

# Online merchants rail against Taobao

Mainlanders protest against top e-commerce service provider, which retorts that counterfeiters are involved in the plea for public support in Hong Kong

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More than a dozen mainland protesters gathered in Causeway Bay yesterday to rail against the alleged injustices suffered by small online merchants. But the target of their protest, the country's leading e-commerce services provider, said counterfeiters were among those seeking the public's support in Hong Kong.

"We have strong reason to believe these so-called protesters have links to counterfeiters on the mainland and simply want us to make it easy for them to take advantage of our customers, and we'll never do that," said John Spelich, spokesman for **Alibaba** (SEHK: [1688](#), [announcements](#), [news](#)) Group, parent firm of the operator of e-commerce platforms Taobao Mall and Taobao Marketplace.

A group of disgruntled online sellers and their supporters demonstrated in front of Times Square, where they placed banners around the busy shopping mall's clock tower on the corner of Russell and Matheson Streets. Among their slogans were, "Alibaba collects fees on monopoly," and: "Rights cannot be protected on the mainland, so net vendors have to come to Hong Kong".

The demonstrators set up a funeral effigy of Jack Ma Yun, the chairman and chief executive of Alibaba, on one side of the clock tower.

The protest was the latest salvo in their campaign against the higher membership fees and big merchant security deposits that Taobao Mall announced last October and will implement from October 1 next year.

Taobao mall is the mainland's largest business-to-consumer e-commerce platform, with more than 50,000 registered online sellers. Annual technical service fees will rise to as much as 60,000 yuan (HK\$72,800) from 6,000 yuan at present. The service fees are refundable if retailers achieve certain sales volumes or high positive-feedback levels from customers.

Also required are deposits of up to 150,000 yuan, which are subject to forfeiture if independent online

sellers fail to live up to the product quality and customer service standards of Taobao Mall.

The site is forecast to ring up as much as 200 billion yuan in sales next year.

"It's not that we can't afford the new membership fees. We are against the one-sided agreement Taobao imposed on us," said the organiser of the protest, who identified himself as Zhou.

A security guard contacted the police, but was told they had a legal right to hold the demonstration.

Up to 5,000 small merchants may ultimately leave Taobao Mall due to the higher fees, which were intended to discourage vendors of counterfeit goods and boost online customer service. Merchants who rank in the bottom 10 per cent of customer satisfaction rankings will also be removed.

Affected vendors are being encouraged to switch over to Taobao Marketplace, which is the leading free consumer-to-consumer e-commerce site for small transactions and group-buying activities.

Zhou admitted that many of the protesters had been punished by Taobao for selling counterfeits. "But how do you define counterfeit? It's all up to Alibaba," he said.

In October, thousands of small online merchants launched a cyber-protest by submitting large orders with several dozen big, name-brand retailers on Taobao Mall, filing phony complaints against them, and asking for refunds. Their goal was to lower the customer satisfaction ratings of the large sellers.

Spelich said the protesters also wanted to destroy the customer-rating system. "We're not going to let that happen," he said.

"There are many merchants who thrive on Taobao platforms because of superior customer service and good quality products."