Chapter II
Significance and Success Factors of E–Commerce in China and Russia: An Empirical View

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Abstract
This chapter outlines and discusses current empirical findings and conceptual ideas concerning the status quo and future prospects of e-commerce in emerging markets, with a special focus on China and Russia. Besides two own online-surveys covering business companies from different industries as well as management consultancies acting in these countries, we also refer to the results of recent studies dealing with the topic of interest in a meta-analytical sense. The resulting managerial implications are primarily based on those factors which determine the success of e-commerce activities and on the corresponding value creation.

Introduction
The significant relevance of e-commerce has initiated comprehensive research and numerous empirical studies referring to industrial countries such as Germany and USA. In recent years, e-commerce has also gained increasing importance in emerging markets like China and Russia. This far-reaching development finds its expression in a respectable number of studies that investigate the status quo and future prospects of e-commerce in such markets. However, the existing ones are
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mostly restricted to partial aspects of e-commerce or industries. Hawk (2004), for example, provides a comparison of B2C e-commerce in developing countries, whereas Huang et al. (2007) present an empirical study on the success factors of e-commerce in the Chinese publishing industry. Decker et al. (2005) emphasize the necessity of cross national comparisons, particularly when discussing the developments in emerging markets, if generalizations of the empirical findings are a matter of interest. In doing so, several parallels as well as interesting differences between China and Russia can be detected that suggest specific e-commerce strategies.

China and Russia are particularly interesting from an economic point of view, since both the evolution of China towards a future economic power and the relevance of Russia for the East-European market expansion is largely indisputable. In 2006, China's gross domestic product (GDP) growth rate was 10.7 per cent, the highest value for years. Over the last nine years China had a GDP growth rate of 9.2 per cent on average. Russia, on the other hand, featured a GDP growth rate of 6.7 per cent in 2006 and an average growth rate of 6.8 per cent when considering the last seven years. In comparison to this, Germany and the USA currently have an average GDP growth rate of 1.6 and 2.9 per cent (Bundesagentur fuer Ausserwirtschaft, 2007). According to its purchasing power parity, China is the second strongest nation, behind the USA. Russia ranks ninth in this context (The World Factbook, 2007). The potential future demand resulting from these markets is an important attractor for foreign companies. In 2006, China attracted over 69.5 billion US$ in foreign direct investments, i.e. 3.2 times more than Germany and 5 times more than Russia. China is covering about 9.6 million square kilometers and Russia, the largest country at all, even 17 million. Due to the enormous geographical size of these countries, the application of Internet-based e-commerce solutions, as an additional alternative to conventional market development approaches, recommends itself. According to the China Internet Network Information Center (CNNIC) about 162 million Chinese internet users are online today. The current number of internet users in Russia amounts to 28.7 million (The Public Opinion Foundation, 2007).

A review of the relevant empirical literature reveals the considerable heterogeneity of the respective studies regarding the covered topics. Xiang and Kim (2007), e.g., show that international papers more often deal with technological issues, while Chinese papers put a stronger focus on the support systems and security, one of the main aspects of e-commerce success in China. The general conditions of e-commerce in Asia, and in particular in China, are the subject of discussions in various up-to-date studies. Tan and Wu (2006), for instance, consider e-commerce in China in more detail. Among other things, they argue that there are still obstacles which hinder the widespread adoption of e-commerce in China. Nevertheless, China is moving into a stage of sustainable growth in e-commerce, despite these obstacles. Wong et al. (2004) concentrate on factors that have a significant effect on e-commerce in China. They point out that e-commerce development will be influenced in a significant way by user behavior and local economic development. The goal of a paper by Tan and Wu (2004) is to investigate the diffusion and impacts of the Internet and e-commerce in China. They state that Chinese companies have started to systematically build up an e-commerce infrastructure and an Internet presence. But the companies often fail in accomplishing transactions because of barriers in business practices, legislation, and culture. Lu et al. (2007) empirically examine how tourism and travel e-commerce has boomed in China, how the tourism value chain has changed in the new environment, and what the current status of China's tourism and travel e-commerce is. Their results suggest that most Websites primarily
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E-commerce provides general information, but more and more also offers search, online reservation, and payment services. Furthermore, they discuss the factors affecting consumers’ decision-making process in tourism and travel e-commerce and the future of this e-commerce application in China.

