan and Suggestions have been made.

5.2.1 Overall cost leadership strategy

Although Jingdong now has become China's largest online retailer, but still limited to the traditional "supply and demand", need to rely on suppliers, however, upstream suppliers hope that through higher prices boost profit space, and downstream high degree of consumers are sensitive to prices, they prefer to buy goods at a lower price. Therefore, the contradictory requirements of upstream and downstream make it impossible for Jingdong to avoid the cost problem

Enterprises in a low cost position can gain too many advantages in competition with competitors through lower cost, so as to gain more profit space in the average industrial level. In terms of jd's own platform operation, more attention should be paid to cost control in many aspects: (1) infrastructure construction: improve the management efficiency of the information system, reasonably control the logistics, warehousing and scale, and reduce the management cost. (2) human resource management: conduct centralized and effective training for employees to improve their quality and work efficiency. (3) technology research and development: increase the technical input to the information system, improve the maintenance level, and reduce the loss caused by system failures. (4) platform operation: improve platform operation efficiency, use big data advantages, master consumer consumption habits, choose marketing methods with lower cost and better effect, strive for more new customers, retain old customers and improve conversion rate. (5) marketing: use the advantages of big data and strategic cooperation with tencent to choose the best marketing channels and marketing means, reduce marketing costs and avoid "price war" as much as possible.

5.2.2 Differentiation strategy

At present, the homogenization degree of various e-commerce platforms is

deepened. For Jingdong, the market share has not reached a solid degree. There's still plenty of room for upside compared to the biggest competitor, Tmall. Therefore, cost control is not the primary goal. Through differentiation strategy, customer loyalty can be cultivated, consumers' sensitivity to price factors can be reduced to a certain extent, and Jingdong is in a better position to cope with the fierce competition and constitutes a certain level of entry barrier to new entrants.

Specifically, Jingdong can start from several aspects to implement the differentiation strategy : (1) improve the convenience of the platform, add more and more convenient shopping entrance, and simplify the transaction process. (2) technology differentiation: use innovations in cloud computing, big data and other technologies to improve the system maintenance and upgrade efficiency, improve the stability of the system when the flow explodes, prevent system collapse, and improve the satisfaction of suppliers and consumers. (3) service differentiation: adhere to the people-oriented service tenet, improve consumers' shopping experience, make use of the advantages of online and offline services, constantly innovate services and business models, and build a high-quality brand image.

5.2.3 Focus strategy

In addition to the low cost and differentiation strategy for the whole industry, Jingdong can also adopt a centralized strategy, focusing on serving a specific group with more optimized efficiency. Through the centralization strategy, it can help the enterprise to surpass the competitors in the broader scope. Jd.com can conduct targeted digital drive marketing and online shopping experience intelligent marketing to specific consumer groups through strategic partners such as tencent, Toutiao, baidu, netease, iQIYI, etc. So as to acquire more and better users and further improve their market share.

5.3 Implementation and guarantee of JD group's competitive strategy

5.3.1 Implementation of JD group's competitive strategy

5.3.1.1 Strengthen supply chain system management.

Jingdong mall has been committed to building their own supply chain management system, and also on the receiving, shelves, sorting, distribution, and other links continue efforts to improve efficiency, but it still need to improve their supply chain management, increasing the financial input in technology of supply chain system, improve the level of supply chain system intellectualization, by accurately forecast the demand, improve inventory turns. At the same time, B2B electronic procurement is adopted to shorten the procurement cycle, reduce procurement costs, quickly deliver, and improve user experience. At the same time, it is necessary to reasonably open the proprietary resources of the whole industrial chain layout to the merchants who have obtained the registration qualification, and share the after-sales service platform and logistics distribution system with the merchants. The implementation of this series will maintain the core competitiveness in supply chain management and gain competitive advantage. On physical distribution system, Jingdong have done relatively complete, but still need to high-value, continuous integration of upstream and downstream core resources, it needs much more intelligent warehouse distribution center, which has more powerful capital and support its vertical business platform and physical conditions, can not only increase inventory capacity, and can minimize the order split, remodeling work business processes, further reduce logistics costs.

