

Chapter 6

Taiwan: The Case for E-Commerce

Chen-Hao Hu works for Taitech, Inc., originally a video production business but now a new media business. It is an Internet content provider for portable devices like handheld computers, cell phones, digital music players (iPods), and game players. This progressive high tech company prides itself on being cutting edge and having innovative products. It has sold millions of dollars of videos and other content to cell phone companies and telecommunication providers around the world. Chen Hao-is assistant to the Marketing Director and a recent Stanford Business School graduate with a specialization in Internet commerce. Although most of his colleagues get along with him, they think he is too interested in marketing theory and lacking in practical experience. Sometimes they call him “SBS” behind his back.

Taitech, Inc. has shown increasing revenue over the past five years, and the corporate headquarters has approved a budget to test market new entertainment products. Chen-Hao’s boss, Teng-Hsuan Tsai, has suggested the introduction of movies to their line of content for cell phones and other portable devices. Chen-Hao did a little market research on companies similar to Taitech that offered movies and discovered that the field was saturated. Every company from the United States to India was selling films, and everyday more companies were entering the global market.

Therefore, Chen-Hao does not support Teng-Hsuan Tsai’s suggestion and has told him why he disagrees. But he has not yet told Teng-Hsuan his own idea: Chen-Hao believes Taitech should sell adult entertainment instead of general films. The market for pornography is huge, and Chen-Hao’s research revealed that other companies have already begun to sell this type of product for downloading to cell phones. In fact, it’s a multimillion-dollar business in Europe and Japan, targeting young and middle-aged men, and in the United States, it is an extremely lucrative market. Chen-Hao sees the potential for great profit in providing porn for mobile devices. And the market will become even larger when Web-enabled phones allow consumers to download adult videos right from the Internet.

Chen-Hao is aware of the major obstacle to selling his idea to his colleagues—not only adults but also children could access this type of explicit content on their cell phones and game players. Of course, several organizations are working to limit pornography on the Internet to adult viewers, and Chen-Hao believes that eventually they will succeed in developing tools to do this for mobile devices. Thus, he wants to proceed with his plan because from a business perspective, he knows he is right about adult entertainment being profitable.

The final decision will be made at the corporate executive group meeting tomorrow morning. Both Chen-Hao and Teng-Hsuan will attend the meeting, along with six other executives. Naturally, Chen-Hao is somewhat reluctant to speak out against his boss, who is a highly respected employee of Taitech. Furthermore, he is wary of being seen as

an immoral person without traditional family values. But he is determined to make his case.

To that end, Chen-Hao has written a six-page memo analyzing the market potential for adult entertainment and justifying his position against introducing general content movies. He has included a thorough market analysis and a consumer survey in which 500 Taiwanese men were interviewed about what they would like to purchase for their video cell phones and handheld computers. (More than 65 percent chose adult entertainment.) He is also thinking about whether to give a video clip demonstration on a cell phone since the group includes only men. While there might be a backlash from a few of the more conservative members of the executive group, the overall reaction could be extremely positive: One marketing lesson he learned at Stanford was that seeing is believing!

Discussion

1. At the meeting, should Chen-Hao present his suggestion about providing pornographic movies even though his boss has a different suggestion?
2. Should Chen-Hao do further market research? If so, what specific type?
3. Where could the further market research be done, and on how many respondents?
4. If the market research findings reveal a positive response to pornographic content, what should Taitech do?
5. What other Internet content could Taitech sell to customers with portable devices like cell phones and handheld computers or Web-enabled phones?

Case Study Report

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1. Advantages
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- IV. Selection of a solution
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