In contrast to China, the number of freely available e-commerce studies for Russia is still small. The contributions of Fey and Doern (2002) and Doern and Fey (2006) respectively can be mentioned here as remarkable examples. Current empirical studies comparing e-commerce in China and Russia do not yet exist to our knowledge.

Therefore, the main issues of this chapter are:

1. The interest and involvement of Chinese and Russian companies in e-commerce, as well as possible reasons of non-involvement, if so.
2. The presumptive implementation of e-commerce applications in China and Russia in the near future.
3. The key drivers of e-commerce value creation in China and Russia and resulting practical implications.

The first and the second issue will be addressed particularly by referring to the results of a comprehensive study conducted by the authors themselves. This study, among other things, aimed at verifying hypotheses that had been concluded from the relevant literature, e.g.: “By means of e-commerce the companies can enhance the efficiency of their business processes and thus increase their competitiveness.”, “Including the Internet in business processes increases the level of national and international awareness and thus generates competitive advantages.”, or “The companies in China and Russia are increasingly involved in e-commerce.”. The data analysis methods which we used in our study are explorative factor analysis (with varimax rotation), analysis of variance, chi-square testing as well as descriptive statistics. The third issue will be addressed by reporting the results of a content analysis of recently published studies. As a matter of course, country-specific differences and conditions are focused in each case.

E-COMMERCE IN CHINA AND RUSSIA: CONDITIONS AND BACKGROUND

China and Russia are characterized by some common features that appear to be relevant for e-commerce activities. Both countries rank among the largest countries in the world with huge populations including different ethnic groups. In both countries the average income is comparatively low, which has a negative influence on the success of Internet-based B2C activities. However, the current economic developments in these countries result in a gain of income by more than 12 per cent per year in Russia (The World Factbook, 2007) and 17.6 per cent (urban residents) respectively 13.3 per cent (rural residents) in China (National Bureau of Statistics of China, 2007). According to eMarketer (2007) the B2C e-commerce sales in China will achieve 18 billion US$ in 2010, seven times more than in 2006.

An essential prerequisite of e-commerce is a well-functioning telecommunications infrastructure (cf. Hollensen, 2007). This, together with broadly available personal computers or mobile phones with internet access, enables extensive provision of e-commerce offers. Unfortunately, according to existing studies, none of these prerequisites is given to a really satisfactory degree in China or Russia at the moment. But both countries show impressive growth rates regarding the availability of private computers and the use of the Internet for private and commercial purposes. Special programs like “Electronic Russia 2002-2010”, which supports the computerization of companies and private households, and the Chinese
“Enterprise Online Project”, which tries to get companies online, are supporting and promoting the observable positive trends. According to the 19th Public Opinion Foundation (POF) Report 2007 the share of Internet users in Russia increased from 8 per cent in summer 2002 to 25 per cent in spring 2007. However, in both countries a strong regional discrepancy concerning the availability and the use of the Internet exists. In Russia the Internet is used mainly in large cities, especially Moscow, and in the western part of the country. About 76.3 per cent of the Russian Internet users are residing in the western regions (POF, 2007). An east-west slope can also be observed in China. Here, we have a concentration of Internet usage in the eastern areas. Overall 57.9 per cent of the Chinese Internet users reside in eastern provinces and cities of China (CNNIC, 2007). Current e-commerce efforts aiming at the whole population of the countries have to take into account the existing geographical distributions, at least for a certain period of time.

Another crucial prerequisite for successful e-commerce activities is the existence of a comprehensive legal framework. In both countries the lack of jurisdiction for e-commerce affairs was a major handicap for a long time. In the meantime, the governments have ratified various new laws to establish such a legal framework and in both countries law firms and attorneys specialized in e-commerce are increasingly offering their services.

While in Russia an operative logistics system is available in most of the relevant regions, this only partially applies to China. In view of the Olympic Games in 2008 substantial improvements of the existing logistics system have been decided by the Chinese government. Actually, the Games have induced people to deal with the Internet: 90 per cent of the ticket applications were made online. Thus, the Internet has been the dominating distribution channel for the ticket sale (CNNIC, 2007).

INTEREST AND INVOLVEMENT OF CHINESE AND RUSSIAN COMPANIES IN E-COMMERCE

To provide a more detailed picture selected results of two own Internet-based surveys comparing Chinese and Russian companies as well as subsidiaries of German companies on-site are reported in the following. Furthermore, we refer to the assessments of management consultants which have also been collected in these surveys. In case of Russia, complete datasets for 93 companies are available (48 Russian companies, 20 subsidiaries, and 25 Russian consultants). The sample includes commercial, industrial, and service enterprises, as well as “others” at a ratio of 41:33:18:1. Analogously, 91 datasets are available for China. Here, 37 respondents stem from Chinese companies, 30 from Chinese subsidiaries of German companies, and 19 responses came from Chinese consultants. Five respondents did not provide the respective information. The distribution of the covered branches is as follows: commercial enterprises make up 6 per cent, industrial enterprises 60 per cent and service enterprises 25 per cent. For the remaining respondents the respective categorization is missing.

In order to check whether the answers of the companies and the consultants can be pooled for each sample, chi-square tests of homogeneity have been carried out. As a result the assumption of homogenous sub-samples could not be rejected at significance level 0.05 in both cases. For a more detailed description of the data and the conducted analyses see Decker et al. (2005).

A main issue of our investigation concerned the general interest and individual involvement of the surveyed companies in e-commerce. For this purpose we asked questions on the status quo and the intended implementation of different e-commerce applications. In both China and Russia, the Internet is already intensively used for information search and online marketing.
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activities with a special focus on online advertising. Furthermore, most of the companies already have got their own website. However, differences occur with respect to websites including order functions. This seems to be more relevant for Russian companies. In contrast to this the use of the intranet was much more popular in China at the time of data collection. In addition, Tan and Wu (2006) point out, that after-sales customer service is another application of the internet which is often used by Chinese companies.

By means of chi-square testing, we checked which of the e-commerce applications could be assumed to increase significantly within the 12 months following the date of data collection. For Russia such an increase could only be stated for the use of electronic customer relationship management. In China significant changes could be assumed for the survey items “homepage with order function”, “shop system”, “electronic customer relationship management”, “electronic supply chain management”, and “eMarketplace”. Obviously, both countries are increasingly involved in e-commerce activities, but the developments in China show greater dynamics which is probably caused by the better-developed IT-infrastructure. According to the Networked Readiness Index 2006-2007 (World Economic Forum, 2007) Russia ranks 70\textsuperscript{th}, while China ranks 13\textsuperscript{th}. Thus, China seems to be more developed concerning the Internet and can concentrate on more complex applications to exploit it in an economic respect.

Further questions were devoted to the effects of e-commerce and the Internet as a whole on the business processes and the creation of competitive advantages. Furthermore, the impact of e-commerce activities on a company’s value chain and the impact of the Internet on a company’s general popularity were of interest. The corresponding hypotheses read as follows:

1. “By means of e-commerce the companies can enhance the efficiency of their business processes and thus increase their competitiveness.”

2. “Including the Internet in business processes increases the level of national and international awareness and thus generates competitive advantages.”

Both countries are characterized by an extensive and largely identical perception of the presumptive competitive advantages. Altogether 69 per cent of the Russian and 95 per cent of the Chinese companies agreed that e-commerce induces an increase in efficiency regarding the internal processes; 61 and 92 per cent respectively also agreed about the potential increase of personal productivity. E-commerce solutions were considered to affect the company’s popularity and reputation as well as the sustainability of customer orientation and the acquisition of new customers in a positive way. Russian companies indicated that e-commerce has a stronger effect on the acquisition of new domestic customers (70 per cent agreement) than on the acquisition of foreign ones (49 per cent agreement). In the Chinese sample these differences are significantly smaller, namely 78 per cent agreement for the domestic and 83 per cent for the foreign markets. The consultants also largely agreed about this issue. Concerning the realization of competitive advantages in terms of cost reduction and time saving the latter tend to show a higher level of approval. Altogether, we could identify a great enthusiasm for e-commerce in China. This, potentially, may be a customer-driven effect. According to Tan and Wu (2006) the customers of Chinese companies usually demand e-commerce more often compared to the average of a set of 10 economies including USA, Germany, France, and Mexico. Both the Chinese companies and the consultants were judging the economic advantages resulting from e-commerce more positive than the Russian respondents.

In order to obtain deeper insights in the managerial and economic effects of internet usage
### Table 1. Results of the factor analysis for the Russian sample

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Factor loadings</th>
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| Factor 1: Growth orientation
  - Increase of popularity in the market | 0.72 |
  - Acquisition of new domestic customers | 0.72 |
  - Better communication with customers/suppliers | 0.61 |
| Factor 2: Efficiency
  - Reduction of the business process time | 0.80 |
  - Increasing efficiency of the internal processes | 0.73 |
| Factor 3: Continuance
  - Acquisition of new foreign customers | 0.78 |
  - Standardization of business processes | 0.77 |
| Factor 4: Cost savings
  - Reduction of the procurement costs | 0.87 |
  - Reduction of the stock | 0.75 |
| Factor 5: Additional benefits
  - Availability of an additional supply channel | 0.86 |
  - Temporal competitive advantages | 0.58 |

### Table 2. Results of the factor analysis for the Chinese sample

<table>
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<tr>
<th>Characteristics</th>
<th>Factor loadings</th>
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| Factor 1: Growth orientation
  - Reduction of the business process time | 0.86 |
  - Acquisition of new foreign customers | 0.82 |
  - Improved competitive position and effectiveness | 0.79 |
| Factor 2: Efficiency
  - Reduction of the procurement time | 0.90 |
  - Reduction of the procurement costs | 0.86 |
  - Reduction of the stock | 0.74 |
  - Increase of popularity in the market | 0.70 |
| Factor 3: Marketing advantages
  - Reduction of sales costs | 0.75 |
  - Acquisition of new domestic customers | 0.66 |
| Factor 4: Capitalization
  - Faster capitalization | 0.87 |
  - Increase of sales | 0.73 |
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and e-commerce activities an explorative factor analysis was carried out. The relevant survey items significantly correlate with the latent factors depicted in Table 1 and 2. Both Tables show the items with the highest factor loadings.

In both samples the first factor can be labeled “growth orientation” and explains about 35 per cent of the total variance. In the Russian sample this factor loads high on the “increase of popularity in the market” and the “acquisition of new domestic customers”. In contrast to this, the first factor of the Chinese sample shows the highest loadings on the “reduction of the business process time” and the “acquisition of new foreign customers”. Already this factor foreshadows the differences in the individual strategies. According to the available data Russia more strongly concentrates on the domestic market while China puts the main focus on international markets. The representation of the economic sectors in the sample (see above) might be one explanation for this pattern. The second factor is labeled “efficiency” in both samples. It explains 12 per cent of the total variance in the Russian and 32 per cent in the Chinese sample. Apparently, efficiency plays a major role in China. Here, an increase of efficiency in business processes seems to be achievable, among other things, by optimizing the procurement processes. In Russia this primarily applies to the reduction of the business process time. The remaining three, respectively two, factors can be interpreted analogously and explain 24 and 33 per cent of the total variance.

Considering the different factors and factor loadings the conclusion that e-commerce is differently used and assessed in China and Russia is obvious. While it seems to become an essential component of business processes in China, it is primarily used as an additional but promising marketing channel in Russia. The estimates are plausible against the sample structure. In both countries e-commerce promises to play an essential role in the future with regard to the growth of the companies and the efficiency of the internal business processes. By means of analysis of variance it can be shown that those aspects (items) which significantly effect e-commerce are mainly assigned to factor 2 (“efficiency”) and factor 3 (“continuance”) in the Russian sample and to factor 1 (“growth orientation”) and factor 2 (“efficiency”) in the Chinese sample.

A further topic of interest corresponds with the question whether B2B will dominate B2C in the future, as partly supposed. The respective hypothesis (“Those companies which are involved in e-commerce are mainly active in B2B domains.”) could be confirmed by means of chi-square testing at significance level 0.05 by using the answers about the companies’ business environment. In Russia 60 per cent of the surveyed companies were active in B2B and 37.5 per cent in B2C (note: a company can be active in both fields). In China the discrepancy is even more obvious (B2B: 66.3 per cent, B2C: 15 per cent).

The development of e-commerce in B2B is strongly related to the availability of adequate eMarketplaces. While the available data do not suggest significant dynamics regarding the introduction of new eMarketplaces in Russia in the near future, the usage of this marketing instrument seemingly gains increasing importance in China. Research and Markets (April 2006) recently supported this rating but also mentioned that the Chinese market is mainly dominated by a few service providers.

In the final part of the questionnaires the respondents were asked to evaluate selected external and internal aspects that can be assumed to influence e-commerce commitment. Some of the collected opinions of the companies concerning these aspects are depicted in Figure 1. In both countries the legal protection of online businesses was rated rather bad, whereas significant differences occur with regard to the evaluation of the online payment systems. In contrast to Russia, we could detect an explicit negative rating of this important aspect of e-commerce in China. Even though the acceptance of online payment
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was growing in China during the last years, there are still reservations regarding customer protection and security. Therefore, in March 2006 the “Chinese Enterprise E-commerce Credibility Basic Regulation” was passed. However, the outstanding role of personal contacts in the sales process, in both countries, might slow down the developments in e-commerce, especially in the B2C sector.

A closer look at the answers of the consultants reveals their criticism regarding the inadequacy of the logistics system and the lack of confidence between business partners in China. The stated importance of personal contacts in selling processes further supports this impression. While the opinions of the consultants and the companies strongly differ with respect to the degree of automation of business processes in Russia, there is a basic agreement regarding this point in China. A different picture also results for the qualification of staff. While this point was rated positively by both the companies and the consultants in China, the Russian consultants criticized the existing lack of qualified staff.

KEY DRIVERS OF E-COMMERCE VALUE CREATION IN CHINA AND RUSSIA

Doern and Fey (2006) identified eight key drivers of e-commerce value creation in Russia, namely novelty, complementarity, efficiency, lock-in, accessibility, ease of use, ease of search, and trust. The individual drivers can be characterized as follows:

The first driver, novelty, refers to the introduction of new products or services. In the present context this can be an innovative offer or payment system. Complementarity occurs when the benefit of providing several products (i.e. goods or services) jointly is greater than the benefit that accrues when each product is provided separately. The geographical size of Russia and the corresponding logistical problems can affect the occurrence of complementarity. Business activities which increase transaction efficiency or decrease transaction costs normally create additional value. Therefore, the business processes can be optimized regarding synergy effects, cost reduction

Figure 1. Selection of crucial dimensions of an e-commerce commitment
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and efficiency, e.g. by looking for alternatives to the Russian postal service as a distribution provider. According to our study, nearly 50 per cent of the Russian companies believe that the use of e-commerce results in a reduction of the duration of business processes and an increase of revenue. *Lock-in* refers to the process of repeating transactions with the same company, which can be achieved by appropriate loyalty programs, e.g. bonus point systems. *Lock-in* can be initiated by offering a broad and well-structured assortment which explicitly accounts for potential complementarities. Due to the geographical dimensions of Russia, the omnipresent availability of products is a topical subject. Against this background, *accessibility* determinates the extent to which customers have access to goods and services as well as the extent to which firms have access to buyers and sellers. In our study about 70 per cent of the Russian companies were of the opinion that e-commerce can help to acquire new domestic customers. With respect to the acquisition of foreign customers the level of agreement approached 50 per cent. In Chinese companies the agreement regarding the value of e-commerce for customer acquisition activities turned out to be even higher. Here, at the time of data collection, more than 80 per cent of the respondents were supposing that e-commerce can help to acquire new foreign customers (compared to 78 per cent in case of domestic ones). Moreover, 66 per cent of the respondents were considering e-commerce as a new distribution channel making goods and services accessible to a broader community of customers. Analogously, the *ease of use* refers to the easiness of acquiring the products offered by a company. Because of the partly low performance and expensiveness of internet connections in Russia optimizations regarding the loading and navigation of a Website seems to be an appropriate way to generate value for the users. The faster a customer finds the things s/he is looking for, the higher her/his satisfaction will be. Therefore, the *ease of search* can create value by reducing the time it takes to find the products of interest. “Slow” and complex Websites can cause the customer to leave without making a purchase. Finally, *trust* can be build up, e.g., by a professional design of the Website and the explicit promotion of the provided/guaranteed security, especially in connection with the payment process. Therefore, trust increases the value by making the customers feel confident when buying online. The importance of trust is also expressed in the demand of personal contact during the sales process (see Figure 1). Therefore, personalizing a commercial Website or rather the respective marketing message can improve its overall success.

