

[DOI: 10.20472/IAC.2018.040.015](https://doi.org/10.20472/IAC.2018.040.015)

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THE CONTEXT OF SERVICE INNOVATION IN ALIBABA

Abstract:

This paper focuses on service innovation through the discovery of Chinese type service innovation in Alibaba. The purpose of service innovation is to provide an effective way to create sustainable competitive advantage for companies. By focusing on or building service strategies can help organizations overcome the barrier of maintaining growth in saturated markets and the problem caused by the effect of digitalization. Firms and industries stand to gain a lot by adopting service based innovation strategies and policy makers and various researchers are becoming increasingly intrigued by service innovations in the East especially China because they have grown exponentially in many industrial economies and are creating a new era in service innovation.

Innovation is leading the change in the structure of Chinese economy and the outcomes so far are positive. Alibaba is becoming the prime example of the rise Chinese internet economy in the world. With its global sales of \$300 billion dollar, Alibaba has proven itself to be a strong competitor for Amazon. In an interview with Reuters, executives said that by using Alipay, the Chinese consumers' trump card China is planning to attract American partners and enter the US market. This methodology of research includes conducting several in-depth interviews in Hong Kong, Beijing, Hangzhou and Taipei as well as employing the case study of Alibaba's innovation by collecting public information. It aims to unveil Alibaba's unique approaches compared to western type innovation. According to experts, it can be difficult to predict whether the Alibaba model is potentially transferrable into other countries. However, with the rise of the internet of things and development of mobile payment systems, the research outcomes find there is a chance that there will be a new Alibaba era in a few years. The key to success for Alibaba is the fact that the Chinese market is large enough to accommodate a large ecosystem. As Chinese companies are becoming more profitable, they are more interested to invest more, involve mergers and acquisitions, and adopt modern technologies and stating to blow the wind of Chinese innovation to the western world. From the perspective of service innovation, the success of Alibaba helps capture the three aspects of their unique value propositions, profit generation and personnel creativity.

Keywords:

Service Innovation, China, Alibaba

JEL Classification: O31