5.3.1.2 Improve service level

With the upgrading of domestic consumption, consumers not only consider the price and quality of products, but also consider whether the platform can provide excellent service guarantee. As a retail service platform, whether Jingdong can

provide good pre-sale consultation, whether it is convenient to return and exchange goods after sale, whether the logistics is fast and how deep the delivery is, etc., are all issues that consumers care about. Jingdong should perfect its after-sales service system, answer users' questions in a timely manner through online customer service platform, telephone and other social platforms, and solve some questions for users such as products, orders, delivery and after-sales. Standardize the process of after-sales service and protect the legitimate rights and interests of consumers. Improve the logistics distribution communication system and share the order status with consumers and suppliers in real time. The establishment of standard service training system is that every employee of Jingdong has the most standard and high quality service level to provide consumers with high quality service experience. Optimize and upgrade the platform system to ensure the stable and smooth operation of the system under any circumstances, improve operation procedures and improve operation efficiency. Make shopping easier, more convenient and more satisfied after consumption, and make suppliers and merchants more convenient and easier.

5.3.1.3 Improve marketing efficiency

The scale and potential of China's online shopping market remain to be tapped. Jingdong needs to continue to explore and expand, and conduct efficient marketing through understanding, segmentation and positioning according to the needs of customers in different dimensions, such as age, gender and region. Media is also a double-edged sword. Therefore, rational use of media resources is the key to improve marketing efficiency. Jingdong should make full use of the existing media resources channels, such as TV, transportation, mall publicity, and social platforms like sina weibo, WeChat and hiddleston. Expand the popularity of jd.com, attract new users and improve market penetration. Strengthen cooperation with third-party media platforms, such as third-party consulting companies, e-commerce industry reporting websites, etc., to build their brand image through professional channels and establish a good reputation. At the same time, the platform community should be established and optimized to strengthen the emotional maintenance of consumers and Jingdong,

improve user viscosity and cultivate the loyalty of Jingdong platform through the output of high-quality content and feedback to users. Can also expand the marketing effect through the user word of mouth.

5.3.2 The guarantee of JD group's competitive strategy

5.3.2.1 Capital reserve

No matter it is self-run commodity storage, introduction of human resources, advanced technology research and development, market development, logistics system construction, etc., all cannot leave the abundant capital reserve. Only by guaranteeing abundant capital reserves, can Jingdong further guarantee commodity reserves, talent introduction, technology research and development and brand promotion, so as to achieve steady and long-term development. For jd, the source of funds is no more than external financing and internal profit, so we can start from these two aspects: increasing the financing of social capital; At the same time, improve financial management, so as to occupy more market shares and maximize corporate interests.