To discuss e-commerce strategies for the Chinese market, we refer to three recently published papers. The first one, by Yu (2006), discusses possible strategies for B2C companies. The main ideas are summarized in the following:

Since face-to-face transaction is the traditional and predominant shopping format in China, Chinese customers are cautious when buying online. This is in line with Figure 1 which tells us that, in our sample, 93 per cent of the Chinese companies accentuated that the selling of products requires personal contact. Therefore, companies should prudently select the products they offer in an online shop. The most frequently purchased products have a high level of standardization, e.g. books or computers. Furthermore, a systematic education of the consumers about the benefits of online shopping is necessary. Usually those benefits are communicated with terms like “convenient”, “shopping anytime anywhere” and “low-priced”. According to Yu (2006) the most common value resulting from online shopping is to save money. This can also be supported by the own study, where efficiency proved to be one of the key factors causing Chinese companies to invest in e-commerce. Therefore, companies have to convince the customers that online purchasing can be more favorable to them than conventional shopping. However, the delivered benefit must be desired by the Chinese customer at all. Another
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Figure 2. Model of e-commerce value creation in Russia (Doern & Fey, 2006)

challenge results from the growing concerns about product quality. Therefore, companies should heavily promote their competence in this respect.

Since the transportation infrastructure is better developed in urban regions and since the number of internet users is significantly higher there compared to the rural areas, the companies’ focus should be on the major urban markets. To be more independent from the China Postal Service, which is rated costly and slow but disposes of the only nation-wide delivery network, multiple distribution channels, e.g. direct delivery or third-party delivery, should be taken into consideration.

The majority of Chinese customers do not dispose of a credit card, although more and more young Chinese customers demand and use this means of payment. To deal with this situation different payment methods can be approached, i.e. online payment, offline payment and club membership. But all these options must be perceived as secure, which is a sound claim, if we remind that about 80 per cent of the Chinese companies were classifying online payment systems to be not or less secure (see also Figure 1). Therefore, and similar to Russia, the companies should heavily promote transaction security regarding the payment method they offer to their customers. Recently, Alipay, a company of the largest Chinese e-commerce portal Alibaba, reported to have more than 56 million registered users and to account for more than 50 per cent of the online payment market in China. In this context it seems to be worth mentioning that Alipay has
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been voted the “Most Trusted Online Payment System” in 2006.

A paper by Huang et al. (2007) provides some hypotheses concerning the success factors of e-commerce activities of traditional companies in China. The hypotheses are verified by means of an empirical study focusing on the publishing industry. The authors point out that the internal company factors “e-commerce strategy”, “IT infrastructure” and “customers” are crucial for e-commerce success. Self-evidently, the cited results only apply to the publishing industry, but other studies like the one by Zhu et al. (2003) conclude with similar results. In our study only 38 per cent of the Chinese companies stated that their business partners are not online, whereas 20 per cent indicated that the systems of the business partners are not compatible with their own ones.

In a recent study Maeurer (2006) was analyzing the perception of Websites of western companies by Chinese users. A main result is that most of these Websites are rated as “conservative” because Chinese users usually have a stronger preference for colorful Web pages and a high information density than western users. Therefore, simple translations of western Websites into Chinese would not be adequate in most cases. Instead, depending on the products to be offered, significant adjustments of both the content and the layout are required.

CONCLUSION AND GENERAL IMPLICATIONS

The importance of e-commerce is largely undisputed today, also, and particularly, in countries like China and Russia. In both markets, continuously increasing e-commerce activities can be observed, despite the still not optimal telecommunications and internet infrastructure. Most of these activities are focusing on B2B, where the companies expect to realize significant efficiency and competitive advantages. Since neither in China nor in Russia the external conditions are fully satisfying at the moment the respective governments have initiated measures to improve the legal and the infrastructural environment of e-commerce. So, e-commerce activities should be concentrated on urban regions, at least when entering these markets for the first time. Nevertheless, the differences between Western Europe and the USA on the one side and China and Russia on the other side will presumptively continue to exist for some time, we suppose. Therefore, the existing and broadly consolidated e-commerce strategies of western companies cannot be applied to these markets without appropriate adjustment. Particularly for foreign companies, which want to enter the considered markets or intent to enhance their sales activities there, the findings presented in this chapter suggest to follow the popular slogan “think global and act local”.

Moreover, a successful market entry requires serious consideration of country specificities. In Russia, this, e.g., concerns the current state of the IT-infrastructure and the comparatively low penetration of personal computers in the private sector, particularly outside the large metropolises. In China, the still existing mistrust in online payment systems can hamper e-commerce activities for some time. Additionally, product quality and product piracy are crucial topics at present when discussing business policies of Chinese companies. So, Chinese companies intending to acquire new customers on domestic or western markets should appropriately communicate and traceably prove the quality and uniqueness of their products.

REFERENCES