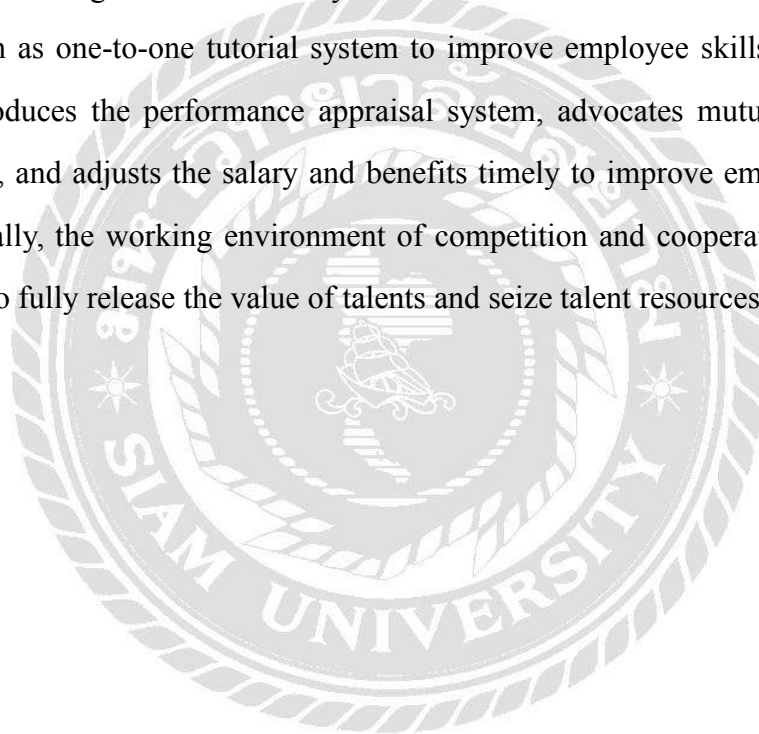
5.3.2.2 Brand building

A good brand image can improve users' brand loyalty, and as an important intangible asset, it can also bring economic benefits to the enterprise. Therefore, building a solid brand image is crucial for Jingdong. Jingdong not only needs to rely on market share, but also needs to maintain good order operation of retail market through stable brand image. Over the years, Jingdong has adhered to the slogan of "how fast and how good the province", and the brand image of diversified categories, low-price products, guarantee of authentic products and rapid delivery service has been deeply rooted in people's hearts, attracting a wide range of users. With the economic new normal of consumption upgrade, Jingdong mall is also upgrading its brand positioning to pursue quality life. By providing quality goods and quality platform services, Jingdong meets consumers' different consumption needs and strives

to form emotional resonance with consumers in the whole process of consumption experience, creating a good brand image and bringing long-term economic benefits to Jingdong.

5.3.2.3 Human resource reserve

JD group, a high-tech information technology enterprise, information, market, supply chain and other all-round human resources are particularly important. In order to coordinate with the strategic development plan of the enterprise, Jingdong needs to focus on talents in management and technology, and constantly improve the recruitment, training and incentive system. Establish more individualized training systems such as one-to-one tutorial system to improve employee skills; At the same time, it introduces the performance appraisal system, advocates mutual supervision and learning, and adjusts the salary and benefits timely to improve employees' sense of gain. Finally, the working environment of competition and cooperation should be established to fully release the value of talents and seize talent resources.



Chapter 6.Conclusion

6.1 Summary

1. By using PEST analysis, it can be seen that the current political, economic, social and technological environment of Jingdong is good, and the national policies, laws and regulations are more perfect. Although economic growth is slowing, the outlook is positive. People are actively participating in the development of social e-commerce. The development and improvement of China's Internet technology and network infrastructure are bringing more favorable factors to the further development of e-commerce industry.

2. Through the analysis of porter's five forces model, it is concluded that Jingdong needs to adjust the purchase price, sales price, commodity promotion and other means to balance the bargaining power of suppliers and consumers; Be alert to the threat posed by Tmall, suning, tesco and other potential entrants. However, the most fundamental way is to seize the opportunity of technology development in the Internet era and the rapid spread of new models, and to reduce the threat of other competitors in the online retail industry by maintaining and improving their core competitiveness and forming differentiated advantages.

3. The advantages, disadvantages, opportunities and threats of Jingdong are analyzed through SWOT analysis and the existing competitive environment of Jingdong is summarized and the existing competitive strategies of Jingdong are summarized and improved, which are divided into strategic objectives, strategic selection, strategic implementation and strategic guarantee. In order to better realize Jingdong's strategic goals, this paper specifically chooses the cost leading strategy, differentiation strategy and centralization strategy from three aspects: strengthening supply chain system management, improving service level and improving marketing efficiency. And in the capital reserve, brand building and human resources reserve to guarantee.

6.2 Limitation of the Study

1. In terms of data collection, laws and regulations in the field of e-commerce are constantly updated, and data in the industry of e-commerce are continuously updated. Despite great efforts, some data collection is still incomplete.

2. The formulation of competitive strategies should be based on the specific analysis of the current situation faced by the enterprise. However, for the internal situation of jingdong group, it is difficult to obtain all the information, including staff composition and capital, through open channels. To sum up, it is necessary to perfect and improve the following studies

6.3 Future Research

With the growing maturity of e-commerce market, it is no longer possible to rely on "price war" to win, and online shopping market returns to the meaning of high "cost performance". The improvement of logistics infrastructure, the improvement of network integrity and the improvement of service awareness of consumer experience as the core all indicate the standardization and progress of the market. Therefore, in the face of such a new situation, e-commerce enterprises should be sensitive enough to identify, evaluate and judge to make the optimal competitive strategic choice. This article mainly aims at the competitive strategy of the electric business enterprise is analyzed, essentially electricity enterprises also need to design their own long-term development, namely the choice of development strategy, this is at present the lack of a lot of electricity, the electricity business enterprises need to strategically, fine management and professional team to return to the nature of the business.